

Annual Report 2022



SHIMANTO BANK LIMITED

শিমন্তো ব্যাংক লিমিটেড
শিমাহীন অঙ্গনা

Annual Report 2022



SHIMANTO BANK LIMITED

শিমন্তো ব্যাংক লিমিটেড
শিমাইল ঔদ্যোগ

Scan to Download Softcopy
of 'Annual Report 2022'



Date of Publication : 12 June 2023





CONTENTS

04-16

Letter of Transmittal	04
Notice of the 7 th Annual General Meeting (AGM)	05
Vision, Mission & Core Values	06-08
Corporate Directory	09
Delivery Channel	10
Branch Network	11
Products & Services	12
Milestones	16

34-65

Five Year's Financial Performance	34
Financial Highlights	35
Glimpses of 6 th Annual General Meeting	41
Event Highlights	43
Report of the Board of Directors	50
Audit Committee Report	61
Risk Management Committee Report	65

17-33

Awards & Recognition	17
Chairman's Statement	18
Board of Directors	21
Chairman & Director's Profile	22
Executive Committee	29
Audit Committee	29
Risk Management Committee	29
Managing Director & CEO's Statement	30
Management Committee (MANCOM)	33

68-175

Corporate Governance Report	68
Disclosures on Risk Based Capital	75
Management Review and Evaluation	95
Independent Auditor's Report	115
Audited Financial Statements	122
Proxy Form and Attendance Slip	175



Letter of Transmittal

Date: 12 June 2023

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

Dear Sir,

ANNUAL REPORT FOR THE YEAR 2022.

We are pleased to present before you the Annual Report of Shimanto Bank Limited along with the audited Financial Statements for the year ended 31 December 2022. The Report is furnished with Corporate Information, Board of Directors' Report, Board Committee Reports, Corporate Governance Report, Management Review, Balance Sheet, Profit & Loss Account, Cash Flow Statement, and Statement of Changes in Equity, Liquidity Statement, along with Notes thereon for kind information and record.

Sincerely Yours,

A handwritten signature in black ink, appearing to read 'Mohammad Mostafa Hossain Suman'.

Mohammad Mostafa Hossain Suman FCS
Company Secretary



Notice of the Seventh Annual General Meeting (AGM)

Notice is hereby given that the 7th Annual General Meeting (AGM) of Shimanto Bank Limited will be held on Thursday, June 22, 2023 at 1930 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, 2022;
02. To receive, consider and adopt the Accounts for the year ended on December 31, 2022 together with the Auditor's Report;
03. To approve dividend for the year ended on December 31, 2022;
04. To appoint Auditors for the year ending on 2023 and to fix their remuneration;
05. To elect/re-elect Directors as per Articles of Association of the Bank;
06. To appoint Independent Director as per Corporate Governance Code and Articles of Association of the Bank.

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

By Order of the Board

Date: : 25 May 2023

Mohammad Mostafa Hossain Suman FCS
Company Secretary

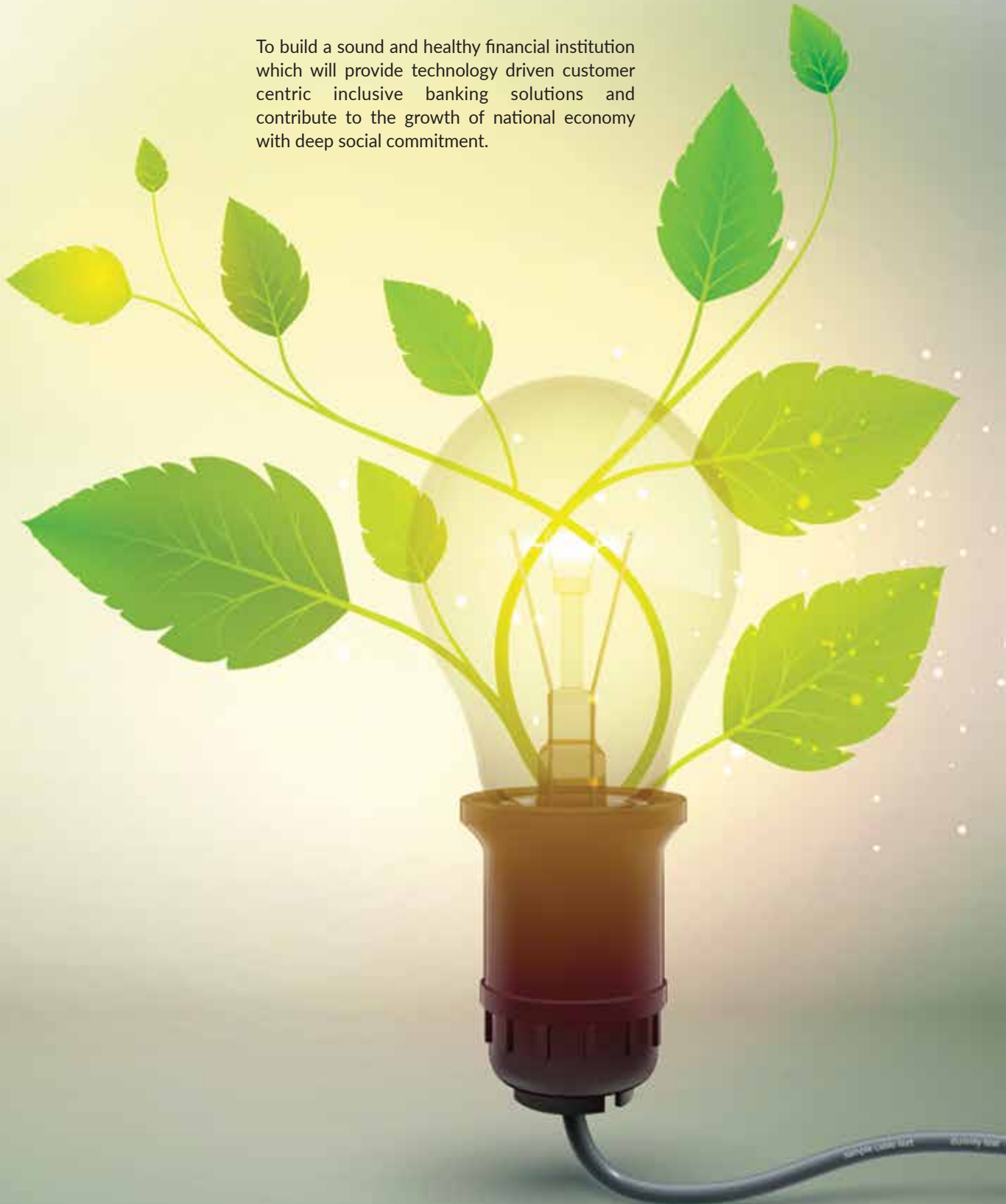
Notes:

1. The Book Closure will be on 12th June 2023. The Shareholders whose names would appear in the Register of Members of the Company on the 'Book Closure Date' (12th June 2023) will be eligible to attend the 7th 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 2022 at the Registered Office of the Company preferably 72 hours before the day of the Annual General Meeting.



VISION

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





MISSION

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

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

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





CORE VALUES

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





CORPORATE DIRECTORY

Name of the Company

Shimanto Bank Ltd

Legal Form

Public Limited Company & Scheduled Commercial Bank

Capital (December 31, 2022)

Authorized Capital : BDT 10,000,000,000.00

Paid-up Capital : BDT 4,380,000,000.00

Face value per share : BDT 10.00

Company Registration No

C-131884/2016

Bangladesh Bank License

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

Tax Payer Identification No

218822759143

VAT Registration No

000001182-0201

Chairman

Major General A K M Nazmul Hasan, BAM, ndc, psc

Managing Director & CEO

Rafiqul Islam

Company Secretary

Mohammad Mostafa Hossain Suman FCS

Auditors

ACNABIN Chartered Accountants

Accounting Year-end

December 31, 2022

Credit Rating Agency

Credit Rating Information and Services Ltd (CRISL)

Head Office & Registered Office

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

E-mail : information.desk@shimantobank.com

SWIFT Code : SHMTBDDD

Routing No : 305260008



DELIVERY CHANNEL

(As on 31 December, 2022)





BRANCH NETWORK

(As on 31 December 2022)



Information Centres

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

Call Center

16790
 +88 09612880000

DHAKA

Principal Branch

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

Motijheel Branch

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

Uttara Branch

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

Hazaribagh Branch

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

Gulshan Branch

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

Uttara Sub-Branch

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

Mohammadpur Sub-Branch

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

SYLHET

Sylhet Branch

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

RANGPUR

Lalmoinirhat Branch

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

MYMENSINGH

Mymensingh Branch

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

Seedstore Branch

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

KHULNA

Khulna Branch

Milton Tower, 2nd floor,
 Holding no-64
 K D A Avenue Road, Khulna.
 Phone : +8809612-880170,
 +88 09612-880171
 Routing No : 305471547

Benapole Branch

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

Pragpur Branch

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

Gadkhali

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

Pabla Sub-Branch

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

CHATTOGRAM

Agrabad Branch

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

Satkania Branch

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

Cox's Bazar Branch

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

Teknaf Branch

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

Bibir Bazar Branch

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

Champaknagar Branch

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

Ramu Sub Branch

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

Brahmanbaria Branch

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



PRODUCTS AND SERVICES

RETAIL BANKING

RETAIL DEPOSIT PRODUCTS

1. SMBL Current Account

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

2. Shimanto Sanchay Account

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

3. Payroll Account

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

4. Shimanto Student Account

Shimanto Student Account is a specially designed savings account for school going children aged below 18 years to instil savings habit among our young generation as well as introduce financial services to them.

5. Shimanto Global Access Account

Shimanto Global Access Account is an interest bearing foreign currency account which can be opened by a resident Bangladeshi after returning from travel abroad in USD without restriction on transaction frequency. Balances in these accounts shall be freely transferable abroad and foreign currency deposited in this account is freely convertible into BDT.

6. Asthay Oboshor

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

7. Shimanto DPS

Shimanto DPS is a monthly recurring savings scheme for individual customers that will allow them to save on a monthly basis and get a handsome amount at maturity.

8. Shimanto Student DPS

Shimanto Student DPS is a special savings plan that will allow our customers under student banking scheme to save on a monthly basis and get a handsome amount at maturity and which will allow our young generation to grow a habit of savings from the early stage of their life.

9. SMBL Term Deposit

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

10. Shoinak Bhabishwat

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

11. SMBL Monthly Benefit Deposit Scheme

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

12. Shimanto Shapno

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

13. Connect DPS

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





RETAIL LENDING PRODUCTS

1. SMBL Personal Loan

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

2. SMBL Shimanto Nibash

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

3. SMBL Vehicle Loan

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

4. SMBL Professional Loan

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

5. Shimanto Special Loan

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

6. SMBL Easy Cash

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

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

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

8. SMBL Projukti Rhin

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

9. SMBL Education Loan

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

10. SMBL Marriage Loan

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

11. SMBL Pension Backed Loan

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

12. SMBL Salary OD

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

13. SMBL Credit Cards

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





SME BANKING



1. SMBL Current Account (SME)

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

2. SMBL SND Account (SME)

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

3. SMBL Term Deposit (SME)

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

4. SMBL Ashtha

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

5. SMBL Dishari

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

6. SMBL Krishi Rin

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

7. SME Time Loan

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

8. SME Term Loan

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

9. SMBL OD (SME)

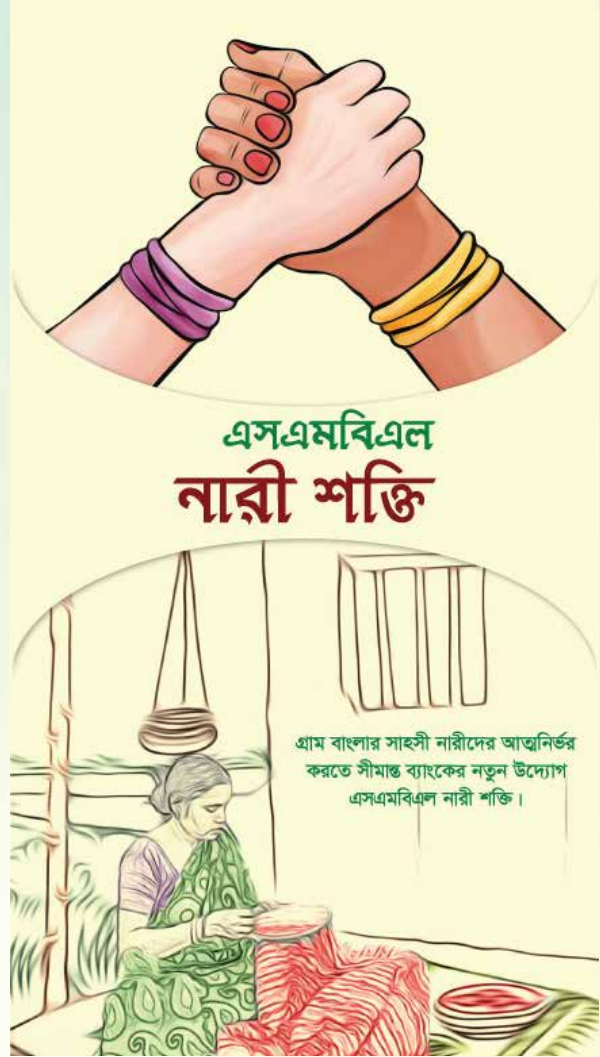
SMBL OD (SME) is a revolving Overdraft facility for any legitimate business purpose of SME entities.

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

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

11. SMBL Nari Shakti

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



CORPORATE BANKING

1. SMBL OD (Corporate)

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

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

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

4. SMBL Term Loan (Corporate)

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

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

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

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

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



MILESTONES

2017

- Launch of Internet Banking; 30 March
- Launch of Mobile Apps Connect'; 30 March
- Launch of 1st ATM Booth; 14 May
- Call Center Inauguration 12 September
- 1st Annual General Meeting (AGM); 20 September
- First Nostro Account Opening 16 November
- SWIFT Operation 28 November

2022

- Full pledged disaster recovery site implementation at Jashore; 1 July
- Easy account opening ; 14 November
- 6th AGM ; 21 June

2018

- RTGS Operation Launched 21 May
- 2nd Annual General Meeting (AGM) 28 June
- SMBL Credit Card Launching 28 June
- Commencement of Foreign Remittance Services; 2 August

2021

- Innovative Banking Award 2021
- 5th Annual General Meeting (AGM) 27 September
- 1 Sub-branch opening 29 August

2016

- Incorporation; 14 July
- Commencement of Business; 14 July
- Banking License Acquisition 21 July
- First Board Meeting 13 August
- Inauguration Ceremony 01 September
- Opening of 1st Branch 09 October
- Launching of Debit Card 08 November
- BACH Operation 13 November
- Statutory Meeting 29 December

2020

- 4th Annual General Meeting (AGM) 29 June

2019

- 3rd Annual General Meeting (AGM) 24 June
- Bangladesh Best Employer Brand Award 2019

2015

- Letter of Intent (LOI) 17 December



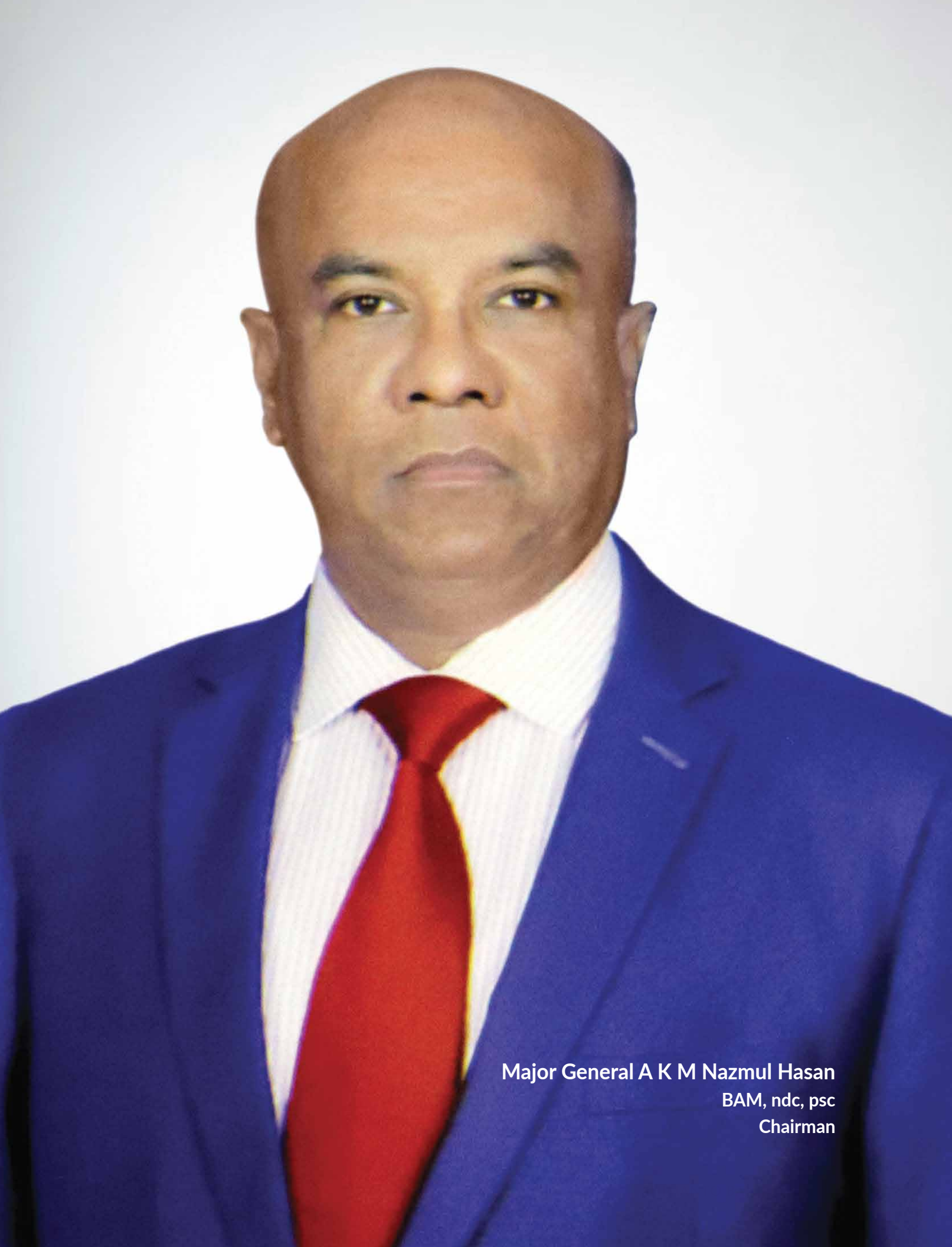
AWARDS & RECOGNITION



2021



2019



Major General A K M Nazmul Hasan
BAM, ndc, psc
Chairman



CHAIRMAN'S STATEMENT

Bismillahir Rahmanir Rahim

Dear Esteemed Stakeholders,

Assalamu Alaikum.

It is a matter of honor and immense pleasure for me to be here with you in the 7th Annual General Meeting (AGM) of Shimanto Bank Ltd. I am pleased to share with you the progress made by your Bank through this Annual Report for the financial year 2022.

Global and Bangladesh Economy

Towards the end of the year 2022, escalated Ukraine war has posed challenges. Bangladesh government has reacted proactively to curb inflation and to reduce the supply disruptions in order to ensure the equilibrium of the economy. Currency markets have turned highly volatile in response to war at Ukraine which resulted in supply disruptions. Bangladesh Bank intervened in the local foreign exchange market by selling a substantial amount of foreign currency to support exchange rate stability and to maintain the external competitiveness of Bangladesh Taka (BDT) during the year-2022.

Going forward, elevated oil and commodity prices, protracted war and sanctions, prolonged supply chain disruptions and global financial market volatility have now become major factors that are driving market sentiments.

We are, however, quite sanguine of facing the challenges posed by the external economy. We have strong foundations for sustained growth in our economy as well as in our Bank. The banking sector can see better business as the private sector investment gradually turns around.

Our Purpose

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

Our Strategy

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

Our Governance

Our corporate governance system is designed to ensure transparency and accountability at all levels of doing business. It also ensures that duties and responsibilities are appropriately segregated between the Board and Management to provide sufficient check and balance as well as flexibility for smooth business operations. The Board provides leadership and direction for the management, approves strategic and major policy decisions, and oversees management to attain predetermined objectives of the Bank.

Our Performance

Your Bank performed well in the year 2022, with disciplined execution delivering strong outcomes, despite the adverse impacts of the pandemic. Profit after tax is increased by 65% reflecting the recovery of economic conditions and outlook, resulting in increased investment income and lower provision against the soared loan. The Bank has earned a distributable profit of BDT 155.77 million up by 89.78% from BDT 82.08 million in last year.



The total Deposit raised to BDT 16,563.24 million by the end of 2022. Loans and advances totaled BDT 12,531.85 million from BDT 10,047.39 million in 2021 with an increase of 24.73%.

The Paid-up Capital of the Bank was at BDT 4,380.00 million as on December 31, 2022. Unlike many of our peer competitors in the financial services industry, we were well-capitalized, deposit-funded and liquid. Our capital management framework is intended to ensure the best composition of capital in relation to business growth. Capital Adequacy Ratio as per BASEL-III was 42.56%. Return on Asset (ROA) and Return on Investment (ROI) were at 1.11% and 6.95% respectively. The year's performance and capital position have allowed Shimanto Bank to deliver moderate returns for shareholders.

Dividend to the Shareholders

The major business and profitability parameters of the Bank have been improved significantly as compared with previous financial year. I am happy to inform you that, the Board has proposed 3.42% dividend, resulting in shareholders receiving BDT 150.00 million in dividends in relation to the financial year which is an indication of Bank's good financials and increasing profitability.

Looking ahead

The Bank has a positive outlook for the Financial Year-2023. The Government of Bangladesh has come up with many development projects for infrastructure and other investments to increase sustainability of the economy. The banking industry would be benefited due to increase in the demand for bank credit. The Bank has shown its adaptability to change and being able to respond quickly to the evolving macroeconomic conditions. The major business goals and objectives of the Bank are focused on creating a sustainable and profitable business model with a greater customer friendly approach adopting latest technological innovations.

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

Acknowledgements

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

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

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

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

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

Sincerely,

Maj Gen A K M Nazmul Hasan, BAM, ndc, psc
Chairman, Board of Directors
Shimanto Bank Ltd

08 June 2023



BOARD OF DIRECTORS



Major General A K M Nazmul Hasan, BAM, ndc, psc
Chairman



Brig Gen Md Nurul Amin, BGBMS, PhD, MPH
Director



Brig Gen Ali Reza Mohammad Ashaduzzaman,
ndc, psc
Director



Brig Gen Tanveer Gani Chowdhury
Director



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



Brig Gen K M Azad, BPM (Seba),
PPM (Seba), psc
Director



Col Murad Zaman, PBGMS
Director



Col A S M Faisal, PBGMS
Director



Col Shafiu Azam Parvez
Director



Mr. Abu Hena Mohammad Razee Hasan
Independent Director



Mr. Rafiqul Islam
Managing Director & CEO



CHAIRMAN'S PROFILE

Major General A K M Nazmul Hasan, BAM, ndc, psc
Chairman

Major General A K M Nazmul Hasan, BAM, ndc, psc, is Chairman of Shimanto Bank Ltd. He is the Director General of Border Guard Bangladesh. He joined Bangladesh Military Academy with the 18th BMA Long course on 15 July 1986 and was commissioned on 24 June 1988 in the Corps of Infantry of the Bangladesh Army.

Major General Nazmul holds a Bachelor of Science (BSc) degree from Chittagong University and Masters in Defence Studies (MDS) degree from the National University. He has also completed the Army Staff Course from the Defence Services Command and Staff College, Mirpur and the National Defence Course from the National Defence College of Bangladesh.

Major General Nazmul has participated in various professional training, seminars and workshops both in home and abroad. The notable ones are; International Defence Management Course in USA, Peacekeeping Operation Seminar in Malaysia, Intelligence Briefing of 4th conference on Interaction and Confidence Building Measures in Asia (CICA) in China, Regional Workshop on the Prevention of Violent Extremism in Thailand and Learning Exchange on Preventing & Countering Violent Extremism in Malaysia.

In his glorious colorful military carrier, he performed various important commands and staff duties with utmost success.

Besides the regimental appointments, he was the General Staff Officer Grade-3 (Training) at the School of Infantry and Tactics, Deputy Assistant Adjutant and Quarter Master General of a Composite Brigade and Deputy Provost Marshal at Army Headquarters. He also served as Colonel General Staff, Cumilla, Detachment Commander of Dhaka and Director of the Counter Intelligence Bureau at Headquarters of Directorate General of Forces Intelligence.

Major General Nazmul also served in Chittagong Hill Tracts for Counter Insurgency Operation in 1992 and 1997 at Rangamati Region.

Major General Nazmul commanded two Infantry Battalions, One Military Police Unit, one Infantry Brigade and one Infantry Division. Before joining Border Guard Bangladesh on 29 January 2023, he served as Director General of Bangladesh Ansar and VDP.

In the blue helmet, Major General Nazmul completed United Nations Peacekeeping Mission in Bosnia Herzegovina as a platoon commander in 1994 at Bihac Pocket and Officer Commanding of Sector Reserve at Nyala, Darfur, Sudan in 2010.



DIRECTOR'S PROFILE



Brig Gen Md Nurul Amin, BGBMS, PhD, MPH
Director

Brig Gen Md Nurul Amin, BGBMS, PhD, MPH is Additional Director General (Medical) of Border Guard Bangladesh (BGB).

Brig Gen Nurul Amin joined Bangladesh Army on 04 January 1994 and was commissioned on BMTC-08 in Army Medical Core. He has attended several professional courses in-country. He completed MPH in 2008 from NIPSOM, Mohakhali, Dhaka. He also obtained PhD in 2019 From Dept of Microbiology, University of Dhaka.

Brig Gen Nurul Amin has a variety of experience as Medical Officer in Bangladesh Army/ Border Guard Bangladesh.

Brig Gen Nurul Amin participated in the United Nations Peace Keeping Mission on Liberia from 13 May 2012 to 30 Jun 2013 and Central African Republic from 07 October 2019 to 25 September 2020 as Force Medical Officer, FHQ, MINUSCA.



Brig Gen Ali Reza Mohammad Ashaduzzaman, ndc, psc
Director

Brig Gen Ali Reza Mohammad Ashaduzzaman, ndc, psc is appointed as Additional Director General of Border Guard Bangladesh. He is Member of the Executive Committee of the Bank.

Brig Gen Reza joined Bangladesh Military Academy on 10 Jul 1990 and was commissioned on 09 Jun 1992 in the Corps of Arty. He has attended several professional courses both at home and abroad.

Brig Gen Reza has completed National Defence Course from NDC, Dhaka, Bangladesh and psc (Staff Course) from DSCSC, Dhaka, Bangladesh. He obtained BSc (Pass) from BMA (National University). He also obtained Masters in Defence Studies from National University and MBA from South East University Dhaka.

Brig Gen Reza has a variety of experience as Staff and Command in Bangladesh Army and Border Guard Bangladesh.

Brig Gen Reza participated in the United Nations Peace Keeping Missions in Sierra Leone, Ivory Coast and Sudan.



DIRECTOR'S PROFILE



Brig Gen Tanveer Gani Chowdhury

Director

Brig Gen Tanveer Gani Chowdhury is appointed as Additional Director General (Admin) of Border Guard Bangladesh (BGB) on 13 April 2023.

Brig Gen Tanveer Gani Joined Bangladesh Military Academy on 10 July 1990 and was commissioned on 09 Jun 1992 in the Corps of Infantry.

Brig Gen Tanveer Gani Chowdhury has a variety of experience in different units, training institutions and headquarters in Bangladesh Army and Border Guard Bangladesh. He Served in AHQ as AAG, PA Dte. He also served in President's Office, Banga Bhaban as PS (Coord).

Brig Gen Tanveer Gani participated in the United Nations Peace Keeping Missions as PI Comdand UN MSN Mil Observer.



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

Director

Brig Gen A M M Khairul Kabir, BGBM, BGBMS, psc is Additional Director General (Operations) of Border Guard Bangladesh (BGB). He is Chairman of Risk Management Committee and Member of the Executive Committee of Shimanto Bank Ltd.

Brig Gen Kabir Joined Bangladesh Military Academy on 16 June 1993 and was commissioned on 16 June 1995 in the Corps of AC. He has attended several professional courses both at home and abroad.

Brig Gen Kabir has completed SC-33 course from DSCSC, Mirpur, Dhaka. He also obtained MSc degree from Bangladesh University of Professionals (BUP) and University of Baluchistan, Pakistan.

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



DIRECTOR'S PROFILE



Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc
Director

Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc is appointed as Bureau Chief, Border Security Bureau on 06 Feb 2023. He is Chairman of Audit Committee of Shimanto Bank Ltd.

Brig Gen K M Azad joined Bangladesh Military Academy on 06 Jul 1993 and was commissioned on 16 Jun 1995 in the Corps of Infantry. He has attended several professional courses both at home and abroad.

Brig Gen K M Azad has completed psc (Staff Course) from DSCSC, Dhaka, Bangladesh. He obtained BSc Degree from BMA, Bhatiary. He obtained Masters Degree in Defence Studies from DSCSC, Mirpur and MBA from MIST, Mirpur. He has also Completed MSS (Criminology and Criminal Justice) from Dhaka University.

Brig Gen K M Azad has a variety of experience as Staff and Command in Bangladesh Army, Rapid Action Battalion (RAB) and Border Guard Bangladesh

Brig Gen K M Azad participated in the United Nations Peace Keeping Missions in Ivory Coast and Congo.



Col Murad Zaman, PBGMS
Director

Col Murad Zaman, PBGMS is Deputy Director General (Records) of Border Guard Bangladesh (BGB). He is Member of Risk Management Committee of Shimanto Bank Ltd.

Col Murad Zaman Joined Bangladesh Military Academy on 12 Jun 1991 and was commissioned on 20 Dec 1992 in the Corps of Infantry. He has attended several professional courses both at home and abroad.

Col Murad Zaman is a graduate of BSC, Chittagong University. He is a graduate of MBA from Atish Dipankar University of Science and Technology.

Col Murad Zaman has a variety of experience as Staff, Instructor and Commander in Bangladesh Army/ Border Guard Bangladesh.

Col Murad Zaman Participated in the United Nations Peace Keeping Missions at Sierra Leone and Sudan.



DIRECTOR'S PROFILE



Col A S M Faisal, PBGMS

Director

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

Col A S M Faisal joined Bangladesh Military Academy on 1993 and was commissioned on 17 Jun 1994 in the Corps of Engineers. He has attended several professional courses both at home and abroad.

Col A S M Faisal has complete graduate course (B.Sc. Engineer (Civil) from BIT, Khulna (KUET).

Col A S M has a verity of experience as staff, instructor and command in Bangladesh Army/ Border Guard Bangladesh.

Col A S M Faisal Participated in the United Nations Peace Keeping Missions (Siera Leone, Sudan).



Col Shaful Azam Parvez

Director

Col Shaful Azam Parvez is Director General (Communication) of Border Guard Bangladesh (BGB). He is Member of the Audit Committee of Shimanto Bank Ltd.

Col Shaful Azam Parvez joined in Bangladesh Military Academy on 04 January 1994 and was commissioned on 28 November 1995 in the Corps of Signals. He has attended several Professional Courses both at home and abroad.

Col Shaful Azam Parvez is a graduate of BMA, Bhatiary, Chattogram and from National University. He has complete his BSc Engineering in Computer Science and Engineering and Masters in ICT from Bangladesh University of Professional, Dhaka.

In his 27 years of military carrier, he has a verity of experience as Staff and Command in both Bangladesh Army and Border Guard Bangladesh.

Wearing blue helmet he has also participated twice in the United Nations Peace Keeping Missions in Liberia.



DIRECTOR'S PROFILE

Mr. Abu Hena Mohammad Razee Hasan

Independent Director

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

As Deputy Governor, he looked after the banking policy and regulation, foreign exchange policy and investment, off-site and onsite supervision, formulation and implementation of monetary policy, research and statistics, accounts and budgeting, human resources and services management related departments of Bangladesh Bank. As Head of BFIU he played an important role in getting membership of the Egmont Group of FIUs in 2013, bringing out Bangladesh from grey list of risky countries prepared by Financial Action Task Force (FATF) and Asia Pacific Group on money laundering (APG) and proving Bangladesh as compliant country in FATF-APG Mutual Evaluation of 2015. He also acted as Co-Chair of APG for the term 2018-2020.

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



DIRECTOR'S PROFILE

Rafiqul Islam

Managing Director & CEO

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

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

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

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

Mr. Islam holds post graduations in International Trade & Business from University of Dhaka. He completed Masters of Business Administration from University of New Castle, USA.

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

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



BOARD COMMITTEE

EXECUTIVE COMMITTEE

Name	Committee Portfolio
1. Maj Gen A K M Nazmul Hasan, BAM, ndc, psc	Chairman
2. Brig Gen Ali Reza Mohammad Ashaduzzaman, ndc, psc	Member
3. Brig Gen A M M Khairul Kabir, BGBM, BGBMS, psc	Member
4. Mr. Rafiqul Islam	Member (Ex-officio)
5. Mr. Mohammad Mostafa Hossain Suman FCS	Secretar

AUDIT COMMITTEE

Name	Committee Portfolio
1. Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc	Chairman
2. Col A S M Faisal, PBGMS	Member
3. Col Shafiqul Azam Parvez	Member
4. Mr. Mohammad Mostafa Hossain Suman FCS	Secretary

RISK MANAGEMENT COMMITTEE

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

Note: Executive Committee, Audit Committee and Risk Management Committee as on 31st May, 2023.



Rafiqul Islam
Managing Director & CEO



MANAGING DIRECTOR & CEO'S STATEMENT

Bismillahir Rahmanir Rahim

Dear Respected Stakeholders,

I am pleased to present you the performance highlights of your Bank for the financial year 2023. Business growth and the details of accomplishments and initiatives of the Bank are provided in the Annual Report for the year. The performance of our Bank came in an economic environment where the major economies around the world faced unprecedented inflation & monetary tightening, which led to global slowdown. Now, let me begin with a short preview of the prevailing financial eco-system and the outlook for global and Bangladesh economy.

Global Economy:

Global economic activity remains resilient amidst the persistence of inflation at elevated levels, debacle of banks in some advanced economies, tight financial conditions and continued geopolitical tensions. Now, the Supply-chain disruptions are normalising, the disorders to energy and food markets caused by the geo-political conflict are also receding. The synchronous tightening of monetary policy by most central banks have started bearing fruits, with inflation moving back toward its targeted levels. However, weakened external demand, spill-overs from the banking crisis, volatile capital flows and debt distress in certain vulnerable economies weigh on growth prospects. Hence, the outlook for the global economy remained sluggish. Consequently, World Bank through its Global Economic Prospects for the month of June'23 has revised the global economic growth downward to 2.1% for 2023.

Bangladesh Economy:

Due to multiple shocks, e.g. COVID-19, Russia-Ukraine war etc., record inflation was observed across the globe and Bangladesh also faced the cascading effect of imported inflations followed by events such as a forex crunch, devaluation of the Taka against the US dollar. To rein in the inflation, the Bangladesh Bank has decided to increase its policy rates by 25 basis points, the repo rate to 6.00 percent from 5.75 percent, and the reverse repo rate to 4.25 percent from 4.00 percent as a part of its monetary policy stance. The CPI-based point-to-point and average headline inflation reached 8.71 percent and 7.70 percent respectively in December 2022. Among the components of headline inflation, non-food inflation elevated more relative to food inflation, mainly due to a substantial upward revision of domestically administered fuel prices. Bangladesh economy witnessed impressive 7.25 percent real GDP growth rates in FY22. Bangladesh Bank has projected GDP growth 6.50 percent and inflation 7.50 percent for FY23.

The Government's continued thrust on public investment in mega infrastructure projects, improvement in capacity utilisation in manufacturing may sustain the expansion in industrial activity. On the other hand, headwinds from geopolitical tensions, tightening global financial conditions and the slowing external demand pose downside risks to Bangladesh's economic growth.

Banking Sector

The Bangladesh Banking sector remained resilient and demand for credit from almost all the major sectors of the economy was seen. Government borrowings from non-bank (sale of national savings certificate) and foreign sources have significantly increased the amount of public sector credit provided by the banking system. Implementation of regulatory guidelines for officials' salary hikes, loan rescheduling rules, and the requirement for income tax return submission documents for credit card and loan applications have intensified profitability of the Banks. Due to consequence of relaxation of the interest cap for deposit with keeping the lending rate caps further eroded the revenue of the Banks. As loan payment forbearance ended, bad loans shot up throughout the industry. Some banks struggling with liquidity pressure that leads to stiff competition for deposits. Nevertheless, banks with a good governance won the race for new deposits despite the challenges.

Bank's Performance -2022

Against this background, I would like to present a synopsis of the Bank's performance during the year-2022.

Business Figure:

- Bank achieved 47% growth in corporate loan portfolio to BDT 7470 million in FY22 from BDT 5060 million in FY21.
- Achieved 38% growth in CMSME loan portfolio to BDT 796 million in FY22 from BDT 576 million in FY21.
- Agricultural loan portfolio raised to BDT 279.60 million in FY22 from BDT 31.10 million in FY21. Other Retail loan decreased by 11.50%.
- Bank's Deposit increased by 24.67%; loan portfolio increased by 24.73%; investment portfolio increased by 95.17% YoY.

Earnings and Profitability:

- Net Interest Income of the Bank registered a negative growth of 7.21% YoY to BDT 631.54 million;
- Non interest income (investment income and fee based income) of the Bank grew by 78.39% YoY to BDT 373.17 million.
- Operating Profit recorded a YoY growth of 3.37% to reach BDT 418.30 as compared to BDT 404.67 in the previous year.



- Net Profit of the Bank grew by 64.58% YoY BDT 230.57 million in FY22 as against BDT 140.10 million in FY21.
- Return on Assets (RoA) improved to 1.11% in FY22 from 0.75% a year ago.
- Return on Equity (RoE) increased to 5.26% in FY22 from 3.27% in FY21.
- Earning per Share (EPS) for FY22 improved to BDT 0.53 from BDT 0.33 a year ago.
- Cost to income ratio increased slightly to 58.37% in FY22 as against 54.52% in the last year.

Asset Quality:

- Non-Performing Loans remained almost same 1.20% at in FY22 as against 1.20% in the previous financial year.
- NPL Coverage Ratio improved to 153.51% in FY22.

Sound Capital Structure:

- Capital Adequacy Ratio (CRAR) of the Bank computed as per Basel III guidelines stood at 42.56% in FY22, with Tier-I Capital at 41.03%.
- The share of BGB Welfare Trust in the Bank was 99.99% as on 31st December' 22. The Board of Directors has recommended a dividend of 3.42 percent for FY22.

Bank's Footprint:

- Currently, the Bank has twenty Branches, four sub-branches, two information centers and nineteen ATMs across the country;

Financial Inclusion Initiatives:

- Bank has incorporated a proprietary QR-based payment system into its internet banking platform.
- Launched Easy Account for digital self-onboarding by the existing and new customers;

Leveraging Technology:

- Bank has established full-pledged industry standard Disaster Recovery site at Jashore;
- Bank has upgraded its core banking solution to the most recent version;
- Implemented a Treasury management solution.
- Bank has implemented an industry-leading Web Application Firewall (WAF);
- Bank has implemented Database Activity Monitoring (DAM) solution;
- Implemented cutting-edge Data Loss Prevention (DLP) software.

HR Initiatives:

- As part of our commitment to foster a positive work environment, we have implemented several HR initiatives to support our employees;
- Bank has conducted trainings for employees posted in different verticals during the year for empowering and upskilling them.

Way Forward:

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

Acknowledgement

I would like to thank our honorable chairman and shareholders for their unwavering support and confidence in the Bank. The success we have achieved is a result of the hard work & dedication of the employees, the loyalty of our customers and the trust & confidence of our valued shareholders. We remain committed to delivering superior financial performance and creating value for our stakeholders. I also wish to sincerely thank the Bangladesh Bank and other regulatory agencies, Border Guard Bangladesh, all our valuable stakeholders for their continued confidence and support to the Bank in all its endeavours. We would continue to look forward for your support, good will and patronage.

Rafiqul Islam
Managing Director & CEO
Shimanto Bank Ltd

12 June, 2023



MANAGEMENT COMMITTEE (MANCOM)



- | | | | |
|---|---|---|--|
| 1 | Muhammad Shawkat Alam
Head of ICC | 5 | Arman Hossain
Head of Cards & ADC |
| 2 | Mohammad Mostafa Hossain Suman FCS
Company Secretary | 6 | Shahneela Islam Shanil
Head of Brand & CA & IDP |
| 3 | Mohammad Azizul Hoque
Head of Operations & CRO | 7 | Fashiuddin Mahmud
Head of IT |
| 4 | Rafiqul Islam
Managing Director & CEO | | |



FIVE YEAR'S FINANCIAL PERFORMANCE

Amount in BDT Million

Particulars	2018	2019	2020	2021	2022
Balance Sheet Metrics					
Authorised Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	4,000.00	4,000.00	4,160.00	4,284.80	4,380.00
Shareholders' Equity	4,089.83	4,267.69	4,472.33	4,614.82	4,849.87
Loans and Advances	5,835.30	7,173.46	8,331.65	10,047.40	12,531.85
Deposits	6,982.64	10,113.83	13,155.38	13,285.74	16,563.24
Borrowing	0	0	0	0	0
Statutory Liquidity Reserve Ratio (SLR) (% at close of the year)	15.64%	15.64%	15.64%	18.33%	17.98%
Cash Reserve Requirement (CRR) (% at close of the year)	10.58%	6.32%	6.32%	4.10%	4.61%
Liabilities to Shareholders' Equity (Times)	1.78	2.47	3.15	3.07	3.65
Investments	761.50	1,752.81	2,076.25	2,751.99	5,370.99
Fixed Assets	129.45	301.79	248.60	211.14	232.20
Total Assets	11,376.49	14,821.99	18,559.06	18,827.81	22,545.30
Net Assets	4,089.83	4,267.69	4,472.33	4,614.82	4,849.87
Income Statement Metrics					
Net Interest Income	449.84	659.98	674.14	680.59	631.54
Non-Interest Income	71.14	82.71	131.93	209.19	373.17
Investment Income	54.94	60.37	102.01	152.42	282.38
Non Investment Income	16.20	22.34	29.92	56.77	90.79
Operating Income	520.99	742.69	806.07	889.78	1,004.71
Operating Expenses	338.76	441.81	459.02	485.11	586.41
Operating Profit	182.23	300.88	347.04	404.67	418.30
Provision for Loans, Investment and Other Assets	44.55	11.62	14.92	114.60	44.29
Profit Before Tax	137.67	289.26	332.13	290.06	374.00
Profit After Tax	71.72	176.89	201.04	140.10	230.57
Net operating cash flow (NOCF)	2,62.28	2,072.18	2,498.95	-1,603.42	1,155.00
Capital Metrics					
Total Risk Weighted Assets (RWA)	6,669.38	8,204.87	8,663.28	10,039.79	11,754.57
Common Equity Tier-1 Capital	4,089.83	4,266.73	4,467.77	4,607.86	4,822.51
Tier-2 Capital	73.81	78.78	102.37	137.54	180.46
Total Eligible Capital (Tier 1 and Tier 2)	4,163.64	4,345.51	4,570.14	4,745.40	5,002.97
Capital to risk weighted assets ratio (CRAR)(%)	62.43%	52.96%	52.75%	47.27%	42.56%
Common Equity Tier - 1 Capital to RWA (%)	61.32%	52.00%	51.57%	45.90%	41.03%
RWA to total assets (%)	58.62%	55.35%	46.67%	53.32%	52.14%



FIVE YEAR'S FINANCIAL PERFORMANCE

Amount in BDT Million

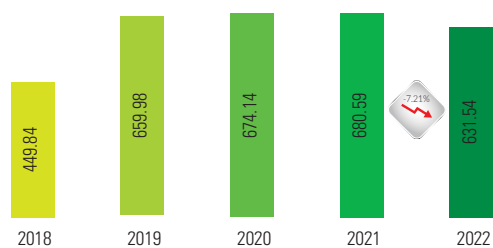
Particulars	2018	2019	2020	2021	2022
Credit Quality					
Non Performing Loans (NPLs)	5.57	31.18	5.91	120.16	152.65
Specific Provision (Cumulative)	2.0	7.60	2.54	84.37	76.68
General Provision (Cumulative)	37.98	77.12	97.80	99.06	157.66
NPL Ratio (%)	0.09%	0.43%	0.07%	1.2%	1.22%
NPL Coverage Ratio (Specific Provision + General Provision)/Gross NPL (%)	717.54%	271.72%	1697%	152.65%	153.51
Trade Business Metrics					
Export	0	5.85	142.48	331.53	75.93
Import	43.38	99.45	894.64	943.07	489.23
Guarantee	798.62	51.72	20.08	273.81	136.68
Foreign Remittance	8.95	59.73	97.03	65.62	72.09
Efficiency / Productivity Ratios					
Return on Investments (ROI) %	7.88%	4.80%	5.33%	6.31%	6.95%
Return on Assets (ROA) %	0.74%	1.35%	1.20%	0.75%	1.11%
Return on Equity (ROE) %	1.79%	4.42%	4.83%	3.27%	5.26%
Cost to Income Ratio %	65.02%	59.49%	56.95%	54.52%	58.37%
Operating Profit per Employee	1.10	1.72	1.90	1.71	1.60
Operating Profit per Branch	14.02	17.70	19.28	19.27	17.43
Share Based Metrics					
Earnings per Share (EPS) in BDT	0.18	0.44	0.48	0.33	0.53
Operating profit per share in BDT	0.46	0.75	0.83	0.94	0.96
NAV per Share in BDT	10.23	10.66	10.75	10.77	11.07
Net operating cash flow per share (NOCFPS) BDT	0.66	5.18	6.01	-3.74	2.63
Dividend %	Nil	4% Stock	3% Stock	2.22% Stock	3.42% Stock (Recommended)
Other Information					
Number of branches (Including Sub-Branches)	13	17	18	21	24
Number of permanent employees	165	175	183	237	260
Number of deposit accounts	41,431	57,024	70,257	95,594	110,555
Number of loan Accounts	8,751	11,799	12,599	13,680	19,850
Number of RMA	45	48	64	64	52
Number of Foreign Account	3	3	3	3	3
Number of ATM	10	16	16	19	19
Number of Information Centers	3	3	2	2	2



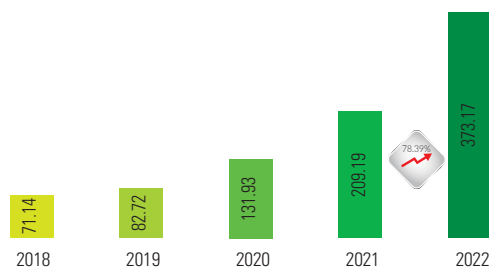
FINANCIAL INDICATOR

AMOUNT in BDT MILLION

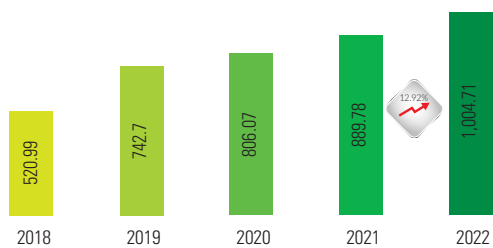
NET INTEREST INCOME



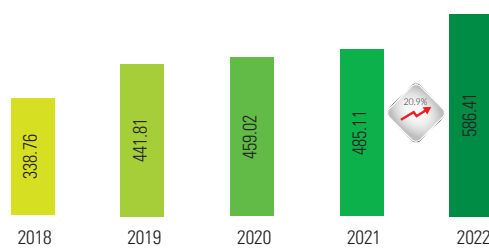
NON INTEREST INCOME



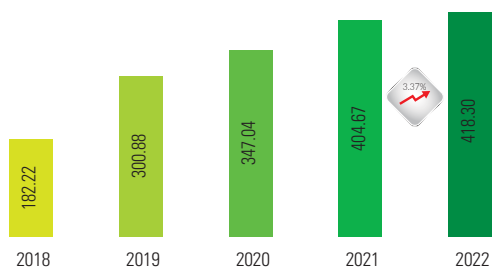
OPERATING INCOME



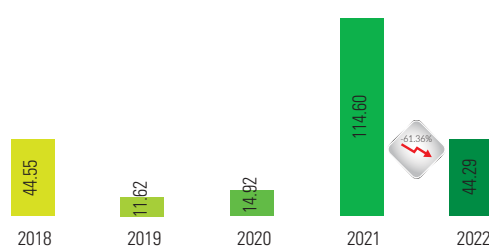
OPERATING EXPENSES



OPERATING PROFIT



TOTAL PROVISION CHARGED

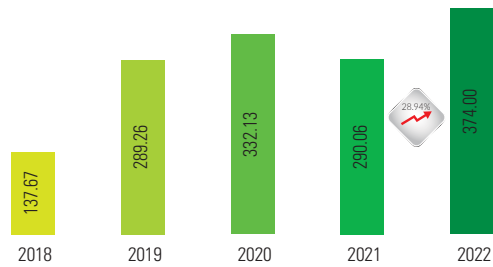




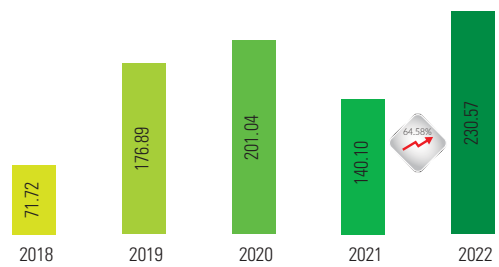
FINANCIAL INDICATOR

AMOUNT in BDT MILLION

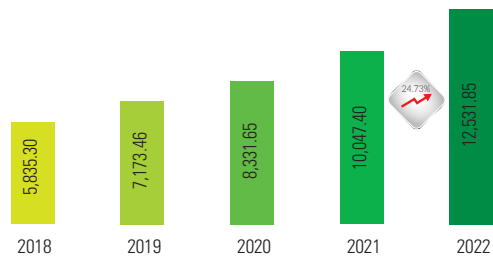
PROFIT BEFORE TAX



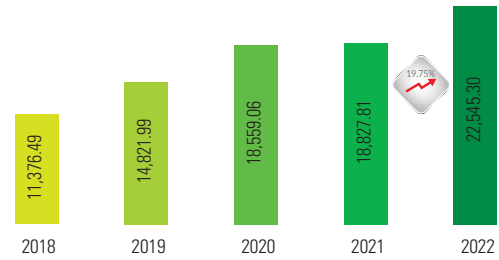
PROFIT AFTER TAX



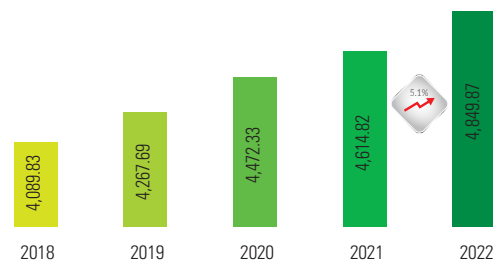
LOANS AND ADVANCES



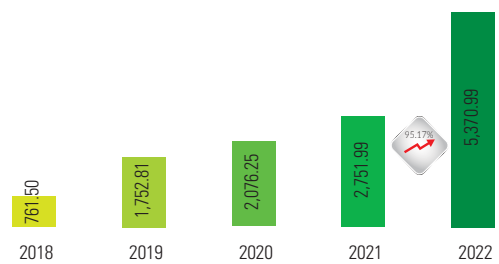
TOTAL ASSETS



NET ASSETS



INVESTMENTS

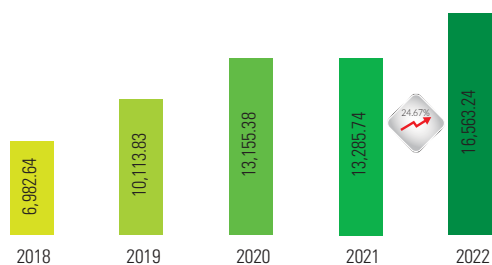




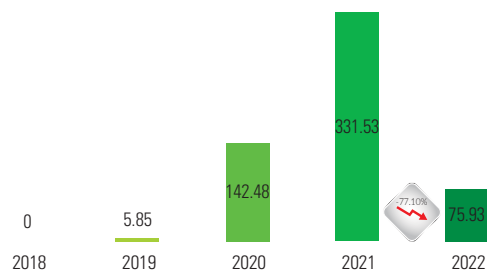
FINANCIAL INDICATOR

AMOUNT in BDT MILLION

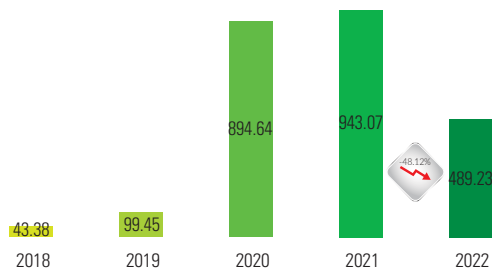
DEPOSITS



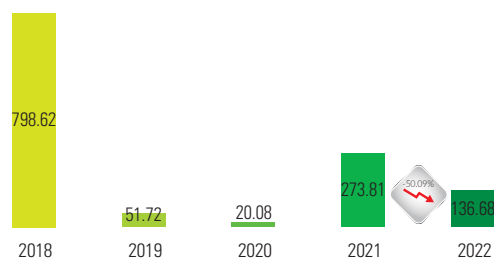
EXPORT



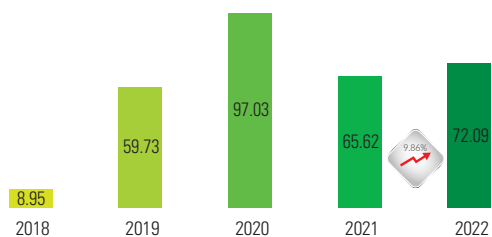
IMPORT



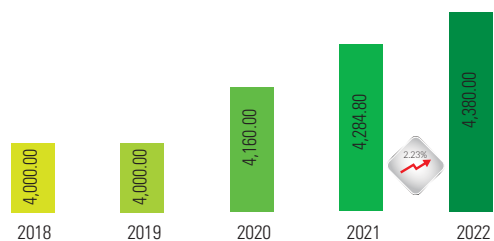
GUARANTEE



FOREIGN REMITTANCE



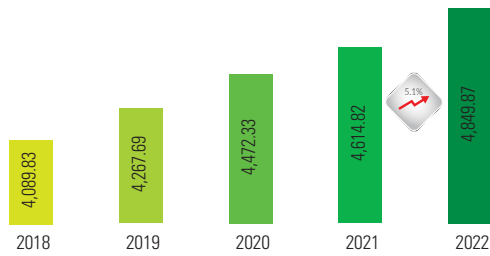
PAID UP CAPITAL



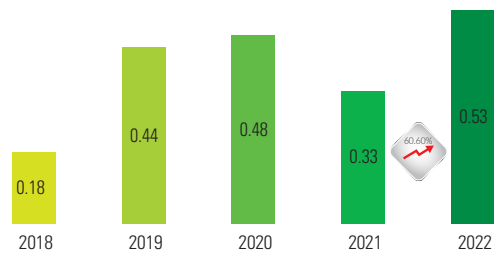


FINANCIAL INDICATOR

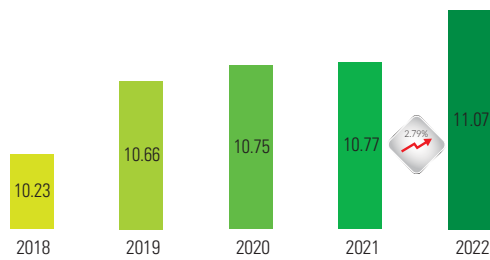
SHAREHOLDERS' EQUITY (BDT MILLION)



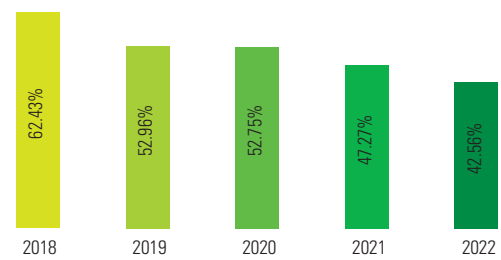
EARNINGS PER SHARE (BDT)



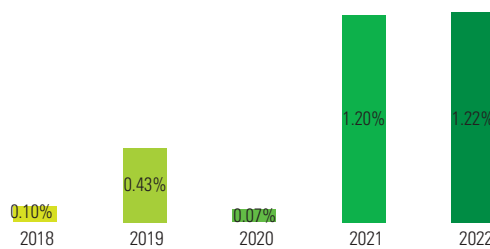
NET ASSET VALUE PER SHARE (BDT)



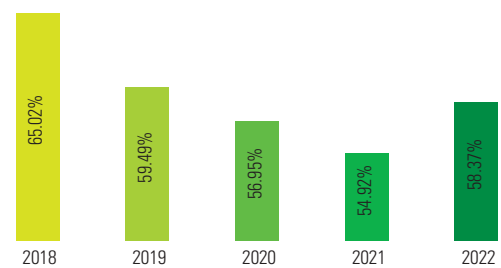
CAPITAL TO RWA RATIO (CRAR)%



NPL RATIO (%)



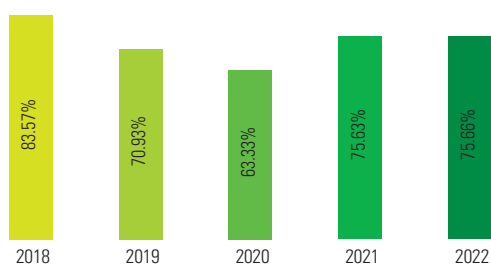
COST TO INCOME RATIO (%)



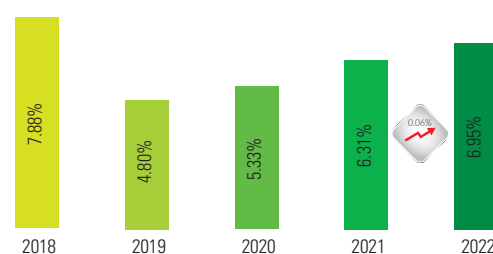


FINANCIAL INDICATOR

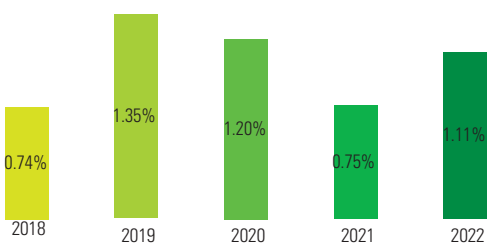
CREDIT-DEPOSIT RATIO (%)



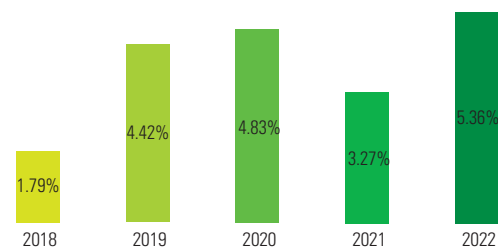
RETURN ON INVESTMENTS (ROI) BDT



RETURN ON ASSETS (ROA) %



RETURN ON EQUITY %



CREDIT RATING

	2020	2021	2022
Long Term	A	A	A
Short Term	ST-3	ST-3	ST-3
Outlook	Stable	Stable	Stable

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



GLIMPSE OF 6TH ANNAUL GENERAL MEETING (AGM)



Shareholders of Shimanto Bank Ltd were casting their votes in favor of an agenda transacted in the 6th AGM.



Distinguished guests Management Officials, representatives of Auditors and other stakeholders were observing the 6th AGM.



AGM Hall at Shahid Capatain Ashraf Hall, Peelkhana, Dhaka.



GLIMPSE OF 6TH ANNAUL GENERAL MEETING (AGM)



Former Chairman of the Bank Major General Shakil Ahmed, SPP, nswc, afwc, psc was delivering valuable speech in the 6th AGM.



Board of Directors and Management Committee of the Bank.



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



EVENT HIGHLIGHTS



Major General A K M Nazmul Hasan, BAM, ndc, psc was greeted by the Directors and Executives after being elected as Chairman of the Bank.



Former Chairman of the Bank Major General Shakil Ahmed, SPP, nswc, afwc, psc was receiving the dividend of Shimanto Bank Ltd for the year 2021 on behalf of BGB Welfare Trust. Managing Director & CEO along with Company Secretary of the Bank was handing over the share certificate against the stock dividend.



EVENT HIGHLIGHTS



Major General A K M Nazmul Hasan, BAM, ndc, psc, Chairman of the Bank was present in an event with presence of the Directors and Executives.



A moment of celebration of 6th Anniversary of the Bank in Head Office with presence of the employees.



EVENT HIGHLIGHTS



A moment of Board Meeting of Shimanto Bank Ltd presided over by Major General A K M Nazmul Hasan, BAM, ndc, psc, honorable Chairman of the Bank.



Brahmanbaria Branch was inaugurated by Region Commander, North East Region of Border Guard Bangladesh Brigadier General Mohammad Shahidul Islam in presence of Mr. Rafiqul Islam-MD & CEO, Senior BGB Officers, Executives, Customers and other stakeholders in the ceremony.



EVENT HIGHLIGHTS



Brig Gen A M M Khairul Kabir, BGBM, BGBMS, psc, honorable Chairman of the Risk Management Committee was presiding over a Meeting of the Committee. Respected Members and Executives are seen present in the Meeting.



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



EVENT HIGHLIGHTS



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



A Memorandum of Understanding was signed between Shimanto Bank Ltd and International Organization for Migration (IOM) for disbursing the cash to the displaced Rohingya people as well as distressed local community at Cox's bazar. Mr. Rafiqul Islam, Managing Director & CEO, Shimanto Bank Ltd and Ms. Nusrath Fathima Ghazzali, Officer in Charge, IOM Bangladesh exchanged the documents.



EVENT HIGHLIGHTS



A moment of the Strategy Session of Shimanto Bank Ltd for the Year-2022.



Recipients of Chairman's Award-2021 with former Chairman and former Managing Director & CEO of the Bank.



SHIMANTO BANK LIMITED
বিশ্ব প্রথম নির্মিত
ডিজিটাল ব্যাংক

bKash

সীমান্ত ব্যাংক ইন্টারনেট ব্যাংকিং
কানেক্ট-এর মাধ্যমে **bKash** একাউন্টে
টাকা আনুন যেকোনো সময়

Accounts Bill Pay
Top Up Fund Transfer
bKash
Transfer to bKash

Call Center: +88 09612 880000

সর্ব সয়েসে*

বিকাশ-এ টাকা আনতে
আমত মানি থেকে
ব্যাংক সিনেক্ট করুন

SHIMANTO BANK LIMITED
বিশ্ব প্রথম নির্মিত
ডিজিটাল ব্যাংক

বিদেশে উপার্জিত অর্থ
স্বদেশে আনুন খুব সহজে

MoneyGram
money transfer

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

Call Center: +88 09632880000

shimantobankbd

www.shimantobank.com

An aerial photograph of a modern city skyline at sunset. The sky is a deep blue, transitioning to a bright orange and yellow glow from the setting sun on the left. Several prominent skyscrapers are visible, including two tall, slender towers on the left and a cluster of buildings on the right, some with construction cranes. In the foreground, a large, curved building with a metallic, textured facade is partially visible. The overall scene conveys a sense of urban development and architectural progress.

REPORT OF THE BOARD OF DIRECTORS



Dear Stakeholders,

The Board of Directors welcome you all at the 7th Annual General Meeting of Shimanto Bank Ltd and is pleased to present the Annual Report for the year ended on 31 December 2022 together with the Audited Financial Statements & Auditor's Report thereon. A review of business and financial performance of the Bank during the Year 2022 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

After the recurrent shocks of COVID-19 and a sharp recovery of 6.0 percent in 2021; the global output growth is expected to slow down to 3.2 percent in 2022 and further to 2.7 percent in 2023, especially downturns in the United States, Euro area, the United Kingdom, Japan and China due mainly to the war in Ukraine. Several shocks have hit the world economy already weakened by the pandemic; higher-than-expected inflation worldwide, especially in the United States and major European countries triggering tighter financial condition; a worse slowdown in China, reflecting COVID-19 outbreaks and lockdown and further negative spillovers from the war in Ukraine. Due to rising food and energy costs as well as persistent supply-demand imbalances, it is now expected that global inflation will increase sharply to 8.8 percent in 2022 from 4.7 percent in 2021. The Russia-Ukraine war has been the main factor driving worldwide food price inflation, especially for grain products like wheat. Export limitations in various nations have also contributed to global food price hikes. The impact of food inflation would be more crucial in low-income nations where food consumption makes up a large portion of total consumption. Moreover, a substantial reduction in the flow of Russian pipeline gas to Europe would lead to a sharp rise in gas prices. In such situation a disinflationary monetary policy is expected and that will lead to reduce global inflation to 6.5 percent in 2023. With the onset of COVID-19 pandemic, the volume of global trade fell down by 7.8 percent in 2020 due to lockdown-induced supply disruptions. As government in many countries eased restrictions on cross border mobility in the advancement of vaccination programmes and adopted business friendly economic policies, the volume of global trade increased dramatically by 10.1 percent in 2021. The growth of world trade is projected to slow down to 4.3 percent in 2022 and 2.5 percent in 2023, reflecting further decline in global demand and supply chain problems in the wake of Russia-Ukraine war along with the appreciation of dollar.

The output growth in 2022 for the world's advanced economies is projected to 2.4 percent against the actual output growth of 5.2 percent in 2021. The output growth in United States for 2022 is projected to 1.6 percent, reflecting much less momentum in private consumption, due partly to the decline in household purchasing power and the anticipated effects of tightening of monetary policy. The projected output growth for euro area is also downgraded to 3.1 percent in 2022 from 5.2 percent in 2021 due to downward growth forecasts in major economies—Germany, France, Spain and Italy.

The output growth in emerging markets and developing economies is projected downward to 3.7 percent in 2022 from 6.6 percent in 2021. The main factors contributing to such downward projection are the expectations of a sharp decrease in China's economic growth and a moderate growth in India's economy. China's output is projected to grow by 3.2 percent in 2022 from the actual growth of 8.1 percent in 2021, owing primarily to the renewed COVID-19 outbreaks and lockdowns. On the other hand, India's output growth is projected to decline by 1.9 percentage points to 6.8 percent in 2022 from actual growth of 8.7 percent in 2021, due mainly to less favourable external conditions and faster policy tightening.

The war in Ukraine may cause supply-related shocks to the prices of food and energy, which might cause core inflation to rise substantially and lead monetary policy further toward tightening. In advanced economies, inflation increased to 3.1 percent in 2021 from 0.7 percent in 2020 due mainly to higher food and energy prices. The inflation in 2022 for advanced economies is projected to increase to 7.2 percent due mainly to notable rises in headline inflation in United Kingdom and the euro area. But it is expected to fall to 4.4 percent in 2023 as central banks tighten monetary policy. However, inflation in emerging and developing economies, excluding Venezuela, increased slightly to 5.9 percent in 2021 from 5.1 percent in 2020. It is projected to increase to 9.9 percent in 2022 but to decrease to 8.1 percent in 2023.

The Russia-Ukraine conflict and sanctions may induce to decline global demand and supply after a sharp recovery of global trade in 2021 from the COVID-19 pandemic situation. The imports growth for advanced economies increased from -8.4 percent in 2020 to 9.5 percent in 2021. The imports growth in this region may decrease to 6.0 percent in 2022 and further to 2.0 percent in 2023. In emerging markets and developing economies, the imports growth increased robustly from -7.8 percent in 2020 to 11.8 percent in 2021, which is projected to decrease significantly to 2.4 percent in 2022 and further increase slightly to 3.0 percent in 2023. Exports growth of the advanced economies stood at 8.7 percent in 2021 from -9.0 percent in 2020 which is projected to decrease to 4.2 percent in 2022 and further to 2.5



percent in 2023. Exports of the emerging markets and developing economies increased sharply by 11.8 percent in 2021 from -4.8 percent in 2020, which is anticipated to decrease by 3.3 percent in 2022 and further by 2.9 percent in 2023.

According to World Economic Outlook, October 2022, there are a wide range of factors which could negatively affect global economic performance. The war in Ukraine could disrupt gas supply to European economies from Russia and would increase inflation worldwide through higher fuel prices. In the condition of tight labour market, workers could demand higher wages and trigger a wage-price spiral. The rising interest rates in advanced economies in containing inflation would tighten financial conditions worldwide. This could result in increasing cost of borrowing, creating pressure in international reserves, cause depreciation against dollar and induce debt distress in emerging market and developing economies. Moreover, the war in Ukraine may fragment the world economy into geopolitical blocs with newer payment systems and reserve currencies, which could hamper international trade and cooperation.

The World Economic Outlook, October 2022, outlined some policy priorities needed to restore the global economy from its gloomy developments in 2022. Containing inflation will be the first priority for the policymaker since the gradual increase in prices reduces the living standard worldwide. In the backdrop of tighter monetary conditions, highly indebted governments should reduce dependence on foreign currency borrowing. Instead, they need to increase taxes and lower expenditure. Ending war in Ukraine would expand supply of global commodities and governments should not stock food and energy, rather, remove trade barriers, which induce higher world prices. Countries with the use of fossils fuels such as coal for meeting energy crisis should treat it as temporary measures and extend efforts towards renewable energy. Finally, governments should intensify vaccination rates to prevent future variants of COVID-19 pandemic.

The Global Financial Stability Report, April 2022, highlighted some concerns about the stability of global financial system. In the event of higher global commodity prices, central banks face immense challenges in preventing inflation while bringing the economy towards targeted growth trajectory. They have to limit the accommodative stance for containing inflation through tightening financial condition that could induce financial vulnerabilities and influence on growth. Emerging markets are facing tighter financial conditions and higher risks of capital outflows. The war in Ukraine has also drawn a number of medium-term structural issues that policymakers will tackle in coming years. The geopolitics of energy security may put climate transition at risk. Capital markets might become more fragmented, with possible implications for the role of the US dollar. The fragmentation of payment systems could be associated with the creation of the blocs of central bank digital currency. In addition, more widespread use of crypto assets in emerging markets could undermine domestic policy objectives. Multilateral cooperation will remain the key to overcome these medium-term challenges.

(Source: Annual Report-2021-22; Bangladesh Bank)

Bangladesh Economy & Economic Outlook

Bangladesh navigated the COVID-19 pandemic with prudent macroeconomic policies, and real GDP growth rebounded to 7.1 percent in FY22. The recovery benefited from containment of the COVID-19 pandemic, resurgence of external and domestic demand, and policy support from the government. Real GDP growth is expected to decelerate to 5.2 percent in FY23 due to rising inflation, a revenue shortfall, energy shortages and slower global growth. Inflation accelerated from an average of 6.1 percent in FY22 to an average of 8.7 percent in the first eight months of FY23 as international commodity prices rose and the taka depreciated. An accommodative monetary policy stance was tightened towards the end of FY22 and in the first half of FY23. Private sector credit growth rose modestly in FY22 and early FY23, supported by refinancing schemes. Banking sector liquidity declined as a result of Bangladesh Bank (BB) dollar sales and a decline in deposit growth, in the context of negative real deposit rates. Financial sector vulnerabilities deepened, with a rise in non-performing loans, weak capital buffers, and bank governance challenges.

External sector pressure led to a substantial balance of payments (BoP) deficit driven by the current account in FY22 and the financial account in FY23. The current account deficit in FY22 had widened to 4.0 percent of GDP due to a 35.5 percent surge in imports and a 15.1 percent decline in official remittance inflows. A moderate decline in import prices, import controls, and resilient export growth narrowed the trade deficit in the first half of FY23. However, a sharp contraction in trade credit and lower medium and long-term lending contributed to a financial account and BoP deficit. As a result, foreign exchange reserves continued to decline, driven also by BB interventions in the foreign exchange market to support the taka. The exchange rate depreciated despite the interventions, and in response a complex multiple exchange rate regime was introduced.

The fiscal deficit is estimated to have widened to 4.3 percent of GDP in FY22, as expenditure growth outpaced revenue growth. Tax revenue remained among the lowest in the world at an estimated 7.6 percent of GDP in FY22. Expenditure growth accelerated to 10.9 percent in FY22, led by a 23.4 percent increase in transfers and subsidies. Capital expenditure rose by 19.8 percent in FY22 led by infrastructure megaprojects, before being rationalized in the



first half of FY23 to contain the budget deficit. Public debt as a share of GDP increased modestly but remained sustainable at 33.1 percent of GDP, excluding guarantees.

Real GDP growth is expected to decelerate to 5.2 percent in FY23, weighed down by elevated inflation, tighter financial conditions, disruptive import restrictions, and global economic uncertainty. Growth is expected to accelerate in FY24 and converge to around 6.5 percent over the medium term, as inflationary pressure eases, external conditions improve, and reform implementation gains momentum. A gradual reduction in extreme poverty is expected, from an estimated 10.0 percent in CY23 to 9.5 percent in CY24 (using the international poverty line of US\$ 2.15 in 2017 PPP).

Structural reforms are needed to support a faster pace of growth over the medium term. To achieve the vision of attaining upper middle-income status by 2031, Bangladesh needs to create jobs and employment opportunities by creating a competitive business environment, diversifying exports, increasing human capital, building efficient infrastructure, deepening the financial sector, and establishing an enabling policy environment that attracts private investment. At the same time, Bangladesh will need to implement coordinated policies and investments to address rising climate vulnerabilities.

Outlook and Risks

GDP growth is expected to decelerate in FY23 to 5.2 percent before returning to its long-term trend. Inflation is projected to remain above the BB's 5.5 percent target in the near and medium term. External and fiscal sustainability will be stressed by elevated global commodity prices, with the pace of recovery contingent on policy reform implementation. The fiscal deficit is expected to widen in FY23 as subsidy expenditures rise, moderating over the medium term. Downside risks include slowing demand in Bangladesh's major export markets and unresolved financial sector vulnerabilities.

- Real GDP growth is expected to decelerate to 5.2 percent in FY23 before returning to its higher long-term trend.
- Protracted global and domestic uncertainties are expected to weigh on investment growth, although the completion of the Padma Bridge offers high potential opportunities.
- Inflation is likely to taper after reaching an eleven year high of 9.5 percent in August 2022.
- Export growth is likely to moderate.
- Official remittance flows are vulnerable to administered exchange rate policies and illicit capital outflows.
- External pressure is expected to remain elevated in FY23.
- The fiscal deficit is projected to rise to 4.4 percent of GDP FY23, narrowing over the medium term.
- Downside risks have deepened.
- Bangladesh faces difficult policy tradeoffs.
- Enhancing monetary policy would enable inflation targeting and support financial stability.
- Addressing banking sector vulnerabilities could strengthen financial intermediation.
- Adoption of a market determined single, flexible exchange rate would reduce distortions and strengthen the external position.
- Fiscal policy can be adjusted to support macroeconomic stabilization.
- Over the medium term, business climate and trade policy reforms can support competitiveness.

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

Banking Sector Highlights-2022:

During FY22, the prime focus of Bangladesh Bank (BB) was to sustain resilience while maintaining the stability of the financial system. Besides, BB also worked in tandem to support the government's initiatives of revitalising the economy from the challenging domestic and global market situations exposed by the consecutive waves of the COVID-19 pandemic. Though the impact of the pandemic was subdued to some extent due to the widespread vaccination initiatives of the government and the economy started to recuperate in response to the various policy measures, the pace was slowed down due to the recent worldwide turmoil resulting from the Russia-Ukraine war. To support the smooth operations of the scheduled banks and non-bank financial institutions (NBFIs) under this critical juncture, BB has adopted a series of policies and taken a number of prudential measures since the inception of the pandemic and fine-tuned them from time to time to address the issues as required. Mentionable policies are the re-fixation the regulatory liquidity ratios to ensure additional liquidity in the banking sector, issuance of various directives for banks for preventing the outbreak of COVID-19, moderation of foreign trade and foreign currency transaction regulations, temporary relaxation in the loan classification policy, modeling and implementation of the stimulus packages for different segments of the economy with refinancing schemes to those packages and introduction of a special fund for capital market investment, restriction on dividend pay-outs to strengthen banks' capital base to improve their risk resilience capacity. Other major policies and circulars issued during this time were guidelines on interest rate risk in the banking book for effective measurement and management of interest rate risk by banks, guidelines on country risk



management (GCRM) for bank for addressing the risk of both on and off-balance sheet exposures to minimise loss of banks caused by adverse events in a foreign country, policy regarding verification of audited financial statements submitted by borrowers before loan approval/renewal, policy for post-import financing, etc. Besides, BB has recently issued guidance for the bank companies to develop the recovery plan for preparing their responses to potential shocks in advance in the event of any stressful situation, a circular for limiting concentrated exposures to strengthen banks' credit risk management.

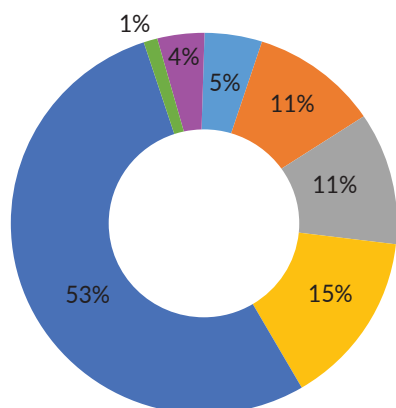
Alongside, BB has relentlessly driven its efforts to curb the recently developed pressure on the country's foreign exchange reserves. It has formulated several policies in line with the austerity measures taken by the government, mostly to tame the high import costs associated with surging global commodity prices primarily caused by the war. It is expected that the adaptation of these policies and regulatory measures will support the banking sector as well as the economy to overcome the current challenges and strengthen the stability of the overall financial system. BB, as a part of its supervisory activities, conducted regular and special on-site inspections throughout the year. The performance of the risk management committee at the board level of banks has also been evaluated regularly. Special monitoring has also been continued to oversee the liquidity of the banking sector. Moreover, BB has continued its efforts to reduce the overall NPLs of the banking sector. At the end of FY22, the overall NPL ratio and capital to risk weighted asset ratio (CRAR) stood at 8.96 percent and 11.15 percent respectively. (Source: Annual Report-2021-22; Bangladesh Bank)

Shimanto Bank Financial Highlights

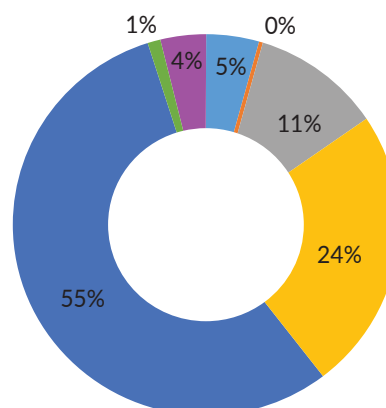
Asset Portfolio

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

Asset Mix - 2021



Asset Mix - 2022



- Cash
- Balance with other banks and financial institutions
- Money at call on short notice
- Investments
- Loans, cash credits, overdrafts etc.
- Fixed assets
- Other assets

Loans & Advances

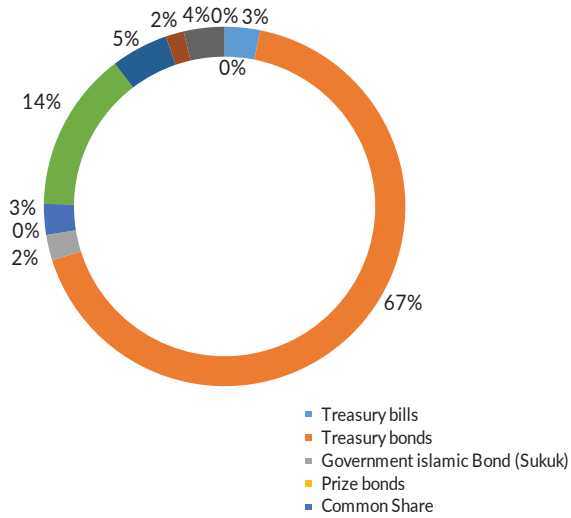
The total loans and advances of the Bank is BDT 12,531.85 million for the year ended 2022 which was BDT 10,047.40 million in 2021.



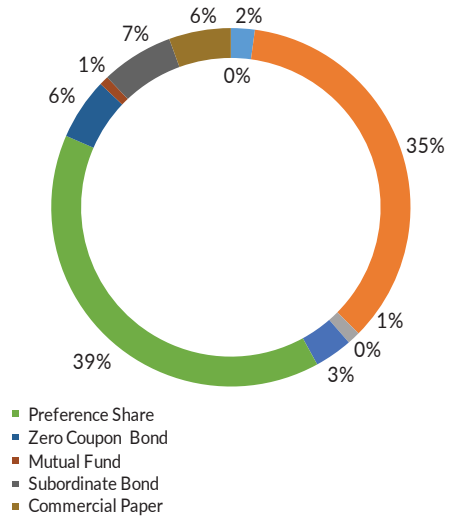
Investments

The Bank has raised investment to BDT 5,370.99million consisting of investment in Govt. Securities BDT 2,071.96 million and Other Investment BDT 3,299.03 million.

Investment Mix - 2021



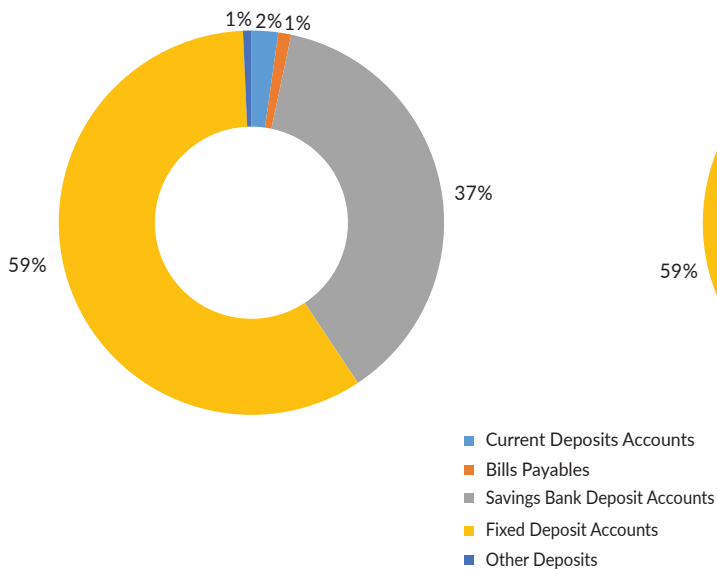
Investment Mix - 2022



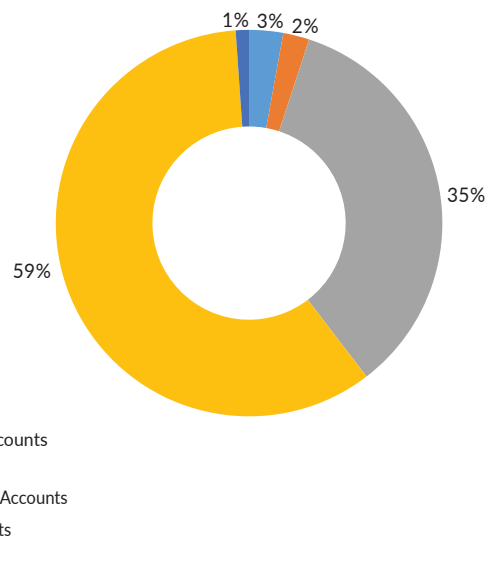
Deposit

The total deposit of Shimanto Bank stood to BDT 16,563.24 million comprising of BDT 9,712.18 million fixed deposit, BDT 6,183.89 million savings deposit, BDT 371.75 million current deposit, BDT 179.64 million bills payable and BDT 115.79 million other deposit.

Deposit Mix - 2021



Deposit Mix - 2022





Income & Expenditure

The Bank earned interest income of BDT 1,161.99 million whereas the interest paid on deposits and borrowings is BDT 530.46 million. The Bank has generated operating income of BDT 1004.71 million and incurred operating expense of BDT 586.41 million. The Bank has booked an operating profit of BDT 418.30 million before provisions in the year 2022.



Operating Profit (BDT in Million)

2021	2022	Growth %
404.67	418.30	3.37



Profit after Tax (BDT in Million)

2021	2022	Growth %
140.10	230.57	64.58



Loans and Advances (BDT in Million)

2021	2022	Growth %
10,047.40	12,531.85	24.73



Total Assets (BDT in Million)

2021	2022	Growth %
18,827.81	22,545.30	19.74



Deposits (BDT in Million)

2021	2022	Growth %
13,285.74	16,563.24	24.67



Shareholders' Equity (BDT in Million)

2021	2022	Growth %
4,614.82	4,849.87	5.09



Earnings Per Share (BDT)

2021	2022	Growth %
0.32	0.53	65.63



Net Asset Value Per Share (BDT)

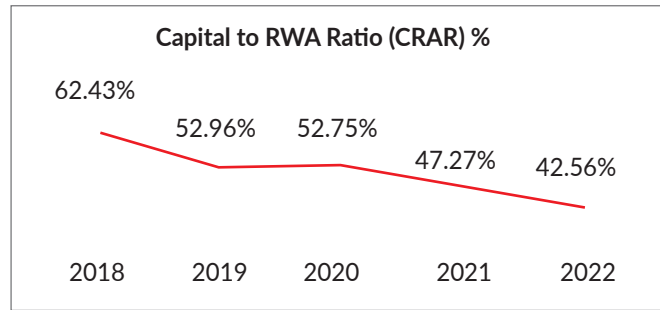
2021	2022	Growth %
10.77	11.07	2.79

Risk Based Capital Framework

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

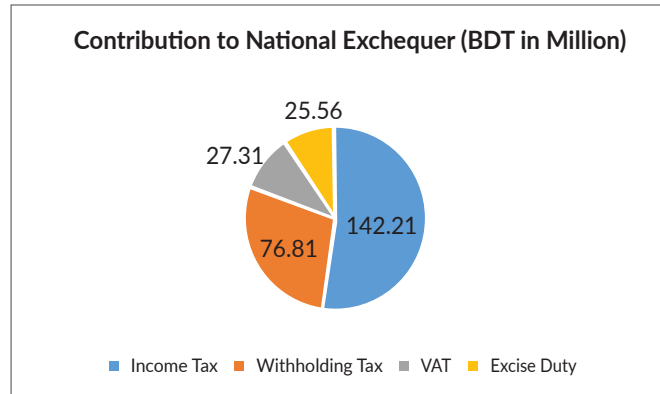
Particulars	2021	2022
Tier I Capital	4607.86	4,822.51
Tier II Capital	137.54	180.46
Total Eligible Capital	4,745.40	5,002.97
Risk Weighted Assets	10,039.79	11,754.57
Capital to Risk Weighted Asset Ratio (CRAR) (%)	47.27	42.56

Shimanto Bank has strong Common Equity (Tier-1 Capital) base of BDT 4,822.51 million which was 41.03% of risk weighted assets as on December 31, 2022. Bank's Tier-2 Capital was BDT 180.46million at the end of 2022, which was 1.54% of risk weighted assets. Against the minimum requirement of 12.50%, Shimanto Bank is consistently maintaining above the requirement in last five years.



Contribution to National Exchequer

Shimanto Bank made significant contribution to the government in boosting its revenue collection which will help in developing the society and the country as a whole. As per the prevailing taxation law of the country, the Bank pays tax and VAT on its own income. The Bank also collects tax, VAT and excise duty at source from clients, deposits and suppliers. All the collected amounts are deposited to the national exchequer in due time. During the year 2022, the Bank contributed BDT 271.88million to national exchequer as against BDT 250.43 million in the previous year.



Branch Network Expansion

We opened one branch at Brahmanbaria and two sub-branches at Uttara and Mohammadpur. The total number of branches including sub-branches have been raised to twenty-four.

Appropriate Accounting Policies and Standards and Financial Reporting Standards

Shimanto Bank Ltd maintained proper books of account for its financial transactions occurred during 2022. For recording the transactions the bank has followed the Bangladesh Accounting Standard (BAS). The books of account have also been reviewed by the external auditor, ACNABIN Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

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

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



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

The Directors confirm that the Board through its committees has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December 2022. 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.

Auditors Report

The Board of Directors reviewed the Auditors Report issued by M/S ACNABIN Chartered Accountants, statutory auditor of the Bank based on their audit of financial statements for the year ended 31 December 2022. The auditor has certified that they have obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purpose of their audit. The Auditors Report is reviewed by the Audit Committee and Board of Directors which is furnished in the Annual Report.

Appropriation of Profit & Justification of Dividend

Profit after Tax stood at BDT 230.57 million in the year ended on 31 December 2022. The balance available for distribution as dividend was BDT 152.17 million after a mandatory transfer of BDT 74.80 million to statutory reserve in 2022 and BDT 5.72 million to Start-Up Fund for the year of 2020, 2021 & 2022.

Bangladesh Bank had instructed the Bank to raise the Paid up Capital upto BDT 5000.00 million from BDT 4000.00 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 3.42% stock dividend amounting to BDT 150.00 million. Paid up capital of the Bank will be BDT 4530.00 million after distributing the dividend.

Retained Earnings as on 31 December 2022	Amount in BDT
Opening balance at beginning of 2022	97,314,266
Less: Stock dividend paid in 2022	95,200,000
Add: Profit after tax for the year 2022	230,569,188
	232,683,454
Less: Transferred to statutory reserve	74,800,452
Less: Start-Up Fund for the year of 2020, 2021 & 2022	5,717,033
Balance of Fund Available for Dividend	152,165,969

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.

Appointment of Statutory Auditor

M/S ACNABIN Chartered Accountants was appointed as statutory Auditor as per Article 158 of Articles of association of the Bank. They had conducted the statutory audit of Shimanto Bank Ltd for the year ended on December 31, 2022 and submitted the Audit Report and Audited Financial Statements. They have accomplished their roles as Statutory Auditor for their 1st 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, ACNABIN Chartered Accountants is eligible for being re-appointed.



They have expressed their intent to be re-appointed for the 2nd term. 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 8th Annual General Meeting.

Retirement & Re-election of Directors

According to the Companies Act, 1994 and Clause No-114 of Articles of Association of the Bank prescribed that one third of the Directors of the Bank should retire from office in the Annual General Meeting (AGM) on the basis of seniority means those who had been longest in their office since their last election.

There are 11 (eleven) Directors in the Board of the Bank. Among them, 05 (five) directors were elected in the 6th AGM and 05 (five) other Directors were appointed by the Board of Directors in between the AGMs to fill the casual vacancy. Another one Director had been appointed by the Board as Independent Director.

Considering the seniority in the Board, four Directors would retire in the upcoming AGM. As the five Directors was elected in the same date, agreeing among themselves the following Directors will retire in the upcoming 7th AGM:

1. Brig Gen A M M Khairul Kabir, BGBM, BGBMS, psc
2. Col Murad Zaman, PBGMS
3. Col A S M Faisal, PBGMS
4. Col Shafiu Azam Parvez

All of the aforesaid persons were eligible for re-election and they had offered themselves for being re-elected in the 7th AGM of the Bank.

The following Directors were appointed in the Board in between the 6th AGM and 7th AGM to fill casual vacancy and also for adding members in the Board as per Clause 111 of Articles of Association. In order to comply with the said provision, the following Directors so appointed should retire on the 7th AGM and being eligible for re-election they offered themselves for being re-elected:

1. Maj Gen A K M Nazmul Hasan, BAM, ndc, psc
2. Brig Gen Ali Reza Mohammad Ashaduzzaman, ndc, psc
3. Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc
4. Brig Gen Tanveer Gani Chowdhury.

Acknowledgement & Gratitude

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

For and on behalf of the Board of Directors,

Maj Gen A K M Nazmul Hasan, BAM, ndc, psc
Chairman, Board of Directors
Shimanto Bank Ltd

25 May, 2023



ব্যক্তিগত সীমাহীন আস্থায়



+88 09612 88 0000

shimantobankbd

www.shimantobank.com



REPORT OF THE AUDIT COMMITTEE

The Audit Committee is responsible for providing independent oversight of the Bank's financial reporting, non-financial corporate disclosures, internal control system and compliance to governing rules and regulations and own code of business conduct.

Audit Committee of the Board of Directors of Shimanto Bank Ltd was formed in accordance with the Corporate Governance Guideline issued by Bangladesh Securities and Exchange Commission (BSEC) and BRPD Circular No.11 dated on 27 October 2013 issued by Bangladesh Bank.

Formation & Composition of the Committee

The Audit Committee had been revised once during the financial year 2022 in the 48th Board Meeting held on 27th March, 2022. Audit Committee as on 31st December 2022 was as follows:

Name	Educational Qualification	Committee Designation
Brig Gen Benazir Ahmed, BGBM, afwc, psc	BA, MDS	Chairman
Col A S M Faisal, PBGMS	B.Sc. Engineer (Civil)	Member
Col Shaful Azam Parvez	BSc, MBA, BSc (Engg)	Member
Mr. Mohammad Mostafa Hossain Suman FCS	MSS, LLB, Chartered Secretary	Secretary

The Board has revised the Audit Committee in the 57th Board Meeting held on 27th February, 2023. Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc has been appointed as the Chairman of the Audit Committee.

The Audit Committee is consisting of skilled and efficient Board Members and the present Committee comprised the following members (as on report publication date):

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

Roles & Responsibilities of the Committee

The roles and responsibilities of Audit Committee of Shimanto Bank is defined by the Board of Directors complying with the BRPD Circular No 11 dated on 27 October 2013 and Corporate Governance Code issued by Bangladesh Securities & Exchange Commission (BSEC). The terms of reference also adopt the best practice on corporate governance guidelines and standards. The roles and responsibilities of the Committee are highlighted below:

**Internal Control:**

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

Financial Reporting:

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

Internal Audit:

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

External Audit

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

Compliance with existing laws and Regulations:

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

Other Responsibilities:

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

Meetings & Attendance of the Audit Committee

Audit Committee met in four meetings during the year 2021 and the Committee had discussed in details the findings on different issues and corrective measures prescribed by the internal and external auditors. The Committee also instructed the management to ensure those suggestions for corrective measures and monitored accordingly.

The Meetings were held in following dates:

Meeting	Date
21 st Audit Committee Meeting	25 th April, 2022
22 nd Audit Committee Meeting	24 th May, 2022
23 rd Audit Committee Meeting	11 th September, 2022
24 th Audit Committee Meeting	24 th November, 2022
25 th Audit Committee Meeting	28 th December, 2022



Attendance in the Audit Committee Meeting during the Year 2022 is as follows:

Name of the Member	Attendance
Brig Gen Benazir Ahmed, BGBM, afwc, psc	05/05
Col A S M Faisal, PBGMS	05/05
Col Shafiul Azam Parvez	02/02

Area Focused & Agenda Discussed in 2022

21st Audit Committee Meeting:

- Review and Recommendation of Audited Financial Statements for the Year ended 31st December, 2021;
- Review of Internal Audit Report on Sylhet Branch for the Period from 01 July 2020 to 31 July 2021 and Compliance Status;
- Review of Internal Audit Report on Bibir Bazar Branch for the Period from 01 September 2020 to 31 August 2021 and Compliance Status.

22nd Audit Committee Meeting:

- Review of Auditor's Report on the Audit of the Financial Statements for the Year ended on 31st December, 2021;
- Appointment of External Auditors of Shimanto Bank Limited for the Year 2022;
- Review of Draft Report of the Audit Committee of Shimanto Bank Ltd for the Year-2021;
- Review of Internal Audit Report on Agrabad Branch for the Period from 01 September 2020 to 30 September 2021 and Compliance Status;
- Review of Internal Audit Report on Champaknagar Branch for the Period from 01 October 2020 to 30 November 2021 and Compliance Status;
- Review of Internal Audit Report on Lalmonirhat Branch for the Period from 01 January 2021 to 31 August 2021 and Compliance Status;
- Review of Internal Audit Report on Trade Operations Department for the Period from 01 November 2020 to 31 May 2021 and Compliance Status;
- Review of Internal Audit Report on Service Delivery Department for the Period from 01 December 2020 to 30 September 2021 and Compliance Status.

23rd Audit Committee Meeting:

- Review of Annual Health Report of Shimanto Bank Limited-2021;
- Review of Bangladesh Bank Inspection Report on Head Office as on 31-12-2020;
- Review of Bangladesh Bank Special Inspection on ICC as on 30-06-2021;
- Review of Bangladesh Bank Special Inspection on ICT as on 30-06-2021;
- Review of Bangladesh Bank Special Inspection on AML as on 30-06-2021;
- Review of Bangladesh Bank Inspection on Lalmonirhat Branch as on 31-12-2021;
- Review of Bangladesh Bank Inspection on Agrabad Branch as on 31-12-2021;
- Review of Internal Audit Report on Hazaribagh Branch for the Period from 22 December 2019 to 30 April 2021 and Compliance Status;
- Review of Internal Audit Report on Godkhali Branch for the Period from 27 January 2020 to 28 February 2021 and Compliance Status;
- Review of Internal Audit Report on Seedstore Branch for the Period from 01 July 2020 to 30 November 2021 and Compliance Status.

24th Audit Committee Meeting:

- Review of Bangladesh Bank (BB) Special Inspection on Credit Risk Management as on 30-06-2021;
- Review of Bangladesh Bank (BB) Special Inspection on Foreign Exchange Risk Management as on 30-06-2021;
- Review of Bangladesh Bank (BB) Special Inspection on Asset Liability Management as on 30-06-2021;
- Review of Management Letter-2021 for Shimanto Bank Limited Submitted by Hoda Vasi Chowdhury & Co. and Compliance Status;
- Review of Internal Audit Report on Khulna Branch for the Period from 26 December 2019 to 28 February 2021 and Compliance Status;



- Review of Internal Audit Report on Uttara Branch for the Period from 01 February 2020 to 04 February 2021 and Compliance Status;
- Review of Internal Audit Report on Cox's Bazar Branch for the Period from 01 September 2020 to 30 September 2021 and Compliance Status;
- Review of Internal Audit Report on Teknaf Branch for the Period from 01 September 2020 to 30 September 2021 and Compliance Status;
- Review of Internal Audit Report on Motijheel Branch for the Period from 01 March 2020 to 30 April 2021 and Compliance Status;
- Review of Internal Audit Report on Pragpur Branch for the Period from 01 February 2020 to 28 February 2021 and Compliance Status;
- Review of Internal Audit Report on Information Technology Division for the period from 01 August 2020 to 31 October 2021 and Compliance Status;
- Review of Internal Audit Report on Finance Division for the period from 01 August 2020 to 31 December 2021 and Compliance Status;
- Review of Internal Audit Report on Treasury Operations Department for the period from 01 July 2021 to 31 December 2021 and Compliance Status;
- Approval of Audit Plan-2023;
- Review of Summary Report of Audit Findings-2021.

25th Audit Committee Meeting:

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

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

On behalf of the Audit Committee,

Brig Gen K M Azad, BPM (Seba), PPM (Seba), psc
Chairman, Audit Committee
Shimanto Bank Ltd

Date: 25 May 2023



RISK MANAGEMENT COMMITTEE REPORT



Report of Risk Management Committee of Shimanto Bank Ltd for the Year 2022

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

Formation & Composition of the Committee

Risk Management Committee was revised once during the financial year 2022 in the 48th Board Meeting held on 27th March, 2022.

Risk Management Committee as on 31st December 2022 was as follows:

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

Note: The Committee is unchanged as on report publication date.

Roles and Responsibilities of the Risk Management Committee:

1. Risk identification & control policy:

Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.

2. Construction of organizational structure:

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



3. Analysis and approval of Risk Management policy:

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

4. Storage of data & Reporting system:

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

5. Monitoring the implementation of overall Risk Management Policy:

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

06. Other Responsibilities:

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

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

Meetings of the Risk Management Committee

Risk Management Committee of the Bank met in two meetings in the year 2021 and had discussed in details the findings on different risk issues and protective measures. The Committee also instructed the management to ensure mitigation and minimization of risks associated in operation of the Bank.

The Meetings were held in following dates:

Meeting Date	Date
16 th Risk Management Committee Meeting	24 th May, 2022
17 th Risk Management Committee Meeting	11 th September, 2022
18 th Risk Management Committee Meeting	29 th November, 2022
19 th Risk Management Committee Meeting	27 th December, 2022

Attendance in the Risk Management Committee Meeting during the Year 2022 is as follows:

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

Area Focused & Agenda Discussed in 2022

16th Risk Management Committee Meeting:

- Review of Report of the Risk Management Committee of Shimanto Bank Ltd for the year 2021;
- Review and recommendation of the ‘Risk Appetite Statement’ of Shimanto Bank Ltd for the year 2022 for onward submission to the Board of Directors for approval;
- Review of the “Core Risk Rating as on 30.06.2021” of Shimanto Bank Ltd rated by Bangladesh Bank.

17th Risk Management Committee Meeting:

- Review and recommendation of the Internal Capital Adequacy Assessment Process (ICAAP) Report of Shimanto Bank Limited for the year 2021 and the Revised ICAAP Report of Shimanto Bank Limited for the year 2020 for onward submission to the Board of Directors for approval;



- Review of the 'Comprehensive Risk Management Rating as of 31.12.2021' of Shimanto Bank Limited rated by Bangladesh Bank and Response by the Management of Shimanto Bank;
- Review of the half yearly CAMELS Ratings from Bangladesh Bank based on December 31, 2021;
- Review and recommendation of the Risk Management Policy of Shimanto Bank Limited for onward submission to the Board of Directors for approval.

18th Risk Management Committee Meeting:

- Review and recommendation of the 'Recover Plan of Shimanto Bank Limited' as per the prescribed format of Bangladesh Bank for onward submission to the Board of Directors for approval;
- Review and recommendation of the Revised Risk Appetite Statement for the year 2022;
- Review of the Credit Portfolio Position of the Bank based on September, 2022;
- Review the meeting minutes of the Executive Risk Management Committee (ERMC) from July to October, 2022;
- Review of the Half-Yearly CAMELS Ratings of Shimanto Bank Ltd as of June 30, 2022 by Bangladesh Bank.

19th Risk Management Committee Meeting:

- Review of the Comprehensive Risk Management Rating as of June 30, 2022 of Shimanto Bank Limited by Bangladesh Bank;
- Review of the Capital Management Position as of September 30, 2022 of Shimanto Bank Limited;
- Review of the Credit Portfolio Status of the Bank as of November, 2022;
- Review of the Challenges and Achievements of the Risk Management Division for the year 2022, and Strategies for the year 2023.

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

On behalf of the Committee,

Brig Gen A M M Khairul Kabir, BGBM, BGBMS, psc
Chairman, Risk Management Committee
Shimanto Bank Ltd

Date: 25 May 2023



CORPORATE GOVERNANCE REPORT

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

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

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

Governance Legal Framework

Shimanto Bank Ltd operates within the legal framework of the Companies Act-1994 and as a banking company, complies with the provisions of the Bank Company (Amendment) Act-2013. We are complying with the directives and guidelines issued from time to time by Bangladesh Bank (BB) for operation of the Bank and circulars of Bangladesh Securities and Exchange Commission (BSEC) for capital issues. Specifically, for governance issues we have been following the BRPD Circulars issued by BB and 'Corporate Governance Code' issued by BSEC.

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

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

- Credit Risk Management Policy
- Asset Liability Management Policy
- Treasury & Investment Management Policy
- Procurement & Logistics Support Policy
- Media Communication Policy



- Deposit Policy
- Business Continuity Policy
- Know Your Customer (KYC) Policy
- Customer Acceptance Policy
- Commercial Paper Investment Policy
- Small and Medium Enterprise (SME) Credit Policy
- Green Banking Policy
- Human Resource Policy
- CSR Policy
- ICT Security Policy
- GL Control & Reconciliation Policy
- Fixed Asset Policy
- Internal Control & Compliance Policy
- Audit Policy
- Fraud Risk Management Policy
- Money Laundering & Terrorist Finance Risk Management Policy
- Integrity Award Policy
- Risk Management Policy etc.

Standard operating procedures, process manuals are prepared by the Management in line with the applicable policiesto streamline and strengthen the process and procedures.

Stakeholders

The Stakeholders of the Bank are individuals or groups that have an interest, claim or stake in the Company, in what we do and in how well we perform. All the Stakeholders are in an exchange relationship with us. Each of them supplies us with important resources and in exchange each expects that its interest is satisfied. The significant stakeholders are the Shareholders, Investors, Board of Directors, Board Committees, Bank Management, Employees, Customers, Regulatory Authorities (i.e. Bangladesh Bank, Registrar of Joint Stock Companies, Bangladesh Securities & Exchange Commission, Financial Reporting Council, National Board of Revenue and other relevant government agencies), Trade/professional Bodies (i.e. Bangladesh Association of Banks, Association of Bankers Bangladesh), External Auditors etc.

Shareholding Structure

As on 31st December 2022 BGB Welfare Trust has been holding 437,999,991 shares as institutional shareholder whereas nine individual members who are also serving as the Directors of the Board have been holding 09 shares of the Bank.

Sl.	Name of Shareholder	No of Shares Held	Percentage (%) of Share
1	BGB Welfare Trust	437,999,991	99.999998
2	Others	9	0.000002

Ownership of Company's Securities by the Members of Board of Directors as on 31 December 2022 are as follows:

Sl.	Name of Shareholder	No of Share
01.	Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc	01
02.	Brig Gen Md Nurul Amin, BGBMS, PhD, MPH	01
03.	Brig Gen Md. Shazedur Rahman, BGBM	01
04.	Brig Gen Ali Reza Mohammad Ashaduzzaman, ndc, psc	01
05.	Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	01
06.	Brig Gen A M MKhairul Kabir, BGBM, BGBMS, psc	01
07.	Col A S M Faisal, PBGMS	01
08.	Col Murad Zaman, PBGMS	01
09.	Colonel Shaful Azam Parvez	01
	Total	09



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

The shareholding by other senior executives is also nil.

The Annual Returns regarding shareholding structure as well as the registering the share transfer instrument as prescribed by the Companies Act-1994 has been submitted duly to the Joint Stock Companies & Firms. Stock dividend has been distributed and Return of Allotment has been submitted within the statutory requirements.

Policy on Appointment of Directors

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

Appointment, Rotation and Retirement of Directors

In the 6th Annual General Meeting of the Bank, six senior most Directors were retired and re-elected in the same general meeting. Three other Directors were retired and re-elected (who had been appointed in between the AGM to fill up casual vacancy). The said re-elected and elected individuals has been appointed as Director of the Board with prior approval from Bangladesh Bank.

Board Meeting and Attendance

During the year 2022, nine meetings of the Board of Directors were conducted and the attendance of the directors in those meetings are presented in the following table:

Sl.	Name of Director	Attendance	Leave	Note
01	Maj Gen Md Shafeenul Islam, BGBM (BAR), ndc, psc	02	Nil	Resigned from the Board on 27 March 2022
02	Brig Gen Md Nurul Amin, PhD, MPH	07	02	
03	Brig Gen Md. Shazedur Rahman, BGBM	09	Nil	
04	Brig Gen Md Hasan Uz Zaman, ndu, afwc, psc	05	01	Resigned from the Board on 28 July 2022
05	Brig Gen Benazir Ahmed, BGBMS, afwc, psc	09	Nil	
06	Brig Gen A M MKhairul Kabir, BGBMS, psc	08	01	
07	Col Murad Zaman, PBGMS	09	Nil	
08	Col A S M Faisal, PBGMS	09	Nil	
09	Col Md Aminul Hoque, SUP, afwc, psc	Nil	03	Resigned from the Board on 27 March 2022
10	Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc	07	Nil	Appointed on 27 March 2022
11	Colonel Shafiu Azam Parvez	05	Nil	Appointed on 27 March 2022
12	Brig Gen Ali Reza Mohammad Ashaduzzaman, ndc, psc	01	Nil	Appointed on 28 July 2022

Remuneration of Directors

The Directors do not receive any type of remuneration and incentive. They are only paid Board meeting attendance fees, and other Board's Committee meetings as per Articles of Association of the Bank and within the guidelines of Bangladesh Bank.



Information regarding expenses relating to Directors is separately disclosed in the financial statements in Notes-27. At the end of 2022, Shimanto Bank Ltd had 09 (nine) members in its Board of Directors, 03 (three) members in Audit Committee and 02 (two) members in the Risk Management Committee.

As per Bangladesh Bank's BRPD circular no. 11 dated 04 October 2015, the members of Board of Directors and its Committees (excluding Managing Director) received maximum BDT 8,000.00 (Eight thousand) as honorarium for attending in a meeting. In the year 2022, total meeting fees was BDT 0.66 million which was BDT 0.38 million in 2021.

Separation of Chairman and Chief Executive Officer Roles

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

Tenure of service of Mr. Muklesur Rahman as Managing Director & CEO was expired on 4th May 2022 and the tenure was not extended further. Mr. Rafiqul Islam, Deputy Managing Director was in Current Charge of Managing Director & CEO from 4th May 2022. Mr. Rafiqul Islam was appointed as Managing Director & CEO for next three years and he joined on 8th August 2022 with approval of Bangladesh Bank.

Roles and Responsibilities of the Board of Directors

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

Responsibilities of the Chairman

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

Appraisal of Board Members

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

Appointment, Roles and Responsibilities of Managing Director & CEO

Managing Director & CEO of the Bank is appointed with due approval from Bangladesh Bank. The Board of Directors of the Bank clearly defines and approves the roles, responsibilities and duties of the Managing Director & Chief Executive Officer (CEO) complying with the Bangladesh Bank BRPD Circular Letter No. 18 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on 07 August 2012. The Board has delegated appropriate financial and business power to the Managing Director & CEO. In order to have proper functioning and quick disposal of credit proposal, Board has delegated required authority to the Management to approve proposal within certain limit and take various necessary decision. The delegation supports the operation of the Bank in a positive manner.

Remuneration of Managing Director & CEO

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

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

The role of Company Secretary, Head/In Charge of Finance and Head of Internal Control & Compliance are completely distinctive and the Bank appointed and assigned separate individuals for the respective positions as per the policy of the Bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities.



Independence of Non-Executive Directors

The Non-Executive Directors enjoy full freedom in discharging their responsibilities. They attend the Board Meetings and Committee Meetings of which they are members regularly. They participate in the deliberation and discussions effectively. They actively involve in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank.

Board Committees & Their Roles

As on 31st December 2022, the Bank has two Sub-Committees of the Board for ensuring good governance through transparency and accountability in bank management complying with the Bangladesh Bank circular i.e. BRPD Circular No. 11 dated 27 October 2013.

The two Board committees are Audit Committee and Risk Management Committee to oversee and direct the operations, performance and strategic direction of the Bank.

1. Audit Committee (AC)

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

The Committee has been re-constituted by the Board of Directors from time to time to review and oversee independently the company's financial reporting, nonfinancial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. The report of the Audit Committee is provided in the page no. 61 of this Annual Report.

2. Risk Management Committee (RMC)

In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of the Bank has constituted a three-member Risk Management Committee (RMC) of the Board. The Risk Management Committee has been formed to minimize probable risks arisen during implementation of Board approved policies, procedures and strategies. The RMC is entrusted to examine and review whether management is properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate provision and capital against the said risks.

The Statement of the Risk Management Committee on appointment, composition, roles and responsibilities of the Committee is furnished in page No. 65 of this Annual Report.

Management Committees & Their Responsibilities

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

1. Management Committee (MANCOM)

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

2. SMBL Central Quick Response Team on COVID-19

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



3. Asset Liability Committee (ALCO)

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

4. Credit Risk Management Committee (CRMC)

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

5. Investment Committee

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

6. Purchase Committee (PC)

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

7. HR Committee

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

8. Executive Risk Management Committee (ERMC)

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

9. ICT Risk Management Committee

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

10. Central Compliance Committee

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

11. Integrity Strategy Committee

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

12. Fraud Risk Management Committee

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



13. IT Steering Committee

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

14. ICT Security Committee

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

15. Technical Evaluation Committee

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

16. Corporate Social Responsibility (CSR) Committee

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

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 2022 where Bank is a party and wherein Directors have interest. Bank follows normal process of business for related party transaction i.e. Related party does not enjoy any preferred facility or concession or favor from the view point of approval process, rate or cost charged etc.

Code of Conduct & Whistle Blowing Policy

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

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

Corporate Social Responsibility Activities and Green Banking

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



DISCLOSURE ON RISK BASED CAPITAL (Under Pillar 3 of Basel III)

For The Year Ended December 31, 2022

Background:

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

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

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

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



Basel III Accord:

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

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

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

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

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

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

Pillar 3 disclosures set out in the following sections:

1. SCOPE OF APPLICATION

Qualitative Disclosures:

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

The framework applies to Shimanto Bank Limited (SMBL) as of the reporting date i.e. December 31, 2022. However, 'Solo Basis' information has been presented as Bank does not have any subsidiary.

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

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



As of December 31, 2022; the Bank is operating its business activities through Head Office with Twenty Branches (Principal Branch, Mymensingh Branch, Agrabad Branch, Gulshan Branch, Satkania Branch, Benapole Branch, Motijheel Branch, Bibir Bazar Branch, Cox's Bazar Branch, Teknaf Branch, Lalmonirhat Branch, SeedStore Branch, Champoknagar Branch, Sylhet Branch, Pragpur Branch, Uttara Branch, Hazaribag Branch, Khulna Branch, Godkhali Branch and Brahmanbaria Branch) and Four Sub Branches (Ramu Sub Branch, Pabla Sub Branch, Mohammadpur Sub Branch, & Uttara Sub Branch).

- (c) Any restrictions, or other major impediments, on the transfer of funds or regulatory capital within the group:
Not applicable

Quantitative Disclosures:

- (d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.
Not Applicable

2. CAPITAL STRUCTURE

Qualitative Disclosures:

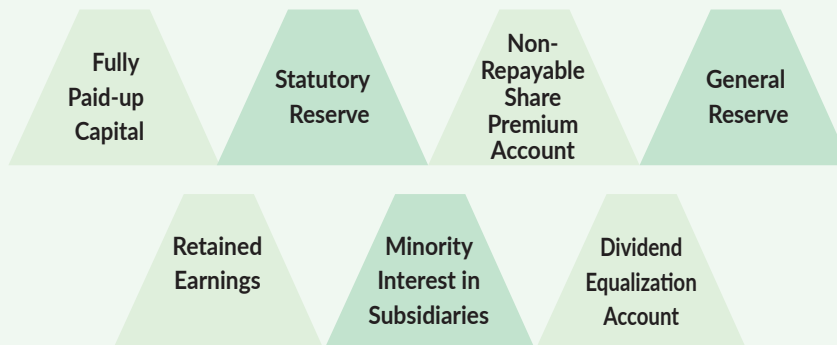
- (a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1, or in Tier 2.

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

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



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



Less: Regulatory adjustments applicable on CET1

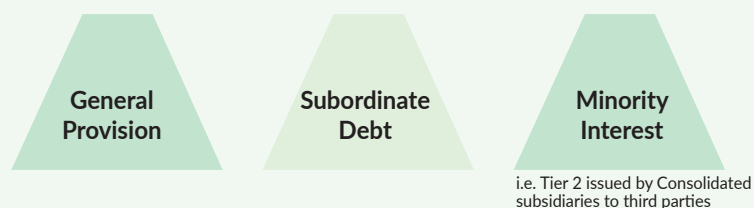
Additional Tier 1:

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

Less: Regulatory adjustments applicable on AT1



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



Less: Regulatory adjustments applicable on Tier-2 capital

Quantitative Disclosures:

(b) The amount of Regulatory capital of Shimanto Bank Limited under Basel-III during 2022 as below:

Sl. No.	Particulars	BDT in Million
(a)	Common Equity Tier-1 Capital (CET-1)	
a.1	Fully Paid-up Capital	4,380.00
a.2	Statutory Reserve	300.55
a.3	Retained Earnings	152.17
a.4	Sub-Total (a.1 to a.3)	4,832.72
(b)	Less: Regulatory Adjustments	
b.1	Deferred Tax Assets (DTA)	10.20
(c)	Total common equity Tier-1 capital (CET-1)	4,822.51
(d)	Additional Tier-1 Capital	-
(e)	Total Tier-1 Capital (c+d)	4,822.51
(f)	Tier-2 Capital	
f.1	General Provision	180.46
(h)	Total Admissible Tier -2 Capital	180.46
(i)	Total Eligible Regulatory Capital (e+h)	5,002.97

3. CAPITAL ADEQUACY

Qualitative Disclosures:

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

Capital Calculation Approach:

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



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

Capital of the Bank:

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

- * Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (MCR) including buffer is 12.50%, whereas as on December 2022; the CRAR of the bank was **42.56%**.
- * During the same period Minimum Capital Requirement (MCR) of the bank was Tk. 4,000.00 million and the eligible capital was **Tk. 5,002.97 million**; i.e. the bank held **TK. 1,002.97 million** surplus capital.

Capital Management:

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

- * Encouraging borrowers to complete external credit rating to assess counterparty credit risk status, and minimize regulatory capital requirements;
 - * Improving and enhancing collateral coverage through efforts to obtain eligible collateral;
 - * Growth projection in line with RWA composition and capital planning trajectory;
 - * Assessing risk profile of new clients and onboarding clients with satisfactory external credit rating
- SMBL's Risk Management Division (RMD) monitors CRAR status regularly and reports to the Senior Management and the Board from time to time.

(b) Quantitative Disclosures:

Sl. No.	Particulars	BDT in Million
(a)	Capital Requirement for Credit Risk	1,018.89
(b)	Capital Requirement for Market Risk	20.91
(c)	Capital Requirement for Operational Risk	135.65
(d)	Minimum Capital Requirement (MCR)	4,000.00
(e)	Total Eligible Regulatory Capital	5,002.97
(f)	Total Risk-Weighted Assets (RWA)	11,754.57
(g)	Capital to Risk-weighted Asset Ratio (CRAR)	42.56%
(h)	Capital Ratio	
h.1	Common Equity Tier 1 (CET 1) Ratio	41.03%
h.2	Tier 1 Capital Adequacy Ratio	41.03%
h.3	Tier 2 Capital Adequacy Ratio	1.54%
h.4	Capital Conservation Buffer (CCB) Maintained (Minimum Requirement of CCB is 2.50%)	32.56%
(i)	Available Capital under Pillar 2 requirement	1,002.97



4. CREDIT RISK

Qualitative Disclosures:

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

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

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

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

i) Definitions of past due and impaired:

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

* Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.

* Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.

* In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.

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

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

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



All classified loans can be defined as below:

Types of Facility	Overdue Period for Loans Classification		
	Sub Standard	Doubtful	Bad & Loss
Continuous Loan & Demand Loan (Except CMSME)	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Continuous Loan & Demand Loan (BRPD Circular no.16 under CMSME)	6 months or more but less than 18 months	18 months or more but less than 30 months	30 months or more
Fixed Term Loan (Except CMSME)	9 months or more but less than 15 months	15 months or more but less than 18 months	18 months or more
Fixed Term Loan (BRPD Circular no.16 under CMSME)	12 months or more but less than 24 months	24 months or more but less than 36 months	36 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

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

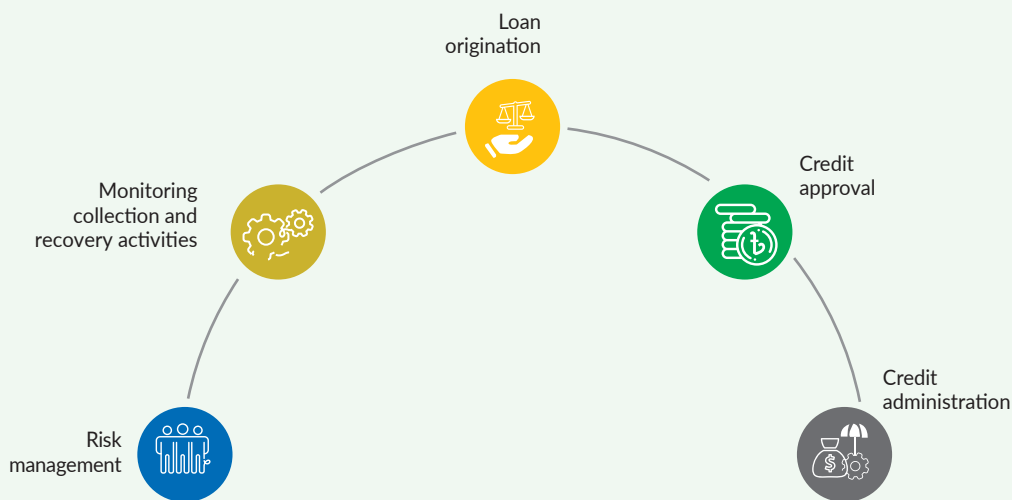
Particulars	BDT in Million
General Provision on:	
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against shares etc.	2%
Unclassified (including SMA) loans for housing finance	1%
Unclassified consumer financing including credit card (other than housing finance)	2%
Unclassified (including SMA) other loans and advances	1%
Short term agri credit and micro credit	1%
Special General Provision: Covid-19	1-2%
Off-balance sheet exposures	1%
Specific provision on:	
Substandard loans other than short term agri credit, micro credit and CMSME	20%
Doubtful loans other than short term agri credit, micro credit and CMSME	50%
Substandard & doubtful loans short term agri credit and micro credit	5%
Substandard loans CMSME	5%
Doubtful loans CMSME	20%
Bad/Loss loans and advances	100%



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

The bank's credit risk management policy is designed to promote the sustained growth of a healthy loan portfolio. It does this by establishing a well-defined system for identifying, measuring, monitoring, and controlling the various risks associated with the bank's credit portfolio. This includes reducing exposures to high-risk areas, focusing on promising industries and sectors, striking a balance between risk and return, and maximizing stakeholder value.

The policy also seeks to achieve prudent credit growth, both qualitatively and quantitatively, while adhering to prudential norms. This is done by deploying credit in a balanced manner across industries, sectors, and segments, while also increasing market share. The policy also aims to standardize and harmonize credit practices. The bank has a defined credit appraisal and approval authority, reporting and monitoring system, and loan review and credit audit system in place, as outlined in the board-approved credit risk management policy.



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

Quantitative Disclosures:

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

Particulars	BDT in Million
Continuous loan (CL-2)	
Small & Medium Enterprise (SME)	227.78
Consumer Financing	270.25
Loans to BHs/MBs/SDs against Shares	-
Other than SME,CF,HF,LF,BHs/MBs,SDs	2,018.99
Sub-Total	2,517.03



Particulars	BDT in Million
Demand loan (CL-3)	
Small & Medium Enterprise	437.66
Consumer Financing	-
Loans to BHs/MBs/SDs	-
Other than SMEF,CF,HF,LF,BHs/MBs,SDs	3,544.80
Sub-Total	3,982.46
Term loan (CL-4)	
Small & Medium Enterprise (SME)	130.14
Consumer financing (other than HF & LP)	463.22
Housing Finance (HF)	230.50
Loans for professionals to set up business	-
Loans to BHs/MBs/SDs	-
Other than SMEF,CF,HF,LF,BHs/MBs,SDs	5,097.16
Sub-Total	5,921.02
Short term Agri-credit and microcredit (CL-5)	
Short term Agri-credit	77.64
Micro Credit	2.71
Sub-Total	80.35
Staff loan	30.99
Total	12,531.85

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

Division	BDT in Million
Dhaka	10,654.72
Chattogram	1,092.01
Khulna	393.91
Sylhet	77.30
Rajshahi	-
Barisal	-
Rangpur	105.71
Mymensingh	208.20
Total	12,531.85



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

Industry Type	BDT in Million
Agriculture, Fishing, and Forestry	279.61
RMG	453.00
Textile	224.90
Food and allied industries	1,098.30
Pharmaceutical industries	489.00
Chemical, fertilizer, etc.	11.00
Cement and ceramic industries	-
Ship building industries	-
Ship breaking industries	-
Power and gas	505.30
Other manufacturing or extractive industries	1,075.40
Service industries	923.20
Other Industry	-
Trade & Commerce	731.91
Construction (commercial real estate, construction, and land development loans)	1,346.41
Transport	-
Consumer financing	3,986.81
Loans to financial institutions	1,154.21
Miscellaneous	252.81
Total	12,531.85

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

Particulars	BDT in Million
Repayable on demand	1,144.80
Not more than three months	-
More than three months but not more than one year	5,261.17
More than one year but not more than five years	4,473.66
More than five years	1,652.22
Total	12,531.85



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

Particulars	BDT in Million
Sub- Standard	36.04
Doubtful	38.39
Bad and Loss	78.22
Total	152.65

* Specific and General provision (Maintained):

Particulars	BDT in Million
Total General Provision	180.46
Total Specific Provision	76.68
Total Provision	257.15

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

Particulars	BDT in Million
Gross Non-Performing Assets (NPAs)	152.65
Non-Performing Assets (NPAs) to outstanding loans & advances	1.22%
Movement of Non-Performing Assets for NPAs	
Opening balance	120.16
Additions	74.39
Reductions	(41.89)
Closing Balance	152.65
Movements of specific provisions for NPAs	
Opening balance	84.37
Provision made during the period	146.66
Transferred to General Provision	(154.35)
Write-off	-
Write back of excess provisions	-
Closing Balance	76.68

5. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures

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

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



* **Quoted securities** include Common shares, Mutual funds listed with Stock Exchanges. These instruments are categorized as trading book assets. Investment in the trading book includes securities holding for capital gains, dividend income, and securities holding for strategic reasons.

* **Unquoted securities** are categorized as banking book equity exposures which are further subdivided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future i.e. held to maturity (HTM) and securities that are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Usually, these securities are held for trading (HFT) or investment for making capital gains.

(b) Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices:

The primary aim is to invest in these equity securities for the purpose of capital gain by selling them in the future or holding them for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.

As per Bangladesh Bank guidelines, the HFT equity securities are revalued once a week using the marking to market concept and HTM equity securities are amortized once a year according to Bangladesh Bank Guideline. The HTM equity securities are also revalued if any, are reclassified to the HFT category with the approval of the Board of Directors. The quoted shares of the bank are valued at cost or market price, whichever is lower.

Quantitative Disclosures:

a. Total Unrealized gains/ losses:

Particulars		BDT in Million
(i) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value:	Cost Price	Nil
	Market Price	Nil
Difference		Nil
(ii) Cumulative realized gains (losses) arising from sales and liquidations in the reporting period		Nil
(iii) Total unrealized gains (losses)		Nil

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

Qualitative Disclosure:

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

Interest rate risk is the potential impact on a bank's earnings and net asset values due to changes in market interest rates. It affects the underlying value of the bank's assets, liabilities, and off-balance sheet instruments because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates changes. Interest Rate Risk is the risk which affects the Bank's financial condition due to change of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) and also the net worth of the Bank (economic value perspective). Bank assesses the interest rate risk both in earning and economic value perspective.

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



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

Quantitative Disclosures:

- (b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management’s method of measuring IRRBB, broken down by currency.

Particulars	BDT in Million		
	Cumulative Gap		
< 3 month			(4,002.20)
< 6 months			(5,470.20)
< 12 months			(6,448.80)
Stress Testing	Minor	Moderate	Major
Regulatory capital (after shock)	4,671.50	4,341.80	3,682.40
RWA (after shock)	12,009.0	12,265.90	12,521.01
CRAR (after shock)	41.65%	40.77%	39.94%

7. MARKET RISK

Qualitative Disclosures:

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

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

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

- (b) Methods used to Measure Market risk:

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



(c) Market Risk Management System:

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

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

(d) Policies and Processes for mitigating market risk:

To mitigate the several market risks the bank formed Asset Liability Management Committee (ALCO), the committee monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset-liability management of the Bank, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed globally, and ensuring that internal parameters, procedures, practices/policies, and risk management prudential limits have been set up and followed.

There are approved limits for Market risk-related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks.

Particulars	BDT in Million
Interest Rate Related instruments	10.43
Equities	2.84
Foreign Exchange Position	7.64
Commodities	-
Total	20.91

8. OPERATIONAL RISK:

Qualitative Disclosures:

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

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

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



(b) Performance Gap of Executive and Staff:

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

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

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

(c) Potential external events:

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

(c) Policies and processes for mitigating operational risk:

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

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

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

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

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



Particulars	BDT in Million
Minimum Capital Requirement for Operation Risk	135.65

9. LIQUIDITY RATIO

Qualitative Disclosures:

Liquidity risk is the risk to the bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. Liquidity risk primarily arises due to the maturity mismatch associated with the assets and liabilities of the bank. The intensity and sophistication of the liquidity risk management system depend on the nature, size, and complexity of a bank's activities. Sound methods in measuring, monitoring, and controlling liquidity risk are critical to the sustainability of the bank. Therefore, the Board of Directors of the bank sets policy, different liquidity ratio limits, and risk appetite for liquidity risk management.

Thus, liquidity risk can be of two types:

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

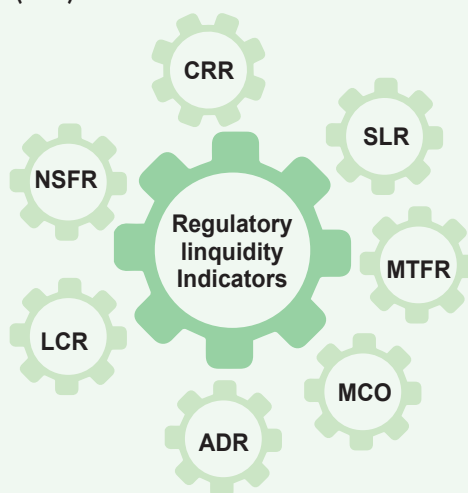
(a) Views of Board of Directors on system to reduce Liquidity Risk:

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

(b) Methods used to measure Liquidity risk:

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

I. Regulatory Liquidity Indicators (RLIs):





II. Bank's own liquidity monitoring tools:

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

(c) Liquidity Risk Management System:

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

(d) Policies and processes for mitigating liquidity risk:

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

Quantitative Disclosures:	BDT in Million
Liquidity Coverage Ratio (%)	232.24%
Net Stable Funding Ratio (%)	136.77%
Stock of High quality liquid assets	3,058.72
Total net cash outflows over the next 30 calendar days	1,317.05
Available amount of stable funding	21,191.63
Required amount of stable funding	15,493.98

10. LEVERAGE RATIO

Qualitative Disclosures:

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

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

The leverage ratio is intended to achieve the following objectives:

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

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

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

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



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

(c) Approach for calculating exposure:

Calculation of Leverage Ratio:

For the year 2022, a minimum Tier 1 leverage ratio of 3% is being prescribed both at the solo and consolidated level. The central bank has directed all banks to get prepared to increase the leverage ratio by 0.25 percent annually from 2023 in line with Basel-III. The banks will be required to preserve 4.0 percent leverage ratio in 2026 from the existing 3.0 percent.

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

Quantitative Disclosures:

Particulars	BDT in Million
Leverage Ratio (%)	21.17%
On balance sheet exposure	22,468.62
Off-balance sheet exposure	325.70
Total exposure	22,784.12

11. REMUNERATION

Qualitative Disclosures:

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

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

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

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

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

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



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

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

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

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

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

Ways in which measures affect remuneration:

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

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

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

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

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

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

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

Quantitative Disclosure:

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

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



- (h) **Number of employees who have received a variable remuneration award during the financial year: NA**
Number and the total amount of guaranteed bonuses awarded during the financial year:
* Festival bonuses: On average 260 no. employees received 3 festival bonuses amounted BDT 18.66 Million
- (i) **Total amount of outstanding deferred remuneration, split into cash, shares and share-lined instruments, and other forms:**
Nil
The total amount of deferred remuneration paid out in the financial year:
Nil
- (j) **Breakdown of the amount of remuneration awards for the financial year to show:**

Particulars	BDT in Million
Basic Salary	150.44
Allowances	79.23
Festival Bonus	18.66
Gratuity	17.37
Provident Fund Contribution	9.85
Performance Bonus	12.24
Total	287.80



MANAGEMENT REVIEW & EVALUATION

1. Retail Banking
2. CMSME Banking
3. Corporate Banking
4. Treasury Management
5. Information Technology
6. Corporate Social Responsibility
7. Developing the Resources for Sustainable Growth
8. Risk Management
9. Compliance and Governance Excellence



1. Retail Banking

An Overview

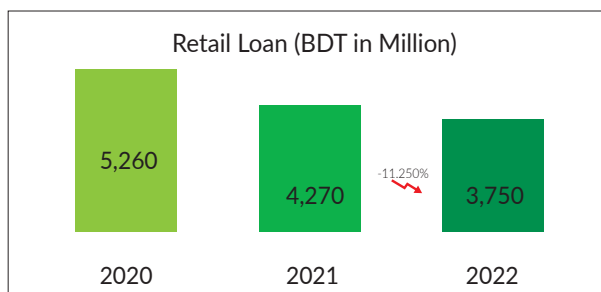
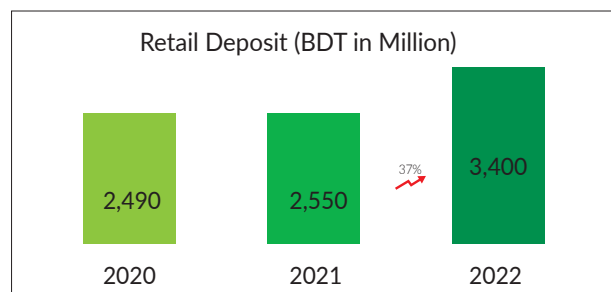
Every person aspires to have a better life. In line with the pace of urbanization as well as the rising purchasing power, this aspiration has become more substantial in the recent days. Retail banking, also known as consumer banking, where the banks are directly involved in carrying out transactions with general customers rather than with other banks, corporations or financial institutions. In retail banking, the focus is on the individual consumer, and services offered include savings and checking accounts, mortgages, personal loans, debit/credit cards and savings certificates.

Historically, financial institutions kept focusing on the corporate banking in a great extent. This has certainly ignored a notable segment of the country. Retail banking has a huge prospect in Bangladesh as per capita income has been growing steadily for the past several years. Most of the banks historically may be focused on corporate or commercial clients, but they are increasingly entering the retail banking space to draw a balance between their institutional and retail deposits, loans and more importantly, bring down the cost of deposits as well as increase the yield on assets.

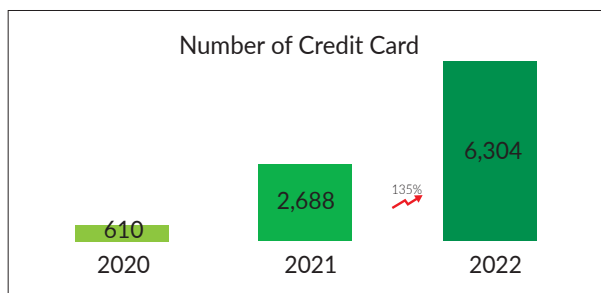
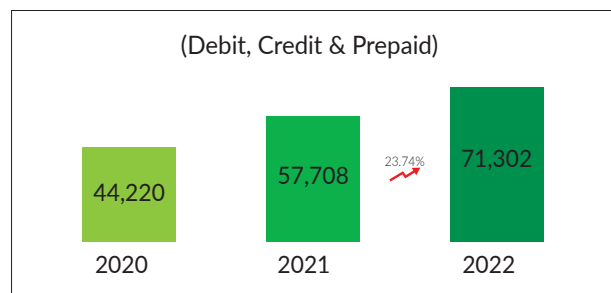
With the aim of geographical expansion, SMBL business division is relentlessly working to deliver the retail products and services to the mass customers in safe, secure, prompt and cost effective manner leveraging the latest technology and operational efficiency forming a team of highly skilled professionals. Currently Retail Banking has 24 branches including 3 sub-branches with more than 80,000 happy customers.

Retail Banking Performance Highlights-2022:

- We have opened 1 branch at Bramanbaria and 2 sub branches at Uttara and Mohammadpur.
- Despite of pandemic and turbulence of world economy we have achieved 37% growth in our deposit portfolio.
- Though retail loan decreased by 11.25% we have maintained good health of retail portfolio with a negligible rate of NPL.
- Started Auto debit transaction for loan EMI.



CARD BUSINESS LANDSCAPE



Challenges Ahead:

- Increasing Property Value - one of the major hurdle for banks to introspect and reprioritize its goals.
- Simplified Business and Operating Models: It will require us to think about our operations, such as product simplification; integrated distribution; shared service infrastructure; risk management at a customer level; streamlined compliance processes etc.
- New Market Segment: From the beginning we are focusing on rural economy and we truly want to bring the unbanked population of our rural areas specially people living in border areas under our banking services. It needs special attention as well as special arrangements to deliver our services to this unbanked population.



- Rising competition: With more and more bank focusing in retail market segment it has become very challenging to penetrate the retail market and thus retaining a competitive position in the market.
- Risk Management: Since rules have become more complex and regulators have become less flexible, we need to proactively managing risk, regulations and capital. We need to take an approach that is pragmatic, proactive and increasingly integrated into 'business as usual'. Moreover, we must vigorously monitor the business activities to prevent any fraudulent attempt through a vigilant fraud control unit.



Champaknagar Branch participated in 'Digital Udvabani Mela' organized at Brahamanbaria.



Bank launched 0% EMI facility for the credit cardholders.

Retail Banking Goals for 2023:

- To develop a customer-centric business model where bank will invest in improving overall customer experience and transformation of the operating model.
- To develop new product for lower mid-range client like Semi pacca house
- To optimize distribution offerings at anytime, anywhere, fully utilizing all the channels in an integrated fashion.
- Tie up with premium developers and car vendors.
- To launch digital and virtual products as well as service channels to cater customers instantly.
- To penetrate the market more effectively and increase the customer base.
- Enhance customer value proposition through technology-led innovation.
- To become a brand of choice for the customers.

2. CMSME Banking

An Overview

Small and Medium Enterprises (SMEs) all over the world have been playing significant role in promoting economic development as well as industrial production. SMEs provide the necessary foundations for sustained growth and rising income in the less developed and transitional economies. Cottage, Micro Enterprises (CMEs) have been added with Small and Medium Enterprises (SMEs) to enlarge the SME financing scope and to include the root level Cottage, Micro Enterprises (CMEs) under the single financing umbrella. Cottage, Micro, Small and Medium Enterprise (CMSME) financing is a lending portfolio arena of a financial institution that targets the small scale business entities of a country. CMSMEs require borrowing from financial institutions to meet their working capital, business expansion requirement as well as capital machinery and other fixed asset procurement related requirement. Economic as well as technical and social arguments warrant the promotion of CMSMEs as they create large scale, low-cost employment opportunities, use locally available inputs and technologies, mobilize small and scattered private savings, develop entrepreneurship, and correct the regional imbalance in development that exists in developing countries. Although CMSME financing is a challenging landscape, which is one of the reasons behind CMSME loans being relatively smaller in the portfolios of most banks, despite an excellent growth of the sector.

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



We have already launched a number of loan products for CMSME segment and specialized deposit products to balance the fund management needs of the CMSME customers. Most of our branch locations are in favorable to reach the CMSME customers and we are focusing more on developing various service propositions to meet the growing needs of our CMSME customers for better market penetration day by day. We are working on maintaining the CMSME portfolio in terms of manufacturing, service, trade, women entrepreneurship, start-up financing. Financial literacy program is also a key strategy to us through which business and financing knowledge development for CMSMEs and farmers can be ensured. After Covid-19 pandemic the year 2020, 2021, 2022 were the most challenging year for the CMSMEs as many of the CMSMEs across the industry are struggling to survive. Repeated closures and various restrictions on people’s movement due to coronavirus has severely affected the cash flow of the CMSMEs which will eventually have a huge impact on the loan repayment ability of the CMSMEs. However, we grew well in 2022 in CMSME financing compare to 2021 with a marking around 38% growth year to year.

During the year 2022, we worked on increasing our business area through signing several participatory agreements on stimulus/refinancing/pre-financing package for CMSME and Agricultural sectors with SME Foundation and Bangladesh Bank. We also focused on people development for Agricultural and CMSME financing as well as documentations.

This is to be mentioned herein that, we developed a good prospects in banking sector for agricultural financing in 2022. A rapid growth (i.e. 799%) has been achieved in agricultural loan segment through own branch network and MFI-linkage network in 2022.



Signing in a Participation Agreement as a Participating Financial Institution (PFI) for “Refinance Scheme of BDT 5,000 (Five Thousand) Crore for Agricultural Sector to ensure food security of our country”.

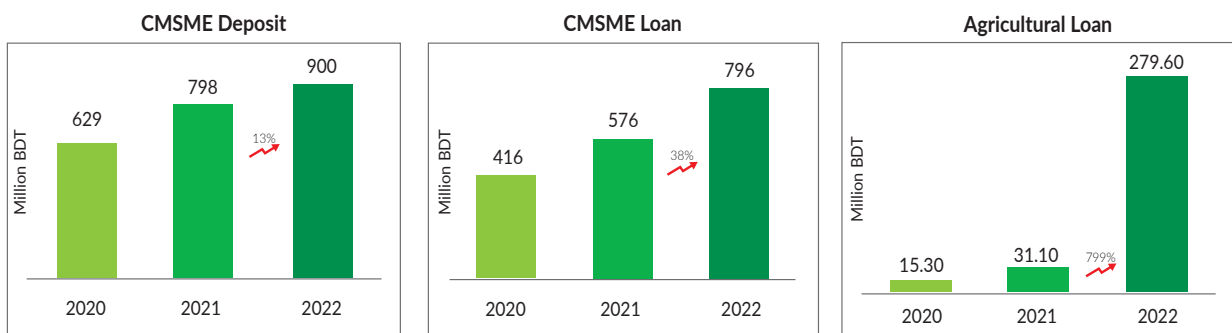


Financial Literacy Program at Godkhali, Jashore

CMSME Banking Performance Highlights - 2022:

- We have achieved around 13% growth in CMSME deposit segment.
- We have also achieved around 38% growth in CMSME loan segment.
- We have also achieved around 799% growth in agricultural loan segment.

Financial Highlights





Challenges Ahead:

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

CMSME Banking goals for 2023:

- To open some dedicated CMSME Service Centers where customers will be treated with utmost care.
- To fully utilize the allocated target for CMSME sector under Stimulus Package for CMSME segments.
- To promote women entrepreneurs more in small and medium industries through providing special loans with easy terms and under refinancing scheme of Bangladesh Bank.
- To promote sustainable and competitive facilities through innovative development, technological advancement and expansion, enhancing the efficiency of entrepreneurs and marketing the products across the country.
- To ensure maximum market penetration through direct sales team of CMSMEs.
- Train and educate branch people to facilitate qualified acquisition of CMSME Business.
- To make agreements with various organizations for refinancing & pre-financing facilities, as & when required.

3. Corporate Banking

An Overview

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

Huge public investment in power and energy, construction, transport and communication which is the current growth mandate of the government created huge opportunities for the private sector investors in recent years. Demand for consumer goods as well as luxury household items has also seen a sharp upward trend due to a consistent GDP growth over the last 10 years. As a result, investment in manufacturing units has been another profitable corporate sector. But, for the banking industry, 2022 has been the most challenging year in recent history. Just when the world was recovering from the Pandemic, Russian invasion of Ukraine has created more than a headache worldwide. Worldwide economy has slowed down quite a lot. All the developed and developing countries of the world have struggled with the rising inflation. However, it is true that 2022 has been one of the toughest years for our country especially in the banking sector; but everyone is looking forward to 2023.



Signing ceremony of subscription of Preference Share of Esquire Accessories Ltd; Mr. Rafiqul Islam, Managing Director & CEO signed on behalf of Shimanto Bank Ltd.



Shimanto Bank Ltd signed MoU with GD Assist and Malaysia HealthCare for providing additional advantage to the customers of the Bank.

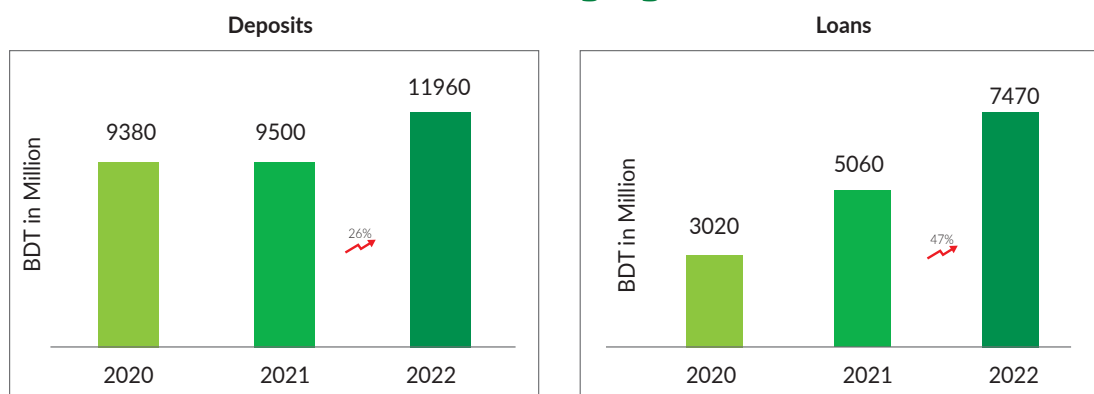


Despite all these challenges SMBL corporate banking has achieved 67% growth in its loan portfolio. Our corporate banking team has been able to finance some of the large and renowned corporates of our country despite the pandemic. SMBL is currently offering Working Capital Finance, Term Finance, Trade Finance & Syndication and hopeful to launch all other conventional tailor made corporate products like cash management services, offshore banking services etc. within a very short time.

Corporate Banking Performance Highlights - 2022:

- We have achieved 47% growth in corporate loan portfolio.
- Despite a year of pandemic & high inflation, we have also managed to sustain the growth in corporate deposit segment.
- We have also achieved significant growth in the Non-Funded income from trade business.

Financial Highlights



Challenges Ahead:

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

Corporate Banking Goals for 2023:

- To find quality borrowers which focuses on sustainable business model and has proper risk management plan.
- To maintain the portfolio health as the loan recovery will be more and more challenging due to the ongoing pandemic.
- Focusing on corporate segments like Health & Pharmaceuticals, Food & Agro Processing, Ready Made Garments, Agriculture and most importantly help government and private sector in developing the economic zones and related sectors.



4. Treasury Management

From the very beginning of 2017, Treasury department of Shimanto bank started their activity considering profitability and risk factor of the liquidity market.

Shimanto bank has a dedicated treasury team which is capable to provide different treasury solutions with different treasury products.

In 2022, Shimanto bank Treasury department has continuously actively participate in Money market term & Short Term placement, treasury Bonds and capital market activity. As on 31st December 2022 Treasury total investment stood BDT 754.67 Crore which invested in Term placement for BDT 110.50 Crore, Short Term for BDT 130.00 Crore and Treasury bond investment for BDT 207.17 Crore. Also invested in Preference Share, MUTUAL Fund, Subordinate Bond, Commercial Paper & Zero coupon bond amounting of total BDT 307.00 Crore. During the year 2022, treasury department performed their activity in Foreign Exchange market as well as Capital market as per business requirement.

For market risks monitoring, Shimanto Bank formed Asset Liability Management Committee (ALCO) who monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset liability management of the Bank.

In 2022, Shimanto bank Treasury department provide their best effort for bank's profitability and Treasury will continue to further contribute towards Shimanto Bank's profitability in 2023. Shimanto bank Treasury Department has a plan to expand their activity in Government Securities, Investments and Money market in 2023 actively.

5. Information Technology:

An Overview

Shimanto Bank maintained its emphasis on innovation to maintain our competitive advantage in the face of rising geopolitical uncertainties and a more difficult business climate, while also keeping a close watch on resilience and risks. The process of digitalization has become a fundamental requirement for financial institutions, and various digital endeavors that were undertaken in recent years have now become standard practice. In order to stand out from the competition, we've invested heavily in our people and our technology to create a solid foundation. Optimizing our technological stack, scaling outputs, and providing holistic customer and employee experiences that improve business outcomes. We've been able to develop comprehensive solutions for the betterment of society by keeping an eye on current trends and anticipating the impact of coming technology. We have intensified our technology investments to widen the gap between us and our competitors. This has enabled us to embark on a new phase of transformation aimed at providing unparalleled customer experiences. Our endeavors in the digital age are driven by our creation of multifaceted assets, cutting-edge technology, our team of skilled technologists, and our commitment to delivering sustainable banking experiences.

Information Technology Contribution to Business:

In 2022, the information technology team completed a variety of new projects and digital services. The following are some major projects/services:

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

Treasury Management Software: The management of treasury has always been a crucial function within any organization, particularly within the banking and finance sectors. To ensure that our entire treasury operation has access to the most up-to-date, reliable, and efficient tools possible, Shimanto Bank has implemented a Treasury management solution.

QR Payment: Since their inception QR codes have enjoyed widespread use due to their many advantages. In order to better serve its customers, Shimanto Bank has incorporated a proprietary QR-based payment system into its internet banking platform.



Easy Account: Shimanto Bank's digital onboarding service named Easy Account, is surely another achievement for the bank. With the latest update to Easy Account, both new and existing customers can quickly and easily open a bank account whenever and wherever it's most convenient for them.

Disaster Recovery Site: Shimanto Bank has established full-fledged industry standard Disaster Recovery Site in Jashore, which is located in a seismic zone different from its Data Center. This will undoubtedly play a significant part in Shimanto Bank's digital transformation and provide more resilience to the business.

Cyber Resilience: Cyber security has become very important for commercial banks in the age of digital banking. A cyber resilience strategy is vital for business continuity and also helps reduce financial loss and reputational damage. The following are some major cyber security solution implemented by bank:

- **Web Application Firewall (WAF):** Shimanto Bank has implemented an industry-leading Web Application Firewall to protect internet-facing mission-critical Web Applications & App (Retail Internet Banking, Corporate Internet Banking, Digital Onboarding, and so on) from bad actors by filtering, monitoring, and blocking any malicious traffic traveling to the web application/App. This ensures fast, reliable, and secure delivery of mission-critical Web applications/App and also enables PCI compliance by mitigating web application/App security threats and vulnerabilities.
- **Database Activity Monitoring (DAM):** Shimanto Bank has meritoriously implemented DAM solution. Our cutting-edge technology ensures comprehensive protection of customer valuable data by constantly monitoring activity on each database server and swiftly responding to any malicious behavior.
- **Data Loss Prevention (DLP):** At Shimanto Bank, we have successfully implemented cutting-edge DLP software. This advanced technology is designed to detect and prevent potential data breaches and exfiltration transmissions. By closely monitoring and blocking sensitive data while it is in use or at rest, we are able to ensure the utmost security for our valued customers.



2023 Focus Areas:

- Strive to meet the worldwide benchmark for information technology advancement, creativity, and security.
- Improve the pipeline for talent acquisition, fortify the technology employee value proposition, and push rigorous training to get employees ready for the future.
- To promote our internal strengths and give our partners access to our digital assets.
- Boost staff satisfaction and productivity with a work-reduction strategy based on system automation.
- Strengthen platforms and procedures to ensure uninterrupted operation through technological re-engineering.
- Striking a Balance Between Innovation and Resilience.
- Encourage more efficient software development processes for greater technological output.

6. Corporate Social Responsibility (CSR)

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

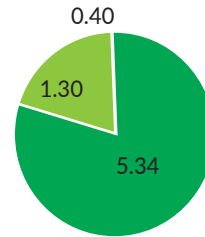
As part of CSR, Shimanto Bank is committed to contribute to the society to make it more livable. Shimanto Bank wants to bring financial inclusion to the life of margined people of Bangladesh. The Bank is working to make financial service available to the people of remote areas.



Shimanto Bank is contributing in direct and indirect Corporate Social Responsibility (CSR). Our management is always concerned about the allocation pattern which includes education, preventive and curative health care support, emergency disaster relief, promoting adoption of environmentally sustainable practice and life style, promoting artistic, cultural, literary, sports and recreational facilities for the underprivileged and infrastructure

improvement for disadvantaged communities in remote far flung areas and so forth. Shimanto Bank allocates its CSR Expenditure as per the guideline of Bangladesh Bank. Shimanto Bank has allocated mentionable amount of money to different sectors of CSR. As a new bank and within the 7th year of operations our contribution in the field of CSR is praiseworthy. We have contributed BDT 70,35,000 in Health, Education and Community Development in the year-2022.

CSR INVESTMENT IN 2022 (BDT IN MILLION)



■ Health ■ Education ■ Community Development



Cheque Handover to BGB Hospital for procurement of medicines and medical equipment for COVID-19 treatment under corporate social responsibility of the Bank.



Free Health Check-up program was organized at Uttara.

7. Developing the Resources for Sustainable Growth

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

Human Resources Division is the management of the people of the Bank. It is designed by the HR Department to maximize employees' performances in service of employer's strategic objectives. HR is primarily concerned with the management of people within organizations, focusing on policies and on systems. HR Departments are responsible for overseeing employee-benefits design, employee recruitment, training and development, performance appraisal and rewarding.

HR Division of Shimanto Bank focuses on maximizing employee productivity. HR professionals manage the human capital of an organization and focus on implementing policies and processes. They can specialize on recruiting, training, employee-relations or benefits. Training and development professionals ensure that employees are trained and have continuous development. This is done through training programs, performance evaluations and rewards programs. Employee relations deals with concerns of employees when policies are broken, such as in cases involving harassment or discrimination.



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

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

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

- Basic Banking for all Grades of employees
- Fake Note Detection & Fraud Awareness
- Anti-Money Laundering & Counter Financing Terrorism
- Credit Risk Management
- Operational Risk
- Trade Operations
- Sanctions, Trade Compliance, Digital Risks
- Customer Service
- Automated Challan System
- BAMLCO Conference 2022
- Internal Control & Compliance
- Human Resources Management
- Sanctions, Trade Compliance, Digital Risks
- E-Workshop on leadership issues in Banks
- Cyber Security for the Senior Management

The Bank created its leadership pipeline with talented and extra ordinary performer employees to ensure its future growth. The Bank promoted its 20 employees who are top performers. The Bank also arranged different employee engagement programs i.e. Employee Reach Out, Employees' Views Exchange with the Management, Bank's 6th anniversary, Women's Day. etc. to ensure better Employee Engagement.

The Human Resources Division of Shimanto Bank Limited believes in sustainable growth of country's human resources. Hence, it is relentlessly pursuing to recruit the best, develop talents and preserve them to derive maximum benefit out of them ensuring a congenial working atmosphere in the Bank.



MoU signing Ceremony with Astha Life Insurance Company Ltd for providing life and medical insurance coverage for employees of the Bank.



Employees participated in an Ifter Meffil organized by the Bank.



8. Risk Management

Risk Management at Shimanto Bank Limited (SMBL):

The Bank is exposed to a variety of perils as a result of its ordinary course of business. These perils include credit risk, market risk, liquidity risk, operational risk, and reputational risk. Effective risk management is essential to the Bank's ability to maintain its financial strength and protect its assets. The Bank has a comprehensive risk management framework in place that includes policies, procedures, and controls to identify, assess, mitigate, and monitor risks. The Bank's risk management framework is subject to regular review and improvement to ensure that it remains effective in the face of changing risk profiles and market conditions.

In addition to the perils mentioned above, in 2022; the Bank is also exposed to threats arising from the post-COVID-19 pandemic, the Ukraine-Russia war, the global economic slowdown, as well as economic condition of Bangladesh, and the ongoing worldwide Dollar crisis. The Bank is actively monitoring these hindrances and has taken steps to mitigate the impacts. These steps include increasing capital, strengthening liquidity positions, decreasing nonperforming loans, and reducing exposure to certain risky assets.

The Bank is committed to managing risk in a responsible manner. The Bank's risk management framework is aligned with international and country standards and best practices. The Bank also engages in regular dialogue with its stakeholders to ensure that its risk management practices are understood and supported.

Dimensions of Risk Management:

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



Risk Management Framework:

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





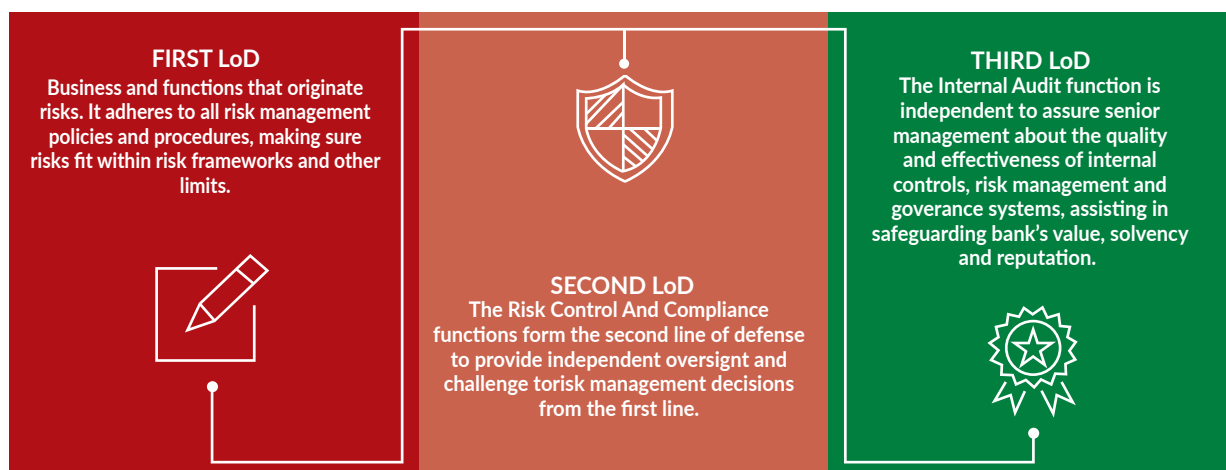
Risk Governance:

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

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

Our 3 lines of defence model is indicated below:

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



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

Risk Governance Structure of the Bank:

Board Risk Management Committee:

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



Executive Risk Management Committee:

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

Risk Management Division:

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

Board and Senior Management Oversight in Risk Management:

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

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

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

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

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

SMBL's Committees and Forums for Broader Risk Management:

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



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

Risk Appetite:

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

Risk mitigation approaches:

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



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

Risk Mitigation Methodology:

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

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

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

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

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

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



1. Credit Risk:

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

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

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

2. Market Risk:

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

3. Liquidity Risk:

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

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

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

4. Operational Risk:

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

5. Reputation Risk:

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



6. Strategic Risk:

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, non-adaptability/ less adaptability with the changes in the business environment, and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base. In this context, strategic risk possesses a significant space in the ICAAP of the banks, following aspects are considered:

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

7. Internal Control & Compliance Risk:

Internal control is the process, affected by a company's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations, and internal policies. Bank's senior management is responsible for establishing a compliance policy that contains the basic principles to be approved by the board and explains the main processes by which compliance risks are to be identified and managed through all levels of the organization.

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

8. Money Laundering Risk:

Money laundering risk can be defined as the potential for financial institutions to incur reputational damage and financial penalties as a result of failing to adequately prevent money laundering. SMBL has a dedicated Chief Anti-Money Laundering Compliance Officer at Head Office and Compliance Officers at branches who independently review account transactions to identify and report suspicious activity.

The convergence of several factors, including globalization, technological advancements, and increased regulatory scrutiny, has contributed to the rise of money laundering as a global problem. SMBL views money laundering and terrorist financing risk as not only a regulatory compliance requirement but also as a core business value. The Board of Directors and Management are committed to combating money laundering activities through a comprehensive risk-based approach.

9. Environmental and Climate Risk:

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

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

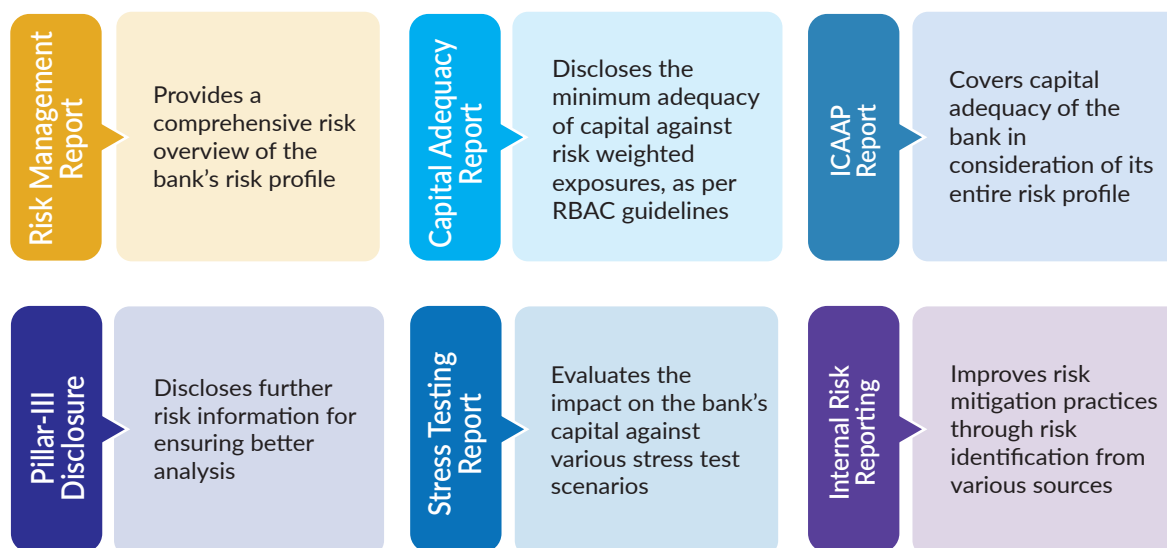
Risk Reporting:

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

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



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



Key Risk Areas Focused by Risk Management Division (RMD) during the Year 2022:

- **Risk Appetite Statement:** RMD prepared the Risk Appetite Statement of the bank aligning with the business target and subsequently presented it in the ERM Meeting, BRMC Meeting, and lastly in the Board Meeting for review and approval. During the preparation of the Comprehensive Risk Management Rating (CRMR) report no sector-wise, industry-wise, & division-wise breach occurred in comparison with the Risk Appetite Statement of the bank.
- **Comprehensive Risk Management Rating (CRMR) Report:** The CRMR report is submitted to Bangladesh Bank on a biannual basis. At the Board Risk Management Committee (BRMC) and the Executive Risk Management Committee (ERM) meeting, the report's findings and observations were thoroughly discussed, and notes were taken on how to improve the rating in this regard.
- **Portfolio quality:** RMD rigorously monitors the portfolio quality of the bank on a monthly basis and informed the ERM and BRMC regarding the portfolio status. ERM & BRMC members reviewed and assessed the portfolio quality of the bank and suggested action plans to lessen the NPL. As a result, the NPL ratio as of December, 2022 was 1.22%.
- **Clients Credit Rating:** RMD maintains a close relationship with the Business Divisions and Branches to ensure that expired credit ratings are promptly updated. As a result of this rigorous monitoring, as of December 2022, 98% of corporate clients and 94% of all eligible clients for credit rating had been rated by External Credit Rating Agencies.
- **Internal Capital Adequacy Assessment Process (ICAAP) report:** ICAAP Report for the year 2021 of the bank has been submitted to Bangladesh Bank in time. Total BDT. 8.00 crore Capital requirement decreased from the previous reported year.
- **Risk Management Policy:** This Risk Management Policy of Shimanto Bank Limited (SMBL) is prepared in line with Risk Management Guidelines developed by Bangladesh Bank and circulated through DOS circular # 4 dated October 08, 2018. The policy is also aligned with the revised version of Basel Core Principles (BCP) for Effective Banking Supervision published by the Basel Committee on Banking Supervision (BCBS) in September 2012. To achieve its risk management objectives, the bank relies on a risk management framework comprising risk policies and procedures formulated for assessing, measuring, monitoring, and reporting risks, including limits set to manage the exposure to quantifiable risks. This Risk Management Policy is prepared to serve as a guideline for effectively managing risk in the evolving business environment.



9. Compliance & Governance Excellence

Corporate Governance sets the tone for the entire Bank's approach to risk, ethics and business practices, while compliance embodies that approach in relation to relevant laws and regulations. Banking sector plays a major role to the national economy as well as to the international economy. Internal Control is the process, effected by a company's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies.

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

Independent internal audit is critical for the effective and efficient functioning of a bank. It helps to identify and manage risks, ensure compliance, improve operational efficiency, prevent fraud, and promote accountability and transparency. The Bank has its internal control & compliance Policy and implemented robust Risk Based Internal Audit (RBIA) methodology. The internal control's risk assessment focuses on ensuring compliance with the bank's policies and regulatory requirements based on core risk guidelines and circulars from regulatory bodies like Bangladesh Bank. As a result, Internal Control & Compliance serves as a facilitator of the bank's sustainable growth.

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

Bangladesh Bank has conducted core risk inspection on Credit Risk Management, Foreign Exchange Risk Management, Asset Liability Risk Management, Information Technology Security and Internal Control & Compliance in 2022 and submitted inspection reports. Bangladesh Bank also conducted comprehensive inspection on Benapole Branch as on 31-12-2022. Compliance Unit submitted compliance reports to Bangladesh Bank. Tripartite meeting among Bangladesh Bank, External Auditors and the Management of the Bank has already been conducted for finalization of Annual Financial Statements-2022. All SMBL audit observations are compiled meticulously by Compliance Unit.

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

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

Corporate governance is vital to establishing trust with stakeholders. Shimanto Bank's commitment to all stakeholders is reflected in our management culture that embraces the higher standards of corporate governance we maintain. The Board of Directors of Shimanto Bank has a separate role from executive management in governing the organization. The board approves strategic policies and decisions, establishes appropriate boundaries, oversees execution and ensures accountability, fairness and transparency.



Executive management aligns strategy, processes, people, reporting and technology to accomplish the organization's mission in accordance with its established values. An important aspect of the delineation of responsibilities between the board and management is the setting of boundaries, which provide a broad context for balancing the organization's objectives and performance goals for creating enterprise value with the policies, processes and control systems deemed appropriate to preserve enterprise value.

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



A training program on 'Prevention of Money Laundering and Combatting Financing of Terrorism' was conducted by the Bank.



Independent
Auditor's Report and
Audited Financial
Statements

For the year ended 31 December 2022

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 2022, the profit and loss accounts, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note# 2.1.

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

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

1) Loans and Advances

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



<p>At year end the Bank reported total loans and advances of Taka 12,532 million (2021: Taka 10,047 million) including Off-Shore Banking Unit.</p>	<p>We also performed the detailed test to confirm that the balances of offshore banking unit were correctly incorporated in gross balances of loans and advances.</p> <p>Moreover, we assessed the appropriateness and presentation of disclosures against Bangladesh Bank guidelines.</p>
<p>2) Valuation of treasury bill and treasury bond</p>	
<p>See note# 7 to the financial statements</p>	
<p>The key audit matter</p>	<p>How the matter was addressed in our audit</p>
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p> <p>At year end the Bank reported total investment in treasury bill and treasury bond of Taka 5,371 million (2021: Taka 2,752 million).</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p>3) Measurement of provision for loans and advances</p>	
<p>See note# 13 to the financial statements</p>	
<p>The key audit matter</p>	<p>How the matter was addressed in our audit</p>
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is judgmental, significant and complex. While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none"> • Future business performance of the borrower; • Key assumptions relating to further business performance of the borrower; • Market value of the collateral; • Ability to repossess collateral; and • Recovery rates. 	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; and • Reviewed quarterly Classification of Loans (CL). <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p>



<p>Furthermore, these provisions are processed manually that deals with voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank issued time to time.</p> <p>Due to high level of judgment involved and using some manual process in estimating the provision for loans and advances, we considered this to be a key audit matter.</p>	<ul style="list-style-type: none"> Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;
<p>At year end the Bank reported total provision kept for loans and advances of Taka 257 million (2021: Taka 214 million) including Off-Shore Banking Unit.</p>	<ul style="list-style-type: none"> Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; Evaluated the balances of loans and advances and provisions of overseas branches whether those are properly incorporated in the gross balances thereon; and <p>Finally, we compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.</p>
<p>4) IT systems and controls</p>	
<p>The key audit matter</p>	<p>How the matter was addressed in our audit</p>
<p>Our audit procedures have been focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>We have focused on master data management, user access management and developer access to the production environment and changes to the IT environment. Among others, these are key to ensuring operating effectiveness of manual with automated control and automated controls.</p>	<p>We tested the design and operating effectiveness of the bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. Where deficiencies were identified, we tested compensating controls or performed alternate procedures.</p> <p>In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>



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

Other Matter

The Financial Statements of the Bank as at and for the year ended 31 December 2021 was audited by Hoda Vasi Chowdhury & Co Chartered Accountants and expressed an unmodified opinion on those Financial Statements on 28 April 2022.

Other Information

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

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

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

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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





Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Banking Companies Act 1991 (Amended up to date), and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibilities for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities (other than matters disclosed in these financial statements);
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for loans and advances and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,200 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka,
18 April 2023

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md. Moniruzzaman, FCA
Partner

ICAB Enrollment No. 787
DVC : 2304240787AS583355



Shimanto Bank Limited

Balance Sheet

As at 31 December 2022

	Notes	31.12.2022 Taka	31.12.2021 Taka
PROPERTY AND ASSETS			
Cash	4	1,045,070,815	941,786,142
Cash in hand (including foreign currency)	4.1	319,824,165	315,414,703
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	4.2	725,246,650	626,371,439
Balance with other banks and financial institutions	5	94,485,973	1,989,609,036
In Bangladesh	5.1	33,162,391	1,962,712,386
Outside Bangladesh	5.2	61,323,582	26,896,650
Money at call on short notice	6	2,405,000,000	2,150,000,000
Investments	7	5,370,990,000	2,751,989,935
Government	7.1	2,071,964,499	1,993,964,512
Others	7.2	3,299,025,501	758,025,423
Loans and advances	8	12,531,846,451	10,047,395,543
Loans, cash credits, overdrafts etc.	8.1	12,531,846,451	10,047,395,543
Bills purchased & discounted		-	-
Fixed assets including premises, furniture and fixtures	9	232,196,270	211,139,918
Other assets	10	865,715,014	735,894,304
Non-banking assets		-	-
Total Assets		22,545,304,523	18,827,814,878
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	-	-
Deposits and other accounts	12	16,563,241,678	13,285,737,635
Current deposit accounts		371,745,547	377,519,967
Bills payable		179,641,450	290,943,228
Savings bank deposits		6,183,889,032	4,592,749,398
Fixed deposits		9,712,177,476	7,877,432,956
Other deposits		115,788,173	147,092,086
Other liabilities	13	1,132,195,078	927,255,320
Total Liabilities		17,695,436,756	14,212,992,955
Capital/Shareholders' Equity			
Total Shareholders' Equity		4,849,867,767	4,614,821,923
Paid-up capital	14.2	4,380,000,000	4,284,800,000
Statutory reserve	15	300,549,312	225,748,860
Retained earnings	16	152,165,969	97,314,266
Other reserves	16.1	17,152,486	6,958,797
Total Liabilities and Shareholders' Equity		22,545,304,523	18,827,814,878



OFF-BALANCE SHEET ITEMS

Contingent liabilities

Acceptances and endorsements
Letters of guarantee
Letters of credit
Bills for collection
Other contingent liabilities

Other commitments

Documentary credits and short term trade-related transactions
Forward assets purchased and forward deposits placed
Undrawn note issuance and revolving underwriting facilities
Undrawn formal standby facilities, credit lines and other commitments

Total off-Balance Sheet items including contingent liabilities

Notes	31.12.2022 Taka	31.12.2021 Taka
	578,282,033	610,651,229
	12,160,046	-
	361,847,017	297,860,342
	204,274,970	312,790,887
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	578,282,033	610,651,229

The annexed notes from 1 to 37 form an integral part of these Financial Statements.

Major General A K M Nazmul Hasan,
BAM, ndc, psc
Chairman

Brig Gen Ali Reza Mohammad Ashaduzzaman,
ndc, psc
Director

Brig Gen K M Azad, BPM (Seba),
PPM (Seba), psc
Director

Rafiqul Islam
Managing Director & CEO

This is the statement of financial position referred to in our separate report of even date.

Dated: 18 April 2023
DVC : 2304240787AS583355

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787



Shimanto Bank Limited

Profit and Loss Account

For the year ended 31 December 2022

Notes	2022 Taka	2021 Taka
OPERATING INCOME		
Interest income	18 1,161,991,658	1,118,459,879
Interest on deposits and borrowings etc	19 (530,455,512)	(437,874,267)
Net interest income	631,536,146	680,585,612
Investment income	20 282,381,588	152,424,267
Commission, exchange and brokerage	21 90,788,468	56,766,586
	373,170,056	209,190,853
Total operating income (a)	1,004,706,202	889,776,465
OPERATING EXPENSE		
Salaries and allowances	22 287,795,223	229,598,477
Rent, taxes, insurance, electricity, etc.	23 99,931,218	96,153,654
Legal expenses	24 2,837,625	2,925,375
Postage, stamp, telecommunication, etc.	25 16,674,418	16,768,159
Stationery, printings, advertisements, etc.	26 10,531,158	7,465,497
Chief executive's salary and fees	9,445,929	15,002,000
Directors' fees	27 989,585	570,136
Auditors' fees	28 488,000	379,500
Depreciation and repairs of Bank's assets	29 77,916,177	66,759,685
Other expenses	30 79,801,772	49,484,881
Total operating expenses (b)	586,411,105	485,107,364
Profit before provision (c = (a-b))	418,295,097	404,669,101
Provision against loans & advances and Other		
General Provision	31.1 49,886,749	32,774,737
Specific Provision	31 (7,689,597)	81,829,980
Provision for diminution value of Investment	31 2,095,683	-
Total provision (d)	44,292,835	114,604,717
Profit before taxation (e=c-d)	374,002,262	290,064,384
Provision for taxation (f)		
Current tax expense	13.2 142,209,825	156,417,934
Deferred tax expense	13.3 1,223,249	(6,450,277)
Net profit after taxation (g=e-f)	230,569,188	140,096,727
Appropriations		
Statutory reserve	15 74,800,452	58,012,877
General reserve	-	-
	74,800,452	58,012,877
Retained earnings	155,768,736	82,083,850
Earnings Per Share (EPS) [Restated: 2021]	33 0.526	0.320

The annexed notes from 1 to 37 form an integral part of these Financial Statements.

Major General A K M Nazmul Hasan,
BAM, ndc, psc
Chairman

Brig Gen Ali Reza Mohammad Ashaduzzaman,
ndc, psc
Director

Brig Gen K M Azad, BPM (Seba),
PPM (Seba), psc
Director

Rafiqul Islam
Managing Director & CEO

This is the statement of Profit or Loss referred to in our separate report of even date.

Dated: 18 April 2023
DVC : 2304240787AS583355

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787



Shimanto Bank Limited

Cash Flow Statement

For the year ended 31 December 2022



Notes	2022 Taka	2021 Taka
Cash flows from Operating Activities		
Interest receipts in cash	1,240,027,606	1,100,380,523
Interest payments	(525,073,042)	(432,043,470)
Dividend receipts	58,357,442	12,718,356
Fees and commission receipts in cash	90,788,468	56,766,586
Cash payments to employees	(297,241,152)	(244,600,477)
Cash payments to suppliers	(89,487,804)	(90,917,999)
Income taxes paid	(170,677,362)	(187,863,279)
Receipts from other operating activities	164,087,080	123,650,715
Payments for other operating activities	(135,362,388)	(87,468,115)
(i) Operating profit before changes in operating assets & liabilities	335,418,848	250,622,840
Change in operating assets and liabilities		
Loans and advances to customers	(2,481,298,691)	(1,715,744,246)
Other assets	10,278,501	6,782,066
Deposits from customers	3,279,514,419	130,353,177
Other liabilities	11,085,612	(275,431,043)
(ii) Cash generated from operating assets and liabilities	819,579,841	(1,854,040,045)
Net cash flow from/(used in) operating activities (a)=(i)+(ii)	1,154,998,689	(1,603,417,205)
Cash Flows from Investing Activities		
Payments for purchase of government securities	(77,993,887)	(363,688,937)
Payments for purchase of securities	(2,538,904,395)	(312,055,059)
Purchase of property, plant and equipment	(74,932,698)	(19,428,358)
Net cash used in investing activities (b)	(2,691,830,980)	(695,172,354)
Cash Flows from Financing Activities		
Dividend paid	-	-
Receipts from issue of ordinary share	-	-
Net cash flow from financing activities (c)	-	-
Net decrease in cash and cash equivalents (a+b+c)	(1,536,832,291)	(2,298,589,559)
Cash and cash equivalents at beginning of the year	5,081,567,679	7,380,157,238
Cash and cash equivalents at end of the year (*)	3,544,735,388	5,081,567,679
(*) Cash and cash equivalents:		
Cash in hand	319,824,165	315,414,703
Prize bonds	178,600	172,500
Money at call on short notice	2,405,000,000	2,150,000,000
Balance with Bangladesh Bank and its agent bank(s)	725,246,650	626,371,439
Balance with other banks and financial institutions	94,485,973	1,989,609,036
	3,544,735,388	5,081,567,679

The annexed notes from 1 to 37 form an integral part of these Financial Statements.

Major General A K M Nazmul Hasan,
BAM, ndc, psc
Chairman

Brig Gen Ali Reza Mohammad Ashaduzzaman,
ndc, psc
Director

Brig Gen K M Azad, BPM (Seba),
PPM (Seba), psc
Director

Rafiqul Islam
Managing Director & CEO

Date: 18 April 2023

(Amount in Taka)

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

Particulars	Paid-up Capital	Statutory Reserve	Other Reserves (Investment Revaluation Reserve)	Retained Earnings	Total Shareholders' Equity
Balance as at 01 January 2021	4,160,000,000	167,735,983	4,568,385	140,030,414	4,472,334,782
Net profit after tax for the year	-	-	-	140,096,727	140,096,727
Stock dividend paid during the year	124,800,000	-	-	(124,800,000)	-
Surplus on account of revaluation of investments	-	-	2,390,412	-	2,390,412
Transfer to statutory reserve	-	58,012,877	-	(58,012,877)	-
Balance as at 31 December 2021	4,284,800,000	225,748,860	6,958,797	97,314,266	4,614,821,923

The annexed notes from 1 to 37 form an integral part of these Financial Statements.



Major-General A K M Nazmul Hasan,
BAM, ndc, psc
Chairman



Brig Gen Ali Reza Mohammad Ashaduzzaman,
ndc, psc
Director



Brig Gen K M Azad, BPM (Seba),
PPM (Seba), psc
Director



Rafiqul Islam
Managing Director & CEO

Date: 18 April 2023





Shimanto Bank Limited

Liquidity Statement (Assets and Liabilities Maturity Analysis)

As at 31 December 2022



Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash in hand (including balance with Bangladesh Banks and its agent banks)	1,045,070,815	-	-	-	-	1,045,070,815
Balance with other banks and financial institutions	-	94,485,973	-	-	-	94,485,973
Money at call on short notice	1,300,000,000	1,105,000,000	-	-	-	2,405,000,000
Investments	184,172,841	-	460,458,991	2,692,867,033	2,033,491,135	5,370,990,000
Loans & advances	1,144,796,494	-	5,261,173,164	4,473,656,839	1,652,219,954	12,531,846,451
Fixed assets including premises, furniture and fixture	-	-	-	232,196,270	-	232,196,270
Other assets	-	288,391,569	187,622,114	389,701,331	-	865,715,014
Non-banking assets	-	-	-	-	-	-
Total Assets (a)	3,674,040,150	1,487,877,542	5,909,254,269	7,788,421,473	3,685,711,089	22,545,304,523
Liabilities						
Borrowing from other banks, financial institutions and agents	-	-	-	-	-	-
Deposit and other accounts	6,900,574,030	5,087,558,057	4,001,617,460	567,862,031	5,630,100	16,563,241,678
Other Liabilities	228,664,836	-	17,020,197	886,510,045	-	1,132,195,078
Total Liabilities (b)	7,129,238,866	5,087,558,057	4,018,637,657	1,454,372,076	5,630,100	17,695,436,756
Net Liquidity Gap (a-b)	(3,455,198,716)	(3,599,680,515)	1,890,616,612	6,334,049,397	3,680,080,989	4,849,867,767

The annexed notes from 1 to 37 form an integral part of these Financial Statements.

Major-General A K M Nazmul Hasan,
BAM, ndc, psc
Chairman

Brig Gen K M Azad, BPM (Seba),
PPM (Seba), psc
Director

Rafiqul Islam
Managing Director & CEO

Date: 18 April 2023



Shimanto Bank Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2022

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(amended up to date) and incorporated as a Public Limited Company under the Companies Act, 1994 in Bangladesh on 14 July 2016 with the primary objective to carry on all kinds of banking business within and outside the boundary of Bangladesh. The Bank has twenty (20) branches and four (04) sub-branches operating in Bangladesh and the Bank has no overseas branch as at 31 December 2022.

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

1.2 Principal activities

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

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

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2022 have been prepared in accordance with the "First Schedule (Section 38) of the Banking Companies Act 1991 (amended up to date) which has been replaced through BRPD Circular no. 10 dated October 04, 2015, International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), other Bangladesh Bank Circulars, the requirements of the Banking Companies Act, 1991 (amended up to date), the rules and regulations issued by Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

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

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

Material departures from the requirement of IFRS are as follows:

i) Presentation of financial statements

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



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

ii) Investments in shares and securities

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

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

iii) Revaluation gains/losses on Government securities

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

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

iv) Provision on loans and advances

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

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 12 dated 20 August 2017 and BRPD circular no. 15 dated 27 September 2017 and subsequent circulars issued till 2022, a general provision at 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad/losses loans has to be provided at 20%, 50% and 100%, respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures. Besides, BRPD circular no 50, dated 14 December 2021, a special general provision COVID-19, @2% is required to be provided for deferral loans. Such provision policies are not specifically in line with those prescribed by International Financial Reporting Standards (IFRS) 9: Financial Instruments.

v) Other comprehensive income and appropriation of profit

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

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

vi) Financial instruments – presentation and disclosure

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

vii) Financial guarantees

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

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

viii) Cash and cash equivalent

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

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

ix) Non-banking assets

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

Bangladesh Bank: As per BRPD Circular No. 14, dated 23 June 2003, there must exist a face item named Non-Banking Asset which has to be recognized as per BRPD Circular No. 22, dated 20 September 2021.

x) Cash flow statement

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



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

xi) Presentation of intangible asset

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

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

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

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

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

xiii) Off-balance sheet items

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

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

xiv) Loans and advances net of provision

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

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

Basis of measurement

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

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

-Zero coupon bond at present value using amortization concept.

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.

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 2022 to 31 December 2022.

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 2022 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	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 and subsequent circulars issued till 2022, a special general provision COVID-19, @2% is required to be provided for deferral loans. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Banking Companies Act, 1991 (amended up to date), instead of netting off with loans.

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

3.1.4 Property, plant and equipment and depreciation

3.1.4.1 Recognition and measurement

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

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



3.1.4.2 Subsequent costs

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

3.1.4.3 Depreciation

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

Category of fixed assets	Depreciation Period in Year(s)
Core Banking Software	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 as per IAS-36 is recognised as an expense in the profit and loss statement unless the asset is carried at revalued amount in accordance with IAS 16: Property, Plant and Equipment in which case any impairment loss of a revalued asset should be treated as a revaluation decrease. No impairment loss was recognized up to the reporting period as there was no such indication existed as on Balance Sheet date.

3.1.6 Leased assets

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 IFRS-16. All other leases are classified as operating leases as per IFRS-16.

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

3.2.3 Other liabilities

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

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

3.2.4 Provision for loans and advances

Provision for classified loans and advances is made on the basis of quarter-end review by the management and instructions contained in BRPD circular no. 14 dated 23 September 2012 (amendment on 21 April 2019), BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014 and other subsequent circulars till 2022. 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 LC liabilities, letter of guarantee and acceptances & endorsements.

3.2.6 Provision for other assets

Provision for other assets is made as per the instructions made in the BRPD circular No. 4 dated 12 April 2022 on which provision is to be required on other assets which are outstanding for one year or more.



3.3 Share capital and reserves

Authorized capital

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

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

Statutory reserve

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

Other reserve

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

3.4 Contingent liabilities and assets

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

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

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

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

3.5 Revenue recognition

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

Interest income

Interest on unclassified loans and advances is recognized as income on accrual basis, interest on classified loans and advances is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular no 14 dated 23 September 2012 (amendment on 21 April 2019), BRPD circular no 19 dated 27 December 2012 and BRPD circular no 16 dated 18 November 2014 and other subsequent circulars till 2022.

Fees and commission income

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

Interest and fees receivable on credit card

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

Investment income

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

Dividend income

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

3.6 Interest paid on borrowings and deposits

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

3.7 Other operating expenses

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

3.8 Employee benefits

Provident fund

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

Gratuity fund

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

Workers Profit Participation Fund

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

3.9 Income tax

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

(i) Current tax

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



(ii) Deferred tax

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

3.10 Offsetting

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

3.11 Earnings per share

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

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

3.12 Reconciliation of inter-bank account

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

3.13 Risk management and other related matters

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

Credit Risk

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

The Bank follows the criteria for loan classification and provisioning requirement as stipulated in the BRPD circular no 14 dated September 23, 2012 (amendment on 21 April 2019) and BRPD circular no 05 dated May 29, 2013 and other subsequent circulars till 2022. Adequate provision has been kept which is stated in Note 13.1 to the financial statements.

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

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

Market Risk

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

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

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

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

Operational Risk

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

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

Information and communication technology risk

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



Asset liability risk management

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

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 takes initiatives to ensure adequate capital include the following:

- a) Consistently encouraging corporate clients to complete external credit rating to assess counterparty Credit Risk status, and to reduce capital requirements.
- b) Improving and enhancing eligible collateral, by way of collateral optimization.
- c) Assessment of risk profile and credit rating of new clients.
- d) CAR is periodically reviewed and assessed in Shimanto Bank 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 its 59th Board Meeting held on 18th April 2023. However, all material events after the reporting period have been considered and appropriate adjustments/disclosures have been made in the financial statements as per IAS 10 'Events after the Reporting Period'.

3.16 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 2022.



SI#	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 Reporting Period	Complied
6	12	Income Taxes	Complied
7	16	Property, Plant & Equipment	Complied
8	19	Employee Benefits	Complied
9	20	Accounting for Government Grants and Disclosur of Government Assistance	Not Applicable
10	21	The Effects of Changes in Foreign Exchange Rates	Complied
11	23	Borrowing Costs	Complied
12	24	Related Party Disclosures	Complied
13	26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
14	27	Consolidated and Separate Financial Statements	Not Applicable
15	28	Investments in Associates and Joint Ventures	Not Applicable
16	31	Interests in Joint Ventures	Not Applicable
17	33	Earnings per Share	Complied
18	34	Interim Financial Reporting	Not Applicable
19	36	Impairment of Assets	Complied
20	37	Provisions, Contingent liabilities and Contingent Assets	Complied
21	38	Intangible Assets	Complied
22	40	Investment Property	Not Applicable
23	41	Agriculture	Not Applicable

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

* **Subject to departure disclosed in note no. 2.1**

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

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 59th Board Meeting on 18th April 2023.



		31.12.2022 Taka	31.12.2021 Taka
4. Cash			
Cash in hand (including foreign currency)	(Note: 4.1)	319,824,165	315,414,703
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	(Note: 4.2)	725,246,650	626,371,439
		1,045,070,815	941,786,142
4.1 Cash in hand			
In local currency		317,705,012	311,997,632
In foreign currency		2,119,153	3,417,071
		319,824,165	315,414,703

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

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

Balance with Bangladesh Bank

In local currency

In foreign currency

703,794,136	621,918,502
21,452,514	4,452,937
725,246,650	626,371,439

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

4.3 Statutory deposits

Conventional Banking

Cash Reserve Requirement and Statutory Liquidity Ratio

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

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

(a) Cash Reserve Requirement (CRR)

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

Bi-weekly as on the reporting date

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

558,249,000	523,835,000
644,035,766	614,910,229
85,786,766	91,075,229

	31.12.2022 Taka	31.12.2021 Taka
Daily Position as on the reporting date		
Required reserve (3.50% of total time & demand liabilities)	488,468,000	458,356,000
Actual reserve maintained	644,035,766	614,910,229
Surplus	155,567,766	156,554,229
(b) Statutory Liquidity Ratio (SLR)		
Required reserve (13% of total time & demand liabilities)	1,814,310,000	1,702,465,000
Actual reserve maintained	2,509,823,100	2,401,302,740
Surplus	695,513,100	698,837,740
<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 MPD circular no-01 dated 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 @ 4.61% and @ 17.98% respectively at the year end.</p>		
(c) Components of Statutory Liquidity Ratio (SLR)		
Cash in hand	319,823,580	315,414,703
Balance with Sonali Bank Limited	32,248,255	848,296
Excess reserve of CRR (4.00% of bi-weekly)	85,786,766	91,075,229
HTM securities	1,730,380,500	1,621,399,321
HFT securities	278,255,400	309,242,691
Other eligible security	63,328,600	63,322,500
	2,509,823,101	2,401,302,740
4.4 Maturity grouping of cash		
On demand	1,045,070,815	941,786,142
Upto 1 month	-	-
Over 1 month but not more than 3 months	-	-
Over 3 month but not more than 6 months	-	-
Over 6 month but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	1,045,070,815	941,786,142
5. Balance with other banks and financial institutions		
In Bangladesh (Note: 5.1)	33,162,391	1,962,712,386
Outside Bangladesh (Note: 5.2)	61,323,582	26,896,650
	94,485,973	1,989,609,036
5.1 In Bangladesh		
Special Notice Deposits		
Bank Name		
AB Bank Limited	15,438,483	1,796,196,897
Trust Bank Limited	441,051	441,051
Shimanto Bank Limited-Q-Cash Settlement Account	4,254,013	2,048,758
Balance with EBL Securities	18,571	4,618,476
Balance with LankaBangla Securities Ltd	2,336,329	-
Eastern Bank Ltd	833,525	154,073,069
Eastern Bank Ltd (VISA Settlement Account)	4,729,547	4,172,865
Agrani Bank Limited, Pragpur	3,067,930	83,965
Sonali Bank Limited (outside Dhaka)	2,039,723	62,530
Sonali Bank Limited, Local Office	3,219	1,014,776
	33,162,391	1,962,712,386



5.2 Outside Bangladesh

Habib American Bank
Axis Bank ACU
United Bank of India

	31.12.2022 Taka	31.12.2021 Taka
Habib American Bank	54,735,687	21,421,659
Axis Bank ACU	4,960,370	3,242,484
United Bank of India	1,627,525	2,232,507
	61,323,582	26,896,650

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

Current deposits
Savings deposits
Short-Notice Deposits
Fixed deposits

Current deposits	-	321,603,334
Savings deposits	-	-
Short-Notice Deposits	33,162,391	1,641,109,052
Fixed deposits	-	-
	33,162,391	1,962,712,386

5.4 Maturity grouping of balance with other banks and financial institutions

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

Repayable – on demand	-	-
– up to 3 months	33,162,391	1,962,712,386
– over 3 months but below 1 year	-	-
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	33,162,391	1,962,712,386

6. Money at call on short notice

In Bangladesh
Outside Bangladesh

(Note: 6.1)

In Bangladesh	2,405,000,000	2,150,000,000
Outside Bangladesh	-	-
	2,405,000,000	2,150,000,000

6.1 In Bangladesh

At short notice

With banking companies

The Premier Bank Ltd
Lanka Bangla Finance
Midland Bank Ltd.
NCC Bank Ltd
AB Bank Ltd
National Bank Limited

The Premier Bank Ltd	-	200,000,000
Lanka Bangla Finance	400,000,000	-
Midland Bank Ltd.	450,000,000	-
NCC Bank Ltd	100,000,000	-
AB Bank Ltd	350,000,000	-
National Bank Limited	-	400,000,000
	1,300,000,000	600,000,000

With non-banking financial institutions

National Bank Ltd
IPDC Finance Ltd.
Bay Leasing & Investment Limited
United Finance
LankaBangla Finance Ltd.
IIDFC Ltd.
Phoenix Finance & Investments Limited
CVC Finance Limited
Meridian Finance & Investment Ltd.

National Bank Ltd	100,000,000	-
IPDC Finance Ltd.	350,000,000	-
Bay Leasing & Investment Limited	-	200,000,000
United Finance	100,000,000	-
LankaBangla Finance Ltd.	-	400,000,000
IIDFC Ltd.	375,000,000	600,000,000
Phoenix Finance & Investments Limited	180,000,000	200,000,000
CVC Finance Limited	-	50,000,000
Meridian Finance & Investment Ltd.	-	100,000,000
	1,105,000,000	1,550,000,000
	2,405,000,000	2,150,000,000

	31.12.2022 Taka	31.12.2021 Taka
6.2 Maturity grouping of money at call on short notice		
On demand	-	-
Upto 1 month	1,300,000,000	-
Over 1 month but not more than 3 months	1,105,000,000	1,750,000,000
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	-	-
	2,405,000,000	2,150,000,000
7. Investments		
Government securities (Note: 7.1)	2,071,964,499	1,993,964,512
Other investments (Note: 7.2)	3,299,025,501	758,025,423
	5,370,990,000	2,751,989,935
7.1 Government securities		
Treasury bills (Note: 7.1.1)	115,458,991	86,810,440
Treasury bonds (Note: 7.1.2)	1,893,176,908	1,843,831,572
Government islamic Bond (Sukuk) (Note: 7.1.3)	63,150,000	63,150,000
Prize bonds	178,600	172,500
	2,071,964,499	1,993,964,512
7.1.1 Treasury Bills		
91 days Treasury Bills	-	-
182 days Treasury Bills	115,458,991	-
364 days Treasury Bills	-	86,810,440
	115,458,991	86,810,440
7.1.2 Treasury Bond		
5 years treasury bond	209,685,773	208,892,619
10 years treasury bond	890,198,853	755,677,988
15 years treasury bond	474,541,307	557,450,368
20 years treasury bond	318,750,975	321,810,597
	1,893,176,908	1,843,831,572
7.1.3 Government islamic Bond (Sukuk)		
2 years	-	-
5 years	63,150,000	63,150,000
	63,150,000	63,150,000
7.1.4 Investment in securities are classified as per Bangladesh Bank Circular		
Held for Trading (HFT)		
10 years Bangladesh Government Treasury Bond	278,255,400	140,871,019
15 years Bangladesh Government Treasury Bond	-	81,786,400
20 years Bangladesh Government Treasury Bond	-	-
	278,255,400	222,657,419
Held to Maturity (HTM)		
05 years Bangladesh Government Treasury Bond	209,685,773	208,892,619
10 years Bangladesh Government Treasury Bond	611,943,453	614,806,970
15 years Bangladesh Government Treasury Bond	474,541,307	475,663,968
20 years Bangladesh Government Treasury Bond	318,750,975	321,810,597
	1,614,921,508	1,621,174,154
	1,893,176,908	1,843,831,572

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



		31.12.2022 Taka	31.12.2021 Taka
7.2 Other investments			
Investments in Share	(Note 7.2.1)	2,305,994,241	472,114,293
Investment in Zero Coupon Bond		298,031,260	140,911,129
Investment in Mutual Fund		45,000,000	45,000,000
Investment in Subordinate Bond		350,000,000	100,000,000
Investments in Commercial Paper		300,000,000	-
		3,299,025,501	758,025,423
7.2.1 Investments in shares			
Traded in shares	(Note: 7.2.1.1)	167,700,020	76,114,293
Investment share	(Note: 7.2.1.2)	2,122,000,000	396,000,000
Traded in shares (Regular Fund)	(Note: 7.2.1.3)	16,294,221	-
		2,305,994,241	472,114,293
7.2.1.1 Traded in shares			
Quoted Share (a)		167,700,020	76,114,293
Unquoted Share		-	-
		167,700,020	76,114,293
a. Quoted Share			
A.C.I		25,730	-
Bangladesh Steel Re-Ro		1,473,001	-
Bd Submarine Cable		2,049	-
GPH Ispat Limited		5,456,933	-
I.F.I.C. Bank Limited		15,338,976	-
Mercantile Bank Ltd		3,568,425	-
Power Grid Company Of Bangladesh		10,029,027	-
Bangladesh Export Import Company Ltd.		7,413,487	3,003,156
Beximco Pharmaceuticals Ltd.		47,015,376	17,341,828
The Dacca Dyeing & Manufacturing Co.Ltd.		-	827,063
IPDC Finance Limited		420	1,842,595
LankaBangla Finance Ltd		10,590,258	1,353,375
LafargeHolcim Bangladesh Limited		3,197,384	4,446,252
Pragati Life Insurance Ltd.		-	2,231,916
SAIF Powertec Limited		-	1,296,233
Summit Power Limited		4,297,180	1,897,733
British American Tobacco Bangladesh Company Limited		30,952,411	18,517,734
BRAC Bank Ltd		-	3,538,625
Bangladesh Submarine Cable Company Limited		-	4,250,600
Confidence Cement Ltd.		14,805,360	7,337,264
Marico Bangladesh Limited		-	2,355,875
Square Pharmaceuticals Ltd.		13,534,000	5,874,047
		167,700,020	76,114,293
7.2.1.2 Investment share			
Quoted Share		-	-
Unquoted Share (a)		2,122,000,000	396,000,000
		2,122,000,000	396,000,000
a. Unquoted Share			
Envoy Textiles Limited		72,000,000	96,000,000
Impress Newtex Composite Textiles Ltd		300,000,000	300,000,000
Premier Cement Mills Ltd.		300,000,000	-
Esquire Accessories Limited		200,000,000	-
Anwar Ispat		350,000,000	-
Paramount Text.		500,000,000	-
Confidence Infrastructure Limited		400,000,000	-
		2,122,000,000	396,000,000

	31.12.2022 Taka	31.12.2021 Taka
7.2.1.3 Traded in shares (Regular Fund)		
Quoted Share (a)	16,294,221	-
Unquoted Share	-	-
	16,294,221	-
a. Quoted Share		
A.C.I	3,025,039	-
Bangladesh Export Import Company Ltd.	13,474	-
Beximco Pharmaceuticals Ltd.	5,499,643	-
GPH Ispat Limited	2,555,997	-
I.F.I.C. Bank Limited	5,199,263	-
LafargeHolcim Bangladesh Limited	806	-
	16,294,221	-
7.3 Maturity grouping of investment in share and zero coupon bond		
Over 1 year below 5 years	2,604,025,500	613,025,423
	2,604,025,500	613,025,423
8. Loans and advances		
Loans, cash credits, overdrafts etc	12,531,846,451	10,047,395,543
Bills purchased and discounted	-	-
	12,531,846,451	10,047,395,543
8.1 Loans, cash credits, overdrafts etc		
Loans	10,014,818,364	7,981,809,195
Overdrafts	2,517,028,087	2,065,586,348
Cash credits	-	-
	12,531,846,451	10,047,395,543
8.1.1 Maturity grouping of loans and advances		
Repayable – on demand	1,144,796,494	2,030,084,138
– upto 3 months	-	-
– over 3 months but below 1 year	5,261,173,164	1,077,916,974
– over 1 year but below 5 years	4,473,656,839	2,256,241,297
– over 5 years	1,652,219,954	4,683,153,134
	12,531,846,451	10,047,395,543
8.1.2 Broad category-wise breakup		
Loans	10,014,818,364	7,981,809,195
Overdrafts	2,517,028,087	2,065,586,348
Cash credits	-	-
	12,531,846,451	10,047,395,543

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



8.1.3 Product wise Loans and Advances

Overdraft
Time loan
Term loan
Staff Loan

31.12.2022 Taka	31.12.2021 Taka
--------------------	--------------------

2,519,734,984	2,065,586,348
4,060,098,859	2,030,084,138
5,921,022,119	5,933,434,761
30,990,489	18,290,296
12,531,846,451	10,047,395,543

8.1.4 Net loans and advances

Gross loans and advances
Less: Provision for loans and advances

12,531,846,451	10,047,395,543
234,342,596	182,084,152
12,297,503,855	9,865,311,391

8.1.5 Securities against loans

a. Secured

Collateral of movable / immovable assets
Cash collateral
Local Banks & Financial Institutions guarantee
Foreign Banks Guarantee
Export documents
Government Guarantee
Fixed Deposits Receipts
Own FDR
FDR of Other Banks
Personal Guarantee
Other Securities
Government bonds

1,727,961,239	959,526,318
-	-
-	-
-	-
-	-
-	-
469,125,006	58,667,900
-	-
649,579,953	609,835,049
364,525,000	7,934,582,806
604,475,000	380,104,060
3,815,666,198	9,942,716,134

b. Unsecured

8,716,180,253	104,679,409
12,531,846,451	10,047,395,543

8.1.6 Loans and advances on the basis of significant concentration

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

-	-
-	-
4,156,982	8,202,173
177,197,625	179,963,038
19,096,495	5,249,457
440,918,271	222,656,017
367,800,528	-
773,630,745	569,395,693
5,115,981	-
30,990,489	18,290,296
-	-
2,939,382,492	3,927,771,858
443,890,951	-
452,979,633	-
224,879,346	710,483,239
-	-
1,116,267,644	1,063,219,870
-	-
-	-

	31.12.2022 Taka	31.12.2021 Taka
vii) Iron, steel and engineering	-	-
viii) Pharmaceuticals and chemicals	489,022,702	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	196,592,256	237,296,848
xv) Power, gas, water and sanitary service	505,312,248	525,878,519
xvi) Transport and aviation	-	-
3) Agriculture	77,640,033	31,132,234
4) Housing	53,306,259	24,287,714
5) Others	-	-
i) Loan to subsidiaries companies	-	-
ii) Others	4,213,665,772	2,082,353,821
	12,531,846,451	10,047,395,543

8.1.7 Particulars of Loans and advances

(i) Loans considered good in respect of which the Bank is fully secured	903,959,352	951,938,421
(ii) Loans considered good against which the Bank holds no security other than the debtors' personal guarantee	470,969,490	607,830,301
(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)]	21,881,724	16,628,768
(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)	(7,689,597)	81,829,980
(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	60,519,273	78,067,064
(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 been filed for its recovery	-	-



8.1.8 Advances to customers for more than 10% of Bank's total capital

Total capital of the Bank

Number of clients

Amount of outstanding advances

Amount of classified advances

Measures taken for recovery

8.1.9 Industry-wise loans and advances

Working capital

Others

8.1.10 Geographical location-wise (division) distribution

In Bangladesh

Urban Branches

Dhaka

Chittagong

Khulna

Mymensingh

Sylhet

Barisal

Rajshahi

Rangpur

Rural Branches

Dhaka

Chittagong

Khulna

Mymensingh

Sylhet

Barisal

Rajshahi

Rangpur

Outside Bangladesh

8.1.11 Classification of loans and advances

Unclassified

Standard

Special Mention Account

Classified

Sub-Standard

Doubtful

Bad/Loss

	31.12.2022 Taka	31.12.2021 Taka
Total capital of the Bank	4,380,000,000	4,284,800,000
Number of clients	8	9
Amount of outstanding advances	4,824,659,501	4,793,425,131
Amount of classified advances	-	-
Measures taken for recovery	-	-
8.1.9 Industry-wise loans and advances		
Working capital	2,514,559,182	2,150,193,507
Others	2,265,581,456	1,941,441,250
	4,780,140,638	4,091,634,757
8.1.10 Geographical location-wise (division) distribution		
In Bangladesh		
<u>Urban Branches</u>		
Dhaka	10,654,736,696	7,920,841,152
Chittagong	743,966,349	890,890,772
Khulna	324,540,154	338,866,222
Mymensingh	162,936,912	173,837,627
Sylhet	77,274,797	92,478,902
Barisal	-	-
Rajshahi	105,746,790	-
Rangpur	-	112,968,614
	12,069,201,698	9,529,883,289
<u>Rural Branches</u>		
Dhaka	-	-
Chittagong	348,020,207	437,608,008
Khulna	69,368,977	46,699,844
Mymensingh	45,255,569	33,204,403
Sylhet	-	-
Barisal	-	-
Rajshahi	-	-
Rangpur	-	-
	462,644,753	517,512,254
Outside Bangladesh	-	-
	12,531,846,451	10,047,395,543
8.1.11 Classification of loans and advances		
<u>Unclassified</u>		
Standard	12,345,788,036	9,858,850,540
Special Mention Account	33,404,944	68,388,062
	12,379,192,980	9,927,238,602
<u>Classified</u>		
Sub-Standard	36,041,454	35,011,871
Doubtful	38,390,970	4,798,901
Bad/Loss	78,221,047	80,346,169
	152,653,471	120,156,941
	12,531,846,451	10,047,395,543

		31.12.2022 Taka	31.12.2021 Taka
9. Fixed assets including premises, furniture and fixtures			
Freehold assets	(Note: 9.1)	212,618,733	206,197,854
Intangible assets	(Note: 9.2)	19,577,537	4,942,064
		232,196,270	211,139,918
9.1 Freehold assets			
A. Cost			
Opening Balance		390,105,833	371,728,569
Add : Addition during the year		53,271,086	18,377,264
		443,376,919	390,105,833
Less: Disposal during the year		-	-
		443,376,919	390,105,833
B. Accumulated depreciation			
Opening Balance		183,907,979	133,468,795
Add : Charged during the year		46,850,207	50,439,185
		230,758,186	183,907,979
Less: Adjusted during the year		-	-
		230,758,186	183,907,979
C. Written down value Total (A-B)		212,618,733	206,197,854
9.2 Intangible assets			
Opening Balance		4,942,064	10,336,902
Add: Addition during the year		21,661,613	1,051,094
		26,603,677	11,387,996
Less : Amortized during the year		7,026,140	6,445,932
		19,577,537	4,942,064
A schedule of fixed assets is given in Annexure-A			
10 Other Assets			
Income generating			
Income receivable on investment		83,508,527	51,478,020
Interest receivable from calls and placements		15,913,043	99,735,293
Income receivable on Commercial Paper		5,786,301	-
Interest receivable on loans & advances		65,404,033	49,025,531
Dividend receivable from preference share		28,454,900	733,393
Receivable on Cards		3,126,240	257,247
Receivable from Capital Market (Regular Fund)		185,053	-
Dividend Receivable from Special Fund Investment		2,420,029	812,605
Shanchaypatra Receivable		3,093,239	35,039,264
		207,891,366	237,081,354
Non-Income generating			
Advance rent		34,381,291	42,374,026
Advance income tax	(Note: 10.1)	585,812,699	415,135,337
Advance VAT		292,763	392,393
Advance, deposit & prepayments	(Note: 10.2)	13,774,398	26,969,066
Inventory	(Note: 10.3)	6,227,297	1,518,693
Other Receivables		7,130,942	995,927
Deferred tax asset	(Note: 13.3)	10,204,259	11,427,508
		657,823,648	498,812,950
		865,715,014	735,894,304



	31.12.2022 Taka	31.12.2021 Taka
10.1 Advance income tax		
Opening Balance	415,135,337	230,393,741
Add: Paid during the year	170,677,362	187,863,279
	585,812,699	418,257,019
Less: Adjustment during the year	-	3,121,682
	585,812,699	415,135,337
10.2 Advance, deposit & prepayments		
House furnishing allowance	3,034,585	2,354,201
Temporary advance to staff & Vendor	1,931,495	8,339,574
Prepaid/Deferred Expenses	8,808,318	16,275,291
	13,774,398	26,969,066
10.3 Inventory		
VISA Plastic card	5,162,407	1,205,302
Printing Stationary	971,920	13,051
Stamps (Judicial & Non- Judicial)	92,970	300,340
	6,227,297	1,518,693
11. Borrowings from other banks, financial institutions and agents		
In Bangladesh	-	-
Outside Bangladesh	-	-
	-	-
12. Deposit and other accounts		
Current deposits accounts (Note: 12.1)	371,745,547	377,519,967
Bills payables (Note: 12.2)	179,641,450	290,943,228
Savings bank deposit accounts (Note: 12.3)	6,183,889,032	4,592,749,398
Fixed deposit accounts (Note: 12.4)	9,712,177,476	7,877,432,956
Other deposits (Note: 12.5)	115,788,173	147,092,086
	16,563,241,678	13,285,737,634
12.1 Current deposits accounts		
Corporate accounts	145,670,394	118,265,909
SME accounts	213,483,039	245,306,483
Individual	12,592,114	13,947,574
	371,745,547	377,519,967
12.2 Bills payables	179,641,450	290,943,228

	31.12.2022 Taka	31.12.2021 Taka
12.3 Savings bank deposit accounts		
Shimanto Sanchay	751,426,812	561,526,161
SMBL SHOPNO	1,848,558	942,923
SMBL Staff Salary Account	12,115,892	7,272,502
BGB Payroll Account	279,192,030	251,737,505
SMBL SND Account (Corporate)	4,442,772,124	3,146,439,948
SMBL SND Account (SME)	472,152,752	414,089,429
SMBL Payroll	24,231,715	13,912,650
SMBL Payroll Gold	45,783	-
BGB School Payroll Account	102,249,092	103,212,382
RFGD Account (USD)	8,715,231	4,432,110
BGB School PF Account	63,866,259	62,292,124
SMBL PRIVATE FOREIGN CURRENCY ACCOUNT	1,490,187	2,539,530
BGB School Gratuity Account	12,843,047	13,351,913
Shimanto Student Account	10,939,551	11,000,222
	6,183,889,032	4,592,749,398
12.4 Fixed deposit accounts		
Fixed Deposit -1M -Retail	20,090,572	51,760,633
Fixed Deposit -3M -Retail	770,510,100	355,340,917
Fixed Deposit -6M -Retail	207,632,966	202,764,150
Fixed Deposit -1Year -Retail	417,787,914	251,443,203
Fixed Deposit -2Year -Retail	33,202,330	42,365,740
Fixed Deposit -3Year -Retail	1,790,016	1,020,613
Monthly Interest bearing FDR- Asthai Obsor	290,180,296	309,025,950
Fixed Deposit -1M -Corporate	20,828,370	34,731,555
Fixed Deposit -3M -Corporate	2,686,449,950	1,666,338,061
Fixed Deposit -6M -Corporate	1,194,866,204	712,782,120
Fixed Deposit -1Year -Corporate	1,820,409,117	2,137,593,787
Fixed Deposit -2Year -Corporate	20,284,362	7,395,225
Fixed Deposit -3Year -Corporate	127,311,331	120,112,291
Special Fixed Deposit for 89 days - Corporate	1,499,759,262	1,556,156,556
Shimanto DPS	369,778,001	277,830,364
Shoinik Bhabiswat	5,630,100	4,200,000
Shimanto Student DPS	12,495,992	8,463,467
Fixed Deposit -1M -SME	8,590,885	8,375,873
Fixed Deposit -3M -SME	130,838,745	51,635,101
Fixed Deposit -6M -SME	37,199,835	29,797,378
Fixed Deposit -1Year -SME	33,541,127	44,999,973
Fixed Deposit -2Year -SME	3,000,000	3,300,000
	9,712,177,476	7,877,432,956
12.5 Other deposits		
Margin on L/C	41,906,187	73,717,691
Margin on BG Local - Corporate	12,649,074	10,577,646
Margin on SG - SME	2,134,512	3,332,687
Margin on Other Guarantee	1,802,698	-
Provision for Gratuity	-	-
Advance Fund - Ria	769,352	954,816
OD in Positive Balance	-	397
Advance Deposit-Xpress Money	-	237,280
Security Deposit-Xpress Money	-	421,000
Consolidated Prepaid Card Account	1,944,714	1,155,502
BB Fund for Corporate Refinancing	28,730,032	25,026,448
BB Fund for Agricultural Refinancing	20,130,000	27,615,000
Advance Fund - Cash Incentive for Inward Remittance	-	(16,203)
Advance Fund- Agrani Remittance House SDN BHD- Malaysia	300,125	-
Security Deposit Held from Vendor	5,421,479	4,069,822
	115,788,173	147,092,086



	31.12.2022 Taka	31.12.2021 Taka
12.6 Maturity analysis of deposits and other deposits		
Repayable – on demand	5,583,590,234	4,378,624,187
– within 1 month	1,316,983,797	1,124,548,552
– over 1 month but within 3 months	5,087,558,057	3,629,470,635
– over 3 months but within 1 year	4,001,617,460	3,688,406,561
– over 1 year but within 5 years	567,862,031	460,487,700
– over 5 years	5,630,100	4,200,000
	16,563,241,678	13,285,737,634
12.7 Sector-wise break up of deposits and other accounts		
Autonomous & Semi-Autonomous Bodies	8,579,367,978	7,862,763,930
Other Non-financial Corporations- Private	3,376,598,706	1,937,428,921
Private	4,607,274,995	3,485,544,783
	16,563,241,678	13,285,737,634
13. Other liabilities		
Accumulated provision against loans and advances (Note 13.1)	234,342,596	183,434,640
Special General Provision- COVID-19 (Note 13.7)	17,020,197	25,407,312
Provision for current tax (Note 13.2)	652,167,449	509,957,624
Accounts payable -Interest payable	112,276,756	106,894,286
ATM settlement (NPSB/Q-Cash) payable	16,876,566	16,441,219
Accrued expenses	32,317,083	38,525,876
Excise duty payable	16,122,555	13,355,351
Tax payable (At source)	13,903,782	7,897,489
VAT payable	4,921,061	3,057,940
Deferred tax liability (Note 13.3)	-	-
POS settlement account payable	376,815	189,772
BACH clearing charge payable	(221,735)	(246,769)
EFTN Outward Adjustment	(96,736)	708,221
Sundry Creditors	3,240,347	7,413,481
Transactional Accounts	1,108,491	414,453
School Fees Payable Account	450,129	466,232
Provision for off balance sheet items (Note 13.4)	5,782,822	6,106,512
Payable to ADC Vendor	1,935,406	584,615
Charge Back Local	178,500	-
MFS Payable	1,658,934	1,235,375
Interest Suspense Account (Note 13.5)	8,907,554	4,835,843
CIB Payable	1,113,790	575,850
Provision for Start-up Fund (Note 13.6)	5,717,033	-
Provision for diminution value of Investment	2,095,683	-
	1,132,195,078	927,255,320

		31.12.2022 Taka	31.12.2021 Taka
13.1 Accumulated provision against loans and advances			
<u>The movement in specific provision for bad and doubtful debts</u>			
Opening balance		84,371,294	2,541,314
Fully provided debts written off during the year	(-)	-	-
Recovery of amounts previously written off	(+)	-	-
Specific provision made during the year	(+)	146,659,497	86,971,293
Transferred to general provision of loans and advances	(-)	(154,349,095)	(5,141,313)
Transfer from general reserve	(+)	-	-
Recoveries and provision no longer required	(-)	-	-
Net charge to Profit and Loss Account	(+)	-	-
Net Additional During the year		(7,689,597)	81,829,980
Closing Balance		76,681,696	84,371,294
Total provision on classified loans and advances		76,681,696	84,371,294
<u>On unclassified loans</u>			
Opening Balance		99,063,346	82,277,844
Opening Balance-Provision for Mutual Fund		-	600,000
Transfer to Mutual Fund provision to General Provision	(+)	-	600,000
Transfer from specific provisions	(+)	-	-
Transfer from general reserve	(-)	(285,701,228)	(19,801,591)
General provision made during the year	(+)	344,298,782	35,387,093
Net Additional During the year		58,597,554	16,185,502
Balance at the year ended		157,660,900	99,063,346
Total provision on un-classified loans and advances		157,660,900	99,063,346
Total provision on loans and advances		234,342,596	183,434,640
Provision for			
	Required	Maintained	Maintained
Un-classified loans and advances	157,156,246	157,660,900	99,063,346
Classified loans and advances	75,247,860	76,681,696	84,371,294
	232,404,106	234,342,596	183,434,640
13.1.1 Details of provision for loans and advances			
		Required	Required
General Provision		157,156,246	98,169,123
Standard		156,768,563	97,463,681
Special Mention Account		387,683	705,442
Specific Provision		75,247,860	83,915,029
Substandard		6,537,152	3,619,386
Doubtful		8,191,436	2,228,579
Bad/Loss		60,519,273	78,067,064
13.2 Provision for current tax			
Opening Balance		509,957,624	356,661,372
Provision made during the year		142,209,825	159,504,988
Less: Income Tax Settlement of 2016		-	3,087,054
		142,209,825	156,417,934
		652,167,449	513,079,306
Less: Settlement made during the year		-	3,121,682
		652,167,449	509,957,624



13.3 Deferred tax liability

Temporary timing difference in written down value of fixed asset

Carrying amount of fixed assets

Tax base

Taxable Temporary difference

Tax rate

Deferred tax liability/Assets

Opening deferred tax liability/Assets

Deferred tax expense/ (income)

	31.12.2022 Taka	31.12.2021 Taka
Carrying amount of fixed assets	232,196,270	211,139,918
Tax base	257,706,917	239,708,688
Taxable Temporary difference	(25,510,647)	(28,568,770)
Tax rate	40.00%	40.00%
Deferred tax liability/Assets	(10,204,259)	(11,427,508)
Opening deferred tax liability/Assets	(11,427,508)	(4,977,231)
Deferred tax expense/ (income)	1,223,249	(6,450,277)
	(10,204,259)	(11,427,508)

Deferred tax asset/(liability) has 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

Add: Addition during the year

Less: Transfer during the year

Opening balance	6,106,512	3,889,589
Add: Addition during the year	7,265,804	2,216,923
Less: Transfer during the year	(7,589,494)	-
	5,782,822	6,106,512

The Bank has made a provision of Tk 57,82,82,033 @ 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. 5,782,822 is deemed sufficient on requirement and will be treated as Supplementary Capital of the Bank.

13.5 Interest suspense account

Balance at 01 January

Transfer during the year (+)

Recovery during the year (-)

Waiver during the year

Write off during the year (-)

Balance at 31 December

Balance at 01 January	4,835,843	572,854
Transfer during the year (+)	22,086,777	5,283,870
Recovery during the year (-)	(18,015,066)	(1,020,881)
Waiver during the year	-	-
Write off during the year (-)	-	-
Balance at 31 December	8,907,554	4,835,843

13.6 Provision for Start-up Fund

Provision held at the beginning of the year

Addition for the year 2020

Addition for the year 2021

Addition for the year 2022

Provision held at the beginning of the year	-	-
Addition for the year 2020	2,010,374	-
Addition for the year 2021	1,400,967	-
Addition for the year 2022	2,305,692	-
	5,717,033	-

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

13.7 Special General Provision- COVID-19

Opening balance

Adjustment during the year

Addition during the year

Net Additional during the year

Closing Balance

Opening balance	25,407,312	11,035,000
Adjustment during the year	(8,387,115)	(5,691,688)
Addition during the year	-	20,064,000
Net Additional during the year	(8,387,115)	14,372,312
Closing Balance	17,020,197	25,407,312

	31.12.2022 Taka	31.12.2021 Taka
14. Share Capital		
14.1 Authorised Capital		
1,000,000,000 ordinary shares of Taka 10 each	10,000,000,000	10,000,000,000
14.2 Issued, Subscribed and Paid-up Capital		
438,000,000 ordinary shares of Taka 10 each issued for cash	4,380,000,000	-
428,480,000 ordinary shares of Taka 10 each issued for cash	-	4,284,800,000
	4,380,000,000	4,284,800,000

14.2.1 Bonus Issue

On 21st June 2022, 2.22% stock dividend approved by the shareholders in its 6th Annual General Meeting of the Bank. The stock dividend was distributed on 30 June 2022 accordingly.

14.3 Percentage of shareholding

Particulars	As at 31 December 2022		31.12.2021 % of Holdings
	Capital	% of Holdings	
Sponsors and public	4,380,000,000	100	100
Government	-	-	-
	4,380,000,000	100	100

14.4 Classification of shareholders by holding

			% of total holding 31.12.2021
Upto 500	9	0.000020%	0.000020%
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 2022

Name of the Director	Status	31.12.2022 No of Share	31.12.2021 No of Share
BGB Welfare Trust	Sponsor	437,999,991	428,479,991
Maj Gen Shakil Ahmed, SPP, nswc, afwc, 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 Ali Reza Mohammad Ashaduzzaman, ndc,	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	1
		438,000,000	428,480,000

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.



	31.12.2022 Taka	31.12.2021 Taka
Tier - I Capital (going concern capital)		
Common Equity Tier 1 Capital (CET 1)		
Paid up capital	4,380,000,000	4,284,800,000
Statutory reserve	300,549,312	225,748,860
Surplus in profit and loss account/ Retained earnings	152,165,969	97,314,266
Regulatory Adjustment	(10,204,259)	-
Total Common Equity Tier 1 Capital (CET 1)	4,822,511,022	4,607,863,126
Additional Tier 1 Capital (AT 1)	-	-
(i) Total Tier - I Capital	4,822,511,022	4,607,863,126
Tier - II Capital (gone concern capital)		
General provision including off-balance sheet exposure	180,463,920	130,577,170
Asset revaluation reserve (50%)	-	-
Revaluation reserve for HTM & HFT securities	-	6,958,797
Non-convertible subordinated bond	-	-
	180,463,920	137,535,967
Regulatory Adjustment (if any)	-	-
(ii) Total Tier - II Capital	180,463,920	137,535,967
A. Total Eligible Capital (i+ii)	5,002,974,942	4,745,399,093
B. Risk Weighted Assets		
Credit risk		
Balance sheet business	9,842,052,497	8,497,595,251
Off- balance sheet business	346,874,510	321,118,999
	10,188,927,007	8,818,714,250
Market risk	209,101,997	-
Operational risk	1,356,538,801	1,221,077,513
Total risk-weighted assets	11,754,567,805	10,039,791,763
C. Required Capital based 10% of RWA i.e Taka or 4,380,000,000 (Tk 4,284,800,000 for 2021) whichever is higher	4,380,000,000	4,284,800,000
D. Capital Surplus / (Shortfall) [A-C] (except capital conservation buffer 2.5%)	622,974,942	460,599,093
Total capital adequacy ratio (%)	42.56%	47.27%
	31.12.2022	
Capital requirement	Required	Held
Tier - I Capital (Going Concern Capital)	6.00%	41.03%
Tier - II Capital (Gone Concern Capital)	-	1.54%
Total	12.50%	42.56%

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.

	31.12.2022 Taka	31.12.2021 Taka
15. Statutory reserve		
Opening balance	225,748,860	167,735,983
Add: Addition during the year	74,800,452	58,012,877
	300,549,312	225,748,860
As per Section 24 of Banking Companies Act 1991(amended up to date), 20% of pre tax profit has been transferred to Statutory Reserve Account.		
16. Retained earnings		
Opening balance	97,314,266	140,030,415
Less: Stock dividend	95,200,000	124,800,000
Add: Profit after tax for the year	230,569,188	140,096,727
	232,683,454	155,327,142
Less: Transferred to statutory reserve	74,800,452	58,012,877
Less: Start-Up Fund for the year of 2020, 2021 & 2022	5,717,033	-
	80,517,485	58,012,877
	152,165,969	97,314,266
16.1 Other Reserves		
Opening balance	6,958,797	4,568,385
Add: Revaluation Reserve - T Bond & Bill	10,193,689	2,390,412
	17,152,486	6,958,797
17. Profit and loss account	2022	2021
	Taka	Taka
<u>Income:</u>		
Interest, discount and similar income	1,161,991,658	1,118,459,879
Investment Income	282,381,588	152,424,267
Fee, commission and brokerage	90,788,468	56,766,586
Other operating income	-	-
	1,535,161,714	1,327,650,733
<u>Expenses</u>		
Interest paid on deposits, borrowings, etc.	530,455,512	437,874,267
Auditors' fees	488,000	379,500
Administrative expenses	298,230,738	245,170,613
Other operating expenses	209,776,190	172,797,565
Depreciation and amortization on banking assets	77,916,177	66,759,685
	1,116,866,617	922,981,631
	418,295,097	404,669,102
18. Interest income		
Interest on loans and advances:		
Loans and advances	954,496,878	812,088,803
Interest on:		
Calls and placements	143,593,514	142,864,306
Balance with other Banks	58,114,965	163,506,771
Interest income from Commercial Paper	5,786,301	-
	207,494,780	306,371,076
	1,161,991,658	1,118,459,879



	2022 Taka	2021 Taka
19. Interest paid on deposits, borrowings etc.		
Interest on deposits:		
Fixed deposits	434,698,182	355,492,434
Savings deposits	95,005,840	82,119,737
Other deposits	751,490	250,151
	530,455,512	437,862,322
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	-	11,944
Subordinated Bond	-	-
	-	11,944
	530,455,512	437,874,267
20. Investment income		
Dividend on shares (Note: 20.01)	86,264,002	12,598,666
Gain from Sale of Govt. Securities	17,407,930	-
Capital Gain from Special Fund Investment	3,130,704	-
Capital Gain on Share Trading- (Regular Fund)	-	4,043,634
Income from Investment (Note: 20.02)	47,666,194	22,837,289
Interest on treasury bonds & Bills	162,232,380	127,431,897
Gain/(Loss) on treasury bills and treasury bonds	(34,319,622)	(14,487,219)
	282,381,588	152,424,267
20.01 Dividend on shares		
Dividend from Special Fund Investment	6,507,442	1,123,293
Dividend Income on Preference Share	79,571,507	11,475,374
Dividend from Capital Market (Regular Fund)	185,053	-
	86,264,002	12,598,666
20.02 Income from Bonds		
Interest on Subordinate Bond	17,319,359	7,518,140
Interest from Zero Coupon Bond	30,346,835	15,319,149
	47,666,194	22,837,289
21. Commission, exchange and brokerage		
Other fees, commission and service charges	39,849,256	25,589,228
Exchange Gain on Foreign Currencies	27,147,868	12,736,132
Income from New Projects	18,031,800	7,783,027
Commission on letters of credit	3,765,724	6,051,092
Commission on letters of guarantee	1,993,821	4,607,108
	90,788,468	56,766,586
22. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	269,137,928	215,432,436
Festival and incentive bonus	18,657,295	14,166,041
	287,795,223	229,598,477
23. Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes (Note: 23.01)	82,334,163	82,285,997
Electricity, gas, water, etc.	10,636,174	7,875,289
Insurance	6,960,881	5,992,368
	99,931,218	96,153,654

	2022 Taka	2021 Taka
23.1 Rent, rates and taxes		
Data Center Service	3,591,500	10,566,000
Rent - Premises	73,053,156	67,000,729
Rent-ATM	2,904,907	250,818
Rent - Vehicle	2,784,600	4,468,450
	82,334,163	82,285,997
24. Legal expenses		
Legal expenses	2,837,625	2,925,375
25. Postage, stamp, telecommunication, etc.		
Telephone	663,230	524,260
Postage, stamp, Courier and shipping	1,338,052	828,929
Telex, fax, internet, wireless link, SWIFT etc.	5,495,638	6,530,324
Branch Connectivity Charges	9,177,498	8,884,646
	16,674,418	16,768,159
26. Stationery, printing, advertisements, etc.		
Printing and stationery	6,426,084	3,483,497
Publicity, advertisement, etc.	4,105,074	3,982,000
	10,531,158	7,465,497
27. Directors' fees		
Directors' fees	664,000	384,000
Meeting expenses	325,585	186,136
	989,585	570,136
Directors' fees include fees for attending the meeting of the Board, Executive Committee and Audit Committee.		
28. Auditors' fees		
Statutory Audit	488,000	379,500
29. Amortization & Depreciation and repairs of Bank's assets		
Amortization & Depreciation :		
Computer and Network equipment	18,352,749	22,340,711
Furniture & Fixture - Office	8,797,178	8,293,362
Office Equipment	11,993,856	12,558,139
Motor Vehicle	35,280	35,280
Software	7,026,140	6,445,932
Decoration & Renovation	7,671,143	7,211,692
	53,876,346	56,885,117
Repairs:		
Computer Accessories	-	770
Furniture & Fixture	9,598	65,594
Motor Vehicles	277,387	587,969
Repair & Maintenance Electricity	10,163	177,290
Computer & Network Equipment	1,248,000	609,650
Building & Decoration	532,603	866,213
IT Enabled Service	9,571,500	-
Software Maintenance	7,962,710	6,140,087
Equipment	898,635	270,840
	20,510,596	8,718,412



	2022 Taka	2021 Taka
Spare Parts:		
Computer, Network & Softwares	406,680	66,873
Spare Parts - Premises	373,754	-
Electricity & Lighting	354,171	-
Equipment	1,525,919	512,102
Furniture & Fixture	43,990	4,720
Motor Vehicles	824,720	572,462
	3,529,235	1,156,156
	77,916,177	66,759,685
30. Other expenses		
Bank Charges	8,071,879	6,664,751
Branch Opening Cost	197,256	798,548
Local Conveyance	366,050	235,817
Client Entertainment	332,969	88,545
Staff Entertainment	1,532,192	1,085,680
Meeting Expenses	326,038	186,465
Fuel & Lubricant - Vehicle	1,165,647	1,003,799
Office maintenance (Cleaning, Washing and Other items)	1,545,897	1,485,555
Training Expenses	503,418	541,746
Travelling Expenses	993,750	944,095
WEB Site Maintenances	316,689	20,798
Campaign Expenses	238,500	427,500
Fees to credit rating Agency	215,000	-
Miscellaneous Expenses	278,270	252,577
Recruitment Expenses	-	5,858
Events and Occasional Expenses	2,673,517	2,133,558
Exchange Loss on Foreign Currencies	17,814,003	7,609,302
Card Related Expenses	15,389,604	8,482,576
Excise Duty	1,453,000	1,741,000
Donations	5,525,000	4,010,000
Membership fees	1,995,060	214,396
Signboard, Vehicle & Branch Licensing related Tax	1,824,122	-
Employee Hospitalization Benefit	402,382	-
Trading Loss from Special Fund Investment	180,776	-
AGM Expense	570,943	235,742
Expense For new Projects	2,343,384	744,075
Contractual Services (Vehicle Expenses)	13,546,426	10,572,497
	79,801,772	49,484,881
31. Provision against loans and advances		
On un-classified loans	49,886,749	32,774,737
On classified loans	(7,689,597)	81,829,980
Provision for diminution value of Investment	2,095,683	-
	44,292,835	114,604,717

(Note: 31.1)

	2022 Taka	2021 Taka
31.1 Un-classified loans		
General Provision	58,597,554	16,185,502
Off balance sheet itemss	(323,690)	2,216,923
COVID-19 provision	(8,387,115)	14,372,312
	49,886,749	32,774,737
32. Appropriations		
Retained earnings - brought forward	97,314,266	140,030,415
Less: Stock dividnt	95,200,000	124,800,000
Less: Start-Up Fund for the year of 2020, 2021 & 2022	5,717,033	-
Add: Net profit after tax for the year	230,569,188	140,096,727
	226,966,420	155,327,142
Transferred to		
Statutory reserve	74,800,452	58,012,877
General Fund	-	-
	74,800,452	58,012,877
Retained earnings	152,165,968	97,314,266
33. Earnings Per Share (EPS)		
Profit after taxation	230,569,188	140,096,727
Number of ordinary shares outstanding	438,000,000	428,480,000
Earnings Per Share	0.526	0.327
Bonus fraction	-	0.007
Earnings Per Share (EPS) [Restated: 2021]	0.526	0.320
Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2022 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 2022.		
34. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	162,232,380	155,504,088
Gain/(Loss) on treasury bills and treasury bonds	(34,319,622)	(14,487,219)
	127,912,758	141,016,869
35. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	99,931,218	96,153,654
Postage, stamps, telecommunication, etc.	16,674,418	16,768,159
Stationery, printing, advertisement, etc.	10,531,158	7,465,497
Repairs of Bank's assets	20,510,596	8,718,412
Legal expenses	2,837,625	2,925,375
Auditor's fees	488,000	379,500
Directors' fees	989,585	570,136
Other expenses	79,801,772	49,484,880
	231,764,372	182,465,613



36. Highlights of the overall activities of the Bank

Sl #	Particulars	2022 Taka	2021 Taka
1	Paid-up capital	4,380,000,000	4,284,800,000
2	Total capital	4,849,867,767	4,614,821,923
3	Capital surplus	622,974,942	460,599,093
4	Total assets	22,545,304,523	18,827,814,878
5	Total deposits	16,563,241,678	13,285,737,635
6	Total loans and advances	12,531,846,451	10,047,395,543
7	Total contingent liabilities and commitments	578,282,033	610,651,229
8	Credit-deposit ratio	75.66%	75.63%
9	Profit after tax and provision	230,569,188	140,096,727
10	Provision kept against classified loans	75,247,860	83,915,029
11	Cost of fund	7.45%	7.06%
12	Interest earning assets	20,402,322,423	16,938,994,514
13	Non-interest earning assets	2,142,982,099	1,888,820,364
14	Return on investments (ROI)	6.95%	6.31%
15	Return on assets (ROA)	1.11%	0.75%
16	Return on Equity (ROE)	5.26%	3.27%
17	Income from investments	282,381,588	152,424,267
18	Earnings per share (Restated-2021)	0.526	0.320
19	Net Income per share (Restated-2021)	0.526	0.320

Major General A K M Nazmul Hasan,
BAM, ndc, psc
Chairman

Brig Gen Ali Reza Mohammad Ashaduzzaman,
ndc, psc
Director

Brig Gen K M Azad, BPM (Seba),
PPM (Seba), psc
Director

Rafiqul Islam
Managing Director & CEO

Date: 18 April 2023

37. Related Party Disclosures

A. i) Name of the Directors and their interest in the Bank (as on 31.12.2022):

SL#	Name	Address	Designation	Number of Shares approved by the Board
1	BGB Welfare Trust	Shimanto Shomvar, Dhanmondi, Dhaka	Sponsor	437,999,991
2	Maj Gen Shakil Ahmed, SPP, nswc, afwc, psc	Director General, Border Guard Bangladesh	Chairman	1
3	Brig Gen Md Nurul Amin, PhD, MPH	Additional Director General (Med), Border Guard Bangladesh	Director	1
4	Brig Gen Md. Shazedur Rahman, BGBM	Additional Director General (Admin), Border Guard Bangladesh	Director	1
5	Brig Gen Ali Reza Mohammad Ashaduzzaman, ndc, psc	Bureau Chief, BSB, Border Guard Bangladesh	Director	1
6	Brig Gen Benazir Ahmed, BGBMS, afwc, psc	Additional Director General (HQ), Border Guard Bangladesh	Director	1
7	Brig Gen A M M Khairul Kabir, BGBMS, psc	Additional Director General (Ops & Trg) Border Guard Bangladesh	Director	1
8	Col A S M Faisal, PBGMS	Deputy Director General (Works), Border Guard Bangladesh	Director	1
9	Col Murad Zaman, PBGMS	Deputy Director General (Records), Border Guard Bangladesh	Director	1
10	Col Shafiul Azam Parvez	Deputy Director General (Comm), Border Guard Bangladesh	Director	1

438,000,000

ii) 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	Additional Director General (Med), Border Guard Bangladesh	Director	1
4	Brig Gen Md. Shazedur Rahman, BGBM	Additional Director General (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	Additional Director General (HQ), Border Guard Bangladesh	Director	1
7	Brig Gen A M M Khairul Kabir, BGBMS, psc	Additional Director General (Ops & Trg) Border Guard Bangladesh	Director	1
8	Col A S M Faisal, PBGMS	Deputy Director General (Works), Border Guard Bangladesh	Director	1
9	Col Murad Zaman, PBGMS	Deputy Director General (Records), Border Guard Bangladesh	Director	1
10	Col Md Aminul Hoque, SUP, afwc, psc	Deputy Director General (Comm), Border Guard Bangladesh	Director	1

428,480,000



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

SL#	Name	Address	Designation	% of interest
1	BGB Welfare Trust	Shimanto Somvar, Dhanmondi, Dhaka	Sponsor	99.9999980%
2	Major Genrl 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	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 31.12.2022)

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	Maj Gen Shakil Ahmed, SPP, nswc, afwc, 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 Ali Reza Mohammad Ashaduzzaman, ndc, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
6	Brig Gen Benazir Ahmed, BGBMS, afwc, psc, MPhil	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
7	Brig Gen A M M Khairul Kabir, BGBMS, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
8	Col A S M Faisal, PBGMS	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
9	Col Murad Zaman, PBGMS	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A
10	Col Md Aminul Hoque, SUP, afwc, psc	Border Guard Bangladesh; BGB Welfare Trust	Director	N/A

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

vi) Related party Transactions:

During the year ended 31 December 2022, the Bank has transaction with the following organizations in which the directors had interest:

Name of the Company/Person	Name of the relationship	Nature of the transaction	Amount of Transaction made during the year	
			2022	2021
BGB Welfare Trust	Common Director	Stock Dividend	95,200,000	124,800,000

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

SL	Name of Director	Type of Facility	Limit (BDT)	Loan Outstanding in BDT as at 31.12.2022	Loan Outstanding in BDT as at 31.12.2021
1	Major General Md Shafeenul Islam, BGBM (BAR), ndc, psc	SMBL Shimanto	20,000,000	19,794,721.74	10,249,442
		Credit Card	1,000,000	-	817,280
2	Brig Gen Benazir Ahmed, BGBMS,	Credit Card	1,000,000	-	2,924

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

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

37.1 Events after the Reporting Period

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

- Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- Non-adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the event after the reporting period:

The Board of Directors in its 60th Board meeting held on 25th May 2023 has proposed 3.42% dividend stock dividend subject to the approval of Bangladesh Bank and of the Shareholders at the next Annual General Meeting of the Bank.

Shimanto Bank Limited
Schedule of Fixed Assets
As at 31 December 2022

Annexure-A



Particulars	Computer & Network	Software	Furniture and Fixtures	Office Equipment	Motor Vehicle	Decoration & Renovation	Total
Cost/ Revaluation							
Balance as at 01 January 2022	130,075,744	44,705,633	89,356,604	93,162,197	176,400	77,334,888	434,811,466
Addition during the year	40,508,568	21,661,613	4,280,915	3,904,988	-	4,576,615	74,932,699
Less: Disposal/Adjustment during the year	-	-	-	-	-	-	-
As At 31 December 2022	170,584,312	66,367,246	93,637,519	97,067,185	176,400	81,911,502	509,744,165
Accumulated Depreciation							
Balance as at 01 January 2022	94,637,809	39,763,570	24,133,525	45,700,355	97,020	19,339,269	223,671,548
Addition during the year	18,352,749	7,026,140	8,797,178	11,993,857	35,280	7,671,143	53,876,347
Less: Disposal/Adjustment during the year	-	-	-	-	-	-	-
As At 31 December 2022	112,990,558	46,789,710	32,930,702	57,694,213	132,300	27,010,412	277,547,895
Written Down Value as at 31 December 2022	57,593,754	19,577,536	60,706,817	39,372,972	44,100	54,901,090	232,196,270
Written Down Value 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



Shareholders' Note :

A series of horizontal dashed lines provided for shareholders to write their notes or comments.



SHIMANTO BANK LIMITED

শিমন্ত প্রাচীর লিমিটেড
শিমন্তীন ঞাঙ্গা

Head Office & Registered Office

Shimanto Shamvar (7th Floor), Shimanto Square
Road No- 2, Bir Uttam M A Rob Sarak
Dhanmondi, Dhaka-1205, Bangladesh.
☎ +8809612-880000 📞 16790
✉ information.desk@shimantobank.com
🌐 www.shimantobank.com

