



ANNUAL REPORT 2021



সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিঃ



 9th

Annual General Meeting (AGM) of South Bangla Agriculture and Commerce Bank Limited will be held on June 23, 2022, through online (virtual platform), organised from Head office of the Bank, BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000.

South Bangla Agriculture and Commerce (SBAC) Bank Limited started its journey in 2013 with a vision to be the most customer-friendly and trustworthy. The journey with a uniquely qualified leadership and a firm capital base of BDT 4089.6 million along with timeless service excellence elevated us to a capital position of BDT 7,846.46 million. Basing on a rock-solid capital foundation, our highly talented workforce has enabled us to offer our customers a wide array of differentiated financial solutions. Our unparalleled leadership, remarkable client-base and hardworking workforce have led us to achieve a robust business growth with a balance sheet size of BDT 97,813.75 million (consolidated) & 98,172.32 million (solo) with operating profit of BDT 2,004.03 million (consolidated) & 1,995.77 (solo). We have an extensive branch network of 84 branches & 23 Sub-branches (as on April 2022). To boost up our financial strength further, we have already been listed at Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). As one of this country's new generation and fastest growing banks, we offer our customers innovative financial solutions, modern technology based products and services for businesses as well as individuals. We are striving to keep our customers' stake protected by leading-edge security protocols and practices. All our efforts to ensure a continuous and steady growth has borne a series of successes which include deploying a world class Core Banking System and implementing all Central Bank initiated projects (BACPS, BEFTN, Online CIB, go AML etc.) within the shortest time. To run with the pace of financial digitalization we have already launched our apps-based digital wallet "Banglapay" with some unique features. We are here to deliver the latest as well as diversified financial services at the doorstep of the customers. As part of our service diversification efforts, we have opened 10 nos. of Islamic banking windows at selective branches alongside our conventional banking to exploit the opportunity offered by the enormous popularity of shariah-based banking around the country. Moreover, the bank has established a subsidiary naming 'SBAC Bank Investment Limited' as a market intermediary to harvest the opportunity from booming capital market. We also have started the agent banking operation as part of our plan to reach the remotest corner with the banking services to achieve our financial inclusion goal. Furthermore, the bank has commenced its off-shore banking operations through a well-functioning off-shore banking unit (OBU). We have set up a goal of steady expansion ensuring the best customer services with reliable financial offerings and accordingly have drawn the strategic plan to achieve that goal. We are committed to the highest level of ethical standard, where top priority is given in ensuring the best product diversification and rendering the most delightful service as a team with state of the art technology. Altogether with all our wistful efforts SBAC Bank Ltd. is firmly committed to uphold the stakeholders' interests protected.

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

এসবিএসি ইসলামিক ব্যাংকিং সেবায় আপনাকে স্বাগতম



সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স (এসবিএসি) ব্যাংক লিমিটেড-এর
নিম্নোক্ত শাখাসমূহের উইডোতে
ইসলামী শরিয়াহভিত্তিক ব্যাংকিং সেবা প্রদান করা হয়:



ইসলামিক ব্যাংকিং ডিভিশন

সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিঃ

বিএসসি টাওয়ার (১১তলা), ২-৩ রাজউক এভিনিউ, মতিঝিল বা/এ, ঢাকা-১০০০



Chapter 01

PRELIMINARY



Letter of Transmittal

All Shareholders of South Bangla Agriculture & Commerce Bank Ltd.
Registrar of Joint Stock Companies & Firms (RJSC)
Bangladesh Bank
Bangladesh Securities & Exchange Commission (BSEC)

Subject: Annual Report 2021 of South Bangla Agriculture & Commerce Bank Ltd.

Dear Sir/Madam (s),

Reference to the above, we enclose herewith copy (ies) of Annual Report 2021 of South Bangla Agriculture & Commerce Bank Limited along with the Audited Financial Statements as on 31st December 2021. This report includes Balance Sheet, Income Statement, Cash Flow Statement, Liquidity Statement, Statement of Changes in Equity and Notes to the Financial Statements thereon and other disclosures of South Bangla Agriculture & Commerce Bank Limited as per provision of laws of the country.

This is for your kind information and ready reference.



Md. Mokaddess Ali FCS
Executive Vice President &
Company Secretary





Notice of the 9th Annual General Meeting

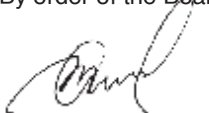
Notice is hereby given to all Members of South Bangla Agriculture & Commerce Bank Limited (the "Company") that the 9th Annual General Meeting of the Members of the Company will be held at 3:00 PM on Thursday, June 23, 2022, online (virtual platform), organised from Head office, South Bangla Agriculture and Commerce Bank Limited, BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000, to transact the following business and adopt necessary resolutions:

AGENDA:

1. To receive, consider and adopt Directors' Report, Auditor's Report and the Audited Financial Statements of the Company for the year ended December 31, 2021.
2. To declare dividend out of the Profits for the year ended December 31, 2021.
3. To appoint Auditors of the Company for the term until the conclusion of the next Annual General Meeting and to fix their remuneration.
4. To elect Directors in place of those who shall retire in accordance with the provisions of the laws and the Articles of Association of the company.
5. To appoint practicing Professional Accountant or Secretary for certification on compliance of the Corporate Governance Code.
6. To approve the appointment of Independent Director.
7. To intimate expenditure regarding vehicles of Bank's pool.

Dhaka
Date: 01.06.2022

By order of the Board


Md. Mokaddess Ali FCS
Executive Vice President &
Company Secretary

NOTES:

- The 'Record Date' in lieu of Book Closure: **May 29, 2022**. The Shareholders whose names appear in the Members Register of the Company under CDS on Record Date (May 29, 2022) will be eligible to attend the 9th AGM and be qualified to receive Cash Dividend (if any); and the Record date of Stock Dividend (if any) will be notified later subject to approval of the Bangladesh Securities & Exchange Commission (BSEC).
- A member entitled to attend and vote at the AGM may appoint a proxy to attend the meeting and take part in the proceedings thereof on his/her behalf. The scanned copy of "Proxy Form", duly signed and affixed with BDT 20 revenue stamp must be sent through email to Bank's board division at cs@sbacbank.com / deposited at the Registered Office of the Bank no later than 72 hours before commencement of the AGM;
- The meeting will be held online through digital platform as per Notification No. BSEC/CMRRCD/2009-193/08, dated: March 10, 2021 of BSEC. The shareholders will join the virtual AGM through the link <https://sbacbank.bdvirtualagm.com> which will be conducted using digital platform. In order to login into the system, the shareholders need to put their 16-digit Beneficial Owner (BO) Number and other credentials as a proof of their identity. The shareholders will be able to submit their questions/comments electronically before 24 (twenty-four) hours of commencement of the AGM through above link and also during the Annual General Meeting. Link of the meeting and login details will be notified to the respective Member's email address and by SMS;
- Full login/participation process for the Digital Platform meeting will also be available in the Bank's website: <http://www.sbacbank.com>;
- The Online (real time) or e-voting option shall be opened before 25 hours prior to start of general meeting and shall remain open up to the closure of general meeting;
- Members whose email addresses have been updated/changed in the meantime, are requested to email us at cs@sbacbank.com mentioning their full name, BO ID, email address and mobile number to get the digital platform meeting invitation;
- Pursuant to the Bangladesh Securities & Exchange Commission Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, we have already sent the Annual Report-2021 of the Bank, Proxy Form and Notice of the 9th AGM in soft form to the e-mail of the shareholders available in their Beneficial Owners (BO) accounts maintained with the Depository Shareholders may also collect the printed copy of the Annual Report-2021 from the registered address of the Bank. Soft copy of the Annual Report-2021, Notice of 9th AGM and Proxy Form will also be available at the website of the Bank: <http://www.sbacbank.com>;
- Concerned Depository participants (DP)/Merchant Banks are requested to provide us with a list of their margin loan holders who hold SBAC Bank shares, as on record date with the details of Shareholders' name, BO ID, shareholding position, cash dividend receivable, tax rate etc. (in MS Excel format), within June 12, 2022, along with the name of the contact person to the Share Department of the company and also soft copy of the same cs@sbacbank.com for facilitating payment of Cash Dividend. The DP/ Stock Brokers are requested to provide us with their Bank Account name & number, routing number etc. for receiving the dividends of their margin loan holders.

Highlights of previous Annual General Meetings



8 th Annual General Meeting		7 th Annual General Meeting		6 th Annual General Meeting	
Time	3:30 PM	Time	11:00 AM	Time	4:00 PM
Date	21-10-2021	Date	18-08-2020	Date	23-05-2019
Place	Online (virtual platform), organized from Head office, SBAC Bank Ltd.	Place	Online (virtual platform), organized from Head office, SBAC Bank Ltd.	Place	The Sky Ballroom, Le Meridian Dhaka, Dhaka.
Participants	401	Participants	38	Participants	41
Agenda Type	Ordinary	Agenda Type	Ordinary	Agenda Type	Ordinary

Note: Disclosures made under standard 18 of the Bangladesh Secretarial Standard (BSS) 2: Secretarial Standard on General Meetings



Chapter 02

ABOUT US



Managing Director and Additional Managing Director of National Credit Corporation Ltd. Mr. Ahmed rendered his amazing services at many diversified banks and financial institutions with remarkable successes & noteworthy achievements through his long banking career. During his long banking career he has served in specialized capacities at various Private Commercial Banks. Mr. Ahmed served in Jamuna Bank Ltd. as Deputy Managing Director, in the City Bank Ltd. as Senior Executive Officer. He has served in different capacities in the City Bank Ltd., State Bank of Bangladesh, and Leasing Company Limited. He participated at a number of forums, seminars and workshops at home and abroad (UK, New Delhi, Netherlands, Malaysia).

His wide range and invaluable experience in banking & economics had established him in several companies as well. Mr. Ahmed had served as Director in the Board of Directors of Jamuna Bank Merchant Bank Ltd., NCC Bank Securities Limited, NCC Bank Ltd., Venture Investment Partners Bangladesh Ltd., BCR, Rating Company Bangladesh Limited, Fulham, besides his extraordinary knowledge & skills in business leadership & management he also showed his unparalleled erudition as a visiting faculty member of Asian University of Bangladesh, Islamic University of Bangladesh, and Danubius University in his academic life. Mr. Musleh Uddin Ahmed is an example of diligence and scholar, who achieved his Masters of Business Administration from the Institute of Business Administration (IBA) of University of Dhaka, which is the first institute for Business Studies & Administration in the country. He completed his B.Sc. in Engineering from Rajshahi University of Engineering & Technology (RUET) and Diploma in Computer Science. In his Social life, he has a significant involvement with social and welfare activities through different socio-economic organizations, and he also has gathered knowledge on socio-cultural variations & its implications on business and economics through visits to various countries around the globe. He is a life member of Institute of Business Administration (IBA), and member of The Institution of Engineers Bangladesh, and Bangladesh Computer Society. He visited USA, UK, Netherlands, Italy, Germany, Switzerland, Belgium, France, Philippines, Singapore, Thailand, Qatar, Bahrain, Kuwait, Dubai, Oman, Moscow, Malaysia, Hong Kong, India, Nepal, Bhutan, Maldives, Myanmar, Saudi Arabia. Mr. Musleh Uddin Ahmed is a man of ethics having moral values and unique personality full of strong desire for success at all stages of life.



Corporate Information

Name of the Company	South Bangla Agriculture and Commerce Bank Limited.
Legal Form	A public limited (Publicly Listed) company incorporated in Bangladesh on 20th February 2013 under the Companies Act 1994.
Date of incorporation	20th February 2013.
Date of Commencement of Business	20th February 2013.
Nature of Business	Banking, a Scheduled Private Commercial Bank licensed under Bank Company Act 1991 (amended up to 2018)
Head Office (Registered)	BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000
Phone	+88 02 223357207-11
Routing No	270270002
Fax No.	+88 02 223357212
SWIFT	SBACBDDH
Website	www.sbacbank.com
Chairman	Mr. Abdul Kadir Molla
Managing Director & CEO	Mr. Mosleh Uddin Ahmed
Company Secretary	Mr. Md. Mokaddess Ali FCS
Auditors	Hoda Vasi Chowdhury & Co., Chartered Accountants
Tax Consultants	Islam and Co., Chartered Accountants
Legal Consultant	Bhuiyan Islam and Zaidi.
No. of Branches	84 (As on April, 2022)
No. of Sub Branches	23 (As on April, 2022)
No. of Authorised Dealer	07
No. of Offshore Bank	01
No. of ATM Booth	49 (As on April, 2022)
No. of Employees	996 (As on April, 2022)
Stock Summary	
Authorized Capital	Tk. 10,000 million
Paid up Capital	Tk. 7,846.46 million (as on 31-12-2021)
Face Value per Share	Tk. 10





Our Vision & Mission

Our Vision

To be a Leading-edge Bank exploring inclusive financial ecosystem by connecting individuals, corporate & communities maintaining high standards of governance, ethics and creating value for our stakeholders.



Our Mission

- Ensure the best-run, customer-focused, integrated financial environment with a unique and inclusive employee culture.
- Ensure work efficiency, capital adequacy, asset quality and sound management.
- Deliver service excellence to all segments of customer.
- Provide personalized services to women entrepreneurs, agro, SME & MSMEs for sustainable growth.
- Protect the interest of the society by fulfilling corporate social responsibilities.



Commitments

SBAC Bank Ltd. is committed to be a source of positive impact for our people, our customers and the communities in which we do business. A number of core values embodies the way in which the Bank employees work together to deliver effective results for our customers and community.

Compliance Culture:

Good governance is the backbone of any organization. Compliance is the prerequisite to establish good governance. In South Bangla Agriculture and Commerce Bank Limited, we believe in compliance Culture. 'Compliance first; profit is its logical consequence' with this motto the Bank is moving forward to accomplish the organizational goal.

Client Focus:

Bank is mainly a service oriented organization. To meet the need of customer with satisfactory service, we adopted modern technology based Core Banking Solution. Our clients are at the center of our activities and their satisfaction is our ultimate objective. Our success is dependent on our ability to provide the best products and services to our clients; we are committed to help our clients achieve their goals.

Hard Work:

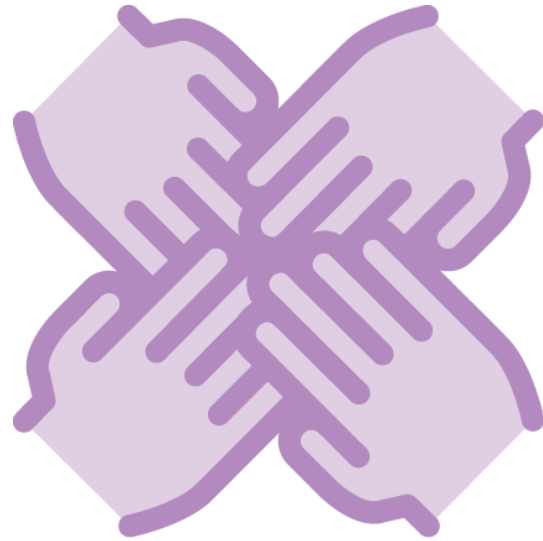
Discipline and perseverance govern our actions so as to achieve outstanding results for our clients and outstanding returns for our stakeholders. Service excellence guides our commitment to our clients. We work with our clients to reach their current goals while anticipating and planning for their future objectives.

Transparency:

We value open and clear communications which develop confidence and trust for our customers, shareholders and employees.

Integrity:

We believe in the highest standards of personal and professional ethics in all aspects of our business. We comply fully with the letter and spirit of the laws, rules and practices that govern SBAC Bank's business. We say what we do and do what we say.



Innovation:

Since our inception, the Bank believes innovation is a core competitive advantage and promotes it accordingly. We strive to lead the financial services industry to a higher level of performance in serving the millions of our people who are still under privileged or unbanked.

Teamwork:

We ensure access to information openly within the stakeholders of the Bank. We believe in Total Quality Management (TQM) within the Bank. We value and respect one another's cultural backgrounds and unique perspectives.

Respect to the Individual:

We respect the individual whether an employee, a client, a shareholder or a member of the communities in which we live and operate. We treat all with dignity and respect and take reasonable time to answer queries and respond to concerns. We firmly believe that each individual must feel free to make suggestions and offer constructive criticism. SBAC Bank is a meritocracy, where all employees have equal opportunity for development and advancement based only on their merits.





Management Philosophy

- **Growing Together with Our Customers:**

Our bank has been sharing this philosophy as a starting point for all of our business activities since its formation. We believe that the creation and provision of new values based on customers' perspectives will strengthen the relationship of mutual trust between our customers and the Bank, and become a source of mutual development.

- **Contribute to the national and global community through our business:**

Our Bank recognizes that contributing to "State of the Art System based Services" to our customers throughout the world leads to the development not only of local communities, but also the international community as a whole, and we conduct our business activities with the aim of providing the highest quality of solutions in each area of operations.

- **Develop human resources for creative and challenging activities:**

Rather than being contented with the present situation, we are constantly in search of new and better ideas to put into action in order to improve and enhance our business activities. This is the basic philosophy of human resources development of the bank and we believe that the Bank's unique corporate culture will be further developed by the continuation of practicing this philosophy.

- **Maintain sound Corporate Culture based on high ethics and fairness:**

We promote transparency and excellence and we comply with Provisions of Laws in the Bank's management and in all aspects of its business activities and strive to further enhance its corporate value while conducting sound activities. We believe in ethical values, due diligence and good governance as a whole.

- **Take good care of people and the Planet:**

By treating our stakeholders (such as shareholders, customers, business partners, employees and local residents) and the global environment with respect, we strive to continue to be a good company for both people and the earth.

Milestones

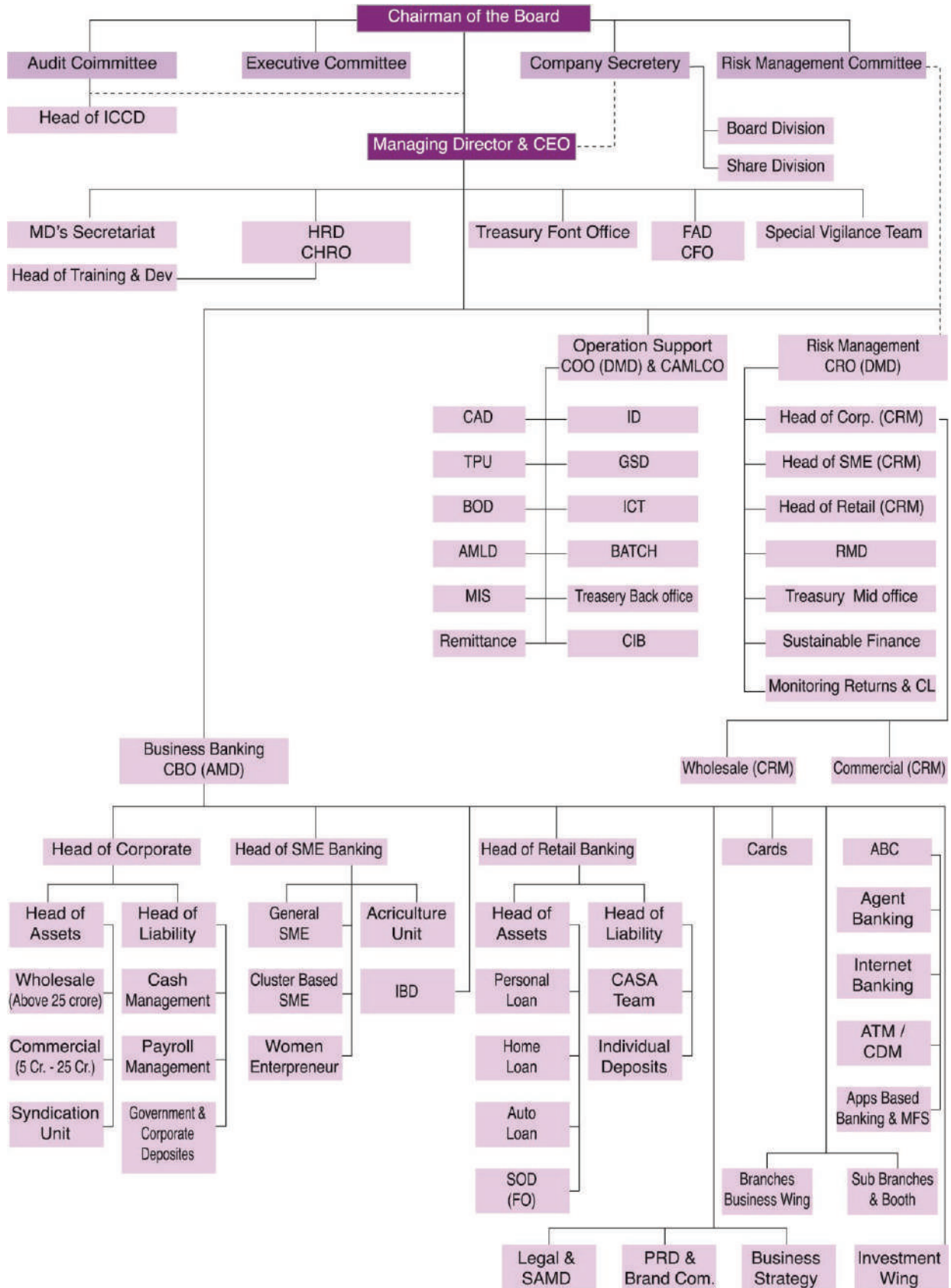
SL. No.	Event Issue	Date
1	Letter of Intent	17/04/2012
2	Certificate of Incorporation	20/02/2013
3	Certificate for Commencement of Business	20/02/2013
4	License Issued by Bangladesh Bank favoring South Bangla Agriculture & Commerce Bank Ltd.	25/03/2013
5	Inclusion of SBAC Bank in Bangladesh Gazette	31/03/2013
6	Enlistment as Scheduled Bank	01/04/2013
7	Inauguration of Head Office	03/04/2013
8	Inauguration of Principal Branch	28/04/2013
9	Obtaining Foreign Currency Transactions License (Head Office & Principal Branch)	13/05/2013
10	Inauguration of SWIFT Operation	04/08/2013
11	Inauguration of BACPS & BEFTN Operation	20/11/2013
12	Opening of First Nostro Account	22/05/2013
13	Live ATM and Card Operation	09/03/2014
14	1 st AGM held on	31/03/2014
15	Establishment of Trade Processing Unit	01/07/2014
16	Joining the National Payment Switch Bangladesh (NPSB)	01/10/2014
17	Commencement of wage earners' Foreign Remittance Services	20/07/2014
18	Obtained Letter of Appreciation, awarded by Bangladesh Bank	4/12/2016
19	Obtained Patel Award of Sardar Patel Trust, Gujrat India	23/09/2016
20	Agreement on Green Transformation Fund for Export oriented Textile & Textile Products, Leather manufacturing industries and Jute products	09/02/2017
21	The Bank has achieved "Grade A" for Successful implementation of National Integrity Strategy Action plan for the Quarter April-June, 2017	30/06/2017
22	Establishment of South Bangla Agriculture and Commerce Bank Foundation	26/11/2017
23	Signing Agreement with JICA for "Two Step Fund of Foreign Direct Investment Promotion Project (FDIPP) BD-P86"	14/02/2018
24	Inauguration of App-based Banking 'Banglapay'	16/12/2018
25	Obtained License of Off-shore banking Unit (OBU) from Bangladesh Bank	15/07/2020
26	Commencement of operation of the Off-Shore Banking Units (OBU)	22/10/2020
27	Obtained License from Bangladesh Bank for Opening the Islamic Banking window of SBAC Bank Limited	26/07/2020
28	Obtained Letter of Consent from the BSEC to go public through Initial Public Offering (IPO)	01/06/2021
29	Approval of the Application for obtaining a new Trading Right Entitlement Certificate (TREC) of Dhaka Stock Exchange	30/05/2021
30	The Opening of subscription of our IPO	05/07/2021
31	The Closing of subscription of our IPO	12/07/2021
32	Listing of SBAC Bank Ltd. in the Stock market	11/08/2021
33	Inception of operation of Islamic Banking window	05/07/2021
34	Starting of Agent Banking Operation	25/05/2022



Unique Achievements

1. The Bank has started its Agent Banking Operation on May 25, 2022.
2. Presently the bank is a publicly listed company having listed in Dhaka Stock Exchange Ltd. And Chittagong Stock Exchange Ltd. since August 11, 2021.
3. The Bank has started shariah-based banking operations through opening 10 nos. of Islami Banking Windows at selective branches.
4. We have established a subsidiary naming 'SBAC Bank Investment Limited' as a market intermediary to harvest the opportunity from booming capital market.
5. The Bank has commenced its off-shore banking operations through an well-functioning off-shore banking unit (OBU) at head office.
6. South Bangla Agriculture & Commerce Bank Limited and Bangladesh Bank signed an agreement on Automated Challan System (ACS), under which all the branches and sub-branches of SBAC Bank will collect Passport Fees, VAT, Tax and other Govt. Fees.
7. The Bank was assigned a credit rating of 'A' (long term), and ST-2 (short term).
8. SBAC Bank achieved "The Golden Globe Tigers Award 2018" (for Excellence and Leadership in Branding and Marketing) in the individual and Organization Category of Service Excellence as a recognition of our good governance and brand image.
9. Already the bank has opened 107 Branches & Sub-branches (as on April, 2022) so far during a short span of time.
10. At the end of December 2021, Balance Sheet size of the bank reached to Tk. 98,172.32 million (solo) & 97,813.75 million (consolidated).
11. The Bank earns a net profit of Tk. 534.72 million (solo) & 539.89 million (consolidated) in 2021, which is a sign of steady growth taking into account the overall situation of business & economy.
12. Among the new banks, SBAC Bank Ltd. was first to go on live with SWIFT and open USD Nostro Account with Correspondent Banks in the USA, gets Credit Line Arrangement with foreign bank for LC confirmation and discounting thereof to facilitate foreign trade business.
13. The Bank has made Drawing Arrangements with Wall Street Finance LLC, USA and Aman Exchange Company WLL, Kuwait. Remittance through Instant Cash and Account Credit has also been started with Transfast Remittance LLC, Placid NK Corporation, Xpress Money Services Ltd., Western Union Network, Ria Financial services and Turbo Cash under arrangement of Sub-agency/associate member.
14. In order to support the Non-AD (Non-Authorized Dealer) branches, the bank established Central Trade Processing Unit (TPU) at Head Office.
15. To transform the human resources into human asset, the bank established its Training institute at the beginning of 2014.
16. The Bank launched Online Banking Service from the 1st day of its operation.
17. Among the new generation banks, our Bank was the first to commence BACPS Operation, Inaugurate EFTN/ RTGS Operation and State of the Art Data Centre.
18. To foster inclusive growth, the bank has introduced Tk. 10 privileged savings account, senior citizen savings account and students savings account. We have started the agent banking operation to expand our service coverage.
19. The Bank got "Letter of Appreciation" for achieving agriculture finance target in 2016.
20. As an international recognition, the Bank achieved "Sardar Patel Award 2016" for the contribution in socio-economic development of our country.
21. Agreement on Foreign currency loan from 'Long Term Financing Facility' under their financing agreement with International Development Association (IDA) of World Bank (WB) On August 04, 2016.
22. Agreement on 'Green Transformation Fund for Export oriented Textile & Textile Products, Leather manufacturing industries and Jute products' On 09 February, 2017.
23. The Bank has achieved "Grade A" for Successful implementation of National integrity strategy Action plan for the Quarter April-June, 2017.
24. Agreement with JICA on 'Two Step Fund of Foreign Direct Investment Promotion Project (FDIPP) BDP86' On 14 February 2018.
25. We have introduced SBAC Digital Wallet "Banglapay" on 16th December 2018 to offer digital financial services through mobile phones, QR based point-of-sale and networks of small-scale agents.
26. Agreement with Bangladesh Bank on "Automated Challan System" to collect passport and other government fees alongside VAT and Tax through our Branches & Sub-branches.

Organogram





Credit Rating Report of the Bank



Base Year	Long Term Rating	Short Term Rating	Date of Rating	Valid Till	Rating Company
2020	A	ST-2	30 June 2021	29 June 2022	CRISL
2019	A ₃	ST-2	27 September 2020	30 June 2021	CRAB
2018	A ₃	ST-2	27 June 2019	30 September 2020	CRAB
2017	A ₃	ST-2	27 June 2018	30 June 2019	CRAB
2016	BBB ₁	ST-2	21 June 2017	30 June 2018	CRAB

Long Term : **A**
 Bank rated in in this category is adjusted to offer adequate safety fortimely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.

A₃
 Commercial Banks rated 'A₃' have strong capacity to meet their financial commitments & Judged to be of high quality with low credit risk.

BBB₁
 Commercial Banks rated BBB1 have adequate capacity to meet their financial commitments.

Short Term : **ST-2**
High Grade: High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Outlook : **Stable**

The rating for 2020 has been done by Credit Rating Information & Services Ltd. (CRISL) on the basis of Financial Statements of 31 December 2020.



ভাড়ার টাকায় নিজের স্থায়ী
ঠিকানা গড়ার এখনই সময়!

বৈশিষ্ট্য:

- আকর্ষণীয় হারে ও দীর্ঘমেয়াদে ঋণ/বিনিয়োগ
- গৃহনির্মাণ/সংস্কার বা ফ্ল্যাট ক্রয়ে ঋণ/বিনিয়োগ
- সিটি করপোরেশন, পৌরসভাসহ ইউনিয়ন পর্যায়েও বিতরণ
- ঝামেলামুক্ত ও স্বল্পতম সময়ে প্রক্রিয়া সম্পন্নের নিশ্চয়তা
- সর্বোচ্চ দুই কোটি টাকা ঋণ/বিনিয়োগ দেওয়া হয়
- হোম লোনের মোট ব্যয়ের ৭০ শতাংশ পর্যন্ত ঋণ/বিনিয়োগ
- গোপন চার্জ বা আর্লি সেটেলমেন্টে কোনো ফি নেই

ইসলামিক ব্যাংকিং উইন্ডোতেও
বিনিয়োগ করা হয়।

ব্যাংকের যেকোনো শাখা/উপশাখায় যোগাযোগ করুন।



এসবিএসি ইসলামিক ব্যাংকিং

সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিঃ
South Bangla Agriculture and Commerce Bank Limited.





Chapter 03

ORGANIZATION AND LEADERSHIP



Board of Directors



Mr. Abdul Kadir Molla
Chairman



Al-Haj Mizanur Rahman
Vice-Chairman



Mr. Abu Zafar Mohammad Shofiuddin
Director



Engr. Md. Moklesur Rahman
Director



Mrs. Tahmina Afroz
Director



Mr. Mohammed Ayub
Director



Mr. Mohammad Nawaz
Director



Mr. Anwar Hussain
Director



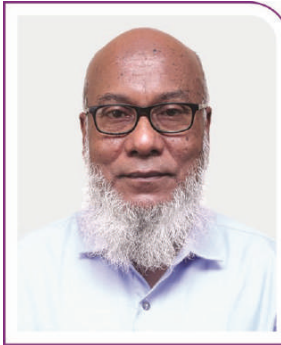
Mr. Hafizur Rahman Babu
Director



Mst. Nasima Begum
Director
Nominated by:
Thermax Textile Mills Ltd



Mr. Sk. Shyedujjaman
Director
Nominated by:
Moonstar ceramic industries Ltd.



Mr. Mohammad Helal Uddin
Director
Nominated by: Haji Shakhawat
Anwara Eye Hospital Ltd.



Mr. Mushfiqur Rahman
Director
Nominated by: M/S. Contech
Construction Ltd.



Mr. Mohammad Nazmul Huq
Director
Nominated by: Techno Electricals Ltd.



Mr. Md. Sajidur Rahman
Independent Director



**Professor Mohammad Moqbul
Hossain Bhuiyan**
Independent Director



Mr. Ziaur Rahman Zia FCA
Independent Director



Mr. Mosleh Uddin Ahmed
Managing Director & CEO



Mr. Md. Mokaddess Ali FCS
Company Secretary

Committees

COMMITTEES OF THE BOARD

Executive Committee

Chairman	Mr. Mohammed Ayub
Member	Engr. Md. Moklesur Rahman
Member	Al-Haj Mizanur Rahman
Member	Mr. Hafizur Rahman Babu
Member	Mr. Anwar Hussain
Member	Mr. Mohammad Nawaz
Member	Mrs. Tahmina Afroz

Audit Committee

Chairman	Mr. Md. Sajidur Rahman
Member	Mr. Abu Zafar Mohammad Shofiuddin
Member	Mr. Sk. Shyedujjaman
Member	Professor Mohammad Moqbul Hossain Bhuiyan
Member	Mr. Ziaur Rahman Zia FCA

Risk Management Committee

Chairman	Mr. Mohammad Nawaz
Member	Mr. Sk. Shyedujjaman
Member	Mr. Mohammad Nazmul Huq
Member	Mr. Mushfiqur Rahman
Member	Mr. Mohammad Helal Uddin

Nomination & Remuneration Committee

Chairman	Mr. Md. Sajidur Rahman
Member	Engr. Md. Moklesur Rahman
Member	Al-Haj Mizanur Rahman
Member	Mr. Sk. Shyedujjaman
Member	Professor Mohammad Moqbul Hossain Bhuiyan

The Secretary to the Committees

	Mr. Md. Mokaddess Ali FCS
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SHARIAH SUPERVISORY COMMITTEE

Chairman	Moulana Md. Abdur Razzaque
Member	Dr. Md. Ruhul Amin Rabbani
Member	Professor Dr. Md. Abdul Kadir
Member	Dr. Zubair Mohammad Ehsanul Hoque
Member	Mr. Md. Fariduddin Ahmed
Member	Dr. M. Mahabbat Hossain
Member	Dr. Muhammad Zahirul Islam
Ex-officio Member	Mr. Abdul Kadir Molla
Ex-officio Member	Mr. Mosleh Uddin Ahmed
Member Secretary	Mr. Md. Mokaddress Ali FCS

List of Honorable Sponsor Shareholders



Mr. S.M. Amzad Hossain



Begum Sufia Amjad



Captain M. Moazzam Hossain



Mr. Maksudur Rahman



Mrs. Kamrun Nahar



Mr. Motiur Rahman



Ms. Tajori



Ms. Mysha Khabir



Mr. Mohammed Hasan



Mr. Md. Yakub



Mr. Iqbal Haider Chowdhury



Mr. Mohammed Nazrul Islam



**Mr. A.K. Mizanur Rahman,
FCA**



Mr. Mainul Huq Khan
Representing Padma Lamitube Ltd



**Mr. Mozaharul Haque
Shahid**



Mr. Md. Emdadul Haque



Mr. Md. Eathashamul Haque



Mr. Kafil Uddin Bhuiyan



Mr. Shahab Uddin Khan



Mrs. Hazera Begum
Representing
Abdul Gaffar & Co. (Pvt. Ltd.)



Mr. Mohammad Imran



Mrs. Shamima Hossain



Ms. Sadnam Sadiana



Mr. Md. Mizanur Rahman



Mrs. Shamsun Nahar Rahman



Mr. Mohammed Ilias



Mr. Md. Mizanur Rahman
Representing
M/S. Contech Constructing Ltd.



Mr. Ayaz Waris Khan Warisi



Mr. Mohammad Abdul Hye



Mr. Md. Toyamur Islam Rasel



Barrister Ehsan-E-Moazzam
Representing
Agrovita Ltd.



Mr. Goutam Kumar Kundu
Representing
Southern Foods Ltd.



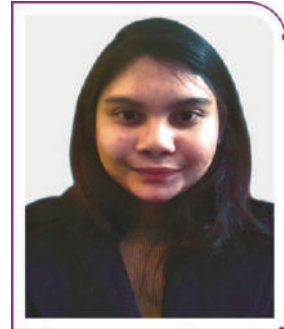
Mr. Md. Mahin.



Mr. Tabassum Arifin Rahman



Mr. Eshmam Arifin Rahman.



Ms. Mahia Binte Mizan



Mr. Mohammed Belal



Mrs. Shirin Akter
Representing
Techno Electricals Ltd.



Mr. Khan Habibur Rahman
Representing
Moonstar Ceramic Industries Ltd.



Mr. A B M Ruhul Amin Howlader



Ms. Halima Khatun



Mr. Abdullah Jamil Matin



Mrs. Sufia Begum





Profile of The Directors



Mr. Abdul Kadir Molla

Chairman

Abdul Kadir Molla, a renowned business personality of the country, is the Chairman of the Board of Directors` of South Bangla Agriculture and Commerce Bank Limited. He obtained his MBA degree from American World University. Mr. Molla is one of the successful ones having huge conglomerates in the spinning, dyeing and knitting industries. He started his business in 1997 and established Thermax Group Ltd. Currently, he is the Chairman & Managing Director of Thermax Textile Mills Ltd., Thermax Melange Spinning Mills Ltd., Thermax Knit Yarn Ltd., Thermax Spinning Ltd., Thermax Blended Yarn Ltd., Thermax Yarn Dyeing Ltd., Thermax Woven Dyeing Ltd., Thermax Yarn Dyed Fabrics Ltd., Thermax Check Fabrics Ltd.,

Sister Denim Composite Ltd., Indigo Spinning Ltd., Thermax Colour Cotton Ltd., Sister Garments Ltd., Adury Knit Composite Ltd., Adury Apparels Ltd., Adury Fashion & Print Ltd., Adury Ring Denim Spun Ltd., Kadir Molla Medical College & Hospital Ltd., Sultana Enterprise, Sultana Filling Point Ltd., and Sister Denim Composite (Unit-2) Ltd. Mr. Molla is very much fond of education. He is the founder of Panch Kandi Degree College, Monohardi, Narsingdi. He has own educational institutes like as Abdul Kadir Molla City College, N.K.M. High School & Homes, Abdul Kadir Molla International School. Abdul Kadir Molla City College secured the second best result in Dhaka Board for last few years. He visited most of the countries in the world. He has a good reputation in overseas business. All the industries and institutes of Thermax Group Ltd. are in "State of the Art" under the dynamic leadership of Mr. Abdul Kadir Molla. He was honored as Commercially Important Person (CIP) in 2012 and as the highest individual tax payer for AY2012-13 for the country and the highest tax payer in Dhaka City Corporation for AY2013-14.



Al-Haj Mizanur Rahman

Vice-Chairman

Al-haj Mizanur Rahman is one of the Sponsor Directors of South Bangla Agriculture and Commerce Bank Limited. He is the vice-chairman in the Board of Directors of the Bank. Mr. Rahman is a prominent business personage having huge conglomerates in the Real estate, Construction, Housing and Print media sector. Al-haj Mizanur Rahman, by dint of his dynamic leadership founded Moon Group of Industries Limited in 1989. Today, Moon Group of Industries Ltd, most commonly known as Moon Group, is one of the largest and leading business conglomerates of Bangladesh. Presently, Mr. Al-Haj Mizanur Rahman has a major involvement with M R Trading Co., and Moon Bangladesh Ltd. He is

remarkably involved in different socio-economic activities. Moreover, Mr. Rahman has a great reputation for his benevolence & philanthropic nature.



Mr. Abu Zafar Mohammad Shofiuddin

Director

Abu Zafar Mohammad Shofiuddin is one of the Sponsor Directors of South Bangla Agriculture and Commerce Bank Limited. He is a prominent business personality in the country. He obtained B.Com (Hons.), and M.Com (Marketing) degree from University of Dhaka in 1991 & 1992 respectively. He has started his business in 1992 and established SQ Group of Companies. He is the Chairman of SQ Group of Companies which is comprising sister concerns: SQ Wire & Cable Co. Ltd, SQ Trading & Engineering, SQ Light Ltd., SQ Wood Preservatives, SQ Power Solutions, SQ Energy Ltd., SQ Properties Ltd., Techno Electricals Ltd., TS Transformers Ltd., TSCO Power Ltd., SQ Electricals Ltd., SQ Distribution

Ltd., SRN Power, Power-Add. Mr. Shofiuddin is involved with Building Dreams Ltd. also.



Engr. Md. Moklesur Rahman

Director

Engineer Mohammad Moklesur Rahman is one of the visionary industrialists in Bangladesh. He is one of the Directors of South Bangla Agriculture and Commerce Bank Limited. He obtained his B.Sc. Civil Engineering degree from Chittagong University of Engineering and Technology (former Chittagong Engineering College), one of the top universities in Bangladesh. He has always been a dreamer and wanted to run his own business since the early age, after gaining experience while working in Gemcon Group. On 29 May, 2001, he finally realized his dream and started Contech Construction Ltd., one of the most highly respected SPC Piles & Poles suppliers in Bangladesh. He is a self-made man, and did not inherit his

business from anyone but founded Contech Construction Ltd. with the sweat of his brow. His amazing track record did not stop there. Later on 09 February, 2004 he founded Pre Stressed Poles Ltd., to meet the exceptional demand for SPC Poles. He has always been forward thinking and wanted to diversify his business into other sectors. His largest start up to date has been B&T Cables Ltd. established on 11 January, 2005 to supply electrical wires and is the largest income generator in the B&T Group. Mr. Rahman is a hardworking man and had still not quenched his thirst for running new businesses and helping the economy of Bangladesh to grow. He also founded B&T Cold Storage Ltd., providing affordable perishable storage facilities to the mass of Bangladeshi farmers. He has always been a civil engineer at heart and founded B&T Development Ltd., building apartments in prestigious locations in Dhaka such as Lalmatia, Banani, Gulshan & Khilgaon as well as providing affordable housing solutions elsewhere in Bangladesh. Presently, Engr. Md. Moklesur Rahman is involved with B&T Meter Ltd., Nexus Securities Ltd., Pre Stressed Pole Ltd., Tushar Ceramics Ltd., B&T Transformers Ltd., BD Game Studio Ltd., and Smart Meter also. From his humble beginnings, he has come a long way to be one of the founding sponsor directors of South Bangla Agriculture and Commerce Bank Ltd. Since then, Mr. Moklesur Rahman has set his sights on giving back to the community of Bangladesh, the very same people who helped him reach where he is right now. He has donated generously to a number of educational and religious institutions, providing for the underprivileged people of Bangladesh with basic amenities such as food, clothing and shelter.





Mrs. Tahmina Afroz

Director

Tahmina Afroz is one of the Sponsor Directors of South Bangla Agriculture and Commerce Bank Limited. She obtained her B.Sc. degree from Dhaka University. She is a notable business person in the country particularly in the Health Care Sector. Mrs. Tahmina Afroz is the proprietor of Mother Trade Centre. She is also a Director of Anwer Khan Modern Hospital Ltd., Modern Diagnostic Centre Ltd., Modern Holdings Ltd. and Haji Shakhawat Anwara Eye Hospital Ltd. She is a member of Board of Governor of of Anwer Khan Modern University and of Anwer Khan Modern Medical College.



Mr. Anwar Hussain

Director

Anwar Hussain is one of the Sponsor Directors of the Bank. He is a young, well reputed and emerging business man in the country. He has obtained Bachelor Degree in Business Administration. He is a Proprietor of Anwar Corporation, Managing Director of HAR Industries Ltd., Director of Abdul Gaffar & Co. (Pvt) Ltd., Asuka CNG Filling Station Ltd., SAFAH CNG Refueling Station Ltd., AGI Flex Ltd. and AGI Corporation. His goal is to bring in new innovation and dynamism in his company.



Mr. Hafizur Rahman Babu

Director

Hafizur Rahman Babu is one of the prominent business persons and renowned entrepreneurs of the country. He is a sponsor director of South Bangla Agriculture and Commerce Bank Ltd. and the Chairman of S.B. Group, a leading group of companies in Bangladesh which was established in the year 1990. The S.B. Group of companies is working in wide range of business activities with different subsidiary companies like S.B. Agro Fertilizer Industries Limited, Sheikh Jute Mills Limited, Sheikh Cement Mills Limited, Joytun Securities International Limited, Joytun Developers Limited, Gold Hill Properties Limited, Sheikh Agro Food Industries, Sheikh Shipping Lines Ltd., M/S. Sheikh Brothers,

M/S. Hafizur Rahman Babu and Arising Trade International. He is also the member of Dhaka Stock Exchange Limited representing Joytun Securities International Limited. He participated in various professional workshops and seminars at home and abroad and is also associated with many social, cultural and charitable organizations.


Mr. Mohammad Nawaz

Director

Mohammad Nawaz is one of the directors of South Bangla Agriculture and Commerce Bank Limited. Presently, He is the Chairman of Risk Management Committee (RMC) of the Board. He is a renowned and successful industrialist of the country having diversified business portfolio. Mr. Nawaz was born in a respectable Muslim Family at Dhaka in July 25, 1975. He obtained his B.Sc. and Masters (Marketing & Management) Degree from University of Plymouth. In 2003, He did a Ph.D. in Chemistry as well. After returning to the Country in 2004, He started Famous Printing & Packaging Limited (famouspack), one of the leading flexible packaging industry supplying laminates to multinational companies such as Unilever, Pepsi, Coca Cola, Reckit Benkiser, Bayer, Syngenta etc. Famouspack also supply laminates to local corporate organizations, namely Square, Pran, Cocola, ACI, Ispahani etc. In 2005, He started Famous Iberchem Flavour & Fragrance Limited (joint venture with Iberchem Spain), the only manufacturer of Fragrance and Flavours in Bangladesh. Their client list includes- Square, ACI, Keya Cosmetics, Kohinoor, Cocola, Olympic, Nabisco, Olympic etc. He is also Director of Eden Multicare Hospital in Dhanmondi. He is a member of Board of Trustee in South East University, one of the leading private university of Bangladesh. He is also the Director of Famous Group of Companies Limited, Famous Printing & Packaging Ltd., Famous Iberchem Flavours & Fragrances Ltd., Famous General Agencies Ltd., Matcon limited, F.S. Printing & Packaging Ltd., Green Soap & Chemical Co. Ltd., Famous Flavours & Fragrances Ltd., and Eden Multicare Hospital.


Mr. Sk. Shyedujjaman

Director

Nominated by: Moonstar Ceramic Industries Ltd.

Sk. Shyedujjaman is one of the directors of South Bangla Agriculture and Commerce Bank Limited, nominated by Moonstar Ceramic Industries Ltd. He obtained BBA and MBA (Marketing) degree from AMC College, Bangalore in 2001 & 2003 respectively. He is a successful businessman in the frozen food industry. Mr. Sk. Shyedujjaman is involved with South East Union Ceramic Industries Ltd. He is the Proprietor of Mashiyat Fish Farm and AB Siddique & Co. He is a man of strong moral values and believes in ethical investment.





Mr. Mohammed Ayub

Director

Mohammed Ayub is one of the Sponsor Directors of South Bangla Agriculture and Commerce Bank Limited. Presently, He is the Chairman of Executive Committee (EC) of the Board. Mr. Ayub was born in a respectable Muslim family at Chittagong in 1962. He obtained his B.Com. Degree from Chittagong University in 1981. He is a reputed and emerging business man in the country particularly in the port city having business in Garments Accessories Manufacturing & Export and Packaging Industries. He is the Managing Director of Ayub & Co Ltd., Proprietor of Pioneer Enterprise and United Enterprise. He is a Managing Partner of Pacific International. Mr. Ayub has a significant

involvement with M/S Ishmam Enterprise also.



Mst. Nasima Begum

Director

Nominated by: Thermax Textile Mills Ltd.

Nasima Begum is one of the Directors of South Bangla Agriculture and Commerce Bank Limited nominated by Thermax Textile Mills Ltd. She is a notable business person in the country particularly in the Garments sector. She is a director of Thermax Textile Mills Ltd., Thermax Knit Yarn Ltd., Thermax Blended Yarn Ltd., Thermax Spinning Ltd., Thermax Melange Spinning Mills Ltd., Adury Knit Composite Ltd., Adury Apparels Ltd., Thermax Yarn Dyeing Ltd., Thermax Woven Dyeing Ltd., Thermax Yarn Dyed Fabrics Ltd., Indigo Spinning Ltd., Sister Denim Composite Ltd., Thermax Check Fabrics Ltd, Sister Garments Ltd, Adury Ring

Denim Spun Ltd, Kadir Molla Medical College & Hospital, Thermax Colour Cotton Ltd., Sultana Filling Point Ltd. and Adury Fashion and Print Ltd. Besides her praiseworthy contribution to the economy, she has a remarkable contribution to the social development through her involvement with numerous Social Organizations and Educational institutes. Mst. Nasima Begum is the founder of N.K.M. High School & Homes, She is one of the members of governing body of Abdul Kadir Molla City College and also a member of Mojid Mollah Foundation.



Mr. Muhammad Helal Uddin

Director

Nominated by: Haji Shakhawat Anwara Eye Hospital Ltd.

Mohammad Helal Uddin is one of the directors of South Bangla Agriculture and Commerce Bank Limited, nominated by Haji Shakhawat Anwara Eye Hospital Ltd. He is one of the well-recognized and widely accepted scholars in the Banking industry of Bangladesh, who has ocean-deep knowledge & experience especially in the areas of Banking & Financial Management, International Banking & Management, Credit Management, Treasury management, Anti-Money Laundering & Combating the Financing of Terrorism, and Foreign trade. Mr. Helal with his unparalleled skill in Project Management, HR Management &

Manpower Planning, Credit Management, Strategic and Operational Plan development, and Organizational Development & Reforms had exalted himself at the most prestigious position of Managing Director of Bangladesh Krishi Bank Ltd. on January, 2018. Prior to his joining the position of MD at Bangladesh Krishi Bank Ltd. he also served as the Deputy Managing Director at Janata Bank Ltd. on 2016 where he started his Banking career as a Senior Officer on 1985. Moreover after completing his outstanding professional career of 33 years as a banker, Mr. Helal has rendered his exceptional support as director in Board of Janata Bank Ltd. from 10th March, 2020 to 15th August, 2021. His academic was also as bright as his professional life. He completed his B.sc (Hons) & M.Sc in Chemistry with brilliant result from the University of Dhaka. Mr. Helal has participated in a number of seminars & symposium on banking & finance. He is a Diplomaed Associate of Institute of Bankers Bangladesh (DAIBB) who is highly enthusiastic, Self-motivated & hard working. His willingness to accept any responsibility & perform accordingly, as well as his periphery of knowledge in Banking rules and regulations, procurement policy, automation, restructuring and modernization of Bank, MIS, and Research & Planning is axiomatic in the Contemporary Banking Industry.



Mr. Mushfiqur Rahman

Director

Nominated by: M/S. Contech Construction Ltd.

Mushfiqur Rahman is a successful entrepreneur and businessman of Bangladesh. He is the son of Engr. Moklesur Rahman. He obtained his B.Com from University of Melbourne, Australia in 2014. As Managing Director of B&T Group, he has diversified his business from the Poles & Cable sector to the Real Estate, Ceramics and IT sector spanning both home and abroad. He has equity interest in Contech Construction Ltd., Pre-stressed Pole Ltd., B&T Cables Ltd., B&T Meter Ltd., B&T Poles Ltd, B&T Transformer Ltd, B&T

Development Ltd, B&T Cold Storage Ltd, Nexus Securities Ltd, Tushar Ceramics Ltd and BDGame Studio Ltd.





Mr. Md. Sajidur Rahman

Independent Director

Md. Sajidur Rahman is one of the independent directors of SBAC Bank Ltd. He is the Chairman of Audit Committee, and Nomination and Remuneration Committee of the Board. He is a Strong Corporate leader in a multicultural and complex environment and impressive communicator with a passion for strategy, numbers, a keen eye for detail, and the ability to build and coach high performance teams. Mr. Md. Sajidur Rahman is the CEO of Telenor Health. He is at the advisory board of a number of companies in financial services, energy and technology. These companies include Oddup (from Hong Kong), Xendit (from Indonesia) and Coders Trust (from Denmark). He is also a director

of US-DK Green energy (building the largest wind power plant in Bangladesh), Founder Institute and SD Asia & has an involvement with Indo-Bangla Trading, Nitex Ltd., Lenden Ltd., and JoBike Prior to his present position, Mr. Rahman was the Managing Director (Consumer Banking) of Standard Chartered Bank in Indonesia, Nigeria and Bangladesh. He was also a board member of Standard Chartered Gambia. It is also notable that, Mr. Rahman had exhibited his luminosity during the academic life. He completed his Master of Commerce (Marketing) & Bachelor of Commerce degree as First Class First from University of Dhaka. He also studied at London Business School and Oxford University. He is a regular speaker on topics of banking, financial services, health services and different technology trends. He is regularly invited to speak at different prominent forums including Financial Times of London, Bloomberg, Mobile World Congress, World IOT conference, Royal School of Medicine etc. His writings have been published in different journals including Tech In Asia.



Mr. Ziaur Rahman Zia FCA

Independent Director

Ziaur Rahman Zia is an independent director of South Bangla Agriculture and Commerce Bank Limited. He is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB) and obtained his academic degree in M. Com (Accounting). He has about 17 years of experience in auditing, inspection and investigation in working with A. Qasem & Co., Chartered Accountants and currently working as a Partner of the same firm which is one of the oldest and reputed professional accounting firms in the country founded in 1953. He was an elected Member of the Dhaka Regional Committee of Institute of Chartered

Accountants of Bangladesh and the Chairman of the DRC ICAB for the year 2020. He is also past/current member of various standing and non-standing committees of ICAB. He is an Ex-Member of the Executive Committee of the "Professional Club Limited" and a Member of the Executive Committee of the "Dristy Unnayan Sanghstha, Dhaka-DUS Dhaka" (a social organization which organizes Free Eye Camp, School Eye Health Check Up and Free Friday Clinic etc.). He specializes in the financial sector and has extensive experience in conducting forensic review, special review, procurement review and fiduciary review of government projects funded by international development partners like World Bank and Asian Development Bank etc. He attended many trainings and workshops on banking regulations, public procurement, public financial management, e-Gp, and Public-Private Partnership (PPP) and various other leadership trainings etc. in home and abroad.



Professor Mohammad Moqbul Hossain Bhuiyan

Independent Director

Mohammad Moqbul Hossain Bhuiyan is one of the independent directors of South Bangla Agriculture and Commerce Bank Limited. He is the Professor of Department of Management Information Systems (MIS) of University of Dhaka, who also served as a visiting Professor at number of renowned public and private universities of the country. Mr. Bhuiyan as a university intellect has acquired broad spectrum of expertise in the field of Strategic Management, Management Information Systems (MIS), Total Quality Management, Organizational Behavior, and Business Communication. He has an unparalleled fame & recognition at home and abroad as a researcher in related fields, a good number of whose articles have been published in different national and international journals. Mr.

Mohammad Moqbul Hossain Bhuiyan is definitely one of the successful administrators in the faculty of business studies; he has showed his administrative charisma as the Chairman of Management Information Systems (MIS) Department, Director of MBA (Evening) Program of the same Department, Provost of Masterda Surjasen Hall, and Assistant House Tutor & House Tutor in Masterda Surja Sen Hall and Sergeant Zohurul Hoque Hall. Mr. Bhuiyan has demonstrated his exemplary brilliance in his Academic life also. He has completed his M.Com. & B.Com. (Hons.) Degree from the Department of Management of Dhaka University with the first Class first Position in both, and MBA Degree from Otaru University of Commerce, Hokkaido, Japan under 'Monbusho Scholarship' of Japan Government with an outstanding CGPA of 4.0 Out of 4.00 scale. He also has a Diploma in Japanese Language and Culture from Mara Foundation College, Malaysia. It is worth mentioning here that, Professor Mr. Mohammad Moqbul Hossain Bhuiyan has a strong affiliation with numerous publications of the university, he served as the Chief Editor of the Editorial Board of Bangladesh Journal of MIS, a member of the Editorial Board of the Dhaka University Journal of Business Studies, and served as Associate Editor of Bangladesh Journal of MIS also. He has a strong socio-organizational engagement as former general secretary of Dhaka University Teachers' Club, Secretary of Dhaka University Teachers' Cooperative Society, member of Japanese University Alumni Association, and life time member of Registered Graduate, Dhaka University. Mr. Bhuiyan comes from a respected Muslim family of Laxmipur.



Mr. Mohammad Nazmul Huq

Director, Nominated by: Techno Electricals Ltd.

Md. Nazmul Huq is one of the directors of South Bangla Agriculture and Commerce Bank Limited, nominated by Techno Electricals Ltd. He is a successful entrepreneur who had started his entrepreneurial journey in 1994 as a Managing Partner of Vicar International, a trading concern & importer as well as supplier of electronic goods. In 2012, he initiated his new venture Rajshahi Auto Bricks Ltd., where he has been holding the post of Managing Director. Then in 2016, Mr. Huq concentrated on further diversification of his business portfolio through starting two new ventures naming Vicar Electricals Ltd., an electric transformer manufacturer, as the managing director of the concern; and Vicar Concrete Products Ltd., the spc pole manufacturer where he rendered all his experiences & knowledge as the managing partner. As an extraordinary leader with

marvelous vision Mr. Md. Nazmul Huq is keeping up his journey for searching the newer avenues & excellences in his career path and has established Rajshahi Concrete Products Ltd., a Holo Bricks Manufacturing in 2019. In the year 2021, the visionary entrepreneur Mr. Huq initiated his newest venture Arrow Technology Ltd. holding the post of managing director to manufacture & introduce new-design & supreme-quality Bi-cycle in the market. Besides his ever growing familiarity as an entrepreneur, Mr. Md. Nazmul Huq is equally famous for his socio-cultural involvement in his area.





Mr. Mosleh Uddin Ahmed

Managing Director & CEO

Mosleh Uddin Ahmed is the Managing Director and Chief Executive Officer (CEO) of South Bangla Agriculture and Commerce Bank Limited. He has a wide area of experience in the avenues of banking business, financial operations, risk and compliance management, capital market, money market, forecasting and operations with deep insight in the Banking Industry. Prior to his present appointment as Managing Director & CEO of SBAC Bank Ltd., Mr. Ahmed enlightened the position of Managing Director and Additional Managing Director at National Credit and Commerce (NCC) Bank Limited. Mr. Ahmed rendered his amazing services at many diversified banks and financial institute in various capacities with remarkable successes & noteworthy achievements throughout his long glorious phases of service. During his long banking career he has served in specialized Govt. Bank, NBF, Foreign Bank and Private Commercial Banks. Mr. Ahmed served in Jamuna Bank Ltd. as Additional Managing Director & Deputy Managing Director, in the City Bank Ltd. as Senior Executive Vice President (SEVP). Besides, he has served in different capacities in the City Bank Ltd., State Bank of India, Prime Bank Ltd. and Phoenix Leasing Company Limited. He participated at a number of trainings, seminars & symposiums and workshops at home and abroad (UK, New Delhi, Netherlands Malaysia, Thailand, Singapore etc.). His ocean-deep knowledge and invaluable experience in banking & economics had established him in the Board of directors of several companies as well. Mr. Ahmed had served as Director in the Boards of Jamuna Bank Securities Ltd., Jamuna Bank Merchant Bank Ltd., NCC Bank Securities Limited, NCC Bank Capital Management Limited, Venture investment Partners Bangladesh Ltd., BDRL Rating Company Ltd., and Energypack Power Venture Limited. Furthermore, besides his extraordinary knowledge & enviable success in corporate leadership & management he also showed his unparalleled erudition as a university teacher, who was once the faculty member of Asian University of Bangladesh, Islamic University of Chittagong, Northern University, and Darul Ihsan University. In his academic life, Mr. Mosleh Uddin Ahmed was a glaring example of diligence and scholar, who achieved his Masters of Business Administration (MBA) Degree from the Institute of Business Administration (IBA) of University of Dhaka, which is the most admired Institute for Business Studies & Administration in the country. He completed his B.Sc. Engineering degree in Electrical & Electronics from Rajshahi University of Engineering & Technology (RUET) and also achieved a Diploma in Computer Science. In his Social life, he has a significant involvement with socioeconomic and welfare activities through different socio-economic organizations, and he also has gathered a vast knowledge on socio-cultural variations & it's implications on business and economics through visiting a number of countries around the globe. He is a life member of Institute of Business Administration (IBA) Alumni Association, and member of The Institution of Engineers Bangladesh, and Bangladesh Computer Society. He visited USA, UK, Netherlands, Italy, Germany, Switzerland, Belgium, France, Philippines, Indonesia, Singapore, Thailand, Qatar, Bahrain, Kuwait, Dubai, Oman, Moscow, Malaysia, Hong Kong, China, India, Nepal, Bhutan, Maldives, Myanmar, Saudi Arabia. Mr. Mosleh Uddin Ahmed is a man of strong ethics having moral values and unique personality full of strong desire for success at every assignment of life.

Our Management Team



Mr. Mosleh Uddin Ahmed
MD & CEO



Mr. M Shamsul Arefin
AMD



Mr. Mohammed Salim Chowdhury
DMD



Mr. Md. Altaf Hossain Bhuyan
DMD



Mr. Md. Nurul Azim
DMD



Mr. A.K.M. Rashedul Hoque
Chowdhury
DMD



Mr. Md. Abdullah
SEVP



Mr. Mohammad Asadul Haque
SEVP



Mr. Md. Masoodur Rahman FCA
SEVP



Mr. A.K.M. Fazlur Rahman
Principal, TI



Mr. Faisal Ahmed
EVP



Mr. Asif Khan
EVP



Mr. Md. Mokaddess Ali FCS
EVP



Mr. Md. Abdul Mannan
EVP





Mr. Md. Abu Bayazid SK.
SVP



Mr. Mohammad Marufur Rahman Khan
SVP



Mr. Mannan Bapari FCMA, CERM
SVP



Mr. Mohammad Shafiu Azam
SVP



Mr. Salahuddin Ahmed
SVP



Mr. Md. Salah Uddin
SVP



Mr. Md. Fakhru Islam
VP

List of Executives of the Bank

SL. No.	Name of Executive	Position
1	Mr. Mosleh Uddin Ahmed	MD & CEO
2	Mr. M. Shamsul Arefin	AMD
3	Mr. Mohammed Salim Chowdhury	DMD
4	Mr. Md. Altaf Hossain Bhuyan	DMD
5	Mr. Md. Nurul Azim	DMD
6	Mr. A. K. M. Rashedul Hoque Chowdhury	DMD-Procurement
7	Mr. A.K.M. Fazlur Rahman	Principal
8	Mr. S.M. Nashir Uddin	CEO, SBAC Bank Investment Ltd.
9	Mr. Manzurul Karim	SEVP
10	Mr. Md. Abdullah	SEVP
11	Mr. Mohammad Asadul Haque	SEVP
12	Mr. Md. Masoodur Rahman FCA	SEVP
13	Mr. Md. Saiful Islam	EVP
14	Mr. Faisal Ahmed	EVP
15	Mr. Asif Khan	EVP
16	Mr. Md. Masudur Rahman	EVP
17	Mr. Md. Abdul Mannan	EVP
18	Mr. Md. Mokaddress Ali FCS	EVP
19	Mr. Abu Bayazid SK	SVP
20	Mr. Mohammed Anwarul Kabir	SVP
21	Mr. Mohammed Imtiaz	SVP
22	Mr. Md. Sajedul Alam Khan	SVP
23	Mr. Md. Rashed Mahbub Rabban	SVP
24	Mr. Md. Majibur Rahman	SVP
25	Mr. Md. Abul Kalam Azad	SVP
26	Mr. Mohammad Faisal	SVP
27	Mr. Mohammad Sohel Miah	SVP
28	Mr. Mohammad Marufur Rahman Khan	SVP
29	Mr. Emdad Haider	SVP
30	Mr. Mannan Bapari FCMA, CERM	SVP
31	Mr. Mohammad Shafiul Azam	SVP
32	Mr. Salahuddin Ahmed	SVP
33	Mr. Md. Salah Uddin	SVP
34	Mr. Md. Mostafizur Rahman	VP
35	Mr. Md. Fakhru Islam	VP
36	Mr. Dewan Arifur Rahman	VP
37	Mr. Abu Salem Mohammad Hojaiffa Noman	VP
38	Mr. Sahab Uddin	VP
39	Mr. Md. Ziaul Latif	VP
40	Mr. Md. Zakir Hossain	VP
41	Mr. Md. Raisul Alam	VP
42	Mr. Syed Habibur Rahman	VP
43	Mr. Md. Delowar Hossain Mondol	VP



SL. No.	Name of Executive	Position
44	Mr. Syed Hafij Ahmed	VP
45	Mr. Md. Mazharul Hasan	VP
46	Mr. A. N. M. Mejbahul Hasan	FVP
47	Mr. Md. Sayeed Bin Islam	FVP
48	Mr. Mohammed Rofiqul Islam	FVP
49	Mr. Md. Islamul Haque	FVP
50	Mr. Mohammad Yousuf Chowdhury	FVP
51	Mr. Mohammed Gias Uddin	FVP
52	Mr. Md. Shahidur Rahman	FVP
53	Mr. Bidhan Kumar Saha	FVP
54	Mr. Md. Khalequzzaman	FVP
55	Mr. Md. Mahbubur Rahman	FVP
56	Mr. Md. Kamal Hosen	FVP
57	Mr. A B M Muhibbur Rahman	FVP
58	Mr. Mohammad Mahbubul Alam Biswas	FVP
59	Mr. Md. Delowar Hossain	FVP
60	Mr. Syed Anisuzzaman	FVP
61	Mr. Md. Mushfiq Us Saleheen	FVP
62	Mr. Mohammad Mahfuzur Rahman	FVP
63	Mr. Md. Manirul Islam	FVP
64	Mr. Md. Shakibul Alam	FVP
65	Mr. Imtiaz Rahman	FVP
66	Mr. Razwanul Huq	FVP
67	Mr. Zia Uddin Rony	FVP
68	Mr. A. K. M. Asaduzzaman Talukder	FVP
69	Mr. Muhammad Akhteruzzaman	FVP
70	Mr. Syed Shahjahan Sagar	FVP
71	Mr. Md. Kamruzzaman	FVP
72	Mr. Muhammad Ali Yousuf	FVP
73	Mr. Md. Yasin Huda	FVP
74	Mr. Zabed Emdad Chowdhury	FVP
75	Mr. A. T. M. Noor Nabi Sarker	FVP
76	Mr. Md. Mahasin Sarder	FVP
77	Mr. Mohammad Jasim Uddin	AVP
78	Mr. Md. Saifur Rahman	AVP
79	Mr. Mohammad Shah Kamal Sarkar	AVP
80	Mr. Ahmed Ismail	AVP
81	Mr. Md. Rajib Ahmed	AVP
82	Mr. Md. Masud Kabir	AVP
83	Mr. A. B. M. Shohel Pervez	AVP
84	Mr. Mohammed Ikram Pasha	AVP
85	Mr. Md. Feroj Kabir	AVP
86	Mr. Abdul Kadir	AVP
87	Mr. Khondokar Noory Imam	AVP
88	Mr. Mohammed Rafiqul Hasan	AVP

SL. No.	Name of Executive	Position
89	Mr. K. M. Shamsul Bari	AVP
90	Mr. Md. Shoeb	AVP
91	Mr. Md. Shamim Hossain	AVP
92	Mr. Md. Abdur Rashid	AVP
93	Mr. Sankar Kumar Ghosh	AVP
94	Mr. Mohd Monjurul Alam	AVP
95	Mr. Shovan Barai	AVP
96	Mr. Abdul Alim	AVP
97	Mr. Kaji Jasim Uddin	AVP
98	Mr. Mohammad Abdul Basit	AVP
99	Mr. Md. Abu Naser Chowdhury	AVP
100	Mr. Md. Bellal Hossain	AVP
101	Mr. Mohammad Monwar Hossain	AVP
102	Mr. Md. Shariar Hassan Siddiquee	AVP
103	Mr. Md. Abdul Aziz	AVP
104	Mr. Md. Abul Kalam Azad	AVP
105	Mr. Mohammad Khairul Islam	AVP
106	Mr. Md. Nurul Absar	AVP
107	Mr. Syed Fahim Ali	AVP
108	Mr. Md. Ibrahim Hossen	AVP
109	Mr. Muhammad Abdullah Al-Mamun Chowdhury	AVP
110	Mr. Md. Ziaul Haq	AVP
111	Mr. Md. Habibur Rahman	AVP
112	Mr. Md. Nahiduzzaman Khan	AVP
113	Mr. Rabiul Hossain Majumder	AVP
114	Mr. Md. Qumrur Roshid	AVP
115	Mr. Mohammad Akram Hossain	AVP
116	Mr. Md. Akbar Hossen	AVP
117	Ms. Shamima Akther	AVP
118	Mr. Mohammad Ashrafur Rahman	AVP
119	Mr. Md. Rabiul Karim	AVP
120	Mr. Md. Faisal Kabir	AVP
121	Mr. Kawsar Alam	AVP
122	Mr. Mir Abdul Hye Siddique	AVP
123	Mr. Anul Das	AVP
124	Mr. Abul Hasan Khan	AVP
125	Mr. Khaled Mosharaf	AVP
126	Mr. Kazi Masuduzzaman	AVP
127	Mr. Md. Farid Khan	AVP
128	Mr. Syed Hasib Uddin Ansar	AVP
129	Mr. Mamonur Rashid	AVP
130	Mr. Md. Ismail Hossen	AVP
131	Mr. Biddut Kumar Sarkar	AVP
132	Mr. Md. Abu Zafar	AVP



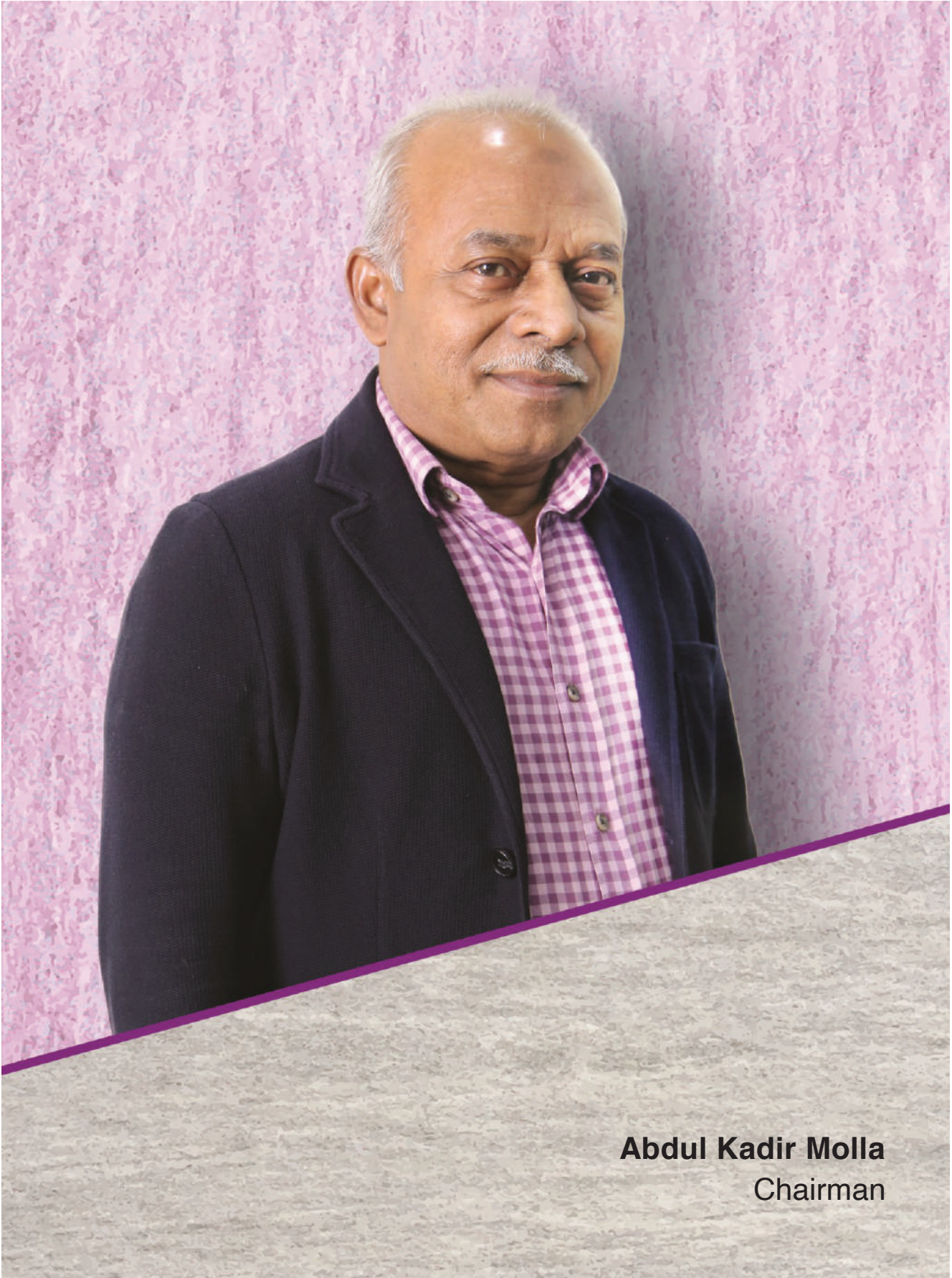


Chapter 04

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR & CEO



Review from the office of the Chairman



Abdul Kadir Molla
Chairman





“Ensuring good governance at every corner of the organization is one of our priorities now. We have taken strong steps towards building a strong corporate culture, robust risk management frameworks, highly qualified human capital, which in turn will assure us to reach our goal. Lets’ make maximum investment in quality human resources, they are the leaders, they will take the bank forward. Our commitment for adding value to our clients, shareholders and all the stakeholders has never been compromised and will never be ignored. We have taken a big challenge to improve our asset quality through reduction of NPL and investment in diversified as well as tested sectors. Besides, our Board of Directors is very much active in formulating policy guidelines and supervising business activities of the bank without any intervention in the role of management.”

Bismillahir Rahmanir Rahim

Assalamualaikum

I feel privileged and honoured to welcome you all at the 9th Annual General Meeting (AGM) of South Bangla Agriculture and Commerce Bank Limited. I take this opportunity to express my sincere gratitude and heartfelt thanks for your trust, confidence, support and continued co-operation for successful completion of the year 2021. I am elated to present the Annual Report 2021 of the Bank on behalf of the Board of Directors in this platform in a pursuit to explain briefly the banks overall performance, economic environment and strategic priorities.

I’m feeling greatly proud to let you know that, we have stepped into the 10th year of our journey for excellence in service and have been marching forward for achieving further better performance in all aspects of banking through the deployment of state-of-the-art technologies, expanding branch & sub-branch network, opening Islamic banking windows, starting agent banking operation, and launching innovative products & services.

Honorable fellow shareholders,

You all are well informed that, Covid-19 pandemic is the most influential factor throughout the year 2020 which prolonged in 2021 also by the third wave in our country. The pandemic left negative impacts on the economic activities in the year than anticipated. Moreover, the global economic prospects have worsened significantly largely because of Russia-Ukraine war that causing a tragic humanitarian crisis in Eastern Europe, and resulting in the sanctions aimed at pressuring Russia to end hostilities. Subsequently the global economy is projected to grow at 3.6 percent in 2022 and 2023 (WEO, April 22). This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than in the January World Economic Outlook Update. Furthermore, overall GDP in the Middle East and Central Asia is expected to grow by 4.6 percent in 2022. The economic effects of the war are spreading far and wide mainly through commodity markets, trade,

and financial linkages. Because Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn, the current and anticipated decline in the supply of these commodities has already driven their prices up sharply. The food and fuel price increases will hurt lower-income households globally-including in the Americas and Asia. Moreover, with continued tight policies toward the real estate sector and the possibility of more widespread lockdowns as part of the strict zero-COVID strategy, China’s economy could slow down with consequences for Asia and beyond. It is apprehended that with a few exceptions, employment and output will typically remain below pre-pandemic trends through 2026. On the other hand, Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies. Again, Inflation in 2023 is projected at 2.5 percent for the advanced economy group and 6.5 percent for emerging market and developing economies.

It is projected by the Asian Development Bank (ADB) that the collective growth for South Asian economies in 2022 would be 7.00 percent with the sub-region’s largest economy India expected to grow by 7.5 percent in the current fiscal. The economy of the region would grow by 7.4 percent in the next year, when the Indian economy would grow by 8.00 percent. The developing Asia’s economies are predicted to grow by 5.2 percent this year and 5.3 percent in 2023 that is mainly because of a robust recovery in domestic demand and continued expansion in exports (as per the ADB).

It is a matter of great pleasure that, the UN General Assembly has recently adopted graduation of Bangladesh from the LDC to developing category in 2026. Now it is the 33rd largest economy in the world in nominal terms, and 31st largest by purchasing power parity. Bangladesh is set to become the 24th largest

economy out of 191 countries by 2036 owing to its ability to attract large foreign investments, the rising RMG demand, and macroeconomic stability (says the Centre for Economics and Business Research).

In terms of Bangladesh, though the country has made a strong economic recovery from the COVID-19 pandemic, but growth faces new headwinds as global commodity prices increase amid the uncertainty created by the war in Ukraine (According to a new World Bank report, Bangladesh Development Update—Recovery and Resilience Amid Global Uncertainty, published in April, 2022). The report projects the region to grow by 6.6 percent in 2022 and by 6.3 percent in 2023. This also reveals that the headline inflation rose to 6.2 percent in February 2022, driven by a rise in both food and non-food prices. Whereas the Asian Development Bank (ADB) in its report titled "Asian Development Outlook (ADO) 2022" published in April has projected a 6.9 percent growth of Gross Domestic Product (GDP) of Bangladesh. While the Government has set a target of real GDP growth at 7.2 percent for FY22 considering that the ongoing corona situation will improve especially with the implementation of mass scale vaccination programs, strengthening the recovery process in the coming days. The report also projected 6.00 percent inflation in the current fiscal which is slightly higher than the previous fiscal's inflation and, expected to ease to 5.9 percent in the next fiscal.

However, uncertainties stemming from the Russian invasion of Ukraine, the continuation of the Covid-19 pandemic, and tightening by the United States Federal Reserve pose risks to the outlook.

My fellow shareholders,

I am pleased to share that our Bank registered a consolidated operating profit of Tk. 2,004.03 million (solo operating profit 1,995.77 million) showing the growth rate of 37.48 percent in respect of the operating profit of previous year and the consolidated net profit after tax was Tk. 539.89 million (solo net profit after tax 534.72 million) in 2021. Bank's total deposit rose to Tk. 72,736.46 million (consolidated) in 2021 from the deposit of Tk. 71,451.46 of 2020, whereas bank's solo total deposit in 2021 is Tk. 73,103.76 million. Loans and Advances of the bank registered a growth of 14.89 percent by reaching at Tk. 65,955.68 million in the year under review. Whereas, the amount of Non-Performing Loan (NPL) was Tk. 3,860.90 million in 2021. It is also mentionable that, the bank maintained advance-deposit ratio of 83.69 percent for traditional banking and 23.88 percent for Islamic Banking Window during the year.

In 2021, the Earnings per Share (EPS) stood at Tk. 0.74 and the Net Asset Value (NAV) of the Bank was 13.54. Total Shareholders' Equity stood at Tk. 10,628.41 million in 2021 in compare to Tk. 9,306.66 million of 2020. Return on Assets (ROA) was 0.58 percent (consolidated) & 0.57 percent (solo) and Return on Equity (ROE) was 5.42 percent (consolidated) & 5.36 percent (solo) as on December 31, 2021. At the end of 2021, Bank's capital to Risk Weighted Assets Ratio (CRAR) was 13.94 percent (solo), whereas the consolidated CRAR was 13.91 percent.

As a fourth generation bank, we already have ensured our presence in 107 different locations of the country i.e. the Bank now has 84 branches, 23 sub-branches across Bangladesh (As on April, 2022), and we also have 01 Off-shore banking unit in head office. The Bank has been operating the foreign trade business through 06 Authorized Dealer (AD) branches located at important commercial hubs of the country and a centralized Trade Processing Unit at Head Office to handle the trade transactions of Non-AD branches. We have been maintaining a fervent correspondent banking relationship with internationally reputed banks to facilitate foreign trade and other international transactions. As on 31st December 2021, the number of foreign correspondents Bank was 205 covering 47 countries across the globe and maintaining 12 Nostro Accounts in 4 major currencies with reputed international banks. The bank is also enjoying credit lines of a good number of well reputed banks worldwide. In the year in review, the total import business of SBAC Bank Ltd. was Tk. 33,061.74 million against Tk. 26,313.80 million in 2020, with 26.00 percent growth year-over-year, and our export business was Tk. 16,465.15 million against Tk. 15,469.72 million of the year 2020, with 6.00 percent growth year-over-year. Moreover, the Bank has received Tk. 2,288.21 million as wage earners remittance in 2021.

Honorable Members,

Our Bank also has a state of the art technology platform and well secured IT infrastructure aligned with its business strategy. We are highly determined to utilize newer technologies and launch innovative digital products & services to optimize the banking experience of our customers.

We have undertaken various technology enabled business initiatives to achieve our goal of customer centricity and to respond to customers demand in real time. The bank has launched digital banking apps,



mobile banking wallet, online banking, and White HR (Apps our internal human resources) as part of our automation of technology, which will enable us to be agiler, more FinTech-like and faster in delivering cutting-edge solutions.

The bank nourishes the commitment of service excellence, providing diversified and innovative Card products to its clientele through latest technological facilities. So far we have deployed 53 ATMs, 2 CDMs in different branch locations of the country and more ATMs & CRMs are underway to be set up. We already have introduced VISA Debit & Credit Cards with EMV technologies for our customers and have issued 58,000 Debit Cards & approximately 5,000 credit cards.

Distinguished Shareholders,

We strive to practice and follow standard principles in accordance with the guidelines, rules & regulations of various regulatory authorities such as Bangladesh Bank, BSEC, RJSC, DSE & CSE to ensure corporate governance and our constant efforts for adhering to the applicable rules, regulations and guidelines. To protect the interest of different stakeholders including depositors and shareholders, all the committees i.e. Executive Committee, Risk Management Committee, Audit Committee, and Nomination & Remuneration Committee remains functional round the year. We are keen to protect the interest of the society and are committed to contribute in a number of social development activities also. The bank being a socially responsible corporate citizen is engaged in various social activities like education, healthcare, culture and others those show it's interest in wider social issues. In a broad sense we are committed to work for the betterment of the people. Under the CSR program, the bank has a remarkable contribution towards Education, Preventive and Curative Healthcare, Emergency Disaster Relief, Financial Inclusion, Community Investments by way of donations etc. Under CSR Program we have donated Tk. 79.72 million among the areas mentioned above including Education Tk. 4.99

million, Healthcare Tk. 37.77 million (Where the donation to COVID affected people was Tk. 35.22 million), and we also have donated amount of Tk. 36.96 million in other areas under CSR activities. It is worth mentioning that, our CSR expense also include the distribution of blankets among cold-bitten people worthing Tk. 17.53 million.

Dear Colleagues,

The Bank is committed towards attracting and retaining a talented and diverse workforce. Therefore, we are trying to bring diversity in workforce in context of age, gender, ethnicity and locality. We have recruited the Management Trainee Officer (MTO) 2nd batch of the bank through a comprehensive scrutinizing process to ensure the expected diversity & versatility in our work force. As there is a shortage of efficient and effective human resources in the banking sector, so to transform our human resources into human asset, we had established a well-equipped Training Institute since our inception. To enrich our human resources professionally further and to develop their skills as qualities of work to next level the institute arranged a number of training programs/workshops including foundation training where 980 employees of different grades of the Bank participated in 2021.

At the end I would like to express my heartfelt thanks to all the directors, shareholders, clients, patrons, well-wishers and all employees for their constant support and trust which were the key driving forces behind all of our initiative. My deepest gratitude goes to the regulators specially Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of joint stock companies & Firms, and external auditors for their prudent guidance and assistance.

Thank you all for being with our bank and keeping your trust on us. May Allah help, guide and shower unending blessings upon us.

On behalf of the Board of Directors.

Abdul Kadir Molla
Chairman

Review of the Managing Director & CEO



Mosleh Uddin Ahmed
Managing Director & CEO





At first, I like to express my deepest gratitude to Allah (SWT) for keeping us secured and alive during this pandemic. By the grace of Almighty, we have successfully been able to sail through another COVID infected year 2021 & also thankful to Him to do so. I also pray for all the souls who could not survive the onslaught of COVID 19 and left us for good.

It is my great pleasure and honor to welcome you to the 9th Annual General Meeting of South Bangla Agriculture & Commerce Bank Limited. On behalf of the Management and myself, I would like to express sincere thanks and gratefulness for your ongoing faith in the Bank as we navigate very difficult times. I hope you and your family members are staying healthy and safe despite of the global crisis of COVID.

We started the year 2021 with a high expectations & desires to overcome the global crisis of pandemic passed during last year. The pandemic adversely affected the global economy, resulting in profound impact on business and financial performance, downward credit movement and low demand for lending. Two years into the pandemic life, economic recovery suffered a severe blow and millions are facing unemployment following business closures. Various productive & timely measurement taken by the Govt. to keep in the good shape of the economy of the country through various concessional loan schemes & allowing various moratorium benefits under various stimulus packages. It is indeed a great pleasure for me to present the annual report for the year 2021 before you.

COVID-19 continued during the year 2021 & affected more people. It caused global health & economic crisis. Overstretched health system, various lock downs, closure of school & educational institutions, adequate food supply & fall of income level which affected the poor & lower income level people, women, elderly, workers, day labors & other vulnerable groups. More than 100 million people pushed into extreme poverty during the pandemic. The main aim of the World Bank Group during the year 2021 was to save lives, protect the poor & vulnerable groups. World Bank Group donated USD 157 billion through easiest financial mechanism to protect COVID crisis & address the most necessary demand. Most of the fund was allocated to meet up

emergency health crisis, vaccines, emergency medical supplies, create new jobs, support to poor & vulnerable groups. The World Bank Group committed USD 20 billion for vaccination in the year 2021.

Climate change is another global crisis. The World Bank Group delivered USD 26 billion in the fiscal year of 2021 whereas total amount for the past five years was USD 83 billion.

Spread of Delta variant & threat of new variants that make the uncertain future of the pandemic. Meanwhile, inflation has increased significantly in USA & some other emerging market leaders. Prices of commodities have also been increased comparison to last few years. The World economy expected to grow 5.9% in the year 2021 & 4.9% in the year 2022. The forecast of 2021 was revised down 0.1% as relative to the July 2021 World Economic Outlook (WEO) Update (as per Chapter 1, page No. 2 IMF publication October 2021). Growth prospects for 2021 are revised down, largely reflecting downgrades to the United States (due to large inventory drawdowns in the second quarter; Germany (in part because of shortages of key inputs on manufacturing output); and Japan (reflecting the effect of the fourth State of Emergency. The US outlook incorporates the infrastructure bill passed by the Senate and anticipated legislation to strengthen the social safety net, equivalent to about \$4 trillion in spending over the next 10 years. Outside of China and India, emerging and developing Asia is downgraded slightly as the pandemic has picked up. Growth forecasts in other regions have been revised up slightly for 2021. The revisions in part reflect improved assessments for some commodity exporters outweighing drags from pandemic developments (Latin America and the Caribbean, Middle East and Central Asia, sub-Saharan Africa). Analysis of IMF indicates that low-income developing countries will require close to \$200 billion in spending to fight the pandemic and \$250 billion to regain the convergence paths. Labor market prospects for low-skilled workers and youth continue to be relatively miserable compared to other demographic groups, pointing to increasing inequality and higher vulnerability to incomes falling below extreme poverty thresholds within countries in this group.

Considering COVID impact, Govt. (Bangladesh Bank, the Central Bank of Bangladesh) declared Monetary Policy on 29th July 2021. 2nd wave of COVID-19 attacked Bangladesh in March 2021 & Govt. declared lockdown from April 2021. Although 2nd wave affected all over the country & Govt. compelled to go for lockdown Govt. declared Monetary Policy in order to achieve targeted GDP growth 8.20% which was reduced & revised at 7.4% and to keep inflation 5.40%. Despite all obstacle of COVID remittance inflow was remarkable for the year 2021. Considering the 2nd wave & Delta variant Govt. declared lockdown from 5th April 2021 which negatively affected the economy of the country & squeezed GDP growth for which Govt. planned to reduce & revise GDP growth and fixed at 7.40%. To collect money through Sanchay Patra led the Govt. to collect money from alternative sources of fund other than Bank & Govt. collected substantial amount from this source of fund. As a result, Banking sector of the country had overflow of deposit for the year 2021. Although, Credit growth was slow compared to targeted growth, a remarkable amount entered into the country by NRB as Govt. provided additional 2% cash incentives which led the inward remittance 36.10%. Despite lockdown, export growth was 15.10% since Govt. open the industry whereas all over the country was affected by COVID-19. Although some sectors had heavily negative impact but there was remarkable growth of Agriculture & Industry sectors. As per report, negative balance (deficit) of Current Account for the fiscal year 2020-2021 was USD 3808 million which USD 4724 million for the previous year. Although there was negative balance in Current Account, FDI, loan & donation from development partners, the economy of the country was in good shape.

To be noted that Govt. announced total 28 packages to recover the economy from COVID impact worth of Tk. 1.35 trillion which mostly implemented in the year 2021. Successful implementation of various packages led to increase the export-import position of the country & overall economy also. According to data of Bangladesh Bank import payment during the year 2020-2021 was Tk. 432404.2 crore whereas total import payment of previous year was Tk. 386249.00 crore i.e. import increase the fiscal year 2020-2021 was Tk. 46155.20 crore. Major commodities under import payment were cotton (all types), cotton yarn /

thread and cotton fabrics Tk. 53654.3 crore, Mineral fuels, mineral oils and products of their distillation bituminous substances; mineral waxes Tk. 51733.1 crore, Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof Tk. 38198.5 crore, Iron and Steel Tk. 23432.4 crore, Plastics and articles thereof Tk. 22401.8 crore, Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers and parts and accessories of such articles Tk. 20962.3 crore, Cereals Tk. 20347.3 crore, Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes Tk. 15412.3 crore, Oil seeds and oleaginous fruits; miscellaneous grains; seeds and fruit; industrial or medicinal plants; straw and fodder Tk. 11664.6 crore. Vehicles other than railway or tramway rollingstock, and parts and accessories thereof Tk. 11331.7 crore, Salt; sulphur; earths and stone; plastering materials, lime and cement Tk. 10968.3 crore, Ships, boats and floating structures Tk. 9970.9 crore, Man-made filaments Tk. 9230.0 crore, Man-made staple fibres Tk. 9091.7 crore, Organic chemicals Tk. 8905.4 crore. Paper and paperboard, articles of paper pulp, of paper or of paperboard Tk. 4656.0 crore, Articles of Iron and Steel Tk. 4453.8 crore, Edible fruit and nuts, peel of citrus fruit or melons Tk. 4389.8 crore, Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof Tk. 3847.0 crore, Inorganic chemicals; organic or inorganic compounds of precious metals, of rare earth metals, of radioactive elements or of isotopes Tk. 3281.5 crore, Rubber and articles thereof Tk. 3187.8 crore, Aluminium and Articles Thereof Tk. 2953.5 crore, Dairy produce, birds' eggs natural honey, edible products of animal origin, not elsewhere specified or included Tk. 2801.9 crore, Pharmaceutical products Tk. 2474.5 crore, Miscellaneous manufactured articles Taka 1928.0 crore and others Tk. 28298.8 crore.

On the other hand, earnings from export for the fiscal year 2020-2021 was Tk. 254365.70 crore comparing to the export of previous year of Tk. 223548.40 crore i.e. export increased of Tk. 30817.30 crore comparing to the preceding year. Readymade Garments (Tk. 212099.20 crore i.e. 83.40%), Jute & Jute manufactures (Tk. 9146.80 crore), Leather & Leather





manufactures (Tk. 4618.3 crore), Home Textile (Tk. 4336.10 crore), Fish, Shrimps & Prawn (Tk. 3485.20 crore), Vegetables products (Tk. 1815.80 crore), Pharmaceuticals products (Tk. 1082.30 crore), Bicycle (Tk. 862.50 crore), Plastic & Plastic product (Tk. 733.50 crore), Handicrafts (Tk. 268.60 crore), Terry towels (Tk. 142.90 crore) and Petroleum & Petroleum products (Tk. 93.70 crore). Considering all the sectors, Readymade Garments contributed the highest compared to previous years. Readymade Garments contributed an amount of Tk. 212099.20 crore (83.40%) in the year 2020-2021 as compared to Tk. 190874.70 crore (85.40%) in the year 2019-2020.

COVID-19 attacked the country in March 2020 & 2nd wave in March 2021 & still continuing all over the world including the country. Banking sector affected most and as such as a guardian & controlling authority, Bangladesh Bank has taken various measures in order to recover the loss due to COVID impact.

Although Banking sector affected most due to COVID-19 but deposit has been increased of Tk. 56761.00 million as compared to the deposit of November of Tk. 13937385.00 million to the total deposit of Tk. 13880624.00 million as of November 2020. On the other hand, total loans & advances have been increased by Tk. 180582.00 million as compared to the total loans & advances of November 2021 of Tk. 15814315.00 million to the total loans & advances of November 2021 of Tk. 15633733.00 million. Inflation during the month of December 2021, point to point was 6.05 whereas 5.69 was in December 2020 and monthly average (twelve month) was 5.54 during the month of December 2021 whereas 5.69 during the month of December 2020. GDP growth of the country was around 8% during the past few years which was disrupted for the COVID outbreak.

Despite various challenges faced in 2021 due to the pandemic (2nd wave & subsequent Delta variant), SBAC Bank Ltd. achieved planned growth in business and operations during 2021. As per regulatory requirement, the Banking sector was instructed in the year 2020 to fix maximum interest rate @9.00% on lending which also continued in the year 2021 also. Although, the implementation of the interest rate suffered the industry in the year 2020 which also

continued in the year 2021 & Banking sector had to suffer lots for this impact. During 2021, we focused our activities and strategies to become a more resilient, more reliable and customer-oriented financial institution. SBAC Bank Ltd. earned operating profit of Tk. 2004.03 million which is 37.48% higher than the previous year's achievement. The loans & advances were at Tk. 65955.68 million at the end of 2021. During the year, various efforts & measures were taken in order to reduce the cost of deposit and at the end of the year the cost of deposit was reduced & stood at 5.58%. During the year 2021, the performance of the import and export business of the Bank was satisfactory, despite the adverse effects of the pandemic. In 2021 import business was at Tk. 33061.74 million as compared to the volume of Tk. 26313.80 million in 2020 which increased by 25.64%. Export business stood at Tk. 16465.15 million against Tk. 15469.72 million in the preceding year i.e. 2020, which increased by 6.43%. Our position regarding fee/commission based income during the year is also satisfactory. As of December 31, 2021, the total assets of the Bank stood at Tk. 98172.32 million i.e. 11.05% increase over December 31, 2020. Return on Assets (ROA) and Return on Equity (ROE) were 0.58% and 5.42% respectively as of year-end 2021. The Capital Adequacy Ratio of the Bank was calculated at 14.07%, which was above the regulatory requirements i.e. 12.50%.

SBAC Bank Ltd. gave additional focus & special attention on SME sector & retail loan during the year 2021. The outstanding of SME loan was Tk. 24415.88 Million as of 31st December 2021 & retail loan was Tk. 901.09 million as of 31st December 2021. One of the most important & priority sectors for the year 2021 was recovery from the classified loan & we also emphasized and put additional effort for recovery. A task force comprising the senior executives of the Bank worked lots & a substantial amount was recovered from the classified/bad loans.

COVID-19 also changed the behavior of the customers. Now, customer does not want to go the Bank & tries to avoid physical transaction. Considering the change of the mentality of the customers, Bank has introduced apps based banking service namely Banglapay.

As a socially responsible corporate body, SBAC Bank Ltd. continued its CSR activities throughout the year. During the year 2021, the Bank spent an amount of Tk. 79.90 million as CSR which covers involvement in charities, scholarship programs and different events for the overall betterment of the nation.

My sincere gratitude goes to the Honorable Board of Directors of the Bank for their constant support over

the year. I thank the Board of Directors of the Bank for their guidance. I also thank to the Honorable Governor and officials of Bangladesh Bank, Chairman and officials of Bangladesh Securities and Exchange Commission and other regulatory bodies for their prudent guidance which helped me to sail the journey. I am thankful to my colleagues for their commitment, responsibility, loyalty, devotion, and dedication towards achieving the goal.



Mosleh Uddin Ahmed
Managing Director & CEO





Chapter 05

INTEGRATED REPORTING



MD & CEO's message on Integrated Reporting

Welcome to our Integrated Reporting

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term. But value is not created, preserved or eroded by or within an organization alone. It is:

- Influenced by the external environment
- Created through relationships with stakeholders
- Dependent on various resources

In terms of a Bank, an integrated reporting primarily focuses on establishing a correlation between a Bank's operations and its impact on society regarding value addition. It communicates stakeholders of a Bank about the effect of banking activities on social and relationship capital.

The Integrated Report (IR) has been prepared with the aim to represent how South Bangla Agriculture and Commerce Bank Ltd., as a financial institution, is managing its business brilliantly to deliver consistent value to its stakeholders. This report is a summarized story of value creation of SBAC Bank. The key features of our value creation process are the different forms of capital that provide the inputs, and the value creating actions that result in outputs, while the entire process is driven by Bank's governance. The description of the context and framework of our reporting is stated below:

The companies Act 1994, the Bank Company Act 1991, Bank Bangladesh regulations & other regulatory guidelines require that the Bank will publish its annual report within a specified period after the end of its every financial year. It also stipulates particular requirements and disclosures that must be integrated in the annual report. The commitment of the board regarding guidance, supervision & governance demands transparency on matters related to stakeholders at the same time. The aim of the integrated reporting approach is to enable our all stakeholders to make a more informed assessment of the value of our bank and its prospects. This reporting ensures accurate measurement of operational, financial and sustainable performance as a whole.

The Financial Statements of the Bank as on 31 December 2021 have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). In addition, the Bank has followed relevant

criteria mentioned in the framework issued by the 'International Integrated Reporting Council (IIRC)' and the guidelines issued by the 'Institute of Chartered Accountants of Bangladesh (ICAB)'.

Reporting scope and boundary

This Annual Report covers our financial and nonfinancial performance during the period 1st January 2021 to 31st December 2021. Throughout this report, it has been our sincere effort to keep our stakeholders abreast of key developments, programmes and initiatives, market challenges and business solutions, our achievements, mid to long term direction, and the overall health of our operations and business divisions. The report also presents detailed insights on financial position and performance. Our report is particularly relevant for our stakeholders. However, a range of other stakeholders across the globe will also find our report informative. Our financial statements are independently audited and provide in-depth and transparent disclosure of our financial performance, aligned with the requirements of compliance standards expected out of a listed commercial bank. In preparing our report, we were guided by the requirements of local and international statutory and reporting frameworks, including those of Bangladesh Bank, the central bank of Bangladesh.

Materiality and material matters

This Annual Report presents a fair & brief appraisal of our performance, prospects, governance, strategies and sustainability which are easily demonstrable in nature. The Bank has always been watchful in dealing with the material issues which have substantial impact on the strategic directions and operations of its business. All those bona fide interests of our key stakeholders have been taken into account in determining information that is considered to be material for insertion in this report. The various matters and developments of both quantitative and qualitative criteria included here in this report were



determined by a number of considerations, for instance, issues those may impact our deployment of strategies and creation of values, challenges those might frustrate our ability to sustain, material matters placed to our Board of Directors, risks identified by our management and the interests of our key stakeholders.

Assurance Model

The Bank has a combined assurance model comprising of different independent and responsible authorities. These assurance providers ensure that

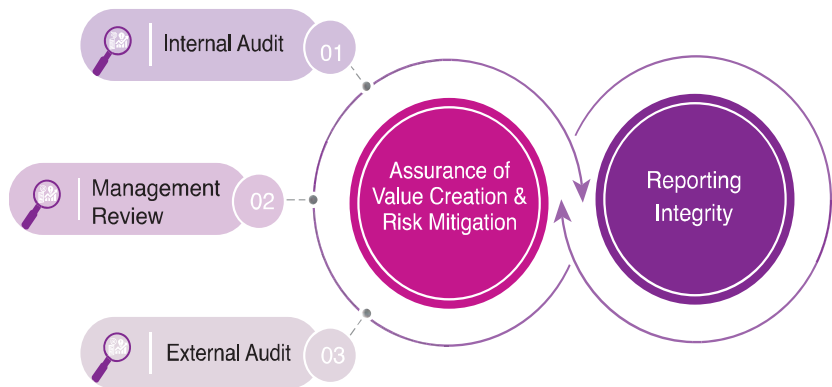
effective risk management is implanted in the organization. Though the Board of Directors, with the support of the Audit and Risk Management Committee, is mainly responsible for combined assurance by setting the direction but we confidently believe that our combined assurance model plays a vital role in ensuring assurance of value creation & risk mitigation in every aspect of our business. We have appointed different external assurers and auditors to ensure the credibility of the report.

Financial Statements Audit	Hoda Vasi & Co., Chartered Accountants
Corporate Governance Compliance	Islam & Co., Chartered Accountants
Legal Consultant	Bhuiyan Islam and Zaidi
Tax Consultant	Islam & Co., Chartered Accountants
Risk Management Assurance	Bangladesh Bank
Credit Rating Agency	Credit Rating Information and Services Limited (CRISL)

Responsibility over the Integrity of the Integrated Report

I acknowledge our responsibility to ensure the integrity of this Integrated Reporting which addresses all material issues and presents the integrated performance of SBAC Bank Limited. We have tried to present briefly some relevant information to our key stakeholders to make them conversant on our value creation through banking operations as per guideline & framework of Integrated Reporting.

Combined Assurance Model of Integrated Reporting



Mosleh Uddin Ahmed
 Managing Director & CEO



Discussion on Integrated Reporting

Bank as a financial intermediary plays a major role in socio-economic development of any country. It has the ability to select investment projects, manage risks, and decide who has access to capital and what activities are to be financed. Banks are now practicing their social responsibility more than ever, reinforcing their credibility and the trust that their stakeholders have in them.

Through 'Integrated Reporting' we make an effort to inform all of our stakeholders a detail story of our commitment towards value creation. Centering on the value creation process, this report encompasses around intensity of the competition, effects of environmental forces, SWOT analysis and business model to capitalize the competitive advantages.

This report covers the period from January 01, 2020 to December 31, 2021 and corresponds to the 'capitals model' of value creation.

Competitive Intensity and our response

In Bangladesh, the banking industry is fiercely competitive and has a total of 61 scheduled banks, 5 non-scheduled banks and 34 NBFIs. Moreover, the banking industry in Bangladesh is continuously facing numerous challenges & risks, both internally and externally. So, it is necessary for any Bank to identify the risk factors and competitive forces that shape the banking industry. SBAC Bank Limited has implemented a risk identification and mitigation framework to protect the Bank from adverse conditions and to help enhance its operational capability and sustainability as well. We have depicted our risk framework through:

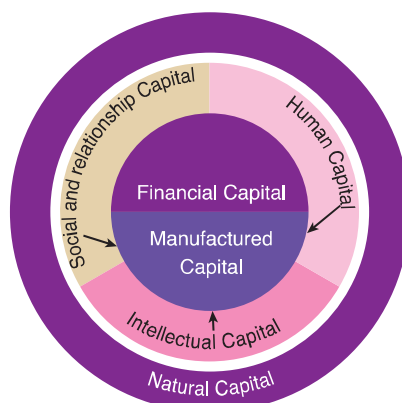
- PEST Analysis; and
- SWOT analysis.

The Capitals Report

There are five types of sustainable capital through which an organization can deliver the goods and services. An integrated report should deliver information about how these different forms of capital are being managed to the respective capital providers.

Financial Capital

Financial capital includes shareholders' equity, debt and reinvested capital and is a critical input in executing our business activities. For a Bank, financial capital is a core element in enabling the balance of interests of both deposit customers and borrowers. Also, returns generated by our business enhance our financial capital, which in turn is used to repay our investors in the form of dividend



payments and the rest is retained to aid business operations and growth through enhancing other capitals. The Bank currently uses the following major financial capitals to create value in different time horizon:

Paid-up Capital

The paid-up capital refers to the amount that has been received by the company through the issue of shares to the shareholders. We have started in 2013 with a paid-up capital of Tk. 4,089.6 million which has raised to Tk. 7,846.46 million as on 31st December, 2021. This continuous increase of paid-up capital as a result of a handsome stock dividend paid to the shareholders signifies that the Bank is playing a substantial role in creating value for the stakeholders.

Statutory Reserve

A Bank requires to transfer a sum equivalent to not less than 20% of its current year's profit before tax to the reserve fund until such reserve equals to its paid up capital as per the section 24(1) of the Bank Company Act. The Bank does comply with this requirement of law every year and as on 31st December, 2021, the statutory reserve of the Bank was Tk. 1,947.49 million.

Retained Earnings

Retained earnings refer to a portion of a company's profit that is held or retained from net income at the end of a reporting period to reinvest in its core business, or for any other purposes instead of paying out as dividends to shareholders. The retained earnings position of the Bank was Tk. 704.53 million (consolidated) as on 31 December 2021, whereas the solo retained earnings was 699.37 million.





Deposits

Deposit is the lifeblood of a Bank. It is the key source of finance that plays crucial role in value creation process of the Bank. Currently a range of attractive products and services have been offered by the Bank. The major types of deposits are current deposits, bills payable, short notice deposits (SNDs), savings bank deposits, term deposits etc. Total amount of deposits of the Bank was Tk. 72,736.46 million (consolidated), whereas the solo total amount of deposits was Tk. 73,103.76 million as on 31 December, 2021.

Manufactured Capital

In case of financial institutions, manufactured capital refers to the resources, media and channels used in providing financial services to the customers and for reporting to regulatory bodies and other users. All the physical objects ranging from our branches, sub-branch & ATM booth units to the network and IT infrastructure such as the computers, equipment and supplies that we use to render services to our clients are part of manufactured capital of SBAC Bank Limited. The Bank has established 107 branches & sub-branches and 49 ATM booths already at vital business hubs across the country. The Bank is continuously investing in technological advancement with an objective of delivering superior customer experience than that of the competitors.

Human Capital

Human capital is generally consists of the capabilities & knowledge, skills & experience of the employees of a company. It incorporates the health, knowledge, skills, intellectual outputs, motivation and capacity for relationships of the individual. Human Capital is also about joy, passion, empathy and spirituality. SBAC Bank believes that human resource is it's most valuable asset which will be the strongest competitive advantage in a fiercely competitive banking environment. Our human capital consisting of 996 (till date) employees who are creating value continually through their skills, knowledge, expertise, passion, dedication and commitment in achieving the objective of the bank. We prioritize on retaining and motivating the brilliant performers through providing them a handsome remuneration and rewarding bonuses and incentives.

Intellectual Capital

Intellectual capital is the result of mental processes those form a set of intangible objects that can be used in economic activity and bring income to its owner (organization), covering the competencies of its

people (human capital), the value relating to its relationships (social & relational capital), and everything that is left when the employees go home (manufactured capital). Our intellectual capital consists of knowledge-based assets such as licenses, software, copyrights, policies, and procedures etc. This capital creates value for the bank through gaining competitive advantages in the market, ensuring superior customer experience and building strong image in conformance with it's business goals. Here is a list of some intellectual capitals of the Bank:

- Agent Banking License
- Off-shore Banking Unit (OBU) License
- Flora Banking (Core Banking Software)
- App-based Banking (BanglaPay)
- Internet Banking Service
- SMS Banking Service
- SWIFT Operation
- BACH (Automated Clearing House)
- Electronic Fund Transfer (EFT)
- Real Time Gross Settlement System (RTGS)

Social and Relationship Capital

Social and relationship capital is the relationships within an organization, as well as between an organization and its external stakeholders. This capital consists of the networks together with shared norms, values and understandings that facilitate co-operation within or among groups. Social and relationship capital includes:

- Common values and behaviours;
- Key relationships, and the trust and loyalty that an organization has developed and strives to build and protect with customers, suppliers and business partners;
- An organization's social licence to operate.

In the Bank, our social and relationship capital involves the relationships we have created and nurtured with our stakeholders that enable greater value creation for all. We have a close involvement with our stakeholders, that helps us in understanding their needs and aspirations from us and allows to strengthen our supply chain further to efficiently render products & services. The Bank organizes events to bring various stakeholders together and it is committed to create partnerships with different organizations to provide financing solutions underserved segments through financial inclusion.

Natural Capital

Natural capital (also sometimes referred to as environmental or ecological capital) is the natural resources (energy and matter) and processes needed by organizations to produce their products and deliver

their services. People require natural capital (such as land and energy) to deploy and operate their manufactured capital. Our Bank always emphasizes on efficient use of Natural capital and we all are committed to take energy-efficiency such initiatives those will protect our nature & environmental resources.

Value Creating Business Model

KEY DRIVERS THAT CREATE VALUE



Creation of a sustainable value for the stakeholders is one of the main objectives of our business model. We are conscious of keeping a balance between different stakeholder objectives while performing our operations to ensure maximum contribution across the value chain. We utilize our resources to achieve competitive advantages. Moreover, a well-structured governance framework has been installed in the bank to ensure effective execution and risk management. Our various activities throughout the value creation process generate outcomes, which create value for our stakeholders in the form of profits, employee compensation, reduction in use of unnecessary energy, protection of nature, process efficiency and other material outputs.

Strategy and Resource Allocation

To create value for our shareholders by attaining our goals, the management reviews strategies from time to time and the Bank has already chosen a set of strategic priorities for the year 2022. The implementation of these strategies will require proper allocation of resources for the development of our capitals. The strategic priorities will be achieved by doing following things:

- Nurture such culture that values excellent client experiences, ethical and fair conduct with integrity;
- Install a "customer first" mindset in all employees while improving service standards further;
- Develop a culture that encourages innovation that differentiate us in facing competition;
- Deliver new products and services to market quicker than those of the competitors to grab the first mover advantage;
- Install newer & upgraded technologies constantly to meet changing expectations and demand of the client;
- Increase the area of coverage by establishing branches, sub-branches, ATM booths and agent banking as well as through utilizing other probable distribution channels and installation of technology, so that mobilization of funds & diversification of investment is possible;
- Constantly monitor and anticipate criminal exploitation of our systems and cyber-attacks on cloud services, and deploy prevention and mitigation measures;
- Ensure the diversity in workforce with the higher skills and capabilities to execute our strategy properly;
- Enable the workforce to adapt with quickly changing client expectations, technology and ways of working and perform accordingly;
- Regularly reviewing of policies and processes to ensure better asset portfolio as well as restrict NPL within feasible level;
- Pay greater attention on risk management.

Resource allocation strategies to meet objectives

At SBAC Bank, all our value creating efforts are targeted towards creation of long-term value for our stakeholders. Mostly, these are in the form of deploying financial investments to ensure the development and sustainability of other capitals in a way that will result in higher long-term returns. We allocate our resources to build on our various capitals for enabling a sustainable growth engine. This resource allocation strategy is exhibited in our approach of utilizing key capitals.





Factors providing competitive advantage to create value

South Bangla Agriculture and Commerce Bank Limited believes that the human resource with proper skills & right attitudes is the most valuable assets for a Bank facilitating the gain of competitive advantage which no competitor can duplicate. Since inception, SBAC Bank has been working consistently with a view to transform it's workforce into human capital to achieve competitive advantage through appropriate training courses and development programs. We see technology as a key competitive factor for success and we invest a handsome amount for the upgradation of our tech-infrastructure to transform continually. SBAC Bank Limited has established its Social and Relationship Capital as one of its core competences. Quality relationship with customers, regulators, investors, suppliers of capital and communities is the foundation of our ability to generate revenue and profits.

Challenges in Executing our Strategy

Bangladesh has been experiencing a consistent rising growth rate of near double-digit over the last few years. Our growing per capita income, increasing export basket is an evidence that we are rising as a nation. However, there remains a series of social, environmental, regulatory, technological and economic challenges to reach our long term goals.

The following challenges are needed to be managed tactfully carrying out our strategy:

- Fiercely competitive banking sector with an interest rate capping will aggravate the competition further that may in some point of time disturb the stability of the money market through provoking unhealthy competition among financial institutions;
- Banks and NBFIs are giving their all out effort in targeting and capturing the markets for corporate loans as well as SMEs and retail loans, so it is near to impossible for a 4th generation bank to survive in the competition implementing cost minimization strategy;

- Non-Performing Loan (NPL) is a major challenge for the banking industry. The banking system is still burdened with huge amount of NPL that make funds costlier;
- An under-developed bond market and limited availability of other long-term funding create an excessive pressure on banking sector of the country;
- Rules & regulations in the Banking industry are becoming stricter as the non-compliance & crime in this sector is increasing. The number of new financial services regulations continues to grow. The ways in which new regulations are circulated country can lead to complexity and uncertainty further;
- More complex & sophisticated cyber-attack has become a common phenomenon recently. Technological advancement has introduced such challenge globally for the financial institutions in a severe extent;
- The rapidly changing customer expectations for highly customized but affordable products and services pose a big challenge.

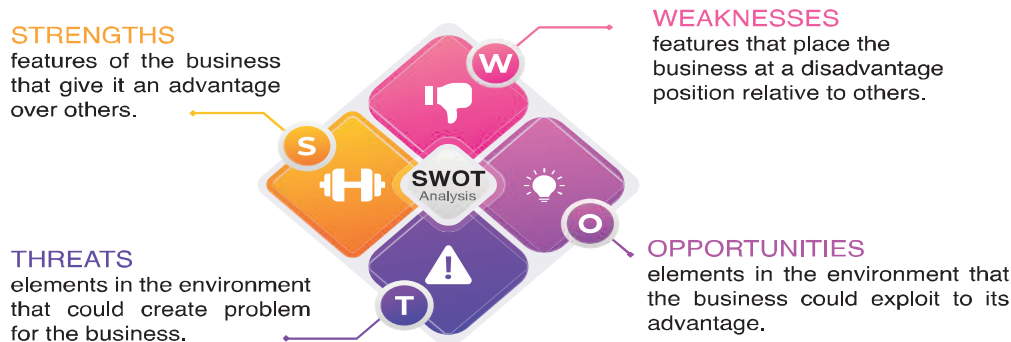
Managing Related Risks

SBAC Bank actively manages it's risks through revising the mitigation plan regularly paying attention to the prevailing macroeconomic and geopolitical environments. Fierce competition from traditional and non-traditional competitors (mainly fintech) has become a big concern for the Bank. At SBAC Bank, we believe to overcome all our risks & competitions through strengthening corporate governance in operations and invention of superior service experiences for our clients. To ensure better corporate governance, regular review of policies is conducted so that the company stays compliant to the. Besides, as the risks to which financial institutions are exposed are becoming more complex and diverse, so the importance of risk management growing everyday. The Bank is working to strengthen the risk management functions by establishing a proper risk management framework to maintain the soundness of management.

SWOT Analysis

SWOT analysis is a strategic planning technique used usually to help an organization in identifying strengths, weaknesses, opportunities, and threats related to its operation. This technique has been designed for using in the preliminary stages of decision-making processes and can be used as a tool for evaluation of the strategic position of a business organization. It is intended to specify the objectives of the business venture and identify the internal and external factors that are favorable and unfavorable to achieving those objectives.

SWOT assumes that strengths and weaknesses are frequently internal, while opportunities and threats are more commonly external. The name is an acronym for the four parameters the technique examines:



Strengths:

- Good Asset quality and Strong Capital Base. The Bank started its journey with an Authorized Capital of Tk. 10,000.00 million and its paid-up capital has stood at Tk. 7,846.46 million already. It has been successful in maintaining the CRAR of 13.91 percent (consolidated) whereas the solo CRAR was 13.94 percent.
- The fully professional Board of Directors consisting of the visionary Business individuals having long professional experiences, and prominent corporate houses of the country.
- The highly experienced management team that consists of seasoned bankers who has served in diversified capacities so far.
- The competent, skilled, highly experienced workforce that is self-driven and fully dedicated to achieve service excellence.
- The remarkable Brand image of the Bank in the market created by competing its contemporary Banks. Despite being a comparatively new Bank, it has earned a good trust among the People. SBAC Bank had been awarded “The Golden Globe Tigers Award 2018” for Excellence and Leadership in Branding and Marketing.
- State of the Art Banking technology that facilitates innovation and digitalization in new product development & promptness of services.
- Satisfactory & steady Credit Rating of ‘A’ for long term and ‘ST-2’ for short term.
- The comparatively lower Non-performing Loan (NPL) ratio. The Bank is maintaining an NPL of 5.85 percent at the end of 2021 which indicates good asset quality of the bank.
- The steady Return on Asset (ROA) and Return on Equity (ROE) growth of the Bank, which are 0.58 percent (consolidated) & 0.57 (solo), and 5.42 percent (consolidated) & 5.36 percent (solo) in 2021 respectively.
- Diversified credit portfolio of the Bank that prevents the loans & advances from being concentrated on a fewer sectors thus protects the Bank from the concentration risk as well.
- An extensive service coverage through branches, sub-branches & ATMs, Agent Banking and strong presence in international trade through foreign correspondent Banks.
- Diversification of service through opening of Islamic Banking windows to provide shariah-based banking services and establishment of subsidiary companies naming SBAC Bank Investment Limited to offer a broad range of investment banking services as well as dealing in stocks, shares, bonds, debentures, commercial papers or any instrument floated in the stock markets.
- Inauguration of Apps-based Banking ‘Banglapay’ that renders a wide range of services with great ease & promptness.
- Strictness in practicing good corporate governance and ensuring full regulatory compliance.





A culture of fast adaptability to changes.

Weaknesses

- Still there is a lack of sufficiency in human resources in contrast to the necessity of branches.
- Prioritizing the industry culture to introduce new avenues of earning which requires undertaking extensive Research & Development programme.
- Management of Non-performing Assets needs more depth-evaluation and further actions.
- Existing branch network is yet to be sufficient comparing the coverage needed to achieve the goal of financial inclusion.
- The portion of low cost-no cost deposit (e.g. Current account, Savings account) in the overall deposit mix is not at ideal level yet.
- The optimum diversification in credit portfolio is yet to be achieved as a significant portion of loans & advances of the Bank is concentrated in corporate segment.
- Management's delegation in approval of loan is limited comparing those of the competitors, that's why more time is required in loan approval process compared to the competitive banks.

Opportunity

- Continuous GDP growth of the country and rising of Income level of the people indicate that demand for financial services would increase in the near future among all classes in the society.
- Remittance inflow in the country is almost steady, and because of the incentive given by the government on using legal channel to send remittance, banks are being preferred now as a legal channel of remittance flow.
- Opening of SBAC Bank Investment Limited, a subsidiary of the bank as capital market intermediary would diversify the operation & income base.
- Reduction in Repo Rate and CRR by the Bangladesh Bank will increase the money supply in the market which in turn creates more investment opportunities.
- Increase in ADR and IDR to release funds to invest more by the banks that will give some positive energy to the economy in facing challenges created by the COVID-19.
- Financial Inclusion through digitalized banking, agent banking along with extensive sub-branch network may be an effective remedy to cope up with fiercely competitive environment of reduced profit margin for banks.

Capitalizing on Opportunities

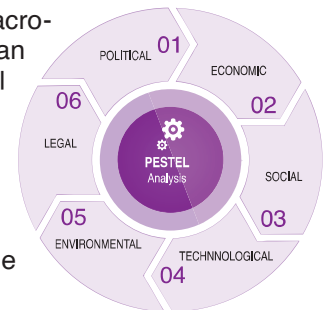
- The Management is continuing with R&D activities and more new products and services would be introduced.
- The Management is continuing with plan to grab market share through channeling remittances by Agent Banking operation as well as branches.
- The Board of Directors has already decided in principle to establish a subsidiary to operate as 'Fund Manager' and 'Asset Management Company'.

Threats

- The industry is flooded with existing competitors already and new banks and NBFIs are only adding the severity with the existing competition.
- Intense competition in lending is offering the borrowers an increased bargaining power unreasonably and creating an opportunity for the borrowers with ill-motif to abuse the bank loan thus endangering a bank to face the consequences of more default loan.
- The loanable fund may shrink in future as a consequence of implementation of single digit interest rate as the depositors may choose government savings tools because of their higher yield, that in turn will reduce the profitability of the bank.
- The amount of non-performing loan may impact the profitability negatively creating challenges of maintaining more provision.
- Digitalization of the banking and financial sector has been posing a higher risk for cyber-attack as most of the banks have no preparation to protest against such attack on their data security.
- The economic crisis induced by Covid-19 pandemic as well as Russia-Ukrain War have affected the foreign trade business of banks negatively by a large margin as the supply chain around the world was interrupted badly.
- The single digit lending rates mounted additional pressures on the banking sector during Covid-19 pandemic in view of the cost of funds, classified loans, overhead cost, regulatory issue, etc. as procuring deposit at a reduced rate around the inflation rate is really challenging.
- Inflationary pressure may increase further since the world is facing a severe unstable situation due to the Russia-Ukrain war that inducing the increase of commodity prices around.

PESTEL Analysis

PESTEL analysis is a framework or tool used to analyze and monitor the macro-environmental factors that may have a significant impact on an organization's performance. It is a strategic framework used to evaluate the external environment of a business by breaking down the opportunities and risks into Political, Economic, Social, Technological, Environmental, and Legal factors.



Political Factors:

These factors are all about how and to what degree a government intervenes in the economy or a certain industry. These include the following:

- Government policy
- Tax Policy
- Trade restrictions
- Bureaucracy
- Political stability or instability
- Foreign trade policy
- Tariffs

Economic Factors:

Economic factors are determinants of an economy's performance. These factors may have a direct or indirect long term impact on a company, since it affects the purchasing power of the people. These include the following:

- Economic Growth Rates
- Exchange Rates
- Disposable income
- Interest Rates
- Inflation rates
- Unemployment Rates

Social Factors:

This represents the demographic characteristics, norms, customs and values of the population within which the organization operates. Factors to be considered are the following:

- Cultural Aspects & Perceptions
- Population Growth Rate
- Income Distribution
- Lifestyle Attitudes
- Health Consciousness
- Age Distribution
- Career Attitudes
- Safety Emphasis

Technological Factors:

These factors are related to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably. Technological factors affect in three distinct ways those are: new ways of producing goods & services, new ways of distributing goods & services, and new ways of communicating with target markets. Technological factors include the following:

- Research and Development (R&D) activity
- Technological Incentives
- Level of Innovation
- Automation
- The Rate of change in technology
- Amount of Technological Awareness

Environmental Factors:

These factors include ecological and environmental aspects such as weather, climate, environmental offsets and climate change which may the operation of a business. Furthermore, growing awareness of the potential impacts of climate change is affecting how companies operate and the products they offer. This has led to many companies getting more and more involved in practices such as corporate social responsibility (CSR) and sustainability. Key environmental factors include the following:

- Weather Conditions
- Climate Change
- Natural disasters (tsunami, tornadoes, etc.)
- Temperature
- Pollution

Legal Factors

Legal factors pertain to any legal forces that define what a business can or cannot do. Companies need to know what is and what is not legal in order to trade successfully and ethically. Legal factors include the following:

- Industry Regulations
- Employment Laws
- Acts & Laws related to Intellectual Property
- Health and Safety Laws.
- Licenses & Permits
- Labor Laws
- Consumer Protection Laws





Analysis of Impact on the Industry & Response from our End

Macroeconomic Factors	Impact on Industry	Our Response
Political Factors:		
<p>Bangladesh is enjoying a notable stability in the political front for last few years. There is no real threat of instability in the near future as a number of steps have been taken to ensure zero tolerance to any politically motivated chaos and terrorism. A number of favourable business policies such as business oriented tax policy, positive foreign trade policy and investment friendly foreign direct investment (FDI) policy etc. have already been undertaken and the country has a tremendous bureaucratic success in capturing more export markets as well as attracting huge FDI in recent years.</p>	<p>Our economy is recovering from the corona virus induced stagnation with an exceptional pace so it is expected that, once the economy comes out of the onslaught of Covid-19 to it's pre-pandemic level the entrepreneurs will start investment in a greater pace again. The demand of loans and advances will increase putting pressure on liquidity. The pressure on liquidity may also come from the public sector through accomplishment of mega projects. Moreover, a number of non-residents and foreign investors have a keen interest for investing here. All these positivity in Political factors will create a massive demand of fund in future to meet the requirement of investment.</p>	<p>The management along with board of directors have been assessing the political factors continuously to adapt it's business strategies accordingly. We assign the utmost priority in controlling NPL besides ensuring expected growth. The required due diligence will be deployed more vigorously for ensuring good governance at all levels.</p>
Economic Factors:		
<p>The economic growth of our country had exceeded 7.00 per cent for four years in a row in the pre-pandemic period. Bangladesh has registered a growth rate of 3.51 per cent during the pandemic period (in FY 2019-2020). The economy continued to accelerate despite the havoc caused by the Delta variant of Covid-19 virus achieving an estimated 4.6 per cent growth in 2021. The forecast rate for Bangladesh's GDP growth for 2022 varies from 5.1 per cent (World Bank), 6.6 per cent (IMF), 6.8 per cent (ADB) to 7.0 per cent (Fitch Ratings), which is an indication of some sort of recovery from the contraction of the country's total economic output caused by the unprecedented coronavirus pandemic.</p> <p>The per capita income in terms of GNI is estimated at Tk. 1,88,873 or USD 2,227 in FY21. The new estimate of per capita income using the FY16 as the base year is USD 2554 (although yet to be officially disclosed).</p>	<p>Though there is a fall in the private investment in recent years, it is expected that private sector credit growth will regain it's previous pace once the aftershock of pandemic is over.</p> <p>Rising trend of disposable income will definitely increase the demand of consumer goods & service products. Banks need to be ready for meeting up the demand of enhanced consumer loans when the pandemic is ended.</p>	<p>The Bank is concentrating on achieving a favorable CASA ratio through mobilizing low-cost or no-cost fund. Management will continue it's drive to diversify the loan and advance portfolio through disbursing a significant portion to SME and Retail & consumer sectors. Moreover, the effort for attracting good corporate borrowers is continuing simultaneously.</p>

Social Factors:		
<p>The lifestyle of our citizens has improved a lot as their per capita income is increasing in a continuous fashion. But income disparity among different classes in the society is an alarming concern.</p> <p>As the literacy rate is going up, recently the lifestyle & career attitude of young people have changed significantly. Customers now-a-days are more tech-savvy than ever before. They prefer ease & automation, cutting-edge technology-based services and products. Many of the young generation people are being interested to be engaged in new start-ups and entrepreneurial ventures. Health Consciousness & Safety Emphasis has gained further importance among the people here. Population Growth Rate has decreased sharply which is definitely a great positive sign for the holistic progression of the country.</p>	<p>The use of financial services is increasing day by day as the income level of the citizen is increasing continuously. On the other hand, the persisting disparity of income and inequality in wealth distribution is signifying that the concept of 'inclusive banking' and 'financial inclusion' will get the utmost importance in coming days. Customers desire for a seamless banking has been evidenced by the boom of Mobile Financial Services.</p>	<p>SBAC Bank in its effort to reach the unbanked people of the country is vigorously pursuing branch & Sub-branch Banking Operations by the way of setting up more physical network. The Bank is determined to introduce high-end technology to improve the customers' experience further through rendering better-quality service.</p> <p>The management as already formulated a plan to introduce technology-driven customer friendly products more and more for capitalizing the preferences of the new generation customers who demand ease of services and more automation with increased value addition.</p>
Technological Factors:		
<p>The ongoing technological advancements and awareness among people on technology have made customers more sophisticated and changed their expectation levels. Furthermore, our government is investing a lot of fund to build a world class IT infrastructure in the country as a result the rate of change in technology has accelerated dramatically, level of innovation has advanced further and automation has been achieved at a significant height.</p>	<p>Now-a-days Technological advancement has become a decisive factor in business and commerce. Installation of better technology ensures gaining of competitive advantage over business rivals. So banks are required to further investment in competitive technological development for serving their customers with better products & services and with improved operational efficiency following the rules and regulations.</p> <p>With the advancement of information technology and it's extensive use in the banking sector, there is an enormous threat of Cyber security or data security in the industry which is becoming a matter of big concern.</p>	<p>The core banking software of SBAC Bank is well updated to ensure smooth day to day operation. Moreover, the Bank is committed to ensure updated service through internet banking, SMS banking, BACH (Bangladesh Automated Clearing House), Electronic Fund Transfer (EFT), RTGS (Real Time Gross Settlement) etc.</p> <p>The Bank has introduced the Apps-based banking service "Banglapay" which is an extraordinary initiative full of diversified banking & financial services to convenience-lover customers.</p> <p>In terms of Cyber security, we are well protected as the security system is updated continually and the IT team is fully vigilant on the issue.</p>





Environmental Factors:		
<p>The attention over preservation of environment through anti-pollution movement is increasing all over the world. There is growing concentration on green financing more broadly sustainable finance, both in financial markets and in the international political arena.</p>	<p>Bangladesh Bank has established a separate department namely Sustainable Finance Department with a view to develop sustainable banking (i.e. Green Banking and CSR) framework and to integrate it into core business operation of banks and FIs through efficient and effective implementation of Green Banking and corporate social responsibility (CSR). The department is engaging and encouraging all banks and FIs to step-up their green banking initiatives and standards as well as ensuring proper implementation of CSR fund.</p> <p>Regulatory monitoring has also been strengthened on green financing and CSR activity. It has formulated policies on different aspects of green banking (green finance, environmental risk management, in house environmental management, climate risk fund, green marketing, online banking, green branch, green product innovation, green strategic planning etc.) and CSR activities for banks & FIs.</p>	<p>South Bangla Agriculture and Commerce Bank Limited is always committed to the sustainable development through the creation of long-term value with respect to the environment, stakeholders and the community. The Bank strictly complies with the green finance, environmental risk management, in-house environmental management, climate risk management, green marketing, online banking, green branch, green product innovation, green strategic planning etc. and CSR Policies of the central bank always. We have a firm commit to invest in such CSR activities and social initiatives those are ensuring long term sustainability of environment and society.</p>
Legal Factors:		
<p>Regulatory compliance is the most important issue in the banking industry. Perhaps, banking industry is the most regulated industry of the country. The Industry is now facing with tighter rules and regulations and application of those are considerably more standardized and stringent than ever before.</p>	<p>The banking industry is regulated under the Bank Company Act, 1991(amended up to 2018), guided by the circulars and guidelines of Bangladesh Bank, the listing regulations, and securities laws of BSEC. The compliance of the Companies Act-1994, Income Tax Ordinance and Rules 1984, Value Added Tax (VAT) Act and Rules etc. is also mandatory for a Bank.</p>	<p>Since the inception, SBAC Bank has established a culture of complete regulatory compliance. it has been able to attain a good image among all the stakeholders by complying all the applicable rules and regulations. The Bank always gives utmost value to rules and regulations and conduct business operations accordingly for a sustainable growth in terms of asset and profitability.</p>



Our Business Model

South Bangla Agriculture and Commerce Bank Limited with 09 years of promising banking services & progressive experience in the marketplace has designed its business model for meeting customer needs both on the investment and deposit front and fulfilling their growth expectations on the basis of trust and respect. We are continuously adapting the business model to sustain competitive pressures and absorb shocks, whereas we are careful to ensure a balance between different stakeholder objectives to create maximum contributions across the value chain. With the advancement of technology and change in influential factors our management team is striving to make the best use of available resources according to the Business Model.

<u>Key Partners</u>	<u>Value Proposition</u>	<u>Customer Segments</u>
<ul style="list-style-type: none"> ▪ Customers ▪ Shareholders ▪ Investors ▪ Employees ▪ Regulators ▪ Other Banks and NBFIs ▪ Surplus Economic Units 	<ul style="list-style-type: none"> ▪ Complete Solution of Business Needs ▪ One Stop Service for Personal Banking ▪ Innovative Products & Services ▪ Timely & Superior Services Wide availability of Banking Services 	<ul style="list-style-type: none"> ▪ Corporate Clients ▪ Institutional Clients ▪ Small & Medium Enterprises ▪ Individuals/Retail Clients ▪ Banks ▪ Non-Banking Financial Institutions Govt. & Non-Govt. Organizations

BUSINESS MODEL

<u>Key Resources</u>	<u>Key Activities</u>	<u>Delivery Channels</u>
<ul style="list-style-type: none"> ▪ Vastly Experienced & Highly Professional Board ▪ Profoundly Skilled Workforce ▪ Devoted Service Attitude ▪ Wide Range of Products & Services ▪ Strong Capital Base ▪ Wide Distribution Network ▪ Vast Correspondent Network ▪ Upgraded IT Infrastructure 	<ul style="list-style-type: none"> ▪ Deposit Management ▪ Lending Management ▪ Risk Management ▪ Compliance Management ▪ Fund Management ▪ Product & Process Innovation ▪ Trade Services ▪ Remittance Service ▪ Treasury Solutions ▪ Islamic Banking Services ▪ Off-shore Banking ▪ Service Improvement Brand Building 	<ul style="list-style-type: none"> ▪ Branches & Sub-Branches ▪ Direct Selling ▪ Call Center ▪ Digital Platforms (Banglapay) ▪ Automated Teller Machines ▪ Subsidiary Company ▪ Agent Banking
<u>Customer Relationships</u>	<u>Cost Structure</u>	<u>Revenue Streams</u>
<ul style="list-style-type: none"> ▪ Identify customer needs ▪ Individual Solutions ▪ Continuous customer Engagement ▪ Receiving Feedback ▪ Continual Review ▪ Research & Development ▪ Special Campaign ▪ Loyalty Programs ▪ Advisory Roles Relationship Management based business model 	<ul style="list-style-type: none"> ▪ Interest Expense ▪ Salary and Allowances ▪ Administrative Expense ▪ IT and Infrastructure Expense ▪ Capital Expenditure Other Operating Expenses 	<ul style="list-style-type: none"> ▪ Interest Income ▪ Investment Income ▪ Income from commission, fees etc. ▪ Exchange and Brokerage gain ▪ Other Operating Income





Chapter 06

DIRECTORS' REPORT



Directors' Statement of Responsibilities

Bismillahir Rahmanir Rahim

Dear Fellow Shareholders,

The Directors are required to present the Annual Report together with Directors' Report and the Financial Statements in accordance with the Companies Act, 1994, Rules and Regulations of the Institute of Chartered Accountants of Bangladesh (ICAB), Rules and Regulations of Bangladesh Bank (BB), Bangladesh Securities and Exchange Commission (BSEC) Rules, 1987, the Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagong Stock Exchange (Listing) Regulations, 2015 and BSEC's notification on Financial Reporting and Disclosures dated June 20, 2018.

The Financial Statements are required by law and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by ICAB to present fairly the financial position of the Company and the performance for the period. That is, the Directors are required to report that, the financial statements of the Bank prepared by the management, gives a true and fair view of:

- The state of affairs as at balance sheet date, i.e., December 31, 2021; and
- The profit and loss for the year ended on the balance sheet date.

Proper accounting records should be kept that discloses with reasonable accuracy the financial position of the Company and enables them to ensure that it's Financial Statements comply with the Companies Act, 1994 and the Bank Company Act, 1991 (amendment up to 2018). So, in preparing these financial statements, the Directors are required to ensure that:

- The appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained.
- Estimates and judgments have been made, which are reasonable and prudent; and

- All applicable accounting standards, as relevant, have been followed.

The Directors are also required to declare the following matters in their report as per Bangladesh Securities & Exchange Commission (BSEC)'s notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 as applicable for Bank:

- Industry outlook and possible future developments in the industry;
- Segment-wise or product-wise performance with relevant risks;
- Extraordinary gain or loss;
- Related party transactions- a statement of all related party transactions;
- Utilization of proceeds from public issues, rights issues and/or through any other instruments;
- Significant variance between quarterly financial performance and annual financial statements;
- Remuneration to directors Including independent directors;
- Preparation of the financial statements and any departure thereof, has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Bank's ability to continue as a going concern;
- Significant deviations from the last year's operating results;
- Key operating and financial data of a least preceding 05 (five) years;
- If no dividend (cash or stock) has been declared for the year, the reasons thereof shall be given;





- The number of Board meetings held during The year and attendance by each director;
- The pattern of shareholding structure; and
- In case of the appointment/reappointment of a director, the following information to be disclosed to the shareholders:
 - a) A brief resume of the director;
 - b) Nature of his/her expertise in specific functional areas;
 - c) Names of companies in which the person also holds the directorship and the membership of committees of the board.

The Directors' report of South Bangla Agriculture and Commerce Bank Limited confirms that Directors' Report together with the Financial Statements in the Annual Report for the year 2021 have been prepared in compliance with laws, rules and regulatory guidelines as per the Companies Act, 1994; The Bank Company Act, 1991 (amendment up to 2018), guidelines issued by Bangladesh Bank and BSEC Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.

Board through its Audit Committee installed appropriate and adequate Internal Control System in the Bank and acknowledges its responsibility for establishing Internal Control Systems' efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations.

Board of Directors of SBAC Bank holds its meeting regularly. During 2021, twenty one board meetings were held to consider Bank's policies, procedures, risk management, business and various strategic & tactical plans.

This report should be read simultaneously with Auditor's Report to the Shareholders of SBAC Bank Limited. Compliances of BSEC Corporate Governance Code, 2018 are given separately. Some of the information may contain projections or forward-looking statements based on our assumptions and expectations, which must not be interpreted as guarantee of future performance.

The Directors believe that they have performed their responsibilities as set out in the Companies Act-1994, the Bank Company Act-1991 (amended up 2018), securities laws, listing regulations-2015, and other prevailing laws and regulations, as applicable for the Bank.

On Behalf of the Board,

Abdul Kadir Molla

Chairman

Report of the Directors

(Under Section 184 of Companies Act 1994 and Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018 of Bangladesh Securities and Exchange Commission)

The Board of Directors of South Bangla Agriculture & Commerce (SBAC) Bank Limited has the pleasure and feels honored in welcoming you all to the Annual General Meeting (AGM) and presenting the Annual Report 2021 and Audited Financial Statements for the year 2021 along with the Report of the Auditors to the shareholders. A brief overview of the global trend and the performance of Bangladesh economy vis-à-vis our Bank and our strategic plan for 2022 have also been provided in this Report.

An Overview on Global and Local economy

Global Economic Outlook:

A major factor in making any forecast for the global economy in general or for any particular country or a region still remains the path of the pandemic and capacities of countries around the world, in particular advanced economies to cope with surges in more serious variants of the virus. Therefore, the pandemic will likely remain a headwind for the first half of 2022.

In 2020, global GDP amounted to about 84.54 trillion U.S. dollars, almost three trillion lower than in 2019, a direct impact of worldwide Covid-19 pandemic. If Covid-19 were to have a prolonged impact into the medium term, it could reduce global GDP by a cumulative \$5.3 trillion over the next five years relative to the current projection.

It is a matter of hope that as of 03 January 2022 near about 49.8% of population of the world had been covered under full dozed vaccination while it is expected that the pandemic may be ended if the world is able to ensure vaccination of 70% of people by July 2022. However the global economy is projected to grow 5.9 Per cent in 2021 and 4.9 Per cent in 2022, as per the World Economic Outlook published by the IMF lastly on October 2021, 0.1 percentage point lower for 2021 than in the July forecast due to the threat of new variant Omicron.

While the global economy remains on track to recovery from the Covid-19 induced crisis, inflation remains the major concern. Higher inflation will lead to monetary policy divergence that could see turbulence in financial markets. Emergence of new variants of the coronavirus, surge in consumer demand for goods coupled with supply bottlenecks, tighter labour markets, and rising commodity prices are affecting low

income household the hardest. Even the growing fear is that if inflation continues while growth slows and wages stagnate, global economy may enter a period of stagflation or more precisely, recession combined with inflation not seen since the time of the 1970s energy crisis.

The important issue for 2022 and beyond is how the global economy will deal with inflation, which has now reached 6.4 per cent in the US, the largest economy in the world. However, inflation dynamics will vary by country as supply disruptions and labour markets stabilise at different rates. While inflation sharply increased in the EU by 4.9 per cent and in the UK by 5.1 per cent in 2021, it remains much less of a concern for China and Japan. China recorded an inflation rate of 1.07 per cent and in Japan inflation remained in the negative zone at -0.17 per cent during the same year. Emerging market and developing economies (EMDEs) will be hit harder with depreciating currencies and capital outflows as interest rates rise in developed countries, especially in the US.

Given the numerous drivers of the outlook over the coming year, overall, economic outlook for 2022 broadly looks positive as indicated by various forecasting agencies' projections. In the big picture terms, the post-pandemic recovery is expected to continue in 2022 with the trend of growth in the US, the Eurozone and China. For EMDEs, tighter global financial conditions could put significant stress on some of them. But the impact of such financial conditions will likely be significantly moderated by strong external demand from developed countries and further a catch-up recovery from the pandemic.



The broadly positive outlook for the global economy in 2022 is also supported by major global forecasting agencies. The global GDP growth rate for 2022 varies from 4.3 per cent (Oxford Economics), 4.5 per cent (Scope Ratings), 4.6 per cent (Fastmarkets), 4.7 per cent (Morgan Stanley) to 4.9 per cent (IMF).

It is now estimated that the US economy will grow by 4.00 per cent in 2022 with the unemployment rate falling to 3.5 per cent by the end of 2022. The economic growth in the US will largely be driven by consumption which accounts for about 70 per cent of GDP. Output in the Eurozone is expected to grow by 4.3 per cent, the UK by 5.0 per cent, Japan by 2.6 per cent and China by 5.0 per cent in 2022. Emerging market economies are forecast to grow by 4.8 per cent during the same year.

The economic outlook for Bangladesh in 2022 also looks positive. Bangladesh economy expanded by 3.5 per cent in 2020, a significant achievement compared to most other countries around the world. The economy continued to accelerate despite the havoc caused by the Delta variant of Covid-19 virus achieving an estimated 4.6 per cent growth in 2021 which is far below the pre-pandemic growth rates attained by the country. The forecast rate for Bangladesh's GDP growth for 2022 varies from 5.1 per cent (World Bank), 6.6 per cent (IMF), 6.8 per cent (ADB) to 7.0 per cent (Fitch Ratings).

According to the Economist Intelligence Unit (EIU), Bangladesh will achieve growth in private consumption by 6.2 per cent, government consumption by 6.8 per cent, gross fixed investment by 6.5 per cent, exports of goods and services by 18 per cent and imports of goods and services by 9.8 per cent in 2022.

On an even more optimistic note, according to the Centre for Business and Economic Research (CBER), Bangladesh will rank as the 24th largest economy in the world in 2036. This is a 13-place gain from the current 37th position.

While the global economy is on the way to recovery as reflected in growth forecasts, it will be a rough ride at least in early 2022. The current inflationary pressures even if caused by transitory factors and if they fade away, other inflationary forces such as likely wages growth resulting from tight labour markets will have to be dealt with. Supply chain bottlenecks are expected to ease in the course of the year.

The year 2022 would also be a year when more of the emergency monetary policy measures will be reduced, while fiscal policy measures will remain supportive but much less so than what was in 2020 and 2021.

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	ESTIMATE	PROJECTIONS	
	2021	2022	2023
World Output	5.9	4.4	3.8
Advanced Economies	5.0	3.9	2.6
United States	5.6	4.0	2.6
Euro Area	5.2	3.9	2.5
Germany	2.7	3.8	2.5
France	6.7	3.5	1.8
Italy	6.2	3.8	2.2
Spain	4.9	5.8	3.8
Japan	1.6	3.3	1.8
United Kingdom	7.2	4.7	2.3
Canada	4.7	4.1	2.8
Other Advanced Economies	4.7	3.6	2.9
Emerging Market and Developing Economies	6.5	4.8	4.7
Emerging and Developing Asia	7.2	5.9	5.8
China	8.1	4.8	5.2
India	9.0	9.0	7.1
ASEAN-5	3.1	5.6	6.0
Emerging and Developing Europe	6.5	3.5	2.9
Russia	4.5	2.8	2.1
Latin America and the Caribbean	6.8	2.4	2.6
Brazil	4.7	0.3	1.6
Mexico	5.3	2.8	2.7
Middle East and Central Asia	4.2	4.3	3.6
Saudi Arabia	2.9	4.8	2.8
Sub-Saharan Africa	4.0	3.7	4.0
Nigeria	3.0	2.7	2.7
South Africa	4.6	1.9	1.4
Memorandum			
Emerging Market and Middle-Income Economies	6.8	4.8	4.6
Low-Income Developing Countries	3.1	5.3	5.5

Source: IMF, *World Economic Outlook Update*, January 2022

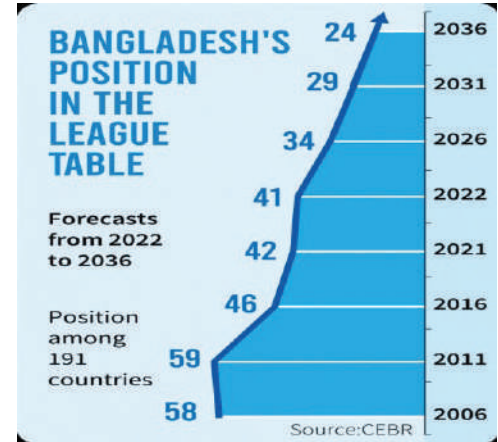
Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2021/2022 starting in April 2021. For the January 2022 WEO Update, India's growth projections are 8.7 percent in 2022 and 6.6 percent in 2023 based on calendar year. For India the impact of the Omicron variant is captured in the column for 2021 in the table.



Local Economic Outlook:

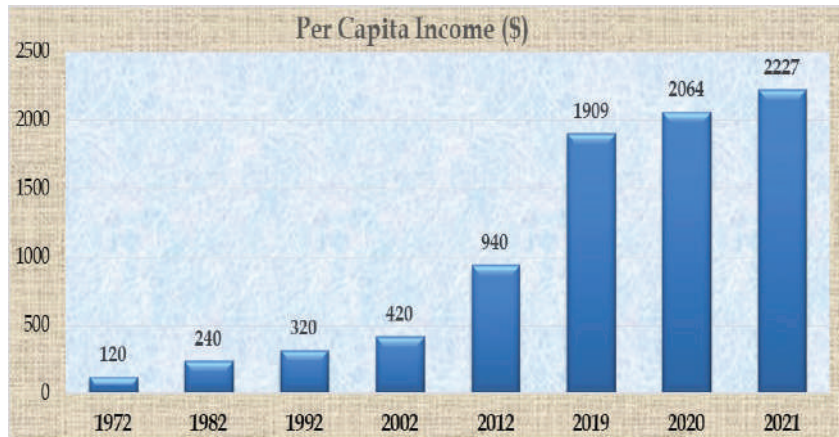
From bottomless basket to vibrant economy

On 24 November 2021, the UN General Assembly has adopted Graduation of Bangladesh from the LDC to developing category in 2026. Now it is the 33rd largest economy in the world in nominal terms, and 31st largest by purchasing power parity. Bangladesh is set to become the 24th largest economy out of 191 countries by 2036 owing to its ability to attract large foreign investments, the rising RMG demand, and macroeconomic stability, says the Centre for Economics and Business Research (CEBR).



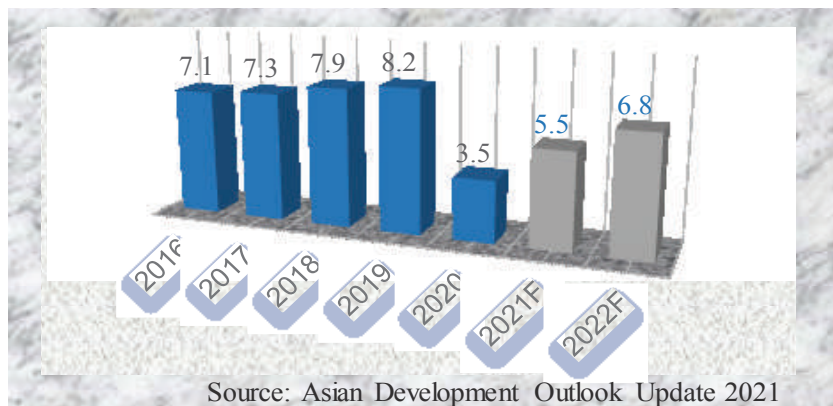
Poverty alleviation

Bangladesh has made remarkable progress in reducing poverty, supported by sustained economic growth. Based on the international poverty line of \$1.90 per person per day, poverty declined from 44.2 Per cent in 1991 to 13.8 Per cent in 2016/17 (Source: World Bank Group/ Bangladesh: Reducing Poverty and Sharing Prosperity). According to Bangladesh Bureau of Statistics (BBS) data, the poverty rate declined to 20.5% in the country at the end of 2018-19 fiscal year from 21.8% in 2017-18 fiscal year. The extreme poverty rate also came down to 10.5% from 11.3% during the period. But as of June 2020, the country's poverty rate rose to 29.5% due to Covid-19 pandemic. As of FY20, the total population of the country was 167.56 million. Among them 49.43 million are now in poverty (Source: Dhaka Tribune, August 12, 2020). Meanwhile, as per a recent survey conducted by Bangladesh Institute of Development Studies (BIDS), more than 16.4 million new people of the country come down the poverty line due to Covid-19 pandemic. As a result, total number of poor people is now over 50.00 million (Source: Bangladesh Pratidin, July 25, 2021).



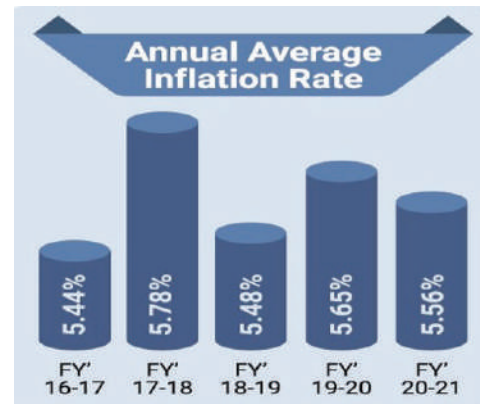
GDP Growth Rate

The country's economy grew by an average of 6.9 per cent from fiscal year (FY) 2011 to FY2019. The Asian Development Bank (ADB) has revised the economic growth forecast for Bangladesh amid continued Covid-19 concerns to 6.8 per cent for fiscal year 2021-22, which was projected to be 7.2 per cent in April outlook. In the meantime, Bangladesh government has set a growth target of 7.2 per cent for the current fiscal.



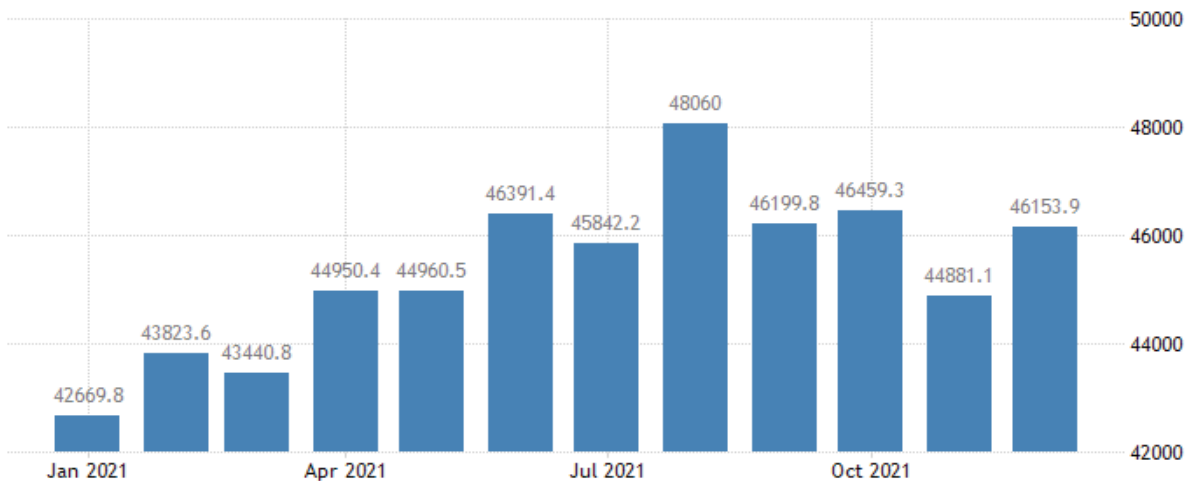
Inflation

Expansionary monetary and fiscal policies adopted for bolstering economic activities during the pandemic and persistent supply constraints are keeping global inflation elevated in the near term. Bangladesh's average inflation rate in fiscal year (FY) 2020-21 was recorded at 5.56 per cent, up 0.16 percentage points from the government's target of 5.4 per cent. The IMF forecasted that, Bangladesh would contain inflation around 5.6 percent.



Foreign Currency Reserve

Foreign Exchange Reserves in Bangladesh increased to 46153.90 USD Million in December from 44881.10

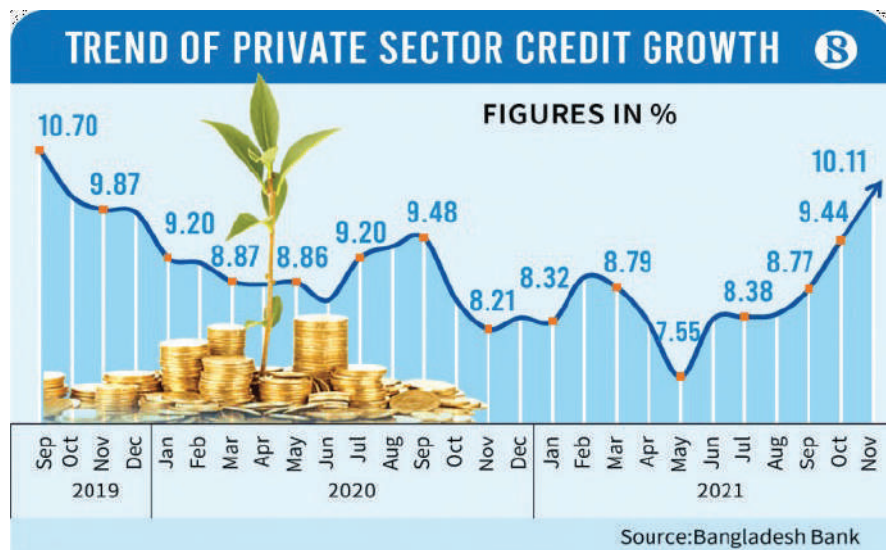


SOURCE: TRADINGECONOMICS.COM | BANGLADESH BANK

USD Million in November of 2021.

Private Sector Credit Growth

The banking sector saw 10.11 per cent growth in private sector credit, highest in the last two years, according to recent data of the Bangladesh Bank. The credit growth was 10.7 per cent in September 2019, and since then it remained depressed, coming down below 10.00 per cent amid lending rate cap pressure and rising pandemic tension. (Source: The Business Standard, Dec 29, 2021).

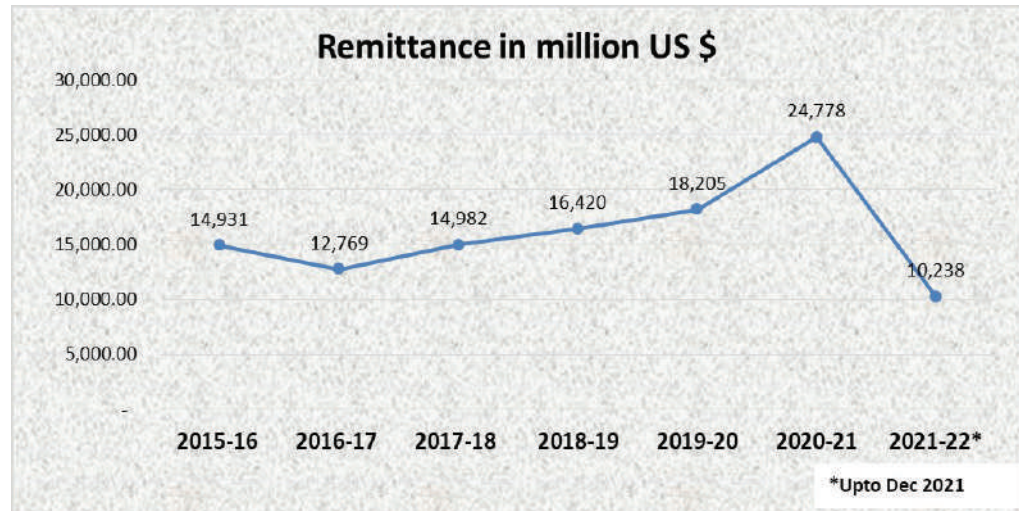


Source: Bangladesh Bank



Remittance

The country's remittance earnings reached record high of \$22.07 billion in the just concluded year 2021 despite a slowdown in the earnings in the second half of the year, according to Bangladesh Bank data. The amount of remittance the country received in the previous fiscal year was \$21.74 billion.



Though the country's remittance earnings reached a record high, the growth in remittance inflow dropped to 1.51 per cent in 2021. The growth rate was 18.6 per cent in 2020.

Money Market

The money market of Bangladesh remained stable in H1FY22 mainly because of timely initiative of the Bangladesh Bank. The BB continuously used the monetary and government debt management tools in H1FY22 to maintain adequate liquidity for supporting the money market. During H1FY22, the repo and reverse repo rate remained unchanged and the weighted average call money rate witnessed an upward trend compared to the same period of previous fiscal year. But at the same time, the BB used BB bills and treasury bills, mopping up excess liquidity from the money market for maintaining price stability and optimum liquidity. Previously, the Repo and Reverse Repo rate cut down to 4.75 and 4.00 percent respectively from 5.25 and 4.75 percent, in FY21 which contributed to lower the weighted average interest call money rate significantly (Chart V.1). Moreover, the weighted average yield of treasury bills decreased in FY21 compared to that of FY20, supported by easy liquidity for the money market. The BB has taken various policy measures for sustaining private sector credit growth and maintaining sufficient liquidity, following easier monetary policy rates during H1FY22 to overcome the adverse impact of the pandemic. The weighted average call money rate maintained a quite upward trend while the repo and reverse repo rate remained unchanged during H1FY21.

Capital Market

The capital market in Bangladesh comprising two stock exchanges (Dhaka Stock Exchange and Chittagong Stock Exchange), 66 merchant banks

(including 25 scheduled banks), and 37 mutual funds is regulated and supervised by the Bangladesh Securities and Exchanges Commission (BSEC). Market capitalization stood at Taka 5.422 trillion or 15.7 percent of GDP as of end December 2021. Issued capital stood at Taka 1.463 trillion at the end of December 2021. The issued capital and market capitalization in the main stock market (DSE) are on rapid rise from FY20 due to easy monetary conditions and the policy supports from associated regulatory bodies.

The prime indicator of the capital market, the Dhaka Stock Exchange broad index (DSEX) declined by 7.91 percent to 6756.56 at the end of H1FY22 from 7329.03 at the end of September 2021. However, in December 2021, DSEX grew by 25.08 percent and 9.86 percent from December 2020 and June 2021 respectively. The DSE's daily average turnover picked up significantly to BDT 17.10 billion in H1FY22 from BDT 10.31 billion FY21

The market capitalization of DSE slightly decreased to 15.7 percent of GDP in December 2021 from 16.7 percent of GDP in June 2021. The Bangladesh Securities Exchange Commission (BSEC), merchant banks, and stock exchanges attempted to take appropriate initiatives to listing the number of good fundamental companies, especially profitable state-owned and multinational companies, in order to enhance the market capitalization of DSE.

Foreign Exchange Market

Effective management of foreign exchange market is very important to achieve tolerable inflation and a desired level of economic growth for a country. The BB, being the regulator of the banking and financial systems in the country, has been taking various steps to strengthen its close monitoring of the daily activities of the financial institutions and adopt necessary measures for creating and sustaining the momentum in the country's foreign exchange market. The apparent stability of BDT against US dollar in the foreign exchange market had been experienced over the last couple of fiscal years. In the H1FY22, the depreciation pressure on exchange rate of BDT against the US dollar entailed improvement in competitiveness of Bangladeshi export in term of large difference between REER based exchange rate and nominal exchange rate. However, the depreciation pressure on exchange rate of BDT against US dollar was eased partly by BB's US dollar sales from reserve to limit inflationary consequences of excessive BDT depreciation. Bangladesh's foreign exchange market experienced depreciation of Taka against the US dollar at end December 2021 compared to that of at end June 2021 due to the huge import payment pressure in this period. However, during FY21, the

exchange rate of Taka against USD marginal appreciated.

The Exchange rate of Bangladeshi Taka started to depreciate from August 2021 and stood at BDT 85.80 at the end of December 2021. At the end of December 2021, the exchange rate depreciated by 1.16 percent as compared to its level at the end of June 2021 (Chart V.4). However, during FY21, the exchange rate of BDT appreciated slightly by 0.11 percent against the US dollar compared to 0.47 percent depreciation in FY20. The Exchange rate of Bangladeshi Taka stood at BDT 84.81 as of the end of June 2021 compared to BDT 84.90 as of the end June 2020.

The lower inflow of remittances and higher import payments created pressure on the foreign reserve which led to the depreciation of Bangladeshi Taka. To stabilize the foreign exchange market, Bangladesh Bank intervened in the foreign exchange market with a total sale of USD 2483.00 million during H1FY22. However, the net sale of the foreign exchange market was USD 2273.00 million in H1FY22.

Review of Performance of SBAC Bank Ltd. in 2021

South Bangla Agriculture and Commerce Bank Limited along with eight other new Banks started its journey in 2013 which heightened the competition in the Banking arena. Despite various challenges, the Bank has been able to record progress in almost all the areas of operation in 2021. The bank earned Tk. 1,995.77 million operating profit, maintained adequate capital adequacy ratio, established branch network, and upheld asset qualities. The Financial performances of the Bank are as follow:

Total Assets

Total assets of the bank stood at Tk. 98,172.32 million in 2021 as against Tk. 88,403.45 million in 2020 registering a growth of 11.05 percent. The increase in assets was mainly driven by other investment. The economy witnessed a satisfactory growth scenario in credit and deposits mobilization.

Cash and Balance with Bangladesh Bank & its Agent:

The position of Cash and Balance with Bangladesh Bank & its Agent of the bank is Tk. 4,091.12 million in 2021 of which Tk. 855.11 million in the form of cash and rest of Tk. 3,236.01 million held with Bangladesh Bank & its Agent as against Tk. 4,173.17 million in 2020 of which

Tk. 652.71 million in the form of cash and rest of Tk. 3,520.46 million held with Bangladesh Bank & its Agent.

Balance with other banks and financial institutions:

The position of balance with other banks and financial institutions is Tk. 7,372.30 million in 2021 of which Tk. 7,080.59 million in Bangladesh and Tk. 291.71 million outside Bangladesh as against Tk. 9,630.16 million in 2020 of which Tk. 9,153.68 million in Bangladesh and Tk. 476.48 million outside Bangladesh.

Investment:

The position of Investment of the Bank is Tk. 17,538.20 million in 2021 as against Tk. 12,976.89 million in 2020. The investment increased during the year 2021 by Tk. 4,561.31 million.

Loans and Advances:

The SBAC Bank Limited since its inauguration has been trying to select good borrowers/projects by offering its better customer services to finance and came out successful in 2021. The loans and advances stood at 65,955.68 million in 2021 against Tk. 57,408.83 million in 2020 registering growth of 14.89 percent. Yield on loans and advances of the Bank decreased to 8.31 percent from the level of 9.76



Liabilities

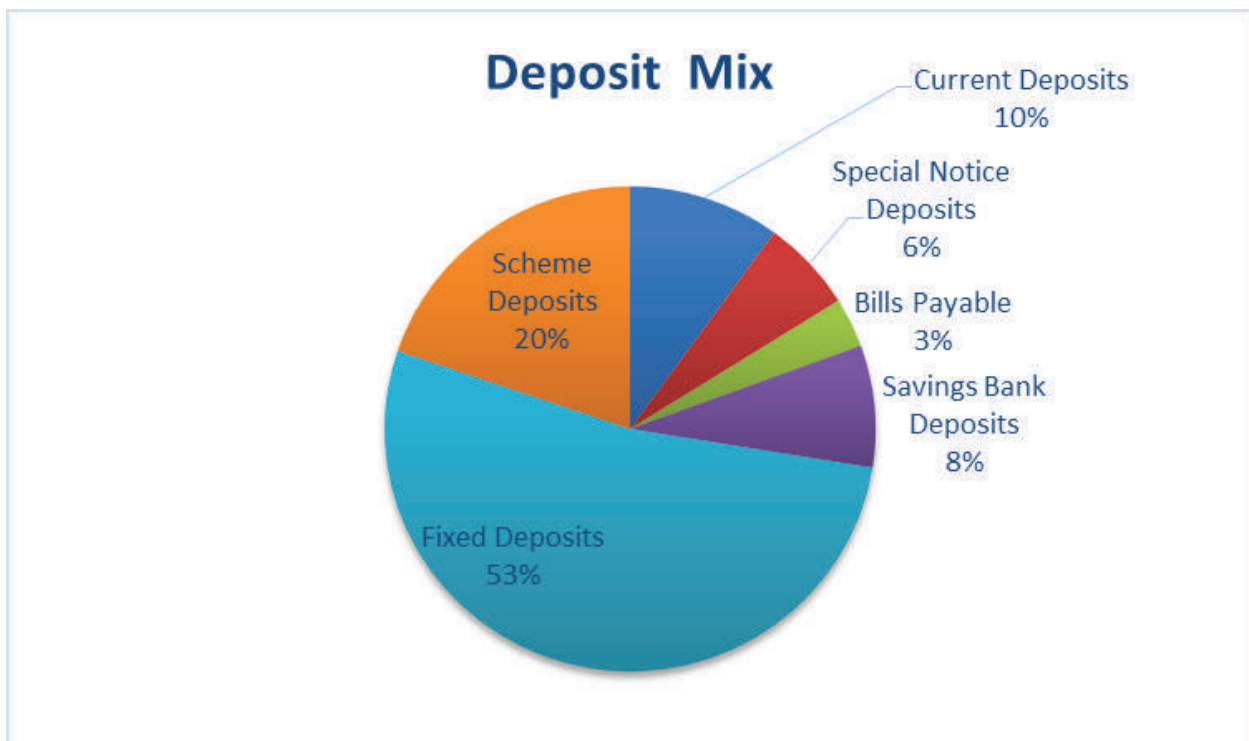
The liabilities (excluding equity) of the Bank stood at Tk. 87,549.49 million in 2021 of which Tk. 73,103.76 million (74.46%) was deposit and rest Tk. 14,445.73 million (25.54%) was borrowing & other liabilities as against Tk. 79,096.79 million in 2020 of which Tk. 71,451.46 million (90.33%) was deposit and rest Tk. 7,645.33 million (9.67%) was borrowing & other liabilities. The borrowings from other banks, financial institutions and agents stood at Tk. 8,763.68 million in 2021 which represents Bank's borrowing from Bangladesh Bank under various Refinance Scheme & EDF.

Deposits:

The deposits of the Bank stood Tk. 73,103.76 million in 2021 as against Tk. 71,451.46 million in 2020. Fixed deposits remained the main component of deposits contributing 52.65 percent of the total deposits. The clientele group of the Bank was individuals, corporation, NGO, NBF1, government bodies etc.

The Growth and Deposit Mix of the Bank is as follows:

Types of Deposit	Amount Taka in Million		Growth (%)	Deposit Mix (%)	
	2021	2020		2021	2020
Current Deposits	7,296.93	5,613.08	30.00%	9.98%	7.86%
Special Notice Deposits	4,494.63	3,881.69	15.79%	6.15%	5.43%
Bills Payable	2,414.98	2,055.47	17.49%	3.30%	2.88%
Savings Bank Deposits	5,943.30	5,569.06	6.72%	8.13%	7.79%
Fixed Deposits	38,491.35	40,922.21	-5.94%	52.65%	57.27%
Scheme Deposits	14,462.57	13,409.95	7.85%	19.78%	18.77%
Total	73,103.76	71,451.46	2.31%	100.00%	100.00%





Shareholders' Equity

The shareholders' equity of the Bank stood Tk. 10,622.84 million in 2021 as against Tk. 9,306.66 million in 2020 registering growth of 14.14%. The shareholders' equity of the Bank consists of Paid-up capital, Statutory Reserve, Revaluation Reserve on Govt. Securities and Retained Earning. The strong growth in shareholders' equity will help the bank to expand its business.

TOTAL PROPERTY & ASSETS & TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY OF THE BANK

(Amount in million Taka)

Particulars	2021	2020	Growth (%)
Cash	4,091.12	4,173.17	(1.97%)
Balance with other banks and FIs	7,372.30	9,630.16	(23.45%)
Money at call and short notice	-	-	-
Investments	17,538.20	12,976.89	35.15%
Loans and advances	65,955.68	57,408.83	14.89%
Fixed & other assets	3,215.03	4,214.40	(23.71%)
TOTAL PROPERTY AND ASSETS	98,172.33	88,403.45	11.05%
Deposits	73,103.76	71,451.46	2.31%
Borrowings	8,763.68	2,391.44	266.46%
Other liabilities	5,682.05	5,253.89	8.15%
Total Shareholders' equity	10,622.84	9,306.66	14.14%
TOTAL LIABILITIES AND CAPITAL	98,172.33	88,403.45	11.05%

Interest Income

The interest income stood at Tk. 5,587.70 million in 2021 as against Tk. 5,855.11 million in 2020. Interest income consists of Interest earned from loans & advances amounting Tk. 4,957.15 million and Interest received on FDR & SND account kept with other banks and financial institutions amounting Tk. 630.55 million. Details of Interest Income are as follows:

Types of Interest Income	Amount (Taka in Million)		Growth (%)	Interest Income Mix (%)	
	2021	2020		2021	2020
Interest earned from loans & advances	4,957.15	5,491.31	(9.73%)	88.72%	93.79%
Interest received from Banks & Financial Institutions	630.55	363.80	73.32%	11.28%	6.21%
Total Interest Income	5,587.70	5,855.11	(4.57%)	100.00%	100.00%

Interest Expense

The interest expense stood at Tk. 3,955.95 million in 2021 as against Tk. 4,750.69 million in 2020. Interest cost of deposits was the main component of interest expenses whereas interest cost of borrowings also had impact in 2021. Interest cost of deposits decreased to 5.58 percent in 2021 from 6.95 percent in the previous year due to decrease in rates of interest on deposits arising from high liquidity in the market. Moreover, high liquidity in the market induced the bank, a Primary Dealer, to go for mobilization of deposits at low cost. Details of Interest Expense are as follows:

Types of Interest Expense	Amount (Taka in Million)		Growth (%)	Interest Expense Mix (%)	
	2021	2020		2021	2020
Interest on Deposits	3,695.1	4,602.65	(19.72%)	93.41%	96.88%
Interest on Borrowings	260.85	148.04	76.20%	6.59%	3.12%
Total Interest expense	3,955.95	4,750.69	(16.73%)	100.00%	100.00%

Net Interest Income

The net interest income stood at Tk. 1,654.52 million in 2021 as against Tk. 1,104.42 million in 2020. Net Interest Income decreased due to increase of cost of deposits and decrease in yield on loans and advances.

Investment Income

The investment income of the bank consists of interest / discount earned on treasury bills / bonds, gain on government security trading, dividend received on shares and capital gain from sale of securities of listed companies. The investment income stood at Tk. 3,064.16 million in 2021 as against Tk. 1,909.92 million in 2020. Net Interest Income increase due to increase in Investment in Government Securities and capital gain on sale of shares of listed companies.

Non-Interest Income

Non-interest income consists of Commission, Exchange earnings, Brokerage etc. and other operating income consists of appraisal fees, accounts maintenance charge, postage & SWIFT recovery charge etc. The Non-Interest Income stood at Tk. 678.64 million in 2021 of which Tk. 521.14 million was commission, exchange earnings & brokerage and Tk. 157.49 million was other operating income as against Tk. 552.92 million in 2020 of which commission, exchange earnings & brokerage income was Tk. 428.05 million and other operating income was Tk.124.87 million.

Total Operating Income

The operating income stood at Tk. 5,397.32 million in 2021 as against Tk. 3,567.27 million in 2020. The operating income increased due to increase in net interest income as well as non-interest income & other operating income.

Total Operating Expense

Total operating expenses include salary and allowances, rent, taxes, insurance, electricity, legal expenses, postage, stamp, telecommunication, stationery, printing, advertisement, Managing Director's salary and allowances, Directors' fees, Auditors' fees, depreciation, amortization and repair of fixed assets etc. which stood at Tk. 3,401.55 million in 2021 as against Tk. 2,109.60 million in 2020. The item wise expenses including Directors fees are disclosed in the Financial Statements section of this Annual Report. The operating expenses increased during the year 2021 mainly due to increase in manpower expenses and other operating expenses. The bank has recruited efficient Officials to perform the banking activities. The total regular employees of the Bank stood at 997 (as on December 31, 2021) & the total number of manpower of the Bank is 886 (as on December 31, 2020). The productivity of the employees is measured in the following ratio:

(Amount in Million Taka)

Particular	2021	2020	Growth (%)
Operating Income per employee	5.41	4.03	34.33%
Operating Expense per employee	3.41	2.38	43.35%
Profit before provision per employee	2.00	1.65	21.32%
Profit before tax per employee	0.97	1.54	-36.79%
Assets per employee	98.47	99.78	-1.32%



Provision against Loans and Advances

In 2021, the amount of Non-Performing Loan (NPL) was Tk. 3,860.90 million. Total required specific provision was Tk. 2,210.26 million out of which Tk. 2,196.16 million and Tk. 14.10 million were against classified and unclassified loans and advances respectively. On the other hand total required general provision was Tk. 647.97 million against which Tk. 8.46 million have been kept as general provision leaving a shortfall of Tk. 639.51 million. It is mentionable that the approval for deferral of provision shortfall has been taken from Bangladesh Bank in this regard.

Net Profit before Tax

After making required provisions, net profit before tax of SBAC Bank Limited stood at Tk. 970.48 million in 2021 as against Tk. 1,367.78 million in 2020.

Provision for Income Tax

Provision against income tax of SBAC Bank Limited was Tk. 435.76 million in 2021 as against Tk. 415.83 million in 2020.

Net Profit after Tax

Net profit after tax stood at Tk. 534.72 million in 2021 as against Tk. 951.95 million in 2020. EPS, ROA and ROE stood at Tk. 0.74, 0.57 percent & 5.36 percent respectively in 2021 as against Tk. 1.39 (re-stated), 1.10 percent and 10.78 percent respectively in 2020.

Statutory Reserve

As per Bank Company Act 1991 (amended in 2013), 20 percent of profit before tax is required to be transferred to statutory reserve. As such an amount of Tk. 194.10 million has been transferred to statutory reserve in 2021 which was Tk. 273.62 million in 2020. Total statutory reserve stood at Tk. 1,947.49 million as on December 31, 2021 which was Tk. 1,753.40 million as on December 31, 2020.

OPERATING PERFORMANCE OF THE BANK

(Amount in million Taka)

Particulars	2021	2020	2019	2018	2017	Growth (%) [2020 to 2021]
Interest Income	5,610.47	5,855.11	7,357.32	6,420.41	4,764.88	-4.18%
Less: Interest Expense	3,955.95	4,750.69	4,847.32	3,869.22	2,802.48	-16.73%
Net Interest Income	1,654.52	1,104.42	2,510.00	2,551.19	1,962.41	49.81%
Investment Income	3,064.16	1,909.92	1,217.52	917.54	1,006.84	60.43%
Non-Interest Income & Other Operating Income	678.64	552.92	625.19	535.20	494.91	22.74%
Total Operating Income	5,397.32	3,567.27	4,352.72	4,003.93	3,464.16	51.30%
Less: Operating Expense	3,401.55	2,109.90	2,083.54	1,970.10	1,644.87	61.22%
Profit before provision	1,995.77	1,457.67	2,269.18	2,033.84	1,819.30	36.92%
Less: Provision	1,025.29	89.88	504.83	392.62	301.37	1040.73%
Net Profit before Tax	970.48	1,367.78	1,764.35	1,641.22	1,517.93	-29.05%
Provision for Income Tax	435.76	415.83	796.75	761.64	535.90	4.79%
Net Profit after Tax	534.72	951.54	967.60	879.59	982.04	-43.80%
Less: Statutory Reserve & Start up Fund	208.96	273.62	352.87	328.24	303.59	-23.63%

Particulars	2021	2020	2019	2018	2017	Growth (%) [2020 to 2021]
Profit available to ordinary share holders	325.76	677.97	614.73	551.34	678.42	-51.95%
Earnings Per Share (EPS)	Tk 0.74	Tk. 1.39	Tk. 1.55	Tk. 1.55	Tk. 1.97	46.76%
Return on Equity (ROE)	5.36%	10.78%	12.55%	12.40%	16.16%	-50.28%
Return on Assets (ROA)	0.57%	1.10%	1.25%	1.36%	1.88%	-48.18%

We have a remarkable contribution to the Government Exchequer. We have contributed total 1,428.22 million as Withholding Tax, AIT and VAT & Excise Duty as under:

Particulars	Withholding Tax	Advance Income Tax	VAT and Excise Duty	Total
2021	602.75	554.59	270.88	1,428.22
2020	651.09	642.14	227.31	1,527.55
2019	584.99	787.99	198.38	1,571.36
2018	445.95	768.74	185.25	1,399.94
2017	347.20	613.06	155.98	1,010.37
2016	296.36	269.89	97.41	663.66
2015	254.11	146.16	67.14	467.41
2014	103.61	38.89	40.60	183.10
2013	16.82	21.08	10.19	48.09

SBAC Bank's Role in the Foreign Trade Business:

Banks act as a go-between in the flow of international trade. International Division, in SBAC Bank, makes all necessary arrangements to facilitate its trade business. The Division is also responsible to supervise and guide bank's foreign exchange business. Correspondent Banking Relationships, Trade Processing Unit (TPU), Treasury Back Office, Trade Settlement & Regulatory Reporting Unit, NRB/Remittance Unit and Off-shore Banking Unit (OBU) work under the umbrella of the Division. Bank's foreign trade transactions are being carried out by six Authorized Dealer (AD) branches and Trade Processing Unit (TPU) at Head office. Trade Processing Unit, at Head Office, started its operation on July 1, 2014 to support Foreign Exchange businesses of our non-AD branches. Presently all 84 branches & 23 Sub-Branches (As on April, 2022) of the bank are doing their Import and Export business for their clients like an AD Branch.

Correspondent Banking:

Correspondence Banking relationship is initial and essential phase for conducting foreign trade business. SBAC Bank has been maintaining correspondent banking relationship with internationally reputed banks worldwide to ease cross border transactions including LC advising, adding confirmation, settlement of payment, discounting bills, international fund transfers, collection of bills, guarantee etc. At the end 2021, the number of foreign correspondent banks was 205 in 47 countries across the Globe. Bank maintains 12 Nostro Accounts in 4 major currencies with international banks located at the most important financial hub of the world. The Bank is also enjoying ample credit line with a number of widely acceptable banks worldwide.

SBAC Bank adopted the most robust and effective Sanctions Screening system from SWIFT, Belgium for detection, prevention and disruption of financial crime and, in particular, sanctions risk. The system screens sanction list of UN, EU, BFIU, OFAC and other significant lists. The Bank has also implemented automated sanction screening system in Core Banking Solution (CBS) level so as to keep the bank free from sanction risk.



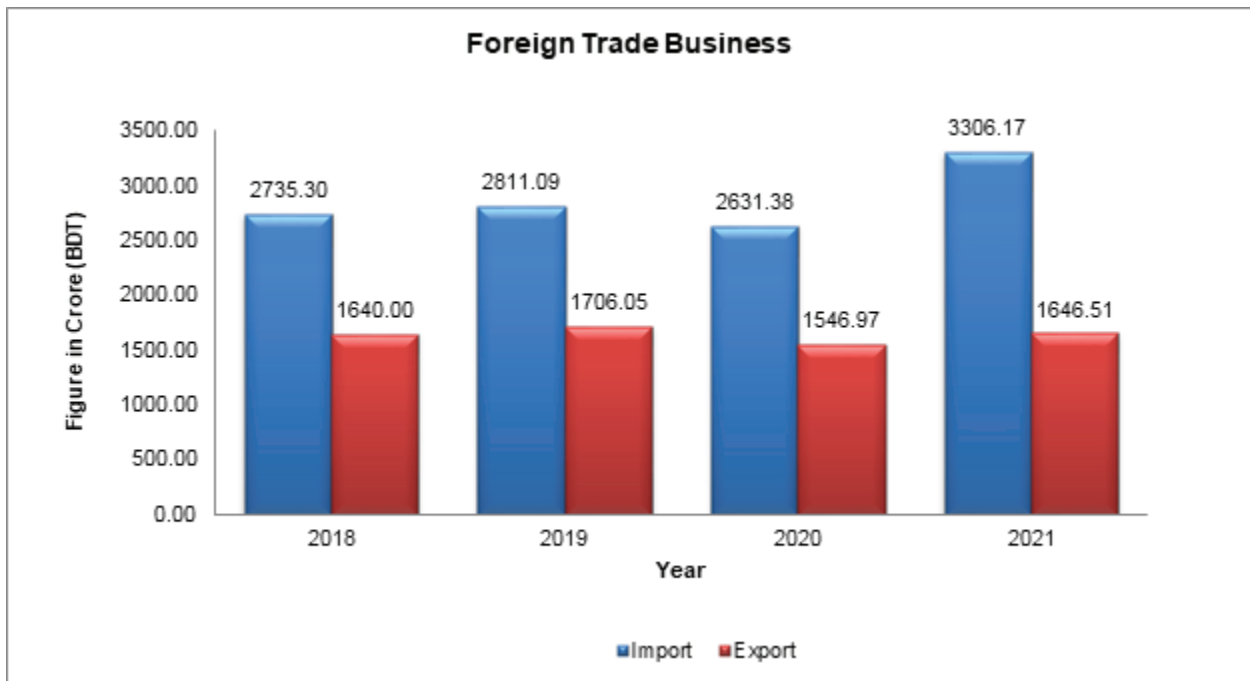


Foreign Trade Business:

Due to pandemic situation in the last year, the overall foreign trade business of our country was on a bumpy ride. Despite of all odds, SBAC bank has done satisfactory business in this arena. The span as well as the volume of our bank's foreign trade business is flourishing day by day.

SBAC Bank provides support to its clients to meet their need of foreign trade business. SBAC Bank was involved in financing import business in the area of capital machineries, industrial raw material, scrap vessels, medical equipments, electronic goods, food grains, motor vehicles, spare parts, garment accessories, sports items, chemicals, baby food etc. In the year 2021 the total import business of SBAC Bank was BDT 33,061.74 million (equivalent USD 388.96 million) against BDT 26,313.80 million (equivalent USD 309.57 million) in 2020, with about 26 percent growth year-over-year. Import volume in the year 2019 and 2018 was BDT 28,110.90 million (equivalent USD 330.72 million) and BDT 27,353.00 million (equivalent USD 321.80 million) respectively.

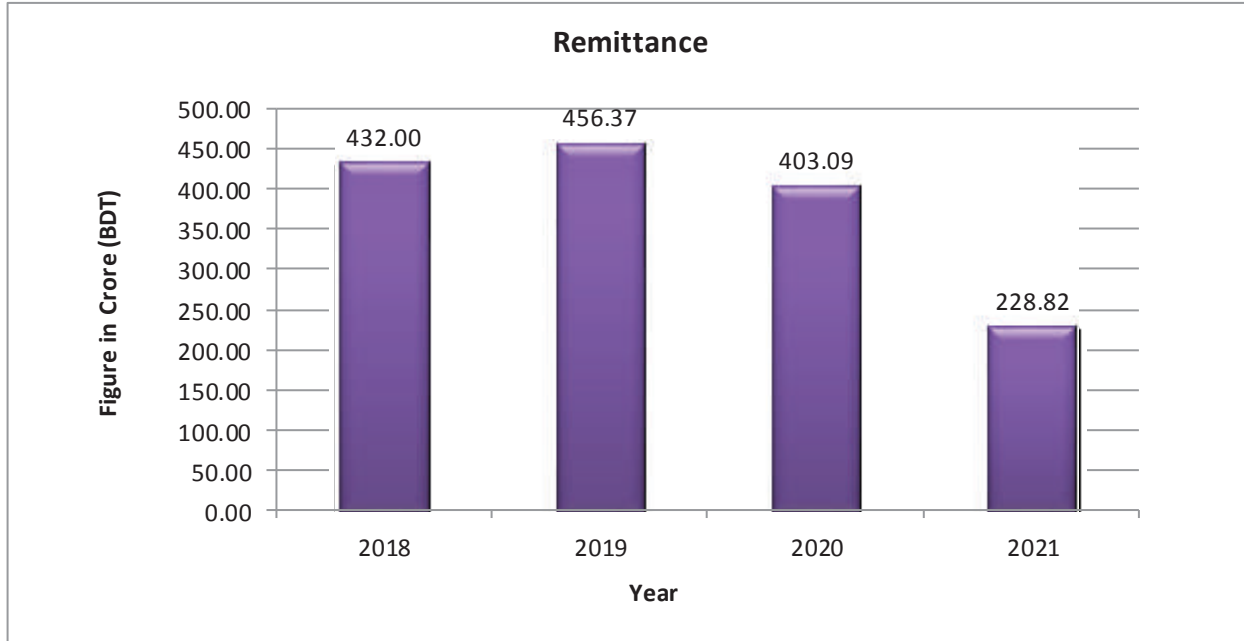
In order to support the exporters as well as to contribute in Country's economy, while raising revenue from export financing activities, SBAC Bank adopted customer friendly financing strategy. Since Bangladesh RMG sector is one of the lifeline of country's economy and plays significant roles for socioeconomic development and poverty alleviation, SBAC Bank paid special attention to this sector. The bank has also emphasized on exporting diversified items such as agricultural products, ceramic, medicine, leather, frozen-foods, etc. In the year 2021 total export business of SBAC Bank was BDT 16,465.15 million (equivalent USD 193.71) against BDT 15,469.72 million (equivalent USD 182.00 million) of the year 2020, with about 6 percent growth YoY. Export volume in the year 2019 and 2018 was BDT 17,060.50 million (equivalent USD 200.71 million) and BDT 16,400.00 million (equivalent USD 192.94 million) respectively.



Remittance:

SBAC Bank continues its effort to encourage expatriate Bangladeshis living abroad for remitting hard earned money through banking channels. Remittance is one of the most important sources of foreign exchange earnings in Bangladesh. The Bank has set up arrangements with 13 reputed exchange houses/money transfer companies around the world in order to facilitate expatriate to remit wage earner remittance to the country. For remittance through SBAC Bank, expatriate Bangladeshis can avail services of Xpress Money Services Limited; MoneyGram; Western Union Network; Aman Exchange Company WLL, Kuwait; Wall Street Finance LLC, USA; Al-Ansari Exchange LLC, UAE; Worldwide West 2 East Services Ltd, UK; LCC Trans-sending Ltd, UK; Sunman Global Express Corp (USA); Transfast Remittance LLC; Placid NK Corporation, Ria Financial services and

Turbo Cash. In the year 2021, SBAC Bank received BDT 2,288.21 million (equivalent USD 269.20 million) as wage earners remittance. Remittance figure was BDT 4,030.92 million (equivalent USD 47.42 million) in the year 2020, BDT 4,563.70 million (equivalent USD 53.69 million) in 2019 and BDT 4,320.00 million (equivalent USD 50.82 million) in the year 2018.



SBAC Bank Offshore Banking Unit (OBU)

SBAC Bank Off-shore Banking Unit has already earned confidence of the stakeholders, partners and customers due to its strong commitment and dedication and is ready to serve any eligible customers. Currently, the Unit has been providing off-shore banking services to our existing tested customers of our AD Branches by financing UPAS LCs and discounting export bill.

SBAC Bank has been able to make its presence felt by attracting a good number of customers in a short period of time through effective marketing and competitive pricing of its offshore banking products and ensuring highest level of professionalism and excellent customer services backed by quality manpower and technological supports. OBU extended credit facilities of around USD 8.50 million to our bonafide customers during 2021.

Treasury

Treasury Division pays attention on minimizing risk, enabling timely liquidity generation both in local currency and foreign currency, ensuring stability in yields, while also facilitating compliance. SBAC Treasury runs with separate Trading and Risk Management units and also with the concept of centralized Foreign Exchange and Money Market activities for efficiency. Treasury Division manages the Bank’s Balance Sheet and ensure regulatory compliance with all regulatory and risk ratios, manage the ALCO processes, ensure FX gains through the management of FX business, capital gains through the management of securities trading, drive interest income from investments in money market products and engage in forecasting and proper planning, thereby maximizing treasury gains, while minimizing exposure and market risks of the Bank. SBAC Bank’s Treasury Division is constantly evolving to serve the dynamic needs of the organization.



Treasury functions of SBAC Bank are broadly categorized as follows:



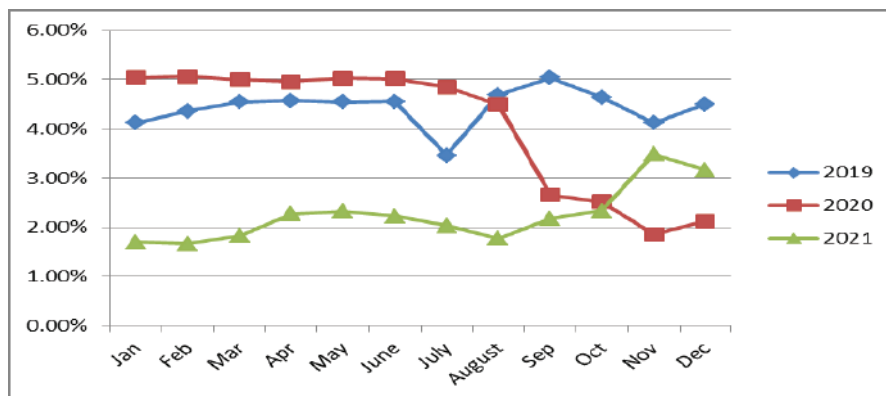


Money Market Desk

The primary activity of this desk is to manage the liquidity requirements of the Bank through money market products, including Call Money, Notice Money, Term Money, Repo/ Reverse Repo and FX Swaps. Our Treasury has been very active in interbank Money Market through superior forecasting of the market, managing liquidity gaps and thus contributes significantly to the bottom line of the Bank.

Except for the last few months of 2021, the money market was mostly liquid throughout the year. In 2021, the MM Desk successfully ramped up trading position to take advantage of market movements. Alongside maintaining statutory reserve requirements, our dealers took advantage of promising trading opportunities, thus ensuring satisfactory interest income. From January 2021 to December 2021, the average call money rate was from 1.70% to 3.20% mainly because of excess liquidity in the market.

Average Call Money Rate

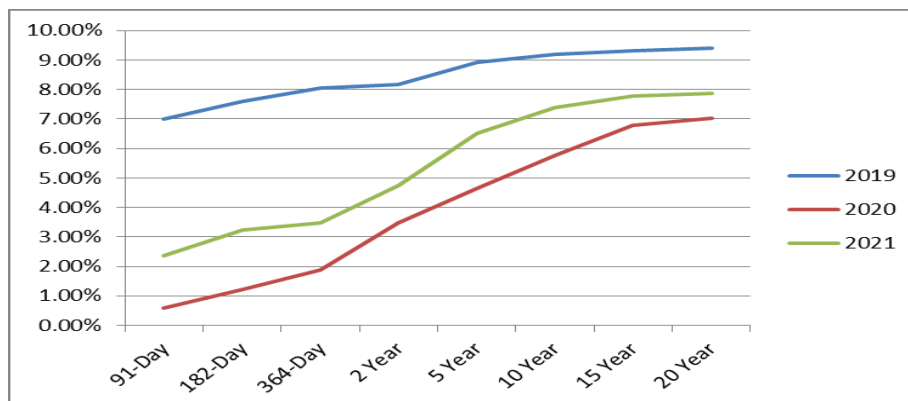


Fixed Income Investment Desk

SBAC Bank Fixed Income Desk deals with Treasury Bills, Bangladesh Bank Bill, Fixed Rate Treasury Bonds and Floating Rate Treasury Bonds. This Desk makes interest rate forecast and take position on Government Securities. As a Primary Dealer (PD) Bank, SBAC Bank's Treasury is responsible to participate in primary auction of the government securities at least for the amount of own underwriting obligation. SBAC, Treasury has been playing a dynamic role in developing an active and vibrant secondary market of government securities. Fixed Income Investment Desk has been generating a healthy yield in the mode of interest income and capital gain from the holding of securities and trading.

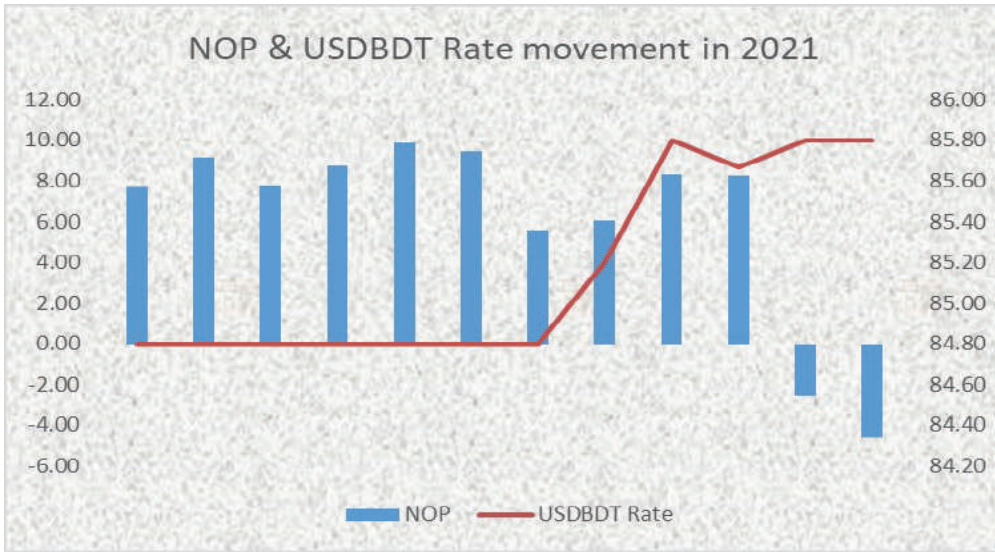
Compare to the previous year, the yield on government securities increased significantly. As an opportunity for investment improved alongside the credit growth, bank's demand for government securities decreased significantly and impacted the yield curve positively. However, in 2021, SBAC Treasury did exceptionally well in both investing and trading of government securities and able to generate substantial income from Fixed Income Securities.

Yield of Govt. Securities



Foreign Exchange Desk

The Foreign Exchange (FX) Desk manages the day-to-day FCY requirements and also the surplus/shortfall of the Bank's FCY holdings. This Desk continuously makes forecast on movement of future exchange rate and maintains its open position efficiently within the limit of USD 12.66 Million.



As the Covid situation was improving, the overall economy was vivacious in 2021. As a result total imports volume of the country increased significantly and impacted high demand on Foreign Currency. The significant volume of income contribution from treasury in the form of exchange earning this year was possible because of prudent management of

NOP (Net Open Position), efficient organization of liquidity flow arising from export-import business, and intelligent market forecasting. Moreover, Treasury Division provided appropriate fund support to OBU and utilized the surplus FC fund in interbank to earn interest income.

Asset Liability Management (ALM) Desk

Asset Liability Committee (ALCO) is one of the core decisions making committees of the Bank and primarily focused on positioning the Bank's overall asset and liability. SBAC Bank has separate Asset Liability Management (ALM) Desk under Treasury, which analyses, evaluates and interprets the market scenario and provide valuable inputs in SBAC Asset Liability Management Committee (ALCO) on a regular basis to ensure the right balance between product profile, cost and risk exposure. ALCO, which is comprised of senior management of SBAC, meets at least once in a month to discuss the current local and global market outlook, major issues that may shake the existing interest rate, liquidity and to decide on policy regarding interest rates and thrust sectors.

ALM Desk official prepare ALCO papers incorporating local and global economic updates, market liquidity forecasts, interest rate projections, balance sheet analysis and proposes it to ALCO. SBAC Treasury has done exceptionally well in this area by keeping management well-informed of crucial changes in the market and pricing techniques of liabilities and assets. In 2020, effective and timely change in rates by ALCO played a vital role in the significant growth of NII. A new ALM policy has been formulated by ALM Desk

keeping BASEL III liquidity ratios (LCR & NSFR) in mind and central bank's ALM guidelines into active consideration. Managing balance sheet composition is a vital part for the bank. SBAC Treasury is always learning from the market and getting updated time to time to manage balance sheet composition at optimum level.

Credit Administration

Credit Administration refers to a work process that involves ensuring proper documentation prior to disbursement of any loan/advance as its core responsibility. Among other responsibilities, formulation of policies in line with regulatory requirements, monitoring and supervision of credit portfolios and ensuring compliances are also its prime responsibilities. To this aim, the prudent management of the bank established Credit Administration Division (CAD). From the emergence of the division, it has been serving its purpose painstakingly. The management also entrusted these responsibilities to the officials of this division.

A bank mobilizes funds from surplus unit and lends it to the deficit unit. So, lending money is one of the core functions of a bank and banks generate maximum revenue from its credit operations by charging a higher interest rate on loans than the interest they pay





on customer deposits. Aiming to this, most of the banks focus on making loans rather than efficiently managing the loans. The function of selecting and vetting borrowers is the role of Credit Division of the bank. Where the functions of Credit Division end with the approval of proposal from the competent authorities there the function of Credit Administration starts. Credit Administration ensures that all security documents are obtained in compliance with the terms and conditions of approval and are legally enforceable.

The secured loans constitute a major portion of total loan disbursed, here the proper documentation against secured loan is associated profoundly. Improper documentation against the secured loans arises residual risk as per second Pillar of BASEL-III. Banks collect and preserve documents against loans and advances to ensure legal protection in case of adverse events like default of loans. Lack of required and duly filled up documents and erroneous or fake or forged documents will lead to the amplification of overall risk aspects of loan portfolio and the reduction in the strength of legal shield that slacks the ownership of the bank on collateral and consequently hinders the recovery of loan. Therefore, proper documentation is imperative to safeguard the overall interest of the bank. In this case, it goes without saying that CAD has a significant role in proper documentation, smooth disbursement, timely monitoring and regular follow up.

On the other hand, Non-performing loans have become a worrisome issue for Bangladesh. Due to ever-increasing volume of non-performing loans, our banking sector and the economy in general have taken a negative turn. If loanable funds are blocked as NPL, banks will not have enough reserve for sanctioning future loans, which will affect the economy in multiple ways. The rising trend of NPL will also have a negative impact on bank's profitability. Provisioning against defaulted loans will also jeopardize the financial health of many institutions. The provision amount is kept aside from the bank's profit. When provisioning amount becomes higher than the profit of a bank, it has to maintain provision amounts from its capital, which can result in capital shortfalls. By using the credit administration tools, we can reduce this kind of risk to a minimum level. Here the role of credit administration is vital to guide the bank's loan portfolio to desired level in protecting the bank's interest and hard-earned depositors' money.

The journey of our Credit Administration Division of this bank was not so smooth since its beginning. But with the passage of time, overcoming hundreds of obstacles, this division has reached what we are today. Now the essence of CAD is –well organized, running with efficient and knowledgeable work force having greater capacity, well-articulated policy, defined organogram with individual job responsibilities, greater extent of coordination and understanding with all divisions and branches, centralization of limit authorization, prompt decision-making ability etc.

Now to bring all the disbursement of the bank's loans portfolio under one umbrella, for ensuring proper documentation, monitoring of existing credits and maximizing the recovery, this division has been playing a crucial role. Now limit authorization is centralized. All the branches' & sub-branches' disbursement and limit authorization of SBAC Bank Limited under its actual control and monitoring. Now no branch can set up any limit or disburse any loan without the authorization of CAD. But this did not happen overnight. This has been possible for feeling the urgency to establish a centralized CAD for the safety & security of bank loan management and speedy & smooth disbursement. This was done phase by phase from the mid of June 2018 to December 2021. The remarkable achievements of CAD till date are as follows:

- Implementation of some checklists for various facilities in addition of existing one.
- Successful implementation of centralization of limit authorization.
- Now disbursement of all branches has come under one umbrella without giving any room to any branch/sub-branch to authorize limit by them.
- Our Bank's total loan portfolio has come under its centralized supervision and monitoring.
- Documentation error has significantly been decreased to a minimum level.
- It gives early alerts signals regarding Non-performing loans for information of senior management and suggests necessary measures to keep the disbursed loans performing.
- CAD is discharging its all the defined responsibilities through an efficient team.
- All funded & non-funded facilities are processed through CAD.

- Numbers of accounts having unsatisfactory repayment is significantly lower than that of previous years.
- Number of accounts having excess over limit (EOL)/Overdue have been reduced to a great extent.
- CAD now allows disbursement only after proper documentation by the branches and necessary checking there against.
- CAD works hand to hand with other departments to achieve all credit objectives within a defined timeframe.

SBAC Bank Limited is an emerging commercial bank in Bangladesh. Since the inception of centralizing limit authorization, Credit Administration Division is contributing a lot to the bank. Within a short period, SBAC Bank Limited has managed to establish itself as a strong performer in the financial industry. It is rapidly expanding and enjoying a high growth rate. Its loan portfolio is increasing every year. For this reason, efficient management of credit risk is crucial for continuous success of SBAC Bank Limited. For maintaining this steady growth rate and securing our loans portfolio and achieving toward excellence, CAD has been performing under mentioned role & responsibilities:

Major role & responsibilities of CAD:

- It works for Limit Authorization in the Core Banking system and issues Disbursement Authority (DA) after ensuring full documentation and compliance of conditions precedent.
- Prepares documentation checklist as per Sanction Advice for ensuring disbursement as per sanction terms & conditions.
- Works for ensuring all loans' security documentation are perfectly done and enforceable as per credit sanction terms & prevailing Laws of the country.
- Works for monitoring Excess Over Limit (EOL), past due loans, overdue installments, etc. and inform the same to the Senior Management.
- Works for pursuing all avenues to maximize recovery of irregular loan accounts of branches.
- Performs jobs relating to redemption of mortgaged property (ies) after adjustment of all liabilities of the client.

- Guides the branches for availing documents as per sanction terms and prevailing norms & laws of the country.
- Works for ensuring that insurance coverage is adequate, covers the risks and properly assigned to the bank.
- Performs jobs relating to Early Alerts signals on loan accounts and inform the same to the Senior Management.
- Works for taking timely corrective actions to address findings of any internal, external, regulatory inspection/ audit.
- Works for preparation / modification of CAD related policy and memorandum as per instruction of Board of Directors/Senior Management from time to time.
- Acts as coordinator for enlisting of surveyors of the Bank. It uses its enlisted panel lawyers for legal vetting of land documents. These panel lawyers are also asked for drafting, providing legal opinion on various security documents/legal issues.
- Works for keeping historical data on all disbursed loans for any future need of review/decision.
- Works for taking care of Account Transfer Procedures.
- Informs the branches to fulfill the observations within stipulated time to keep the file regular and updated.
- Informs the senior Management, if any irregularities found in any account or in any document/paper etc.

However, no division is beyond limitation as such we are not exception to this. With the increasing loan portfolio day by day, unprecedented complexities due to the advent of new technologies, ever increasing business competition in the industry, greater public demand, expeditious and real –time services, variant requirements of regulatory bodies, it is not easy to cope with these phenomena. So, there is still room for improvement in some areas and which can be attained by -

- Centralizing CAD.
- Using updated information technology for preserving & managing documentations and securities.
- Adapting Policy for management development for developing greater capacities in all aspects.





- Creating the second line of successors by periodic job rotation within the division.
- Providing required logistics support to carry out its day-to-day operations.
- Deploying required manpower for the smooth & speedy disbursement.
- Improving the record keeping system.

Being a vigilant guard, it safeguards bank's interest; minimizes the credit risk and ensures judicious management of bank loan portfolio. All the endeavors of CAD ultimately help the bank to remain in sound track as healthy & robust organization in the financial industry.

We have firm faith that Credit Administration Division will be adept to address all the upcoming challenges in the days to come.

ATM, CARDS, Digital Wallet & SBAC Fast Account (e-KYC):

Stepping in to Digital Financial Services:

Digital Bangladesh was one of the nation's dreams, and so special emphasis had given on the application of digital technologies to realize Vision 2021. The government of Bangladesh implemented a large number of projects relating to digital technologies and a number of these are already underway. The government wants to create remarkable innovations that can ease and improve the lives of citizens. As the flagship program of the Digital Bangladesh agenda, we hope to inspire developing and developed nations on public service innovation and transformation by sharing our groundbreaking insights supported by examples, lessons, and knowledge. Several projects of Government for digitalization have been completed and a big number of projects are under progress.

In December 2021 there were over 18.10 crore mobile subscribers and 12.30 crore Internet subscribers in Bangladesh are enjoying the fruits of digitization in numerous areas of activities. The ultimate objective is to make more and more services available at the doorsteps of the people with increased digitalization where possible. A few examples of available digital services are registration for admission to academic institutions, publication of results of examinations, registration for jobs abroad, registration of pilgrimage, collection of official forms, online submission of tax returns, online tendering, SMS services for lodging complaints to police stations, opening instant bank

account by using mobile app & e-KYC, online bill payments for utility services, surfing social media & streaming service etc.

So in line with the government initiatives, under the guidance and support by Bangladesh Bank & Ministry of Finance & ICT, Commercial Banks are focusing on Digital Financial Inclusion. "Digital financial inclusion" can be defined as digital access to and use of formal financial services by excluded and underserved populations. Digital financial services (DFS) has opened the delivery of basic financial services to the unbanked & under-banked population through innovative technologies like mobile-phone-enabled solutions, electronic money models and digital payment platforms.

SBAC Bank started Basic Digital Financial Services (DFS) from the inception of its Card Division. To achieve the vision and commitment & for providing the customer an uninterrupted round the clock digital transaction facilities, SBAC Bank launched ATM/CDM services along with Debit card operations on 9th March 2014. So far we have deployed 53 ATMs, 2 CDMs in different branch locations of the country and more ATMs & CRMs are underway to be set up with new and existing branches & sub-branches soon. Though initially we have introduced Proprietorship Debit card but for wider acceptability and ensure more security, we have introduced VISA Debit & Credit Cards with EMV technologies for our customers. Till the date we have issued 58,000 Debit Cards & approximately 5,000 credit cards.

Introducing Digital Wallet "Banglapay"

82% of total population are using popular digital platform "Mobile Phone" in Bangladesh. So based on this technology we have introduced SBAC Digital Wallet "Banglapay" on 16th December 2018 by offering digital financial services through mobile phones, QR based point-of-sale, and networks of small-scale agents. Recently we have interfaced with Bangla QR through SSL Wireless to acquire retail merchants all over the country. Our Banglapay wallet users can purchase goods & services from more than 35,000 shops & service outlets by tapping finger through their mobile phone. Banglapay has the potential to reach more people, at a lower cost, and with greater convenience than traditional banking services.

With the rapid global expansion of mobile technology, mobile banking and other digital financial services are helping vast numbers of excluded people to access formal financial services. Mobile network operators, governments, and financial institutions, ranging from large commercial banks to microfinance institutions, recognize and have begun to leverage the potential of DFS. As DFS models are being tested with varying degrees of success around the world, so we believe our existing and potential customer will enjoy the maximum banking facilities through their mobile phone across the country.

Basic Features of Banglapay:

1. Can Operate Bank Account
2. Fund Transfer
3. Utility or Bill Payment
4. Online purchase
5. Shopping/Purchase
6. Hotel Booking (Local)
7. Ticket Purchase
8. Card Bill Payment
9. Account to Account transfer
10. Transfer to Wallet
11. Cash out from Branch
12. Cash out from Agent
13. School & Hospital Bill payment.
14. Cheque/Pay Order Request
15. Positive Pay
16. Card Block
17. Account/Card Balance Inquiry
18. Mobile Top up and many more.

SBAC Fast Account by e-KYC:

According to the BFIU Circular no 25, dated January 08, 2020 and under the Guidelines on Electronic Know Your Customer (e-KYC) & to Establish good governance within the financial industry, Enhancing the growth of financial inclusion, Protect financial sector from abuse of criminal activities, Ensure integrity and stability of the financial sector, Manage ML/TF risks & Reduction of cost related to customer on boarding SBAC Bank introduces “instant Bank account” opening Application & web based solution called SBAC Fast Account.

This is a digital customer on-boarding process of the bank by which customer can open their account from their home even on-the-go by verifying customer’s identity with the help of Election Commission’s national data base. E-KYC is a combination of paperless customer onboarding, promptly identifying and verifying customer identity, maintaining KYC profile in a digital form and determining customer risk grading through digital means. It is a faster process of doing KYC of customer verifying his/her identity document or bio-metric data.

There are some milestone of Card Division which we have achieved over the period:

VISA Membership: For issuing credit cards, it is a pre-requisite to have affiliation with International payment processing organization like VISA,

MasterCard or Amex. This type of affiliation is not only helpful for payment processing but also improves the image, marketability and rating of the bank towards local and international financial institutions. As VISA is a well-accepted international payment brand and has a larger market share in local & international card market, so initially we have pursued with VISA worldwide for their affiliation and membership. On 1st March 2016 we have got Associate Membership from VISA Worldwide Pte. Ltd. After completing all sorts of formalities and system level parameter settings in Card Management system, we have started issuing VISA Debit & Credit Cards from 9th June 2016.

Implementation of EMV Chip Card: EMV is a global standard for credit and debit cards based on chip card technology. The standard covers the processing of credit and debit card payments using a card that contains a microprocessor chip. These transactions are often referred to as "*Chip and PIN*" because *PIN* entry is required to verify the customer is the genuine cardholder. Rather than physically signing a receipt for identification purposes, the user just enters a personal identification number (PIN). This number must correspond to the information stored on the chip. Chip and PIN technology makes it much harder for fraudsters to replicate the card, so if someone steals a card, they can't make fraudulent purchases unless they know the four-digit PIN.

So to protect the cardholder’s transactions from the fraudster and secure the card data, we have implemented the latest processor based card technology for our valued cardholders.

Joining to National Payment switch (NPSB): To comply & accommodate with the great initiative of Bangladesh Bank, we have joined National Payment Switch Bangladesh (NPSB) In October 2014. As a result our Cardholder can withdraw cash from any Bank ATM countrywide, at the same way other Bank Cardholder can withdraw money from SBAC Bank ATMs. Now SBAC Bank Cardholder can get access to more than 11,000 ATMs countrywide for using their Debit cards.

Introducing VISA Debit & Credit Cards: After having VISA membership licensing we have introduced latest technology based EMV Debit & Credit Cards for our





valued customers. We have implemented a full range of Credit products like 1) SBAC VISA Classic Credit Card 2) VISA Gold multi currency Credit Card & 3) VISA Platinum Multi Currency Credit Cards.

We have also customized products for frequent travelers and Businessmen, like International Credit Card against RFCED account and ERQ account. However with complete range of Credit card products SBAC bank cardholders can enjoy seamless shopping, dining, health service and other services from different service outlets all over the country.

We have also introduced multifactor authentication & OTP (one time password) for online purchase, hotel booking, railway ticket purchase and e-commerce transactions to protect fraudulent transactions and unauthorized use of cards. Our Card also support dynamic currency transaction by which our international cardholder can by online game or software.

Contact-less Card: For faster processing of Card transaction and ensure more security, recently VISA worldwide pte. Ltd announced to introduce contactless Card to all its member banks. Meanwhile we have completed necessary certification and testing and we are going to issue Contactless Card to our valued Cardholder soon.

Card Loyalty Program: Under corporate discount tie up program our valued cardholder can enjoy privileged services and attractive discounts while using their Debit & Credit cards in more than 100 merchant outlets including Hospitals, Hotels, restaurants and shopping malls.

0% EMI Facility: Customer can enjoy interest free EMI (Equal Monthly Installment) facility for purchasing goods or services from selective merchant outlets. Cardholder can also enjoy EMI facility of his/her card's un-used balance with an attractive & competitive interest rate.

Other facilities: We have fund transfer facility with reduced flat interest rate, customer can avail this facility by using their Card Cheque, SBAC Bank account transfer, other bank account transfer through BEFTN.

24 Hours Customer service: To provide 24 hours seamless card services, we have introduced 24 hours customer service with intelligent monitoring tools. Our customer service are providing 24 hours support to the cardholder by answering their query and executing the requests. We are going to introduce call center solution and interactive chatting apps for our customers soon applying artificial intelligence and historical data.

E statement & SMS alert: SBAC Bank provides E-statement and SMS alert for every transactions, statement notification, payment alert and greetings SMS to all Credit Cardholders. By SMS transaction notification a cardholder can secure his/her card from un-authorized or fraudulent use.

Secure OTP for E-commerce Transaction: To prevent fraudulent activities & secure every online & e-commerce transaction, we have OTP (one time password) or known as dynamic token technology for our Card Holders. Every time OTP is generated and sent to Card holder's authorized Mobile number or e-mail addresses while initiating any E-commerce transaction.

For ensuring more security and providing customized features to our card holders, SBAC Bank is working for implementation of own processing Card Centre with world class card management system with robust switch, ATM & POS controller. Transforming the conventional banking in digital banking & diversifying the present banking products, expansion of ATM & CRM network, installation of ATMs/CRMs to all branches and prime public places are under process.

Human Resources:

A talented and skilled workforce is the lifeblood of every organization. In support of that, SBAC Bank therefore aims to create a work environment that enables employees to realize their full capabilities and build for themselves a fulfilling career. Through the Human Resources Division, SBAC Bank Limited is committed to providing human resource leadership and expertise that promotes excellence in Bank's Service built on the values of competence, impartiality, integrity, respect, and service.

Human Resources Division sets its goal to help SBAC Bank Limited achieve its strategic mission, while ensuring employees are engaged and motivated to help the Bank succeed. HR has targeted its operational initiatives to align to the SBAC Strategic

Plan by converting human resources into human capital through appropriate knowledge, skills, abilities and personal attribution.

The HR Division has a focus to establish SBAC Bank Limited as the best employer of choice in the banking sector by creating an attractive, inclusive and safe environment that recognizes the talents and encourages employees to take ownership for their professional and personal growth. HR Division has been coming up with relentless recommendations and contributions in each stage of employee life cycle starting from hiring to retirement. The Division has undertaken an initiative to align its core HR functions including but not limiting to attracting, developing, retaining talents with the strategy of the bank.

The following factors differentiate SBAC Bank Ltd. as an excellent work place from generally good work places around the country.

Compensation & Benefit policy

The Bank offers following financial and non-financial benefits for the employees of the bank to ensure a better lifestyle and better career growth.



Diversity in workforce

Human Resource Division is committed to attracting and retaining a talented and diverse workforce. Therefore, the bank is trying to bring diversity in workforce in context of age, gender, ethnicity and locality. There is an increasing trend in workforce along with the business and span of service. With 84 branches and 23 sub-branches (As on April, 2022), the bank is a proud employer of a diversified pull of people.

Total Workforce by Age Group (As on April, 2022)

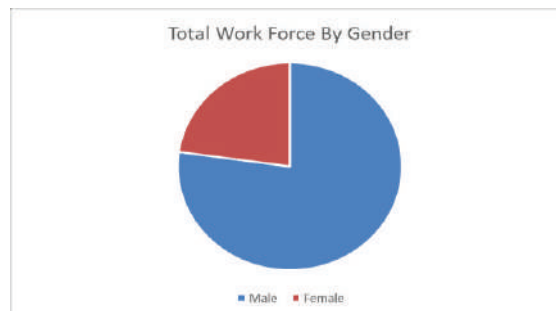
Age ranges	Age: Above 50 Years	Age: 30-50 Years	Age: Below 30 Years	Total
Number of employees	33	829	134	996





Total Workforce by Gender (As on April, 2022),:

Number of Female Employees	227
Number of Male Employees	769
Total	996



Excellent Working environment

A healthy environment has been created where employees enjoy working with pride. Believing that human resources are main elements behind success and future sustainability of the bank, the bank is developing and motivating the workforce with contemporary HR policies and attractive benefits. The bank is not only offering a job but also creating opportunities for learning, challenging and rewarding career.

Quality of working relations:

People treat each other as friends, colleagues and co-workers; support and help each other to get the job done.

Having a say:

Employees can participate in decision making process which will build up their confidence and also help the Bank to get innovative ideas for developing new products and improvement of existing operations in an effective and efficient manner.

Training, Learning and Development

To transform the human resources into human asset, South Bangla Agriculture & Commerce Bank Limited established its Training Institute at the beginning of 2014. Since inception, the Training Institute of the Bank took initiatives for arranging different training programs and workshops to turn the employees into useful and effective workforce. In 2021, the Institute arranged training programs/workshops including foundation training for the fresh employees where **980** employees of different grades of the Bank participated. Details of the training programs/workshops, no. of participants are as follows:

Details of Training Courses/Workshops (In-house) held in 2021:

SL. No.	Date	Name of the Training	Duration	Number of Participants	Organizer
1.	January 09, 2021 - January 26, 2021	Foundation Training Program	15	33	SBAC Bank Training Institute
2.	January 16, 2021 - January 16, 2021	AML & CFT	01	33	SBAC Bank Training Institute
3.	January 25, 2021 - January 25, 2021	Cyber Security & Awareness	01	33	SBAC Bank Training Institute
4.	January 25, 2021 – January 25, 2021	Gender Equality	01	33	SBAC Bank Training Institute
5.	January 24, 2021 - January 24, 2021	Training Workshop on “IFRS 16 Implementation”.	01	60	SBAC Bank Training Institute
6.	January 25, 2021 - January 25, 2021	Training Workshop on “IFRS 16 Implementation”.	01	68	SBAC Bank Training Institute
7.	January 27, 2021 - January 27, 2021	Training workshop on "Guidelines of operating Utility Software"	01	30	SBAC Bank Training Institute
8.	April 10, 2021 - April 7, 8 & 10, 2021	Training Workshop on “Core Banking Software (CBS)”.	03	39	SBAC Bank Training Institute
9.	April 15-29, 2021– April 15-29, 2021	Professional Development	01	40	SBAC Bank Training Institute
10.	April 25, 2021 - April 25, 2021	AML & CFT	01	40	SBAC Bank Training Institute
11.	May 01, 2021 - May 01, 2021	Gender Equality	01	40	SBAC Bank Training Institute
12.	April 28, 2021 - April 28, 2021	Cyber Security and Awareness	01	40	SBAC Bank Training Institute
13.	June 24, 2021 - June 24, 2021	Workshop on “Ensuring Post Listing Continuous Compliance”	01	15	SBAC Bank Training Institute
14.	June 26, 2021 - June 26, 2021	Training Workshop on Automated Challan System (ACS)	01	46	SBAC Bank Training Institute
15.	June 06, 2021 - June 10, 2021	Training program on “Credit Management”.	04	85	SBAC Bank Training Institute
16.	July 10, 2021 - July 10, 2021	ICT	01	96	SBAC Bank Training Institute
17.	July 27, 2021 - July 29, 2021	Training Program on “Title Documentation”.	03	99	SBAC Bank Training Institute
18.	June 29, 2021 - June 29, 2021	Training Workshop on “e-GP Finance”	01	12	SBAC Bank Training Institute
19.	July 11, 2021 - July 11, 2021	Training Workshop on “e-GP Finance”	01	60	SBAC Bank Training Institute
20.	September 04, 2021 - September 04, 2021	ICT	01	78	SBAC Bank Training Institute
Total			51 days	980	





In addition to Training Institute trainings, Human Resources Division nominated employees to training courses, workshops and seminars on different topics in different organizations in 2021. Because of the COVID-19 pandemic, the number of training programs other than the SBAC Bank Training Institute was lower than the other years. A total of 44 employees of SBAC Bank participated in training in different resourceful places like BIBM, ICC Bangladesh, BAB, BBTA, Bangladesh Bank etc.

Recruitment and Selection

The recruitment and selection unit of HR Division has carried out a massive talent acquisition during 2021. Along with developing an internal pool of competent workforce, HR Division also ensures that there is steady flow of skilled and experienced employees from the job market who can deal with the new challenges of time. HR also contributes in the management and leadership development in every area of the bank.

Recruitment in 2021

Particular	2021
Entry Level Entrance	38.52
Mid Level Entrance	42.22
Management Level Entrance	19.26
Total	100%



Instead of simply filling up the employee gap in certain positions of the bank, the recruitment and selection team emphasized on the “Best Fit” philosophy that can assure placing right people in right place at the right time. For the expansion of Branch Network, the HR Division has facilitated the recruitment for a total of 135 employees including both fresh and lateral candidates in 2021.

Internal Control & Compliance

Banking is a diversified and multifarious financial activity which involves different risks. So, the issues of an effective internal control system, good governance, transparency of all financial activities, and accountability towards its stakeholders and regulators have become momentous to ensure smooth performance of the banking industry. An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the banking industry. In general, internal control is identified with internal audit; but the scope of internal control is not limited to audit work. Internal control by its own merit identifies the risks associated with the process and adopts measures to mitigate or eliminate these risks. Internal Audit, on the other hand, reinforces the control system through regular review of the effectiveness of the controls.

Internal Control

Internal control is a process, effected by a bank's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

Internal control is a process, rather than a structure. It is not a separate activity disconnected from the rest of business activities, rather is an integral part of those activities. It is a dynamic, continuing series of activities planned, implemented and monitored by the board of directors and management at all levels within an organization. Only part, not all, of internal control consists of policies and procedures. Policies are board or

management statements about what should be done, and may even be unwritten and implied by management's actions. Procedures are the actions that implement a policy, or how it should be done. Internal control provides only reasonable assurance, not absolute assurance, with regard to achievement of the organization's objectives. External events can interfere with achievement of objectives, no matter how good is the system of internal control.

Objectives of Internal Control

The primary objectives of internal control system in a bank are to help the bank perform better through the use of its resources, to communicate better internally and with external stakeholders, and to comply with applicable laws and regulations. The main objectives of internal control are as follows:

- **Operations Objectives:** achievement of a bank's basic mission and vision.
- **Reporting Objectives:** timely, accurate, and comprehensive reporting, financial and non-financial, internal and external.
- **Compliance Objectives:** conducting activities and taking specific actions in accordance with applicable laws and regulations.

Objectives of Compliance

The compliance objectives of internal control refer to ensure that the bank stays in compliance with all applicable laws and regulations, not only those specifically pertaining to banks, but also those laws and regulations (such as labor laws and environmental protection laws) applying to corporations in general. Laws and regulations establish minimum standards of conduct expected by Bangladesh Bank as the regulatory authority.

Senior Management Team (SMT)

Responsibilities of the SMT is to monitor the adequacy and effectiveness of the Internal Control System based on the bank's established policy and procedure.

The SMT review on a yearly basis the overall effectiveness of the control system of the organization and provide a certification on a yearly basis to the Board of Directors on the effectiveness of Internal Control policy, practice and procedure.

The management enriches audit teams with adequate skilled manpower and proper IT support as per requisition of the Audit Committee of the Board (ACB) for purposeful and effective audit.

The management ensures compliance of all laws and regulations that are circulated by various regulatory authorities such as, Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission, etc.

During the audit period, if the present audit team finds any lapse or irregularity which was not detected or identified by the previous auditor then that is also be reported to the Audit Committee.

The Bank has established adequate internal control system that provides reasonable assurance towards achieving the Bank's basic mission and vision, safeguards its assets, timely, accurate, and comprehensive financial and non-financial reporting framework and compliance of all applicable laws and regulations, policies & procedures of the Bank, Bangladesh Bank and other regulatory authorities. The Bank's internal control system -

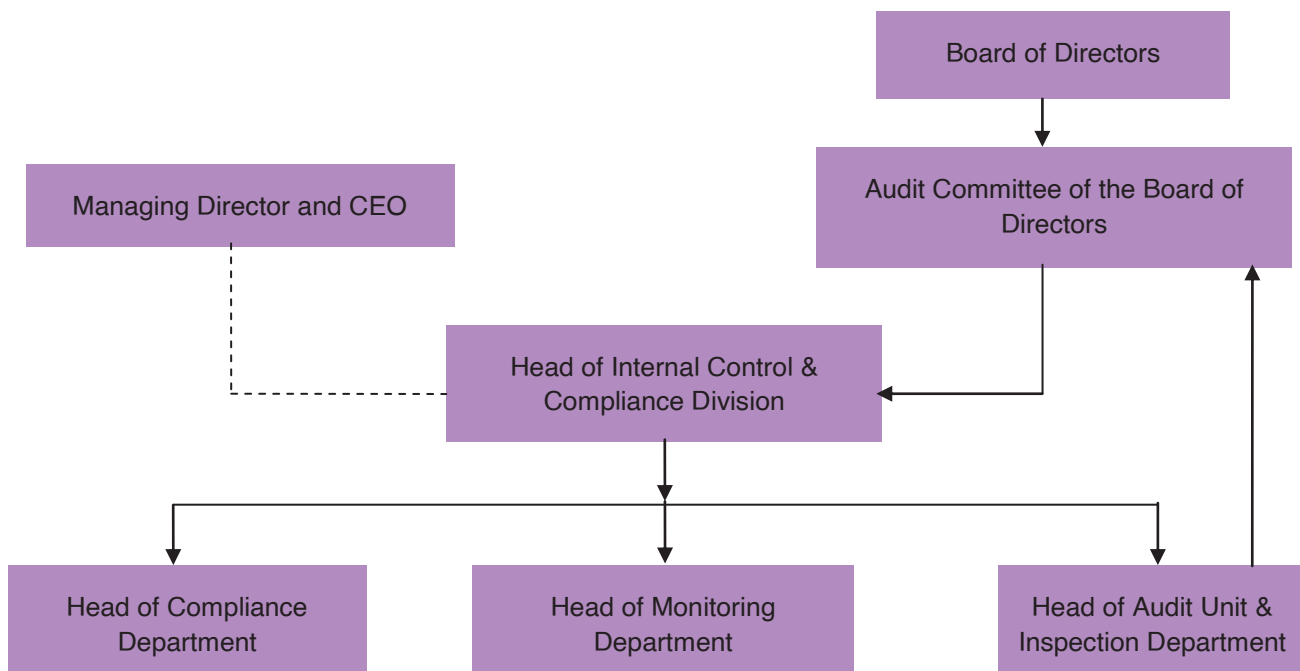
- Ensures efficiency and effectiveness of all activities to improve overall performance;
- Identifies and mitigate various risks;
- Ensures all transaction are properly recorded and reported;
- Ensures proper information system and effective communication channel;
- Ensures compliance with applicable laws and regulations of the country;
- Provides guidelines for preparation of timely, reliable and relevant reports needed for decision-making;
- Provides guidelines for effective monitoring and correcting deficiencies.





SBAC Bank has formulated an Internal Control & Compliance Manual in line with the guidelines framed by Bangladesh Bank which has been updated from time to time. The Bank has also strengthened its Internal Control & Compliance Division (ICCD). The Head of ICCD and Head of Audit has full access to all accounts and documents and directly report to the Audit Committee of the Board of Directors. The head of ICCD has direct access to the Audit Committee of the Board without any management intervention. The internal audit department checks the compliance of the policies, procedures and effectiveness of the internal control system on regular basis and highlights significant findings in any non-compliance to the Audit Committee. The Audit Committee reviews the audit findings identified by the internal audit department.

Flow Chart of ICC Division



Anti-Money Laundering & Combating Financing of Terrorism

The Board of Directors of South Bangla Agriculture and Commerce Bank Ltd (SBAC) views Money Laundering Prevention as an integral part of its Risk Management Strategy. As a responsible Corporate Citizen, SBAC Board of Directors treats non-compliance of AML & CFT measures with “Zero Tolerance”. SBAC has been equipping itself through creating capabilities by deploying robust and extensive AML Programs and Policy Guidelines, imparting comprehensive Training of Human Resources to build Human Capital and gradually moving into embracing world class technology tools to protect the Bank and make the business more sustainable.

SBAC strictly deals with its Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) activities and has taken measures to identify and assess related challenges, share good practices and policy responses to new threats and trends arising from the crisis. SBAC ensured the continuity of the evaluation process which requires flexibility, creativity, and additional efforts on the part of the experts and evaluators.

Due to Covid-19 Anti Money Laundering Division adjusted its work method for smooth continuation of the combat against Money Laundering and Terrorist Financing. AML Division has conducted Training Programs virtually for both the year 2020 and 2021. Again, SBAC has conducted few Physical Training during the Pandemic.

Anti-Money Laundering & Combating Financing of Terrorism compliance activities of the Bank is run by a separate AML & CFT Division at Head Office. In line with Bangladesh Financial Intelligence Unit (BFIU) directives, the Bank has formed Central Compliance Committee (CCC) comprising Head from core business units to set out AML & CFT strategies and follow up the progress of implementation. The AMD is assigned as the Chief Anti Money Laundering Compliance Office (CAMLCO) to supervise overall AML & CFT compliance

initiatives. The SVP & Deputy CAMLCO and the Head of AML & CFT Division looks after the day-to-day functions of AML & CFT Division and assists the CAMLCO in devising AML goals, policies and programs.

Highlights of activities of 2021

- The members of the Central Compliance Committee (CCC) met 4 times during the year and the committee with eleven members discussed issues related to Anti-Money Laundering & Combating Financing of Terrorism and provided guidance to relevant Divisions/Departments.
- AML Division and Agent Banking Division participated in a Workshop organized by Bangladesh Financial Intelligence Unit at Cox Bazar District.
- Like every year, the Managing Director & CEO issued his statement of commitment regarding strategy, action plan, compliance and consequence of non-compliance.
- SBAC introduced the partial implementation of the Trade Based Money Laundering Policy Guidelines in accordance with the Guidelines issued by BFIU. We are working for the full implantation of the Guidelines.
- AMLD conducted inspection on AML & CFT compliance status of Branches and conducted one hour awareness session at Branch premises to build up awareness on AML & CFT issues among the employees of Branches.
- Sanction Screening” is fully in use by the Branches and Divisions which is helping us to ensure control facilitating offsite monitoring.
- Paperless e-KYC has already been implemented for Digital onboarding of our customers.
- AMLD arranged Training Programs for Divisions at Head Office like as Card Division, Agent Banking Division and Credit Administration Division.
- Arranged for Training Program for 137 Officials via zoom to create awareness on AML & CFT among the officials of Branch particularly in the challenging times following the outbreak of COVID-19 pandemic across the Country.

Outlook 2022

- Key goals of AMLD for the year 2022 are to strengthen our Compliance Culture in all Units of SBAC, take necessary action to prevent and Combat Money Laundering and Terrorist Financing.
- AMLD will arrange in every quarter a two days Training Programs on AML & CFT including Trade Based Money Laundering and others tropics of AML related to aware all officials of the Bank about their duties & responsibilities for the purpose of mitigating ML & TF risk within the Bank;
- Monitoring of Branches shall be robust in 2022 which shall include conducting Special Inspections on the Branches as a part of its own monitoring program of Branches’ AML & CFT compliance, apart from ICCD;
- AMLD will ensure that the rating status of each Branches shall be not less than Satisfactory.
- AML Division will take initiatives among the officials of the Bank to conduct Customer Due Diligence (CDD), Enhanced Due Diligence (EDD) and identify Beneficial Ownership of account;
- Ensure regular communication with Branches to ensure practical implementation of Bank’s ML & TF Risk Management Policy Guidelines approved by the Board of Directors.
- Update the ML & TF Risk Management Policy Guidelines in line with the compliance BFIU Circulars/Circular Letters, Guidelines & Money Laundering prevention Rules.
- Update the Customers Acceptance Policy (CAP)/ Guidelines in line with the compliance BFIU Circulars/Circular Letters, Guidelines & Money Laundering prevention Rules.
- Develop Online Questions and Answer Module for Branches to assess their knowledge on ML and TF.
- Conduct workshop/training on ML & TF Risk Management, Trade Based Money Laundering (TBML), Account Opening, KYC, SAR, STR & Operating Procedure for desk level employees including freshers, existing employees, Agent and Agent employees and contractual employees
- Arrange a BAMLCO conference on a half yearly basis for all BAMLCOs of the Bank to keep them updated in relating to AML & CFT issues.
- Take reasonable measures through analyzing Self-Assessment report and Independent Testing Report summary to assess ML & TF risk.





Annual General Meeting (AGM)

Annual General Meeting will be held on 23/06/2022 through virtual platform as per Directive No. BSEC/CMRRCD/2009-193/08 dated: 10 March, 2021 of Bangladesh Securities and Exchange Commission. The Financial Statements were reviewed in the 141st meeting of Board of Directors of the Bank held on April 27, 2022 and recommended the same for final approval in the 9th AGM. The Board of Directors in the same meeting has recommended 4.00% Dividend (3.00% Cash and 1.00% Stock). However the record date for cash dividend and to attend and vote in the AGM is 29-05-2022 and the record date for stock dividend will be notified later.

Appointment of Independent Service Provider: As per clause 7 of the Directive No. BSEC/CMRRCD/2009-193/08 dated: 10 March, 2021 of Bangladesh Securities and Exchange Commission, the Board of Directors in its 141st Meeting held on April 27, 2022 has appointed Satcom IT Limited as Independent Service Provider to establish a Hybrid/digital platform to ensure smooth observation of the 9th Annual General Meeting and online or e-voting platform or system.

Appointment of Scrutinizer: As per clause 7 of the above Directive SA Rashid & Associates has been appointed as Independent Scrutinizer by the Board in its 141st Meeting held on 27/04/2022. The aforesaid firm has the experience and qualification of the Chartered Secretary to scrutinize the process of the 9th AGM of the Company.

Appointment/Re-appointment of Auditors: Hoda Vasi Chowdhury & Co., Chartered Accountants was appointed as external auditors of the bank was appointed as external auditors of the bank for the year 2019 in the 6th AGM and they were re-appointed as external auditors at the 7th AGM & 8th AGM consecutively for two more years, that is they have completed 03 (three) consecutive years as external auditors. Therefore, as per provision of laws, they are not eligible for re-appointment. The issue was placed before the 46th Meeting of the Audit Committee of the Board and subsequently in the 141st Board Meeting. The Board recommended the following panel of Auditors for the approval of the shareholders in the 9th Annual General Meeting:

- i) MABS & J Partners
- ii) G. Kibria & Co.
- iii) Ahmed Zaker & Co.

Election of Directors

In compliance with the section 91(2) of the Companies Act 1994, regulation 79-82 of First Schedule of the Companies Act 1994 and Article 101(2) of Articles of Association of the Bank the following persons (one third of the Directors excluding Independent Directors) shall retire from the office of the Directors effective from the close of business of the 9th Annual General Meeting of the Bank to be held on 23/06/2022 but they will be eligible for re-election:

1. Mr. Mohammad Nazmul Huq
2. Mr. Mushfiqur Rahman
3. Mr. Mohammad Helal Uddin
4. Mr. Sk. Shyedujjaman
5. Mr. Mohammad Nawaz
6. Mr. Mohammed Ayub

A fair disclosure regarding their background has been disclosed in "Profile of Directors", page no. 27-35.

Disclosures under Notification No. BSEC/CMRRCD/2006-158/207/ Admin/ 80, dated: 03 June 2018 of BSEC

(i) An industry outlook and possible future developments in the industry

Banking Sector Performance

Banks in Bangladesh posted a hefty operating profit in the year of 2021 despite the business slowdown caused by the corona virus pandemic. The lower interest rate on deposits and the moderate lending rate helped banks register the higher operating profit in the January-June period. Banks also managed a good profit from their investment in the capital market as the bourses performed well during the period. The foreign exchange business also made a turnaround, and banks received good commissions and fees from the sharp rise in exports and imports.

Deposit and Advance

The growth of bank's advances exhibited an upward trend since Q4FY21 reaching at 10.7 percent (y-o-y) in Q1FY22 from that of 8.5 percent in Q4FY21, reflecting the gradual increase of demand for credit owing to the reopening of the economic activities. While the growth of bank's deposit further decelerated to 12.3 percent in Q1FY22 from that of 13.8 percent in Q4FY21, partly due to a sudden fall in remittance inflows accompanied by a sharp rise in family expenditure following a recovery after the pandemic. Consequently, the overall advance-deposit ratio (ADR) rose to 72.1 percent at the end of Q1FY22 from 71.6 percent at the end of Q4FY20 and remained broadly stable.

Deposit and Advance Position of Scheduled Banks (In percent)

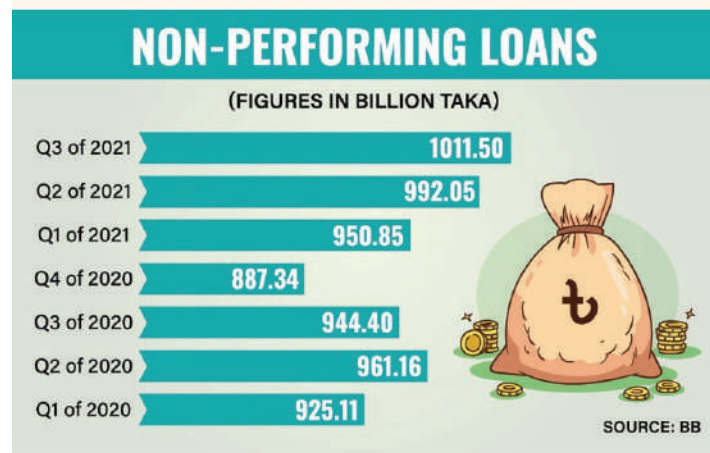
Bank groups	Year-on- year growth of deposit, % (excluding interbank)*		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Sep. 21	Jun. 21	Sep. 21	Jun. 21	Sep. 21	Jun. 21
SCBs	21.6	20.9	14.7	10.5	54.8	53.7
PCBs	9.1	11.7	9.9	8.4	80.2	79.9
FCBs	4.3	4.8	7.4	-4.2	54.0	51.6
SBs	22.0	16.9	10.2	13.3	70.5	73.9
All	12.3	13.8	10.7	8.5	72.1	71.6

*Adjusted deposits growth for ADR

Sources: Bangladesh Bank Quarterly Report, Sep-2021

Asset Quality of Banks:

The volume of non-performing loans (NPLs) grew by nearly 14.00 per cent or Tk. 124.16 billion to Tk. 1011.50 billion as on September 30, from Tk. 887.34 billion as on December 31, 2020, according to the central bank's latest statistics. The amount of classified loans was Tk. 944.40 billion a year before. (Source: The Financial Express, November 24, 2021).





Liquidity condition in the banking sector

The surplus liquidity in the banking sector moderated to BDT 2.196 trillion at the end of Q1FY22 from that of BDT 2.315 trillion at the end of Q4FY21 owing to higher credit growth, decelerated deposit growth and the mopping up of some liquidity through foreign exchange market intervention. The share of excess reserve (excess of CRR) to total excess liquidity decreased from 26.9 percent at the end of Q4FY21 to 15.8 percent at the end of Q1FY22. The excess liquidity- the excess of CRR and SLR as a percent of total demand and time liabilities (TDTL)- went down to 14.4 percent at the end of Q1FY22 from 15.7 percent at the end of Q4FY21 but went up from 12.6 percent at the end of Q1FY21.

Liquidity Position of the Scheduled Banks (In billion BDT)

Bank groups	CRR			SLR		
	Required Reserves	Balance with BB in local currency	Excess(+)/shortfall (-) in reserve	Required Liquidity	SLR eligible liquid assets of banks**	Excess(+)/shortfall (-) of SLR
SCBs	158.0	181.5	23.5	509.0	1496.2	987.2
SBs*	15.2	15.4	0.2	0.0	0.0	0.0
PCBs (other than Islamic)	255.8	287.3	31.5	839.8	1486.2	646.4
Private Banks (Islamic)	144.3	410.2	265.9	199.2	550.9	351.7
FCBs	29.3	56.0	26.7	108.2	319.0	210.8
All	602.5	950.4	347.9	1656.3	3852.2	2195.9

* SLR does not apply to specialized banks as exempted by the Government.

**includes cash in tills, balance with BB in foreign currency, balance with Sonali Bank as an agent of BB, unencumbered approved securities and excess reserve.

Sources: Bangladesh Bank Quarterly Report, Sep-2021

Remittance

Remittance inflows declined by 20.9 percent to USD 10.2 billion in H1FY22 from USD 12.9 billion in H1FY21 partly reflecting diversion of people's tendency to informal remittance channels after re-opening from the lockdowns. As a result of the second wave of the COVID-19 pandemic, many Bangladeshi migrants lost their jobs; some left their business, while many of them returned home and were unemployed. Despite cash support to wage earners aimed at encouraging remittance inflows through formal channels in addition to an increase in manpower export during H1FY22, remittance inflows declined in the period under review. Whereas in FY21, robust remittance inflows was driven by some underlying reasons like-high consumption demand of household, highly depending on formal transfer channels which might induced a short-time rise in remittance inflows. Recently, government raise cash incentives to remitters from 2 percent to 2.5 percent in the view of encouraging transfer money from abroad through banking channel.

(ii) The segment-wise or product-wise performance

Banking means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise. Thus the Banking products may be classified into two: Liability Products (Deposit Products) and Asset Products (lending products). In this context our bank has well-designed Liability and Asset Products. The segment-wise or product-wise performances are as under:

Liability Products: Deposit is the main source of finance. Our Bank has some lucrative deposit product offering attractive profit rate such as: Saving Account, Surokha Sonchoyi Hisab, Short Term Notice Deposit, Term Notice Deposit, Student Savings Account Tk. 10, 50 & 100 Privileged Account, Senior Citizen Account as Checking Accounts. There are several types of Term Deposit Products such as Fixed Deposit Accounts (01 month,03 months, 6 months 12 month etc.), Monthly Benefit Scheme (Appropriate for those who want to get a specific monthly return for their deposited amount), Special Benefit Scheme: (Deposited amount will be double/triple at maturity). Monthly Savings Scheme: Lakhpoti Savings Scheme, Surokha Millionaire Scheme.

It is mentionable that Customers can deposit in any branches of SBAC Bank Ltd. For the Account holder, there will be an Insurance Coverage up to Tk. 5,00,000.00 (five lac) in case of Accidental Death and Tk. 50,000.00 (fifty thousand) for normal death (in some cases). Annual Insurance Premium will be paid by the bank for each accountholder.

Performance of Deposits:

The deposits of the Bank stood 73,103.76 million in 2021 as against Tk. 71,451.46 million in 2020. This growth was supported by branch network and high standard service provided to customers along with concerted and unwavering efforts of the employees of the Bank. Fixed deposits remained the main component of deposits contributing 52.65 percent of the total deposits. Cost of Fund decreased to 8.41 percent as against 9.45 percent of the previous year as a result of decrease in rates of high cost term deposits contributed by the good deposit mix. The clientele group of the Bank was individuals, corporation, NGO, NBF, government bodies etc.

Asset Product: The Bank has the following asset products:

- 1. Corporate Financing:** SBAC Bank Ltd. is providing a wide range of financial services, offering specialist advice and loan products to corporate clients to meet diverse demands of changing market scenario. We have expertise to customize products & services to meet specific requirements of our clients. We are committed to serve our customer with extensive branch network all over the country to expedite our client's business growth. We facilitate your business to face the challenges and realize the opportunities, now and in the future. Our main focus is at relationship based banking and understanding corporate & institutional business environments.

Our experienced Branch Managers & their team can respond to and anticipate customer needs and give competitive business advantages to them. Products and services for commercial and business customers include: Working Capital Finance, Project Finance, Term Finance, Trade Finance, Lease Finance, Syndication Loan etc. Our Corporate Financing Category comprises:

- *Working Capital Finance:* Business Enterprises engaged in manufacturing/ trading/ service business are eligible to avail Working Capital Loan to meet day to day expenses for processing of manufacturing and selling product & services. Working capital products include both fund and non-fund based products. Fund-based working capital products include secured over draft, cash credit, packing credit, short-term loans payable on demand. Non-fund based products include bank guarantee, performance guarantees and bid bonds are also supporting the business of our customers.
- *Project Finance:* SBAC Bank Ltd. Provides project loan to set up /BMRE of long-term infrastructure and industrial projects/ service unit on the basis of debt and equity rather than the balance sheets of project sponsors. Project financing have been recognized as an important and crucial mode of finance for a financial institution for substantial growth of its industrial credit vis-à-vis managing long term finance. Growth of project finance/Industrial credit of a developing country like Bangladesh is considered as a key parameter for transforming her dream into a mid-income country group. Hence, apart from trade and commercial finance; SBAC Bank Ltd. from the very beginning has been an active partner of the private sector in developing large and medium scale industry of the country. The Bank has been financing Term Loan (Industrial) facility for establishing new project and/or BMRE of various projects in the sectors viz. textile, garments, power, steel, telecom, pharmaceuticals, packaging, consumer products, health, CNG refueling, Real estate.
- *Term Finance:* SBAC Bank Ltd. is offering short-term & mid-term finance to the customers to meet emergency financial needs of our project/business.
- *Trade Finance:* In short, Trade Financing of the Bank can be categorized as below:





Import	Export
<ol style="list-style-type: none"> 1. Letter of Credit: Business Enterprises can avail Non-funded facility for import / procurement of raw materials, machinery, equipment, merchandise item. 2. Loan against Imported Merchandize (LIM) and Loan against Trust Receipt (LTR): Business Enterprises engaged in import merchandise can avail working capital for retirement of import documents. 	<ol style="list-style-type: none"> 1. Pre-shipment finance: Back-to-Back L/C, EDF, ECC, SOD (Working Capital Finance), Packing Credit. 2. Post-shipment finance: Foreign Documentary Bills Purchase, Inward Documentary Bill Purchase.

- **Lease Finance:** Lease financing became a thrust sector for individual and small enterprise besides medium and large enterprises. SBAC Bank Ltd. has been providing lease finance facility to its customer for acquisition of manufacturing and service equipments for all major industrial sectors. The facility helps the customer to have better financial flexibility under budgetary constraints and to enjoy tax benefit. SBAC Bank Ltd. offers financing vehicles/ CNG conversion/ refueling plant/ sea or river transport, capital machinery/ plat/ equipment/ lift /generator/ boiler, construction equipment/ computer for IT education center, medical equipment etc.
- **Syndication Loan:** SBAC Bank Ltd. along with other commercial banks has been financing large scale projects under syndication arrangement to raise and meet huge credit need of a company. This arrangement allows the Banks to share expertise among them and diversify its credit risks. To cater the need of leading corporate house SBAC Bank Ltd. has been raising fund from the banking sector on behalf of the customer through syndication arrangement.

2. Retail Credit: Retail Credit is mass-credit services for individual customers to avail credit facilities directly from our wide branch network. With a view to provide faster and more convenient centralized online banking services, most of our branches have been brought under the real time online banking system.

SBAC Bank Ltd. offers a wide variety of loan product & value added services to suit banking requirements of the individual clients. Products and services for individual customer include: Consumer Finance, Any Purpose Loan, Auto Loan, Professionals' Loan, Education Loan, Home Renovation Loan, Credit Card etc.

- Consumer Finance
- Credit Card- Local Card, International Card, Dual Currency Card.

3. SME Financing: The growth of Small and Medium enterprises (SMEs) in terms of size and number has multiple effects on the national economy, specifically on employment generation, GDP growth, and poverty alleviation in Bangladesh. At present, Small & Medium Enterprise sector is playing a vital role in creation of new generation entrepreneurs and 'Entrepreneurs Culture' in the country. Experience shows that borrowers of small enterprise sector prefers collateral free loan since normally they cannot offer high value security to cover the exposure.

To facilitate SME sector of the country, SBAC Bank Ltd. provides credit facilities to the small & medium entrepreneurs across the country whose access to traditional credit facilities are very limited. We are offering different products for selected target groups, such as- Transport Loan, Commercial/Residential House Building Loan, Work Order Loan, Bidder's Loan, Working Capital Loan, Project Loan, Trade Finance, Women Entrepreneur's Loan, Small Business Loan, Green Financing etc. SME Financing Portfolio of the Bank comprises the following categories mainly:

- Working Capital Loan [CC(Hypo), CC(Pledge)]:
- Trade Finance (L/C, LTR, IDBP)
- Transport Loan
- Commercial/Residential House Building Loan
- Work Order Loan
- Bidder's Loan
- Project Loan
- Women Entrepreneur's Loan
- Small Business Loan
- Green Financing

4. Agriculture Credit: Bangladesh is an agro-based country and majority of our population dependent on Agriculture. In order to achieve desired growth in agriculture sector of the country, we are committed to increase our present loan portfolio in agricultural sector. SBAC Bank Ltd. is offering Agriculture Loan to the various Agricultural sectors like Fishery, Dairy, Beef Fattening, Poultry etc. for individuals & group at micro level. The Agriculture Credit of SBAC Bank can be categorized in below two main types:

- General Agricultural Credit
- 10.00 Taka Account Loan

Performance: Loans and Advances:

The SBAC Bank Limited since its inauguration has been trying to select good borrowers/projects by offering its better customer services to finance and came out successful in 2021. The loans and advances stood at Tk. 65,955.68 million in 2021 against Tk.57,408.83 million in 2020 registering growth 14.89 percent. Yield on advances of the Bank decreased to 8.31 percent from the level of 9.76 percent of previous year due to decrease of lending rates.

The detail features of the Advance and deposit are stated in the section 'Review of Performance of SBAC Bank Ltd. in 2021'.

(iii) Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any:

In simple word, Banking means taking risk but risk should be measurable and manageable. SBAC Bank Limited has always been in the forefront of implementing different risk management tools and techniques. The "Risk" of any banking institution may be defined as the possibility of incurring losses, financial or otherwise. Banking business is in fact a business of taking and administering risk. So it is vital to manage all these risks efficiently. In today's challenging financial and economic environment, effective risk management is must for sustainable growth in shareholders' value. In banking arena, key risks include that of credit, market, operational, AML/CFT, liquidity, reputation, environment and other risks like strategic risk, concentration risk, compliance risk etc. The risk management strategy of SBAC Bank Limited is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring.

We have taken sufficient measures to prevent money laundering and terrorist finance. Details of which is given in the "Anti-Money Laundering & Combating Financing of Terrorism" sub-section of this Annual Report in the page no. 95-96, and Details of risk management are given in "the report of the risk management committee (RMC) of the board" in the page no. 194-207.

(iv) A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin (where applicable):

As a service oriented banking company, discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin is not relevant. However, a discussion on Interest Income, Interest Expense, Operating Profit and Net Profit is stated below as per BRPD Circular No. 14:

For the year ended 2021, The Bank's Cost of Fund was 8.41 percent, Interest earning asset was Tk. 85,097.31 million. Interest Income was Tk. 5,610.47 million; Interest expense was Tk. 3,955.95 million (solo) & 3944.39 million (consolidated), Operating profit was Tk. 1,995.77 million (Solo) & Tk. 2004.03 million (Consolidated), and Net profit was Tk. 534.72 million (Solo) & 539.89 million (Consolidated)

(v) A discussion on continuity of any extraordinary activities and their implications (gain or loss):

There is no incident of any extra-ordinary activities, so there is no question of gain or loss from any extra-ordinary activities.





(vi) **A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions**

As per section 18(2) of Bank Company Act 1991 (amended up to 2018) and Corporate Governance Guidelines issue by Bangladesh Securities and Exchange Commission (Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018) have provided the necessary provisions for related party transactions. As per general instruction in the First Schedule of Bank Company Act 1991 (amended up to 2018) {general instruction Kha 11(ka)}. A statement of all related party transactions has been disclosed in the Financial Statements as **Annexure-A**.

(vii) **A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments**

Area of Utilization of IPO Fund	Amount in BDT	Implementation Schedule
Government Securities (20 Years Bond 40% 15 Years Bond 20% 10 Years Bond 20% 05 Years Bond 20%)	96,27,08,708.00	100% of the proceeds has been implemented.
Estimated IPO Expenses	3,72,91,292.00	
IPO Proceed	100,00,00,000.00	

(viii) **An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc. :**

There is no deteriorating financial result still now after the IPO of the Bank.

(ix) **An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements:**

Though there is a sort of serious volatility in the financial sectors and significant stalemate caused by covid-19 pandemic, but comparatively the Bank has faced a very insignificant amount of variances those occurred between Quarterly financial performances and annual financial statements.

(x) **A statement of remuneration paid to the directors including independent directors:**

Directors are not eligible to any remuneration other than fees for attending meetings of the Board and its Committee. As per BRPD Circular letter No. 11 dated October 04, 2015 and Article 95 of Articles of Association of the Bank directors are eligible to the remuneration of BDT 8,000 only for each meeting attended by them. The following conditions are applicable as under:

- Meeting should be held in the same town or city where the Bank is head quartered. However, the meetings may be held other places subject to intimation to Bangladesh Bank in advance;
- Remuneration is applicable for 2 (two) meetings of Board of Directors, 4 (four) meetings of Executive Committee (EC) and 1 (one) meeting for Risk Management Committee (RMC) and Audit Committee (AC) monthly.
- Travel Bill and two days Hotel bill is payable for the directors traveling within the country and three days Hotel bill for directors (foreigners) coming from out of the country subject to submission of bills of actual expenditures to the bank for preserve.

As per BRPD Circular Letter No. 09 dated 23 March 2020, the meetings of the Board of Directors and its committees were held online through virtual platform.

Statement of Remuneration to Directors including Independent Directors with Details of Meetings attended by the Board Members during the year 2021:

Name	Remuneration	No. of Meeting Attended
Mr. Abdul Kadir Molla	168000.00	21 (Board)
Al-Haj Mizanur Rahman	208000.00	20 (Board), 02 (EC), 03 (AC) & 01 (NRC)
Mr. Abu Zafar Mohammod Shofiuddin	192000.00	21 (Board) & 03 (AC)
Engr. Md. Moklesur Rahman	296000.00	21 (Board), 14 (EC) & 02 (NRC)
Mr. Hafizur Rahman Babu	144000.00	17 (Board) & 01 (EC)
Mrs. Tahmina Afroz	120000.00	14 (Board) & 01 (EC)
Mr. Anwar Hussain	256000.00	18 (Board) & 14 (EC)
Mr. Sk. Shyedujjaman	320000.00	21 (Board), 14 (EC), 02 (RMC) & 03 (NRC)
Mr. Mohammad Nawaz	312000.00	21 (Board), 14 (EC) & 04 (RMC)
Mr. Mohammed Ayub	200000.00	21 (Board), 02 (EC) & 02 (RMC)
Mst. Nasima Begum	168000.00	21 (Board)
Mr. Md. Sajidur Rahman	136000.00	10 (Board), 04 (AC) & 03 (NRC)
Mr. Mohammad Moqbul Hossain Bhuiyan	104000.00	10 (Board), 02 (RMC) & 01 (NRC)
Mr. Mohammad Helal Uddin	8000.00	01 (Board)
Mr. S.M. Amzad Hossain	120000.00	15 (Board)
Begum Sufia Amjad	112000.00	14 (Board)
Captain M. Moazzam Hossain	160000.00	16 (Board), 02 (NRC) & 02 (RMC)
Mr. Sakhawat Hussain	144000.00	15 (Board) & 03 (AC)
Mr. Talukder Abdul Khaleque	192000.00	12 (Board), 10 (EC) & 02 (NRC)
Dr. Syed Hafizur Rahman	168000.00	16 (Board), 03 (AC) & 02 (RMC)
Total Remuneration	3528000.00	

(xi) **A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity:**

The financial statements prepared by the management have presented fairly its state of affairs, the result of its operations, cash flows and changes in equity. Balance Sheet, Income Statement, Cash flow





Statement and Statement of Changes in Equity etc. are presented in Annual Report under respective heads.

The Board of Directors is responsible for the preparation and fair presentation of financial statements in accordance with applicable financial reporting framework, laws and regulations. The Financial Statements have been audited by the External Auditor and reviewed by the Audit Committee of the Board of Directors of the Bank. The financial Statements have been recommended for final approval of the shareholders by the Board of Directors of the Bank.

Financial Statements for the year ended on 31 December, 2021 have been prepared in a very fair way with inclusion of all material aspects, its state of affairs, the results of its operations, cash flows and changes in equity. Fair Presentation of Financial Statements has been made in Annual Report 2021 and accordingly Opinion of the External Auditor, Hoda Vasi Chowdhury & Co. has been incorporated in the report.

(xii) A statement that proper books of account of the issuer company have been maintained:

The bank is fully complied in keeping the proper books of accounts with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Details are disclosed in the section 2.0 of notes of Financial Statements in the Auditors Report. In this regards External Auditor Hoda Vasi Chowdhury & Co., Chartered Accountants has provided their positive opinion in their report in the "Opinion Paragraph".

(xiii) A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment:

Appropriate accounting policies have been consistently applied in preparation of the financial statements of the Bank and the accounting estimates are based on reasonable and prudent judgment. Estimates and underlying assumptions are reviewed on ongoing basis and any revisions to these are recognized in the period in which the estimate is revised and in any future period affected. The significant accounting policies applied and accounting estimates used for preparation of the financial statements of the Bank have been stated in details in notes of the Financial Statements 2021.

(xiv) A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed:

The financial statements of the bank as at 31st December, 2021 have been prepared on going concern basis under historical cost convention and in accordance with the "First Schedule" of the Bank Company Act, 1991 (amended up to 2018) and BRPD Circular No. 14, dated: 25th June, 2003, other Circulars of Bangladesh Bank, International Financial Reporting Standards (IFRS), International Accounting Standards (IASs), the Companies Act 1994, the Securities and Exchange Rules 1987, and other laws and rules applicable for Banks in Bangladesh. In case of any requirement of the Bank Company Act 1991(amended up to 2018), and provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and IFRS, the requirements of the Bank Company Act 1991(amended up to 2018), and provisions and circulars issued by Bangladesh Bank will prevail.

(xv) A statement that the system of internal control is sound in design and has been effectively implemented and monitored:

The bank has Board approved Internal Control and Compliance (ICC) Policy/Guidelines. The ICC Guidelines are being used to an effective internal control mechanism to safeguard shareholders' investments, the depositors' assets and other stakeholders' interest as well. The Board retains the

ultimate responsibility for its operations, though has delegated to the Audit Committee for the review of the adequacy and effectiveness of the system of internal controls. The Internal Control and Compliance practices of SBAC Bank Limited include- control environment, risk assessment, control activities, segregation & rotation of duties, accounting information and reconciliation, IT security and self-assessment/monitoring.

Effective information system – the key component of an effective internal control mechanism is already in place, which is being periodically reviewed towards making it still effective. In addition, the Bank has established the following internal control measures:

- Strengthened the Internal Control and Compliance Department to ensure comprehensive audit of the branches and Corporate HQ at periodic intervals;
- Review of the Bank’s performance on a quarterly basis at Board level;
- Established authority limits for transactions and expenses;
- Review of Bangladesh Bank’s audit report and Management’s compliance thereof at regular intervals;
- Ensuring strict compliance to all regulatory requirements, both existing and new.

(xvi) A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress

There is a well-defined corporate governance practice prevailing in the Bank as per Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June, 2018). Therefore minority shareholders have been protected from any sorts of abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress. Moreover the Bank has been compliant with provision of laws of the country protecting the interest of minority shareholders.

(xvii) A statement that there is no significant doubt upon the issuer company’s ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed:

There are no significant doubts upon the Bank’s ability to continue as a going concern. The financial statements of the Bank have been prepared on the assumption that the entity (i.e. SBAC Bank Limited) is a going concern and will continue operation in the foreseeable future. Hence, it is assumed that SBAC Bank Limited has neither intention nor the need to liquidate or curtail materially the scale of its operations. In this regard, a report on going concern assumption has been disclosed in page no. 128.

(xviii) An explanation that significant deviations from the last year’s operating results of the issuer company shall be highlighted and the reasons thereof shall be explained:

There is no significant deviations occurred from the last year’s operating results of our Bank.

(xix) A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized:

Key operating and financial data of at least preceding 5 (five) years are as under:

(Taka Fig in Million)

Particulars	2021	2020	2019	2018	2017
1	2	3	4	5	6
Number of Branches	84	83	82	74	64
Number of Sub-branches	21	11	4	-	-
Number of ATMs	48	38	34	25	22





Particulars	2021	2020	2019	2018	2017
Total assets/Total Liabilities	98,172.32	88,403.45	84,564.01	70,661.31	58,940.78
Interest earning assets	85,097.31	75,928.42	73,970.20	63,003.66	53,613.97
Non interest earning assets	13,075.01	12,475.03	10,593.80	7,657.65	5,326.81
Paid up capital	7,846.46	6,846.46	6,224.05	5,658.23	4,985.22
Total shareholders' Equity	10,622.84	9,306.66	8,362.96	7,429.71	6,538.99
Total capital (Tier I +II)	10,834.47	9,269.90	8,371.06	7,827.83	7,012.70
Surplus/(deficit) capital	1,097.48	657.41	1,266.76	1,963.89	2,296.84
Capital to Risk Weighted Asset Ratio (CRAR)	13.91%	13.45%	14.73%	15.85%	16.54%
Total deposits	73,103.76	71,451.46	71,540.16	59,304.33	50,121.49
Total loans and advances	65,955.68	57,408.83	56,000.74	50,254.94	43,284.97
Total contingent liabilities and commitments	18,539.78	14,160.08	15,335.40	12,004.77	11,763.83
Advance deposits ratio (%)	83.69%	80.31%	78.21%	82.50%	83.99%
Total Income	9,353.28	8,317.96	9,200.04	7,873.15	6,266.64
Total Expenses	7,357.51	6,860.29	6,930.86	5,839.31	4,447.35
Profit before tax and provision (Operating Profit)	1,995.77	1,457.67	2,269.18	2,033.84	1,819.29
Profit after tax and provision (Net Profit)	534.72	951.95	967.60	879.59	982.04
Total Export	16,465.15	15,469.72	17,060.41	16,399.66	11,710.17
Total Import	33,061.74	26,313.80	28,110.87	27,352.96	25,900.58
Total Remittance	2,288.21	4,030.92	4,563.65	4,319.98	2,354.23
Classified advance	3,860.90	3,567.96	3,408.95	991.66	375.25
Classified loans to advance ratio	5.85%	6.22%	6.09%	1.97%	0.0087
Yield on Advance (%)	8.31%	9.76%	12.88%	12.99%	12.03%
Cost of fund (%)	8.41%	9.45%	10.47%	10.41%	9.51%
Return on investment (ROI) (%)	12.11%	13.64%	11.03%	13.67%	18.19%
Return on Assets (ROA) (%)	0.57%	1.10%	1.25%	1.36%	1.88%
Return on Equity (ROE) (%)	5.36%	10.78%	12.25%	12.40%	16.16%
Earnings per share (EPS)	0.74	1.39	1.55	1.55	1.97
Net Asset Value Per Share	13.54	13.59	13.44	13.13	13.12
Number of Employees	997	886	869	801	716

(xx) An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year:

The Board of Directors recommended 4.00% Dividend(s) (1.00% stock subject to approval of BSEC, and 3.00% cash) for the year 2021 in its 141st meeting held on April 27, 2022. The recommended cash dividend shall be finally approved in the 9th Annual General Meeting to be held on June 23, 2022. The stock dividend shall be finally approved in the 9th AGM and subsequently by the BSEC as per notification no. BSEC/CMRRCD/2009/23/Admin/123, Dated: June 30, 2021.

(xxi) **Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend:**

No bonus share or stock dividend has been declared in 2021 as interim dividend or shall be declared as interim dividend for the 2022.

(xxii) **The total number of Board meetings held during the year and attendance by each director:**
Meetings in 2021:

During the year 2021, 21 Board Meetings, 15 Executive Committee Meetings, 04 Audit Committee Meetings, 04 Risk Management Committee Meeting, and 03 NRC Meeting were held. Details of the participants are as follows:

Sl. No.	Name of Director	Meeting (2021)															Remarks
		Board			EC			AC			RMC			NRC			
		Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	
1	Mr. Abdul Kadir Molla	21	21	0	-	-	-	-	-	-	-	-	-	-	-	-	
2	Mr. Abu Zafar Mohammod Shofiuddin	21	21	0	-	-	-	4	3	1	-	-	-	-	-	-	
3	Engr. Md. Moklesur Rahman	21	21	0	15	14	1	-	-	-	-	-	-	3	2	1	
4	Al-Haj Mizanur Rahman	21	20	1	15	2	13	4	3	1	-	-	-	3	1	2	Appointed at NRC & EC on 31.10.2021
5	Mr. Hafizur Rahman Babu	21	17	4	15	1	14	-	-	-	-	-	-	-	-	-	
6	Mr. Anwar Hussain	21	18	3	15	14	1	-	-	-	-	-	-	-	-	-	
7	Mrs. Tahmina Afroz	21	14	7	15	1	14	-	-	-	-	-	-	-	-	-	
8	Mr. Sk. Shyeduljaman Nominated by: Moonstar ceramic industries Ltd.	21	21	0	15	14	1	-	-	-	4	2	2	3	3	0	
9	Mr. Mohammad Nawaz	21	21	0	15	14	1	-	-	-	4	4	0	-	-	-	
10	Mr. Mohammed Ayub	21	21	0	15	2	13	-	-	-	4	2	2	-	-	-	
11	Mst. Nasima Begum	21	21	0	-	-	-	-	-	-	-	-	-	-	-	-	
12	Mr. Mohammad Helal Uddin Nominated by : Haji Shakhawat Anwara Eye Hospital Ltd.	21	01	20	-	-	-	-	-	-	-	-	-	-	-	-	Appointment as director was approved by Bangladesh Bank on 19.12.2021
13	Mr. Md. Sajidur Rahman	21	10	11	-	-	-	4	4	0	-	-	-	3	3	0	



Sl. No.	Name of Director	Meeting (2021)															Remarks
		Board			EC			AC			RMC			NRC			
		Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	

14	Mr. Mohammad Moqbul Hossain Bhuiyan	21	10	11	-	-	-	-	-	-	4	2	2	3	1	2	Appointed at NRC, RMC & AC on 31.10.2021
15	Mr. S.M. Amzad Hossain	21	15	-	-	-	-	-	-	-	-	-	-	-	-	-	Directorship was vacated by operation of law on 01.03.2022
16	Begum Sufia Amjad	21	14	-	-	-	-	-	-	-	-	-	-	-	-	-	Directorship was vacated by operation of law on 01.03.2022
17	Captain M. Moazzam Hossain	21	16	5	-	-	-	-	-	-	4	2	2	3	2	1	Directorship was vacated by Bangladesh Bank on 21.12.2021
18	Mr. Sakhawat Hussain Nominated by : Haji Shakhawat Anwara Eye Hospital Ltd.	21	15	6	-	-	-	4	3	1	-	-	-	-	-	-	Resigned from the Board on 31.10.2021 & His resignation was accepted in the 130 th Board meeting held on November 16, 2021
19	Mr. Talukder Abdul Khaleque	21	12	9	15	10	5	-	-	-	-	-	-	3	2	1	Resigned from the Board on 17.08.2021 & His resignation was accepted in the 130 th Board meeting held on November 16, 2021
20	Dr. Syed Hafizur Rahman	21	16	5	-	-	-	4	3	1	4	2	2	-	-	-	Resigned from the Board on 15.11.2021 & His resignation was accepted in the 130 th Board meeting held on November 16, 2021

(xxiii) **A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:**

(a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details):

Shareholding pattern in the SBAC Bank Investment Limited (A subsidiary of the Bank) is as under:

Sl. No.	Name of the Shareholder	Number of Shareholding	Percentage of Shareholding
1.	South Bangla Agriculture and Commerce Bank Limited	3,99,60,000	99.90%
2.	South Bangla Agriculture and Commerce Bank Foundation	40,000	0.10%
	Total	4,00,00,000	100.00%

(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details):

Sl. No.	Name	Status	No. of Shares	Spouse & Minor Children	No. of Shares
1	Mr. Abdul Kadir Molla	Chairman	33482273	Mst. Nasima Begum	Nil
2	Al-Haj Mizanur Rahman	Vice-chairman	24200000	Mrs. Ruhani Akter	Nil
				Mehreen Rahman Mubashirah	Nil
3	Mr. Abu Zafar Mohammod Shofiuddin	Director	33482273	Mrs. Afroza Sultana	Nil
				A Z M Sahib Quader	Nil
4	Engr. Md. Moklesur Rahman	Director	33482273	Mrs. Quamrun Nahar	Nil
5	Mr. Hafizur Rahman Babu	Director	25111704	Mrs. Nasima Rahman Nipa	Nil
				Nusaiba Rahman Raita	Nil
6	Mr. Mohammed Ayub	Director	27988873	Mrs. Shalina Islam Chowdhury	Nil
7	Mr. Anwar Hussain	Director	15785284	Mrs. Fadia Naz	Nil
8	Mrs. Tahmina Afroz	Director	33482273	Mr. Anwer Hossain Khan	Nil
				Adil Mohammad Khan Akash	Nil
9	Mr. Mohammad Nawaz	Director	20495351	Ms. Sufia Begum	8969047
				Mohammad Nuh Yaseen	Nil
				Sanowara Siddiqa	Nil
				Mohammad Farook Nawaz	Nil
10	Mst. Nasima Begum Nominated by: Thermax Textile Mills Ltd.	Director	Nil	Mr. Abdul Kadir Molla	33482273
11	Mr. Sk. Shyedujjaman Nominated by: Moonstar Ceramic Industries Ltd.	Director	2746700	Sadnam Sadiana	1373350
				Suhain Maisah Zaman	Nil
				Mashiyat Safeerah Shiza	Nil
12	Mr. Mohammad Helal Uddin Nominated by: Haji Shakhawat Anwara Eye Hospital Ltd.	Director	Nil	Rafia Akhter	Nil
13	Mr. Mohammad Nazmul Huq Nominated by: Techno Electricals Ltd.	Director	Nil	Hafiza Huq	Nil
14	Mr. Mushfiqur Rahman Nominated by: M/S. Contech Construction Ltd.	Director	Nil	Yusuf	Nil
15	Mr. Md. Sajidur Rahman	Independent Director	Nil	Ms. Humaira Ayesha Khan	Nil
				Irvan Kaiser Rahman	Nil
16	Mr. Mohammad Moqbul Hossain Bhuiyan	Independent Director	Nil	Ayesha Khatun	Nil
				Anupama Hossain	Nil
17	Ziaur Rahman Zia FCA	Independent Director	Nil	Nazma Khatun	Nil
18	Mr. Mosleh Uddin Ahmed	Managing Director & CEO	Nil	Ms. Luna Sharmin	Nil
				Rudita Sayan	Nil
				Zahin Tanzib	Nil
19	Mr. Mannan Bapari FCMA, CERM	VP & CFO	Nil	Shamima Islam	Nil
				Tafida Tasnuva	Nil
				Mahbeer Bin Mannan	Nil
20	Mr. Md. Mokaddess Ali FCS	SVP & Company Secretary	Nil	Mrs. Hasna Hena	Nil
				Hasnine Farhad	Nil
21	Mr. Md. Masoodur Rahman FCA	Head of ICCD	Nil	Mrs. Sumson Naher	Nil
				Nuraz Mustaneer Rahman	Nil
				Abram Mustahsan Rahman	Nil



- (c) Executives [top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit]

SL. No.	Name	Designation	No. of Shares
1	Mr. M. Shamsul Arefin	AMD	Nil
2	Mr. Md. Altaf Hossain Bhuyan	DMD	Nil
3	Mr. Mohammed Salim Chowdhury	DMD	Nil
4	Mr. Md. Nurul Azim	DMD	Nil
5	Mr. Faisal Ahmed	EVP	Nil

Explanation: For the purpose of this clause, the expression “executive” means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.

- (d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details):

There is no Shareholders holding ten percent (10%) or more voting interest in the company.

- (xxiv) **In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:**

- A brief resume of the director
- Nature of his or her expertise in specific functional areas
- Names of companies in which the person also holds the directorship and the membership of committees of the Board

A brief resume of the directors, Nature of his/her expertise in specific functional areas and names of companies in which the person also holds the directorship and the membership of committees of the board have been published in section ‘Directors Profile’.

- (xxv) **A Management’s Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company’s position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:**

Management’s Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company’s position and operations along with a brief discussion of changes in the financial statements, among others, focusing on the above issues has been published in the page no. 46-50 as Management’s Overview. The statement include inter alia (a) accounting policies and estimation for preparation of financial statements; (b) Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; (c) Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; (d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; (e) Briefly explain the financial and economic scenario of the country and the globe; (f) Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and (g) Future plan or projection or forecast for company’s operation, performance and financial position, with justification thereof, i.e., actual position has been disclosed in page no. 46-64, those shall be explained to the shareholders in the next AGM.

- (xxvi) **Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed (as per Annexure-A):**

Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) has been disclosed as per **Annexure-A** of Corporate Governance Code of BSEC in page no. 252.

- (xxvii) **The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed (as per Annexure-B and Annexure-C):**

The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 has been disclosed as per **Annexure-B** and **Annexure-C** in the page no. 138 & 156-168.

Information To The Stakeholders

Distribution of Shareholdings in 2021

Shareholders' Group	No. of Shares Held	(%) of Shareholding	Value of Shares Held (BDT)
Sponsors/Directors	57,65,27,709	73.4762%	5,76,52,77,090
General Public	11,67,78,008	14.8829%	1,16,77,80,080
Institutions	9,13,39,800	11.6409%	91,33,98,000
Government	Nil	Nil	Nil
Foreign Investors	Nil	Nil	Nil
Total	78,46,45,517	100.00%	784,64,55,170

Information Sensitive to Share Price

Particulars	Disclosure
Adoption of Financial Statements-2021, Recommendation of Dividend, Record Date for Cash Dividend entitlement & Vote in the AGM, Date of Holding AGM.	Date of AGM: 23/06/2022 at 3:00 PM. Record Date: 29/05/2022 (for Cash Dividend entitlement & Vote in the AGM). Recommended Dividend: 3.00% Cash & 1.00% Stock (The Stock Dividend is subject to approval of shareholders in the 9 th AGM and subsequent approval of BSEC).
Adoption of Quarterly Financial Statement (Q1) of the Bank as on 31/03/2022 and related corporate disclosure.	Date of Adoption: 27/04/2022 at 141 st Meeting. Net Asset Value (NAV): Tk. 1,091.05 Crore (Consolidated), Tk. 1,090.30 Crore (Solo). NAV per share: Tk. 13.37 (Consolidated), Tk. 13.36 (Solo). NAV per share (Restated): Tk. 13.37 (Consolidated), Tk. 13.36 (Solo). Earnings Per Share (EPS): Tk. 0.22. Net Operating Cash Flow per Share (NOCFPS): Tk. (9.04)

Dividend Distribution Policy

Introduction:

This policy is drafted in compliance with the Directives No. BSEC/CMRRCD/2021-386/03 of Bangladesh Securities & Exchange Commission (BSEC) dated January 14, 2021.

Purpose:

The purpose of the policy is to comply with the Directives of Bangladesh Securities & Exchange Commission (BSEC). The parameters set out in the policy are applicable for distribution of dividend.

Process of Distribution of Dividend:

Manner and procedures of Cash dividend payment:

- The Bank shall pay off cash dividend directly to the bank account of the entitled shareholders as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN);
- Through bank transfer or any electronic payment system as recognized by the Bangladesh Bank (if not possible through BEFTN);
- In case of margin loan and claim by loan provider, through the Consolidated Customer's Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN;



- iv) The Bank, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder;
- v) The Bank shall pay off cash dividend to non-resident sponsor, director, shareholder or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;

Manner and procedure of stock dividend distribution:

The Bank shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be subject to the clearance of the regulatory requirement [if any from Bangladesh Bank, exchange(s) and the Central Depository Bangladesh Limited (CDBL)]:

- i) To the BO account;
- ii) To the suspense BO Account for undistributed or unclaimed stock dividend/bonus shares;
- iii) The bonus dividend shall be transferred to the suspense BO account if BO account is not available or BO account is inactive;
- iv) The sale proceeds of fractional bonus dividend shall be paid off as per circular of BSEC or Bangladesh Bank or other regulatory authority from time to time.

Issuance of Bonus Share:

To ensure rightful ownership of the bonus shares the bank shall follow the directives issued by BSEC from time to time.

Time line for dividend pays off:

- i) The Bank shall pay off the annual or final dividend to the entitled shareholders, within 30 (thirty) days of approval.
- ii) Amount of declared cash dividend payable for the concerned year/period shall be kept in a separate bank account as per circular of BSEC or Bangladesh Bank or other regulatory authority from time to time.

Unpaid or unclaimed of unsettled cash dividend:

Unpaid or unclaimed of unsettled cash dividends shall be settled as per instructions of BSEC or Bangladesh Bank or other regulatory authority from time to time.

Unpaid or unclaimed of unsettled stock dividend:

Unpaid or unclaimed of unsettled stock dividends shall be settled as per instructions of BSEC or Bangladesh Bank or other regulatory authority from time to time.

Tax matters:

Tax will be deducted at source as per applicable tax laws.

Amendments / Modifications:

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law of the land. Such amended policy shall be placed before the Board for approval.

Disclosure Policy:

The Dividend Distribution Policy shall be available on the Bank's website and shall also be disclosed in the Bank's Annual Report.

Summary of Unclaimed Dividend:

As of 31.12.2021 there is an unclaimed/undistributed dividend of Tk. 91,21,799.00 (ninety one lac twenty one thousand seven hundred ninety nine taka). There is also 3,102 (Three thousand one hundred two) number of unclaimed/undistributed bonus shares as on 31.12.2021

Dividend & Stock Details

Dividends-2020

Particulars		Date
8 th Annual General Meeting	Notice Date	30 th September, 2021
	Record/Book Closure Date	Cash Dividend: 28 th September, 2021 Stock Dividend: 29 th December, 2021
Holding of 8 th Annual General Meeting	Held on	21 st October, 2021
Cash Dividend (At 4.00%)	Date of Disbursement	10 th November, 2021
Stock Dividend (At 4.00%)		25 th January, 2022

Stock Details

Particulars	Dhaka Stock Exchange (DSE)	Chittagong Stock Exchange (CSE)
Stock Symbol	SBACBANK	SBACBANK
Company Code	11151	22035
Year of Listing	2021	2021
Market Lot	1	1
Company Category	B (Banks)	B (Banks)
Electronic Share	YES	YES
Face Value	Tk. 10.00	Tk. 10.00
Market Value (As on 30.12.2021)	15.20 (Per share)	15.10 (Per share)

Financial Calendar-2021

Quarterly Results	As of	Earnings Per Share (EPS)
Unaudited result for 1st quarter	31.03.2021	0.13
Unaudited result for 2 nd quarter	30.06.2021	0.31
Unaudited result for 3 rd quarter	30.09.2021	0.81





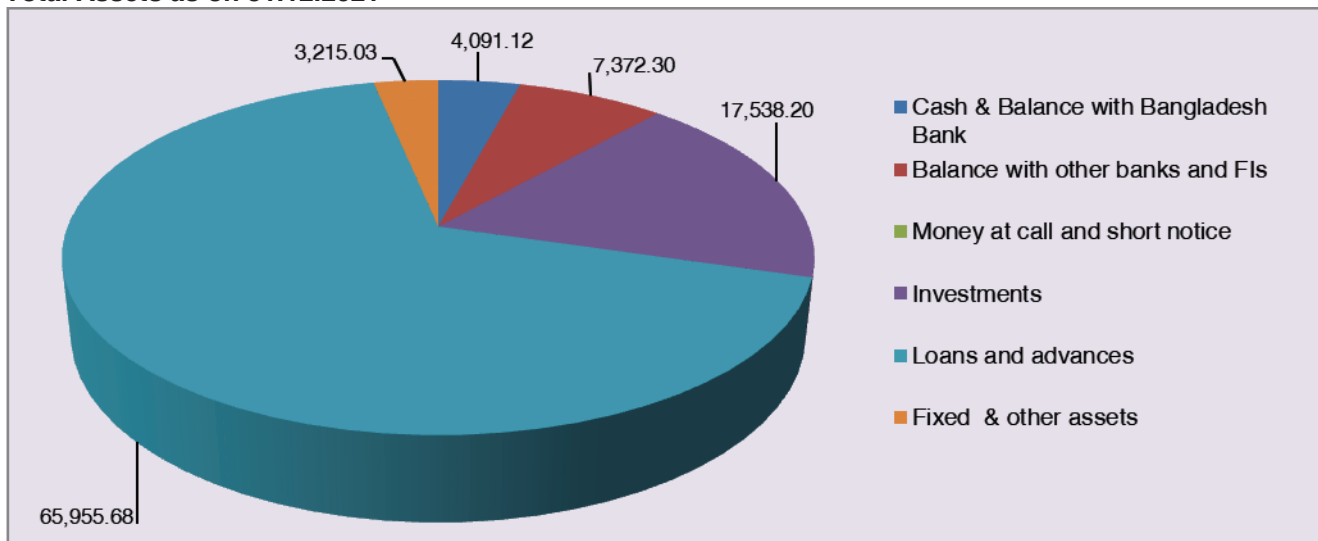
Graphical Presentation of Financial Performance

Total Assets :

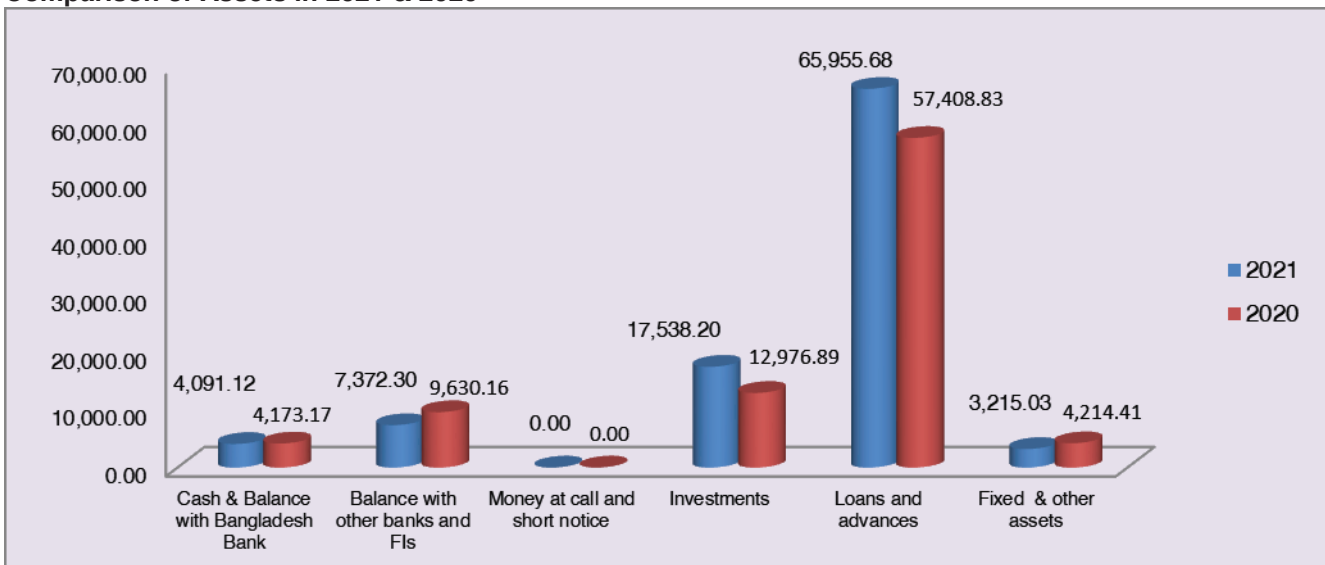
(Fig. Million Taka)

Particulars	2021	2020	Growth (%)
Cash & Balance with Bangladesh Bank	4,091.12	4,173.17	-1.97%
Balance with other banks and FIs	7,372.30	9,630.16	-23.45%
Money at call and short notice	0.00	0.00	
Investments	17,538.20	12,976.89	35.15%
Loans and advances	65,955.68	57,408.83	14.89%
Fixed & other assets	3,215.03	4,214.41	-23.71%
Total Assets	98,172.32	88,403.45	11.05%

Total Assets as on 31.12.2021



Comparison of Assets in 2021 & 2020



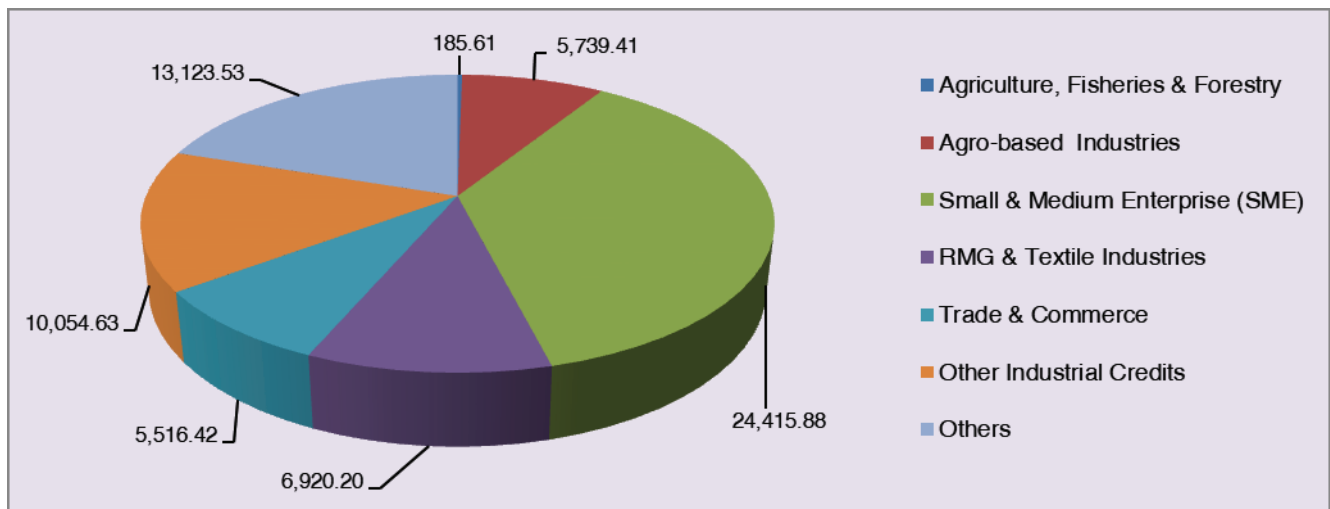
Loans and Advances :

i) Sector wise Loans and Advances

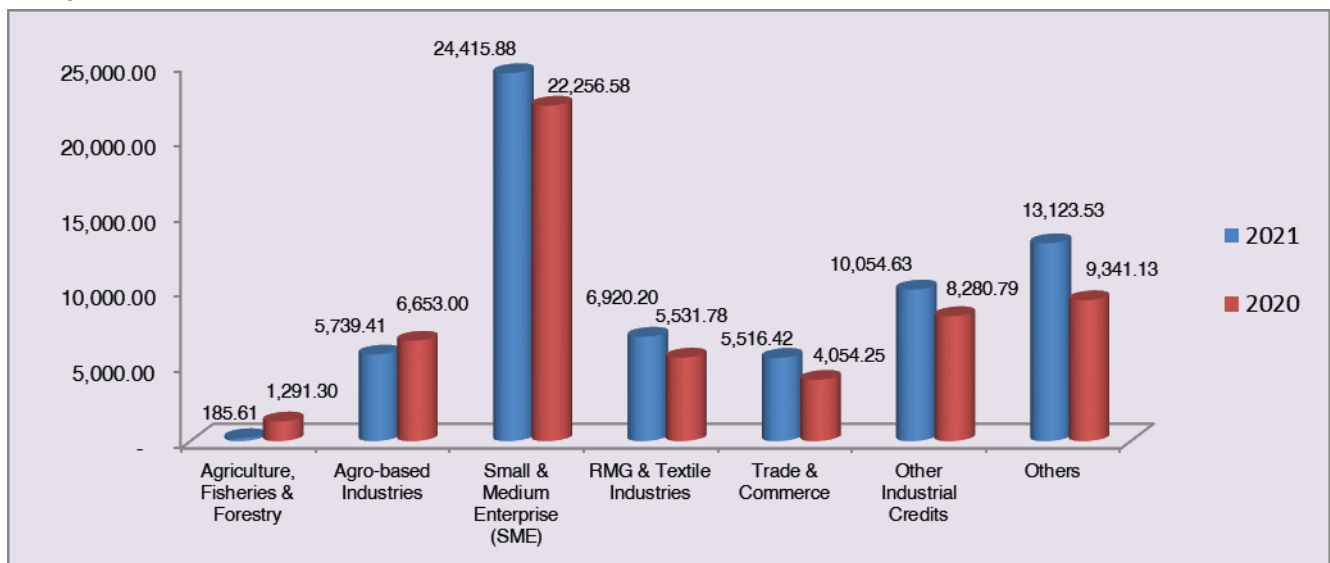
(Fig. Million Taka)

Particular of Sectors	2021	2020	Growth (%)
Agriculture, Fisheries & Forestry	185.61	1,291.30	-85.63%
Agro-based Industries	5,739.41	6,653.00	-13.73%
Small & Medium Enterprise (SME)	24,415.88	22,256.58	9.70%
RMG & Textile Industries	6,920.20	5,531.78	25.10%
Trade & Commerce	5,516.42	4,054.25	36.07%
Other Industrial Credits	10,054.63	8,280.79	21.42%
Others	13,123.53	9,341.13	40.49%
Total	65,955.68	57,408.83	14.89%

Sector wise Loans and Advances as on 31.02.2021



Comparison of Sector wise Loans and Advances in 2021 & 2020



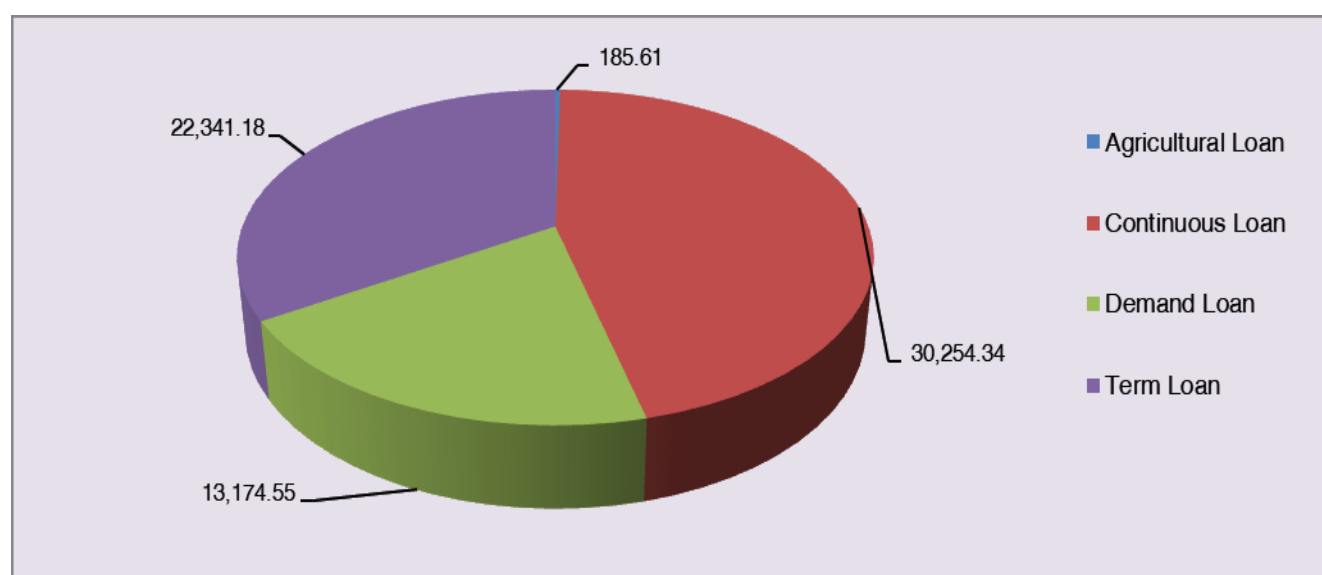


ii) Category wise Loans and Advances

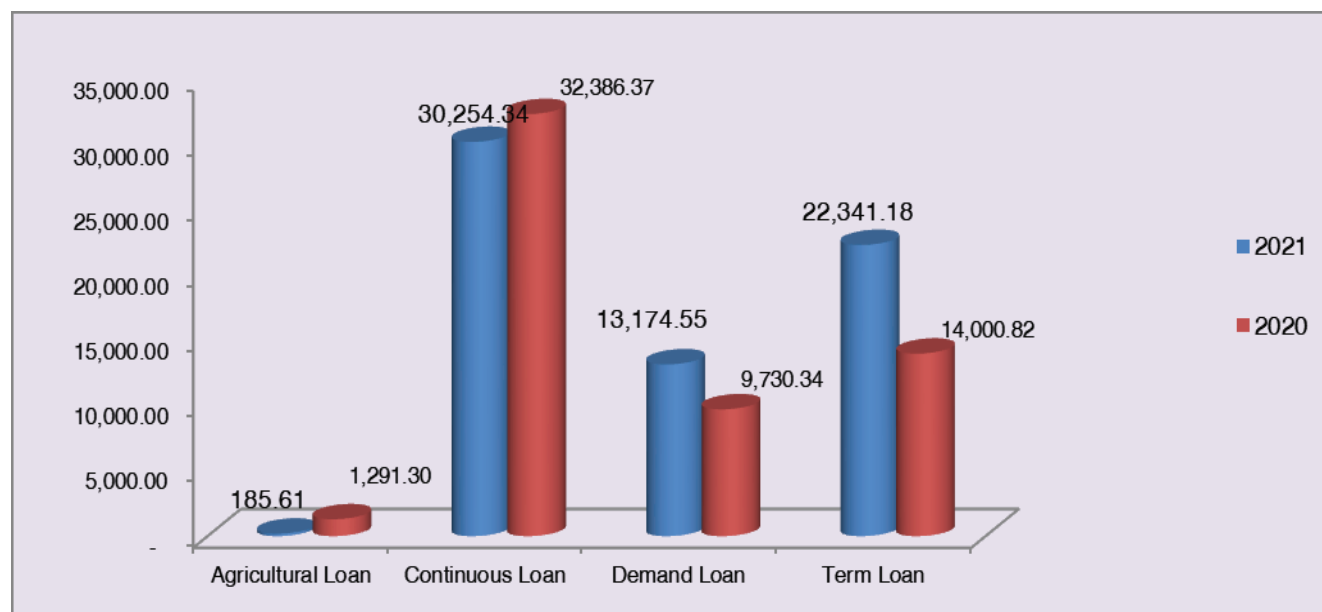
(Fig. Million Taka)

Category of Loans and Advances	2021	2020	Growth (%)
Agricultural Loan	185.61	1,291.30	-85.63%
Continuous Loan	30,254.34	32,386.37	-6.58%
Demand Loan	13,174.55	9,730.34	35.40%
Term Loan	22,341.18	14,000.82	59.57%
Total	65,955.68	57,408.83	14.89%

Category wise Loans and Advances as on 31.12.2021



Comparison of Category wise Loans and Advances in 2021 & 2020

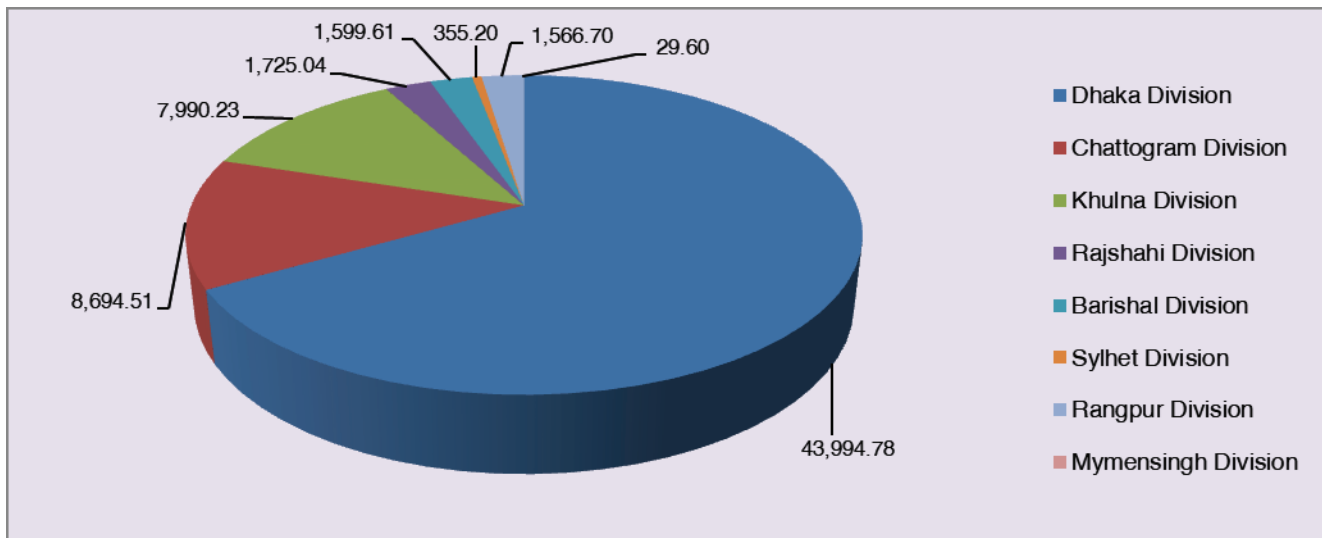


iii) Division wise Loans and Advances

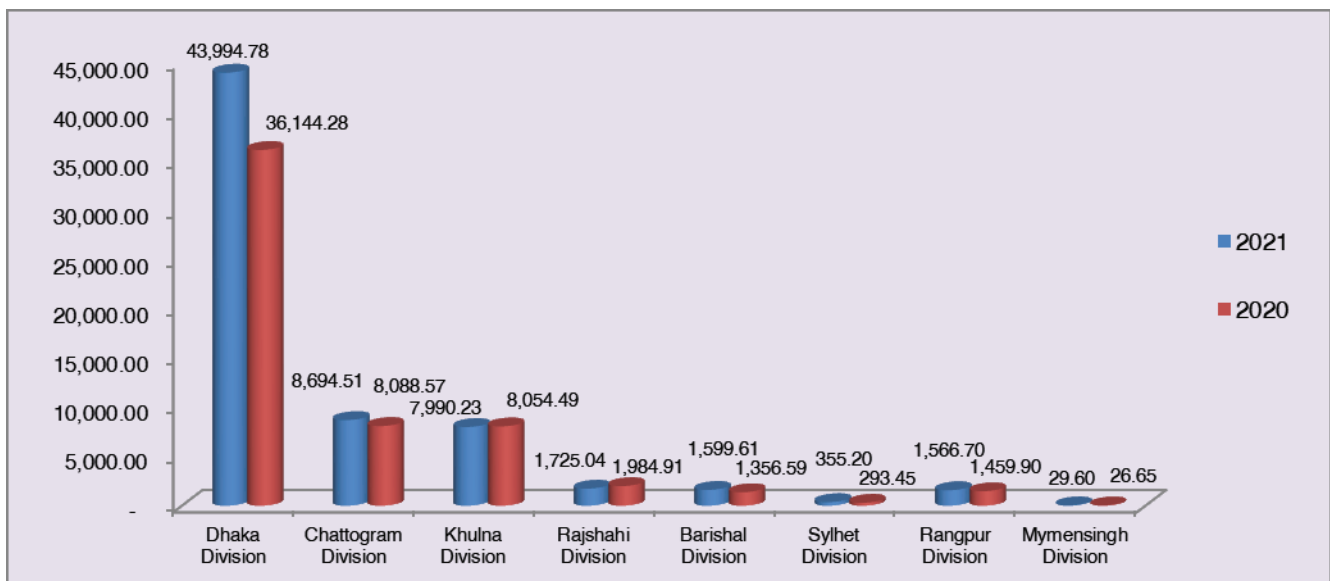
(Fig. Million Taka)

Name of Division	2021	2020	Growth (%)
Dhaka Division	43,994.78	36,144.28	21.72%
Chattogram Division	8,694.51	8,088.57	7.49%
Khulna Division	7,990.23	8,054.49	-0.80%
Rajshahi Division	1,725.04	1,984.91	-13.09%
Barishal Division	1,599.61	1,356.59	17.91%
Sylhet Division	355.20	293.45	21.04%
Rangpur Division	1,566.70	1,459.90	7.32%
Mymensingh Division	29.60	26.65	11.11%
Total	65,955.68	57,408.84	14.89%

Division wise Loans and Advances as on 31.12.2021



Comparison of Division wise Loans and Advances in 2021 & 2020



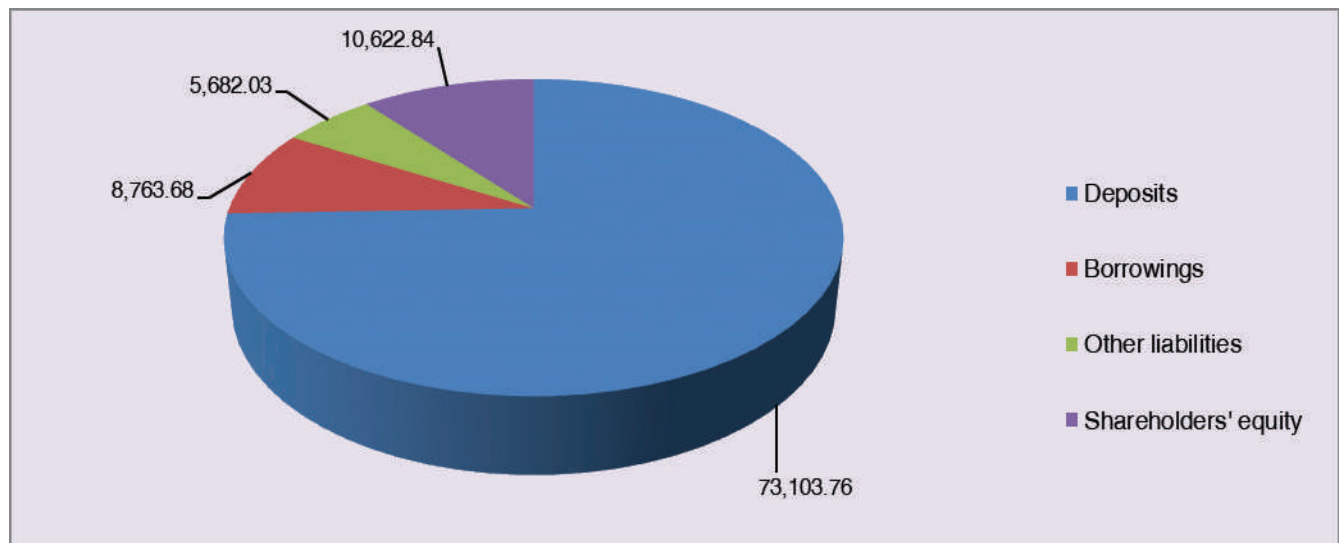


Total Liabilities :

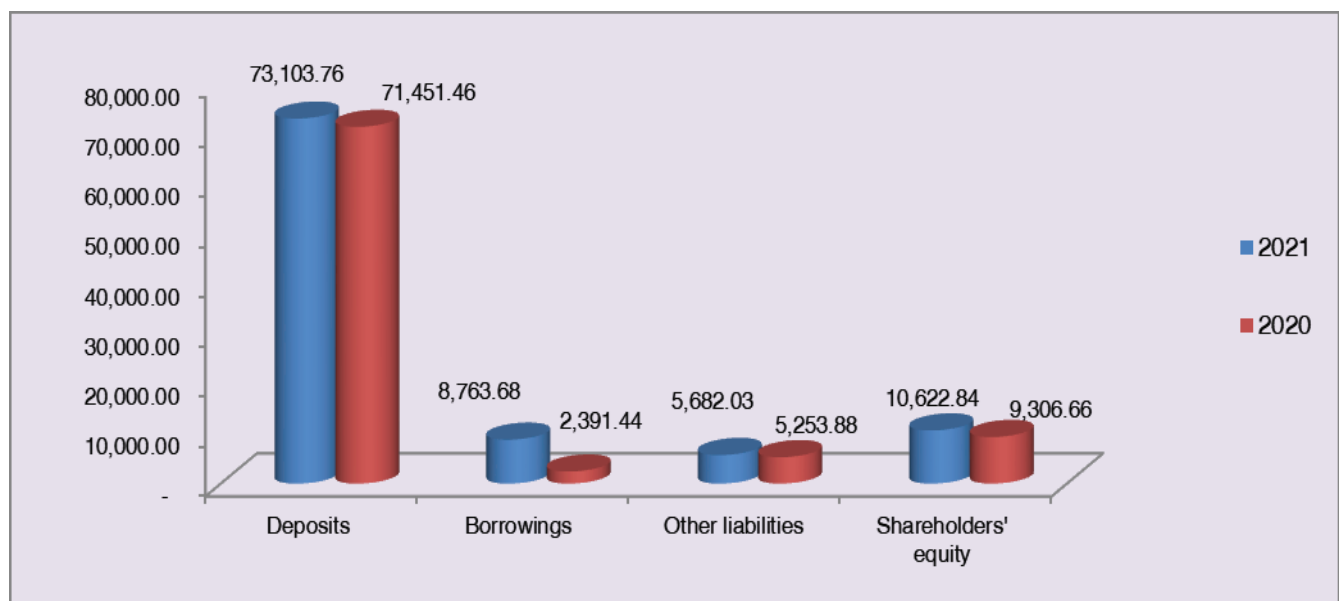
(Fig. Million Taka)

Particulars	2021	2020	Growth (%)
Deposits	73,103.76	71,451.46	2.31%
Borrowings	8,763.68	2,391.44	266.46%
Other liabilities	5,682.03	5,253.88	8.15%
Shareholders' equity	10,622.84	9,306.66	14.14%
Total liabilities	98,172.32	88,403.45	11.05%

Total Liabilities as on 31.12.2021



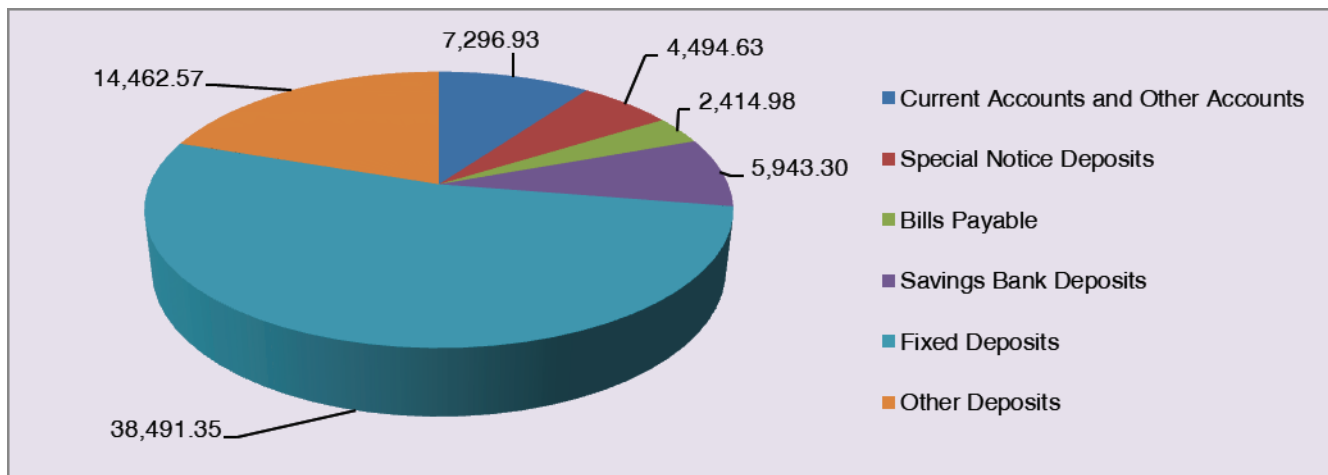
Comparison of Liabilities in 2021 & 2020



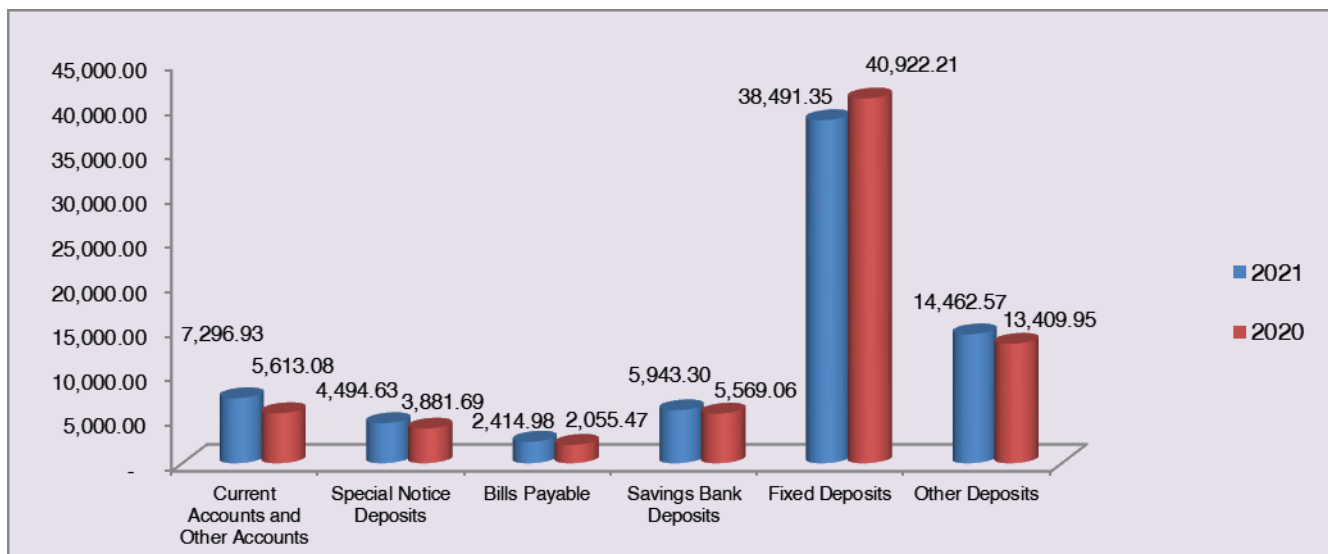
Deposits :

Types of Deposit	Outstanding Taka in Million		Growth (%)	Deposit Mix (%)	
	2021	2020		2021	2020
Current Accounts and Other Accounts	7,296.93	5,613.08	30.00%	9.98%	7.86%
Special Notice Deposits	4,494.63	3,881.69	15.79%	6.15%	5.43%
Bills Payable	2,414.98	2,055.47	17.49%	3.30%	2.88%
Savings Bank Deposits	5,943.30	5,569.06	6.72%	8.13%	7.79%
Fixed Deposits	38,491.35	40,922.21	-5.94%	52.65%	57.27%
Other Deposits	14,462.57	13,409.95	7.85%	19.78%	18.77%
Total	73,103.76	71,451.46	2.31%	100.00%	100.00%

Deposit Mix as on 31.12.2021



Comparison of Deposit Mix in 2021 & 2020



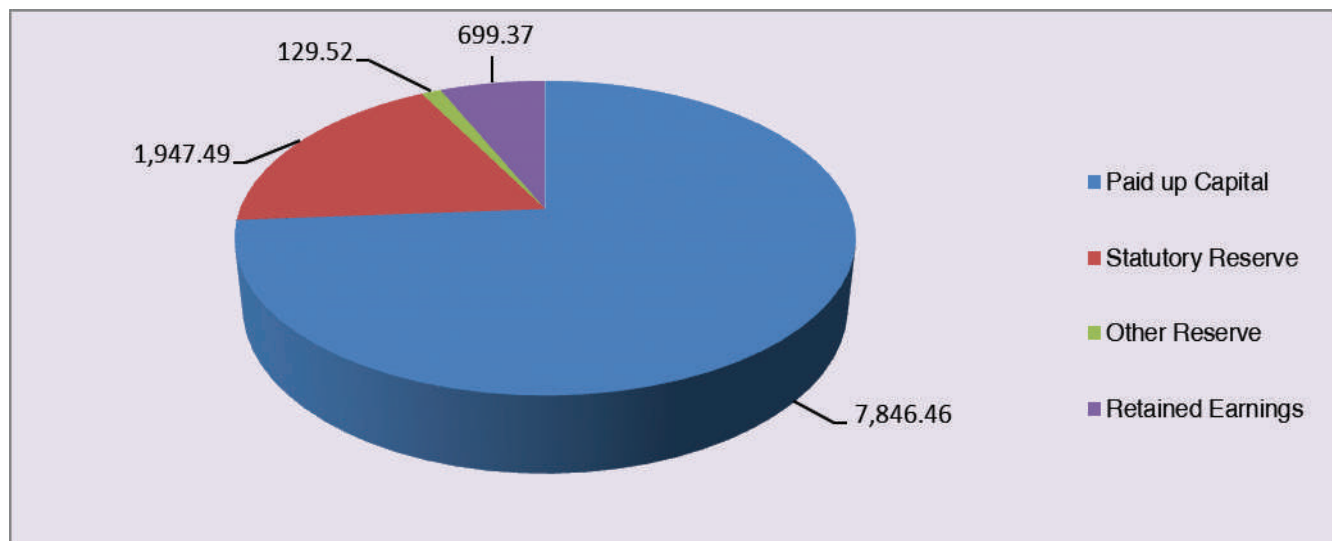


Shareholders' Equity :

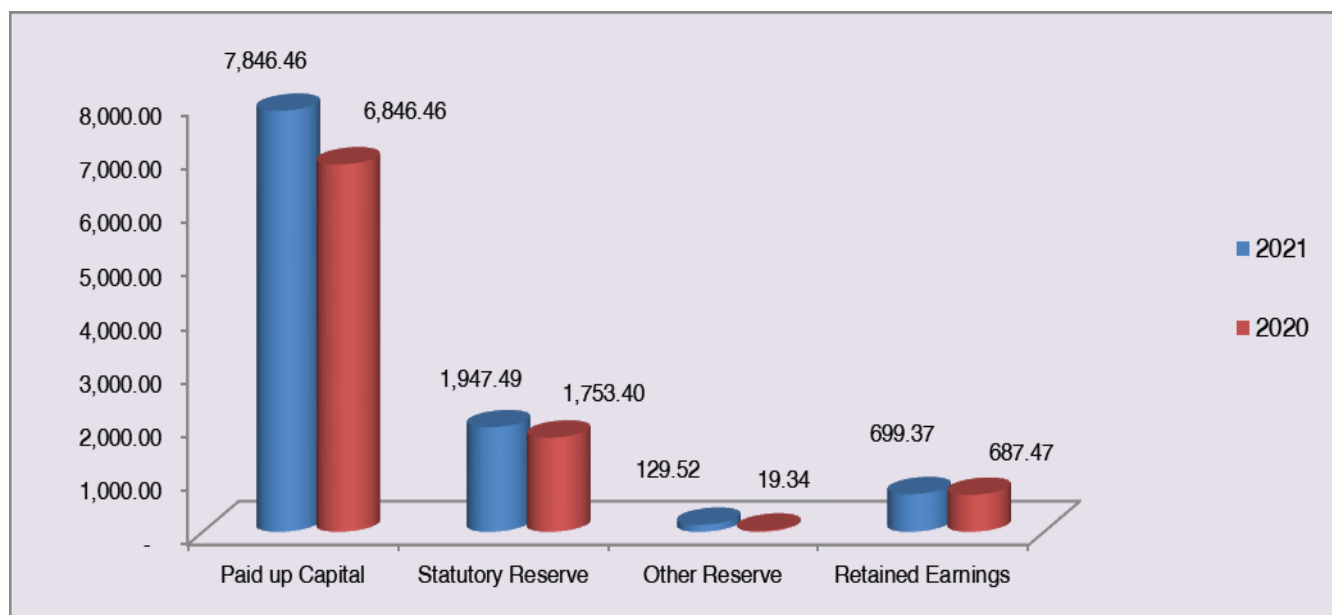
(Fig. Million Taka)

Particulars	2021	2020	Growth (%)
Paid up Capital	7,846.46	6,846.46	14.61%
Statutory Reserve	1,947.49	1,753.40	11.07%
Other Reserve	129.52	19.34	569.78%
Retained Earnings	699.37	687.47	1.73%
Total Shareholders' equity	10,622.84	9,306.66	14.14%

Shareholders' Equity as on 31.12.2021



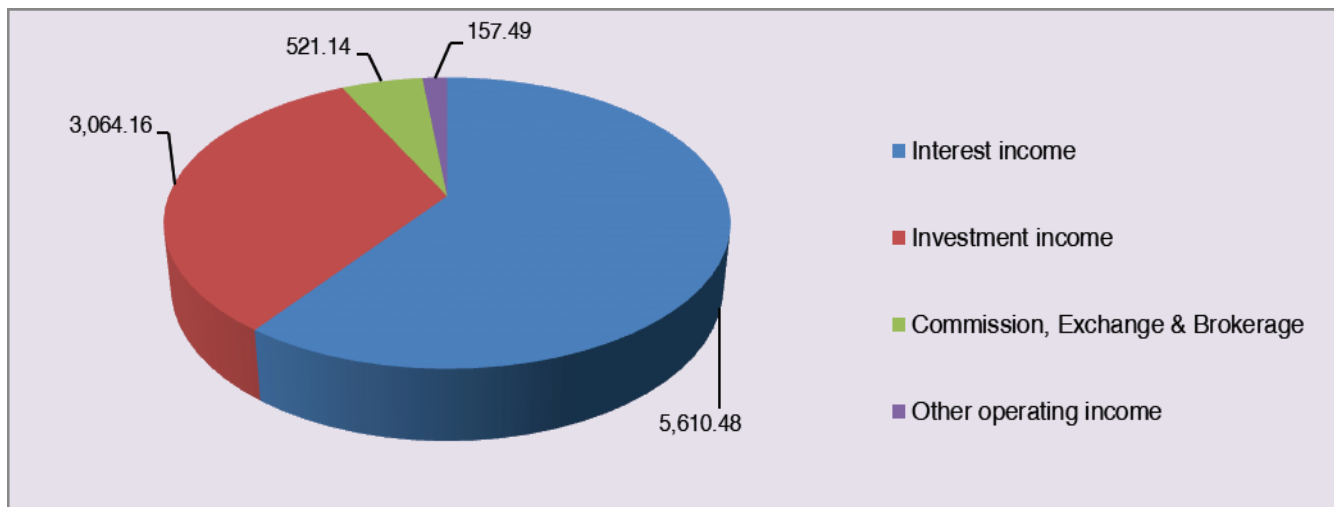
Comparison of Shareholders' Equity in 2021 & 2020



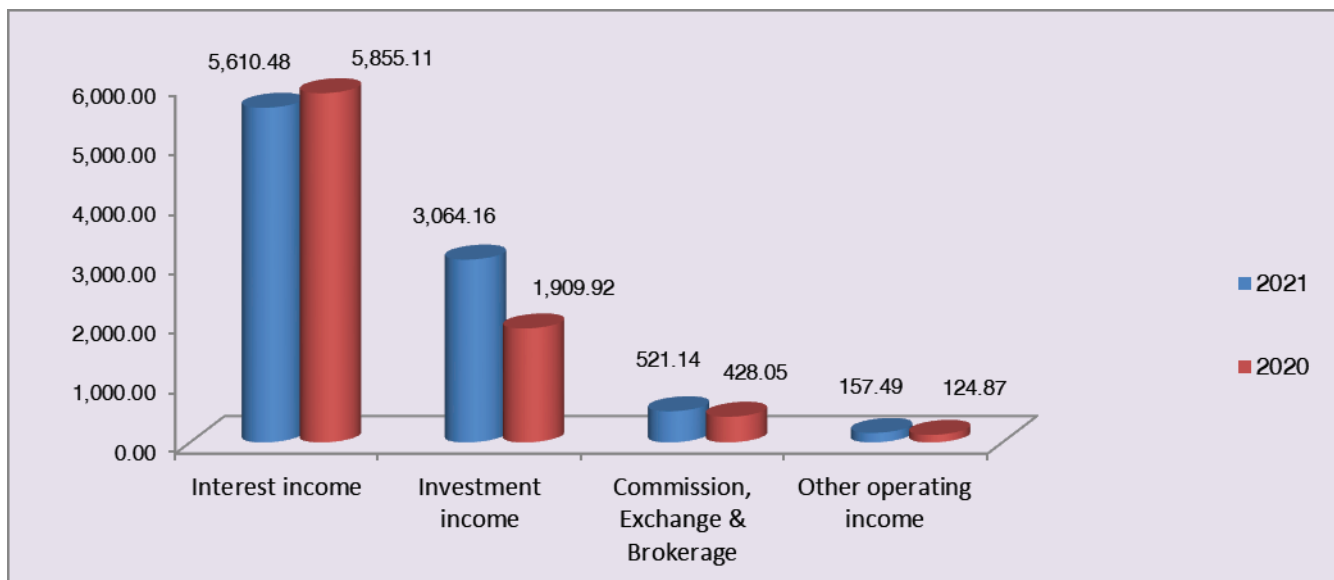
Total Income :

Types of Income	Amount in Million Taka		Growth (%)	Income Mix (%)	
	2021	2020		2021	2020
Interest income	5,610.48	5,855.11	-4.18%	59.98%	70.39%
Investment income	3,064.16	1,909.92	60.43%	32.76%	22.96%
Commission, Exchange & Brokerage	521.14	428.05	21.75%	5.57%	5.15%
Other operating income	157.49	124.87	26.12%	1.68%	1.50%
Total income	9,353.28	8,317.96	12.45%	100.00%	100.00%

Total Income as on 31.12.2020



Comparison of Total Income in 2021 & 2020

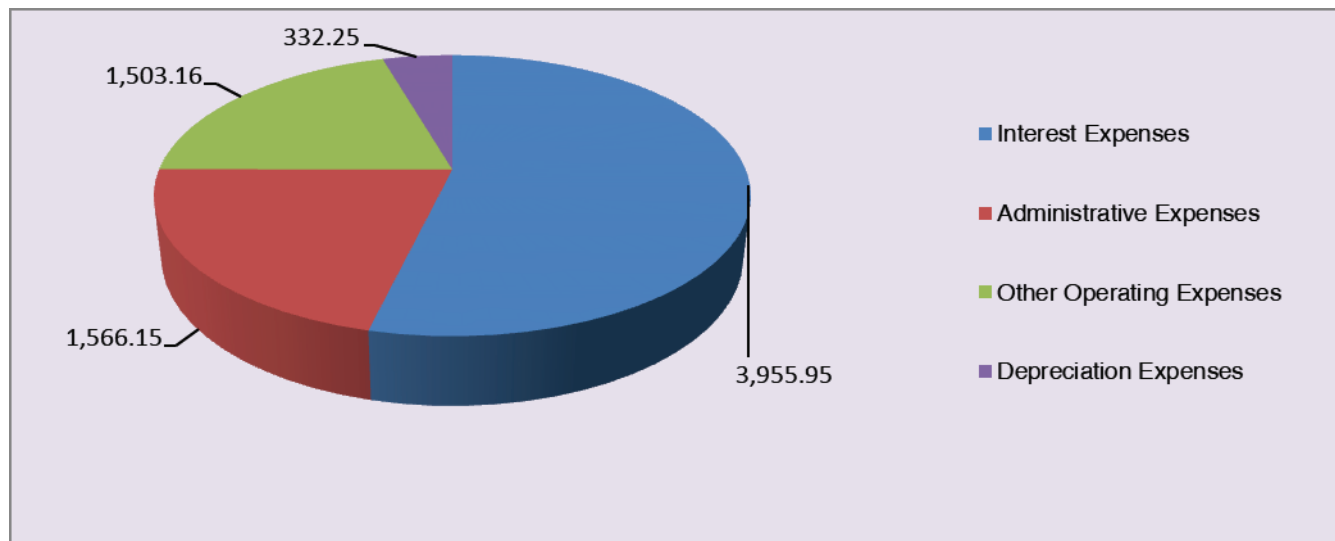




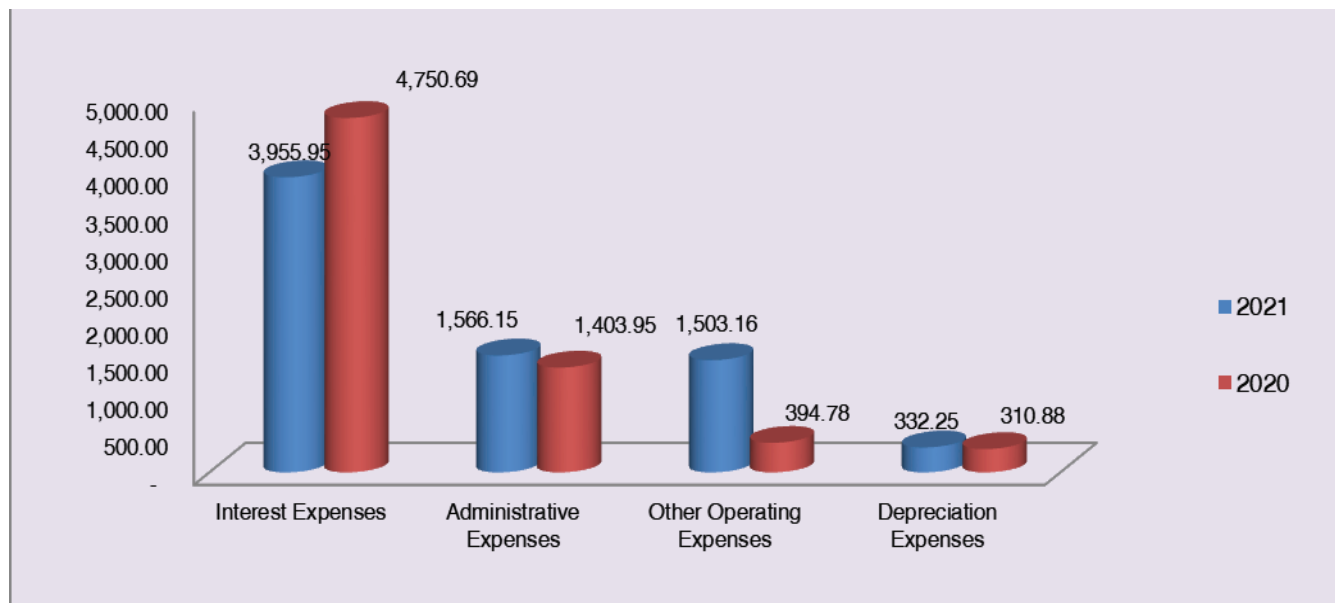
Total Expenses :

Types of Expense	Amount in Million Taka		Growth (%)	Expense Mix (%)	
	2021	2020		2021	2020
Interest Expenses	3,955.95	4,750.69	-16.73%	53.77%	69.25%
Administrative Expenses	1,566.15	1,403.95	11.55%	21.29%	20.46%
Other Operating Expenses	1,503.16	394.78	280.76%	20.43%	5.75%
Depreciation Expenses	332.25	310.88	6.87%	4.52%	4.53%
Total Expenses	7,357.51	6,860.29	7.25%	100.00%	100.00%

Total Expenses as on 31.12.2021



Comparison of Expenses in 2021 & 2020

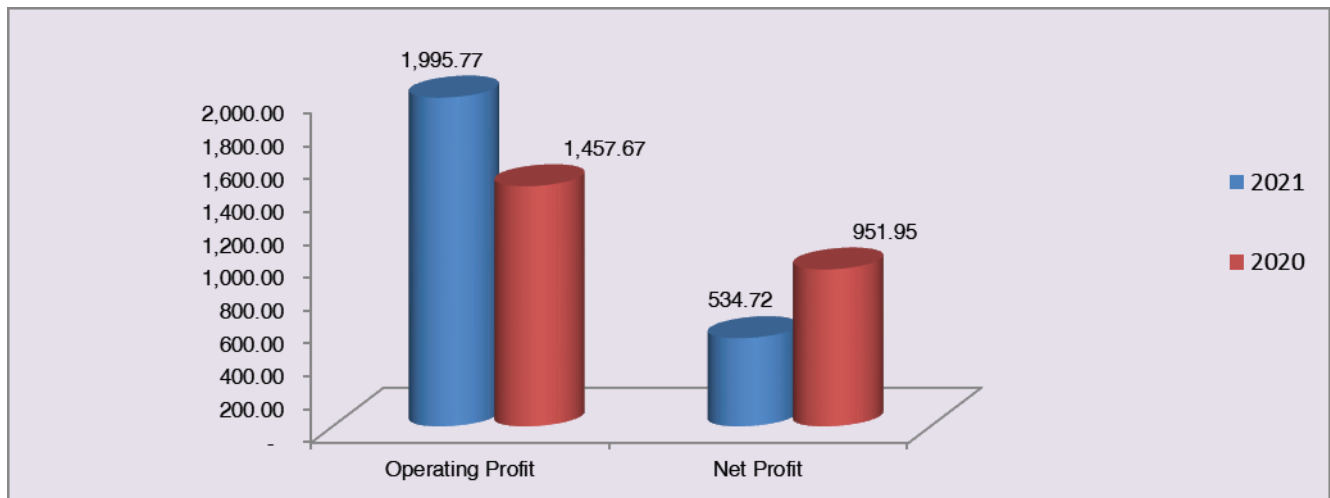


Profitability :

(Fig. Million Taka)

Particulars	2021	2020	Growth (%)
Operating Profit	1,995.77	1,457.67	36.92%
Net Profit	534.72	951.95	-43.83%

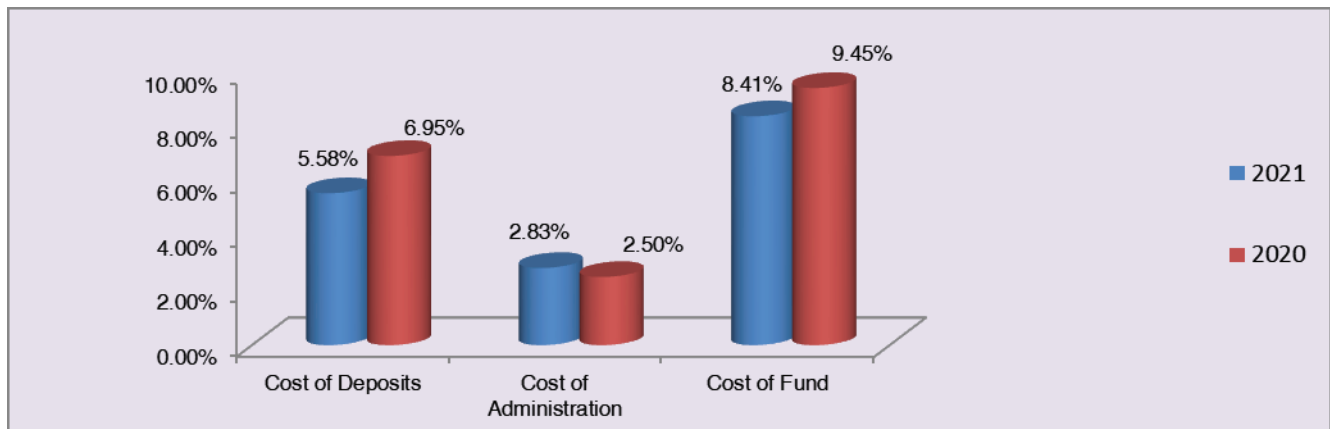
Comparison of Profitability in 2021 & 2020



Average Cost of Funds :

Particulars	2021	2020	Changes (%)
Cost of Deposits	5.58%	6.95%	-1.37%
Cost of Administration	2.83%	2.50%	0.33%
Cost of Fund	8.41%	9.45%	-1.04%

Comparison of Cost of Deposits, Cost of Administration & Cost of Fund in 2021 & 2020

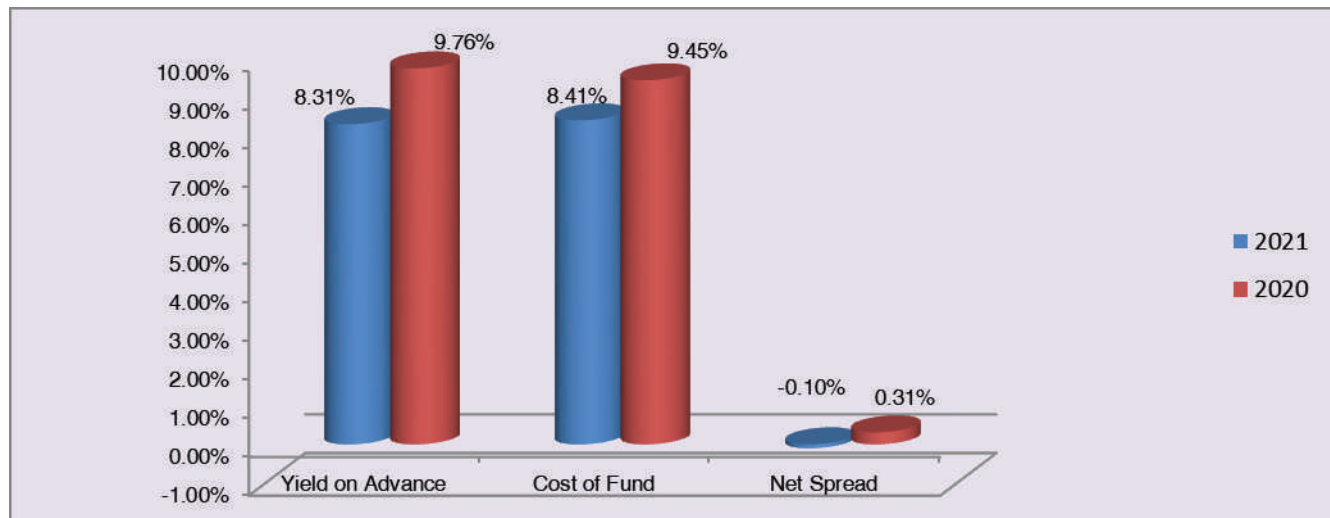




Net Spread :

Particulars	2021	2020
Yield on Advance	8.31%	9.76%
Cost of Fund	8.41%	9.45%
Net Spread	-0.10%	0.31%

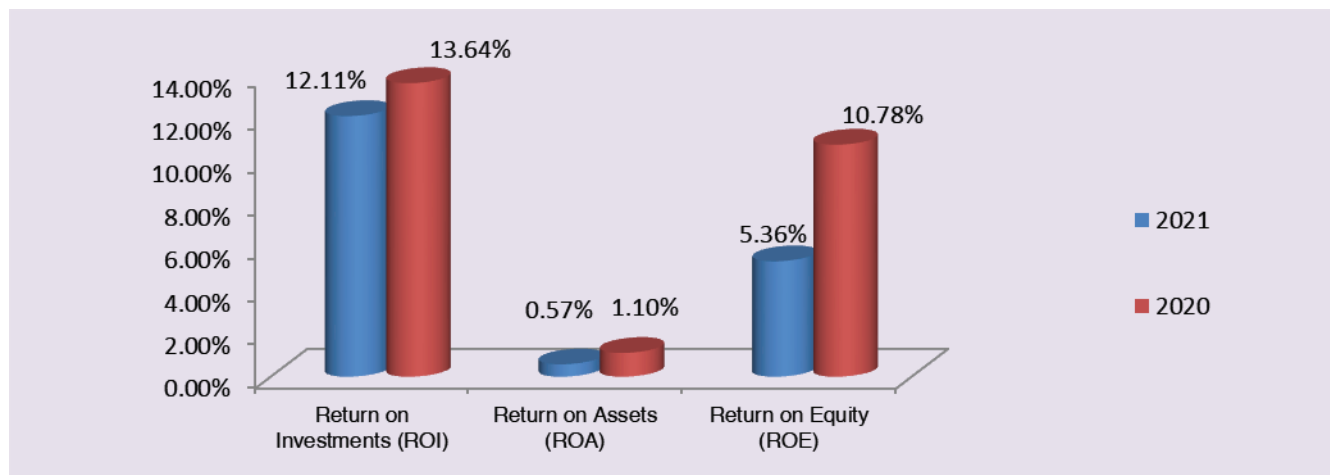
Comparison of Yield on Advances, Cost of Funds & Net Spread in 2021 & 2020



Rate of Returns :

Particulars	2021	2020
Return on Investments (ROI)	12.11%	13.64%
Return on Assets (ROA)	0.57%	1.10%
Return on Equity (ROE)	5.36%	10.78%

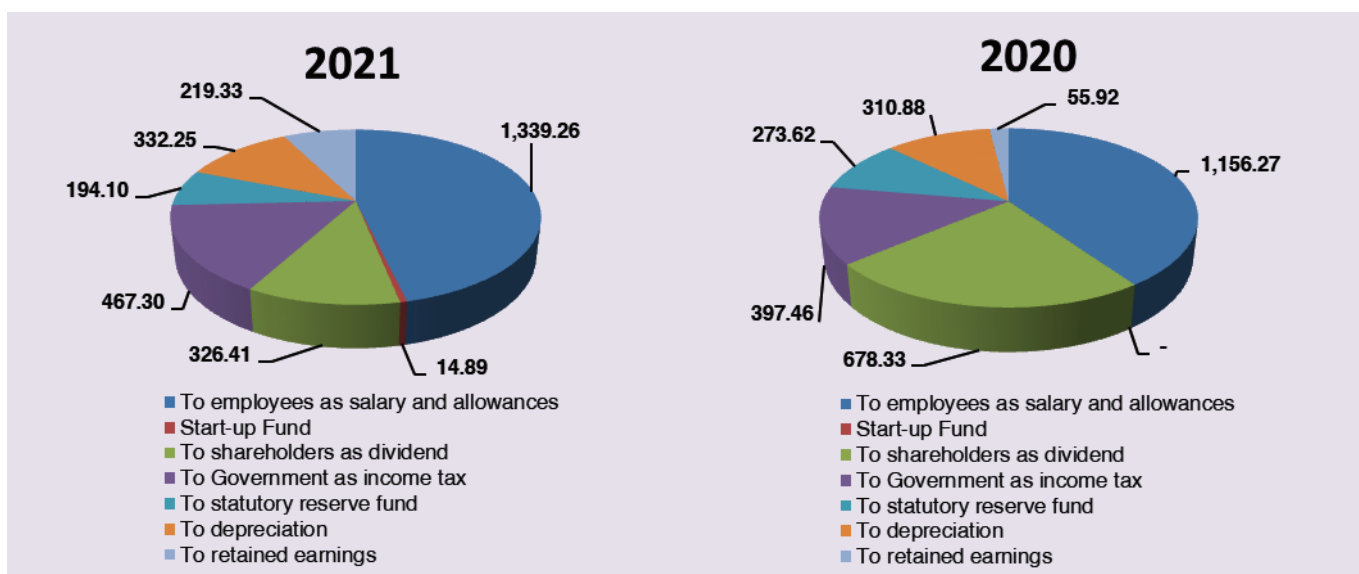
Comparison of Returns in 2021 & 2020



Value Added Statement

Value added is the wealth accretion made by South Bangla Agriculture & Commerce Bank Limited through providing banking and other financial services. Value created from the income from banking services and other financial services is the excess of cost of service rendered. The value added statement shows the total wealth created, how it was distributed to meet certain obligations, reward to those who have created it and portion retained for continuing operation and expansion of the bank. The value added statement of the bank for the year ended 31 December 2021 is given below:

	2021 <u>Taka</u>	%	2020 <u>Taka</u>	%
Fig. in million				
Value Created				
Income from Banking Services	9,353.28		8,317.96	
Less: Cost of services & Supplies	5,677.73		5,393.14	
Value added by banking service	3,675.55		2,924.82	
Non-banking income	-		-	
Provision for deferred tax	28.44		(18.37)	
Provision for loans & other assets	(1,025.29)		(89.88)	
	2,678.70		2,816.57	
Value distributed				
To employees as salaries & allowances	1,339.26	50.00%	1,156.27	41.05%
To shareholders as dividend (Proposed)	326.41	12.19%	627.72	22.29%
To Government as income tax	467.30	17.45%	397.46	14.11%
	2,132.97	79.63%	2,181.45	77.45%
Value retained (to maintain and continue operations)				
Statutory reserve	194.10	7.25%	273.62	9.71%
Depreciation	332.25	12.40%	310.88	11.04%
Start-up Fund	14.89	0.56%	-	-
Retained earnings	4.51	0.17%	50.62	1.80%
	545.75	20.37%	635.12	22.55%
	2,678.72	100.00%	2,816.57	100.00%





Economic Value Added (EVA) Statement

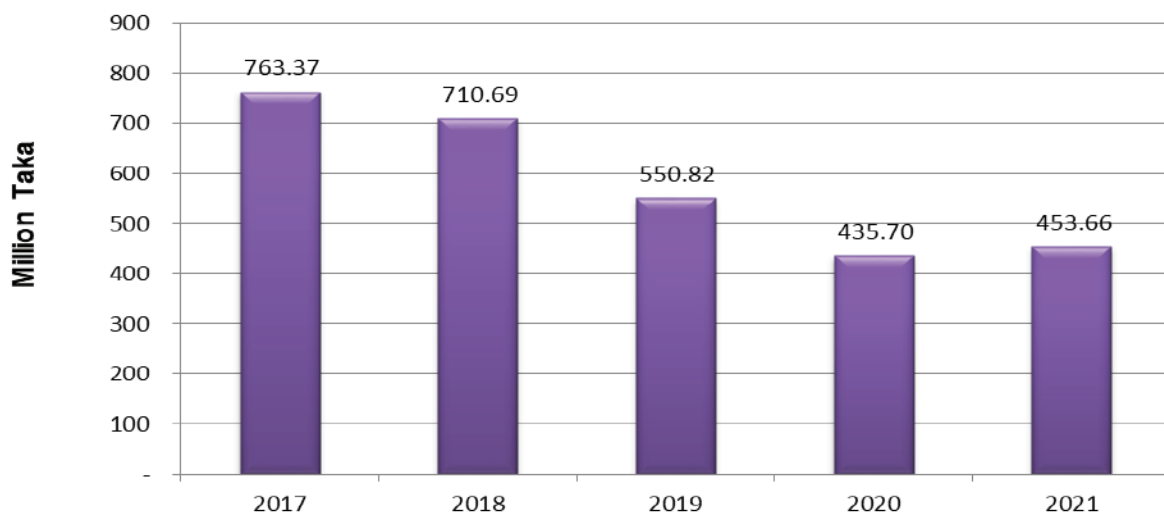
Economic value added (EVA) is the measure of financial performance of an organization. It is based on the principle that since a company's management employs equity capital to earn profit, it must pay for the use of this equity capital. This management tool is useful to stakeholders to take decision for increasing wealth.

EVA is equal to Profit after Tax (PAT) plus the provision for loans & other assets less written off loans during the year minus cost of equity. The cost of equity is the opportunity cost that the shareholders forego. For 2021 this cost of equity is calculated on the basis of the return on 5 years Treasury Bonds.

	2017	2018	2019	2020	2021
	Taka	Taka	Taka	Taka	Taka
Shareholders' equity	6,538.99	7,429.71	8,362.96	9,306.66	10,622.84
Add: Provision for loans & advances and other assets	515.71	455.66	517.58	9.51	359.49
Closing Shareholders' equity	7,054.71	7,885.37	8,880.54	9,316.17	10,982.33
Opening shareholders' equity	5,918.60	7,054.71	7,885.37	8,880.54	9,316.17
Average shareholders's equity	6,486.65	7,470.04	8,382.96	9,098.35	10,149.25
Earnings					
Profit after taxation	982.04	879.59	967.60	951.95	534.72
Add: Provision for loans & advances and other assets	296.37	387.62	502.83	87.88	629.39
	1,278.41	1,267.21	1,470.43	1,039.83	1,164.11
Average cost of equity	7.94%	7.45%	10.97%	6.64%	7.00%
Cost of average equity	515.04	556.52	919.61	604.13	710.45
Economic value added	763.37	710.69	550.82	435.70	453.66

Fig. in million

Economic value added



Market Value Added Statement

Market value added (MVA) is a measure of external performance that indicates how the market has evaluated the company's performance in terms of market value of quoted shares compared to book value of these shares. It is the difference between the current market value of the Bank and the capital contributed by investors. If MVA is positive, the Bank has added value. A high MVA denotes that the Bank has maximized the wealth for the shareholders. The calculation of market value added is tabled below:

Particulars	2021
(a) Face value per share (BDT)	10.00
(b) Market value per share (BDT)	15.20
(c) Number of shares outstanding	78,46,45,517
(d) Market capitalization (BDT in million) [(c) × (b)]	11,926
(e) Book value of paid up capital (BDT in million) [(c) × (a)]	7,846
(f) Market value added (BDT in million) [(d)-(e)]	4,080

* Closing Price of share on 30.12.2021 at DSE has been taken as Market value per share & the Number of shares outstanding is based on 30.12.2021 also.

Report On Going Concern

SBAC Bank Ltd. assesses if there exists a material uncertainty which may be an indication of significant doubt about its ability to continue as a going concern. In this regard, the authority goes through appropriate inquiries, analysis, review and estimation in the backdrop of existing and future financial and operational strength of the bank and we are convinced and provide a reasonable assurance to the stakeholders on the continuity as a going concern for the foreseeable future and accordingly the bank has been adopting the 'going concern' basis for preparing financial statements. The financial performance of the bank is good and showing steady growth over the years. While analyzing the comparative financial position of the bank, we find that all the basic indicators of the bank are positive.

- Positive key financial indicators
- Consistency in dividend Payment
- Better quality asset
- Proper liquidity planning & management
- Excellent regulatory compliance culture
- Practicing best Corporate Governance
- Effective Risk management system
- State-of-the-art Information & Technology
- Tailor-made diversified products and services for different class of people
- wide area of operational coverage
- Excellent working environment & Self-driven workforce
- Outstanding Credit Rating

Major Financial Indicators

Particulars	2021	2020	2019	2018	2017
Net Asset Value (NAV) Per Share	13.54 (both solo & consolidated)	13.59	13.44	13.13	13.12
Net Operating Cash Flow Per Share	(4.86) (both solo & consolidated)	0.73	12.79	6.85	0.49
Return on Equity (ROE)	5.36% (solo) 5.42% (consolidated)	10.78%	12.25%	12.40%	16.16%
Capital to Risk-weighted Assets Ratio (CRAR)	13.94% (solo) 13.91% (consolidated)	13.45%	14.73%	15.85%	16.54%
NPL Ratio	5.85%	6.22%	6.09%	1.97%	0.87%
Earnings Per Share (EPS)	0.74	1.39	1.55	1.55	1.97



Financial Indications

Key financial ratios & Performance growth:

During the year 2021, SBAC Bank Ltd. has a praiseworthy growth in its operating performance. Its total asset has increased from Tk. 88,403.45 million to Tk. 98,172.32 million (solo) indicating a growth of 11.05 percent, whereas the consolidated total asset was Tk. 97,813.75 million. On the other hand Loans, Advances and Lease/Investment has increased by 14.89 percent (both solo & consolidated), Shareholders' Equity by 14.14 percent (solo), and 14.20 percent as consolidated basis. So the bank has a stable financial condition, which is an indicator of Bank's continuation in foreseeable periods.

Analysis of Cash Flow:

Cash flow analysis represents strength about its ability to repay its financial obligation, ability to adapt in changing circumstances and generate sufficient cash and cash equivalent. Net cash from operating activities is Tk. (3,531.29) million (solo) & Tk. 3531.69 million (consolidated) in 2021.

Maintenance of sufficient Capital:

As on 31 December 2021, the Bank's total equity stands at Tk. 10,622.84 million (solo) as against Tk. 9,306.66 million of 31 December 2020 (whereas it was Tk. 10,628.41 million on consolidated basis in 2021). On the other hand, the paid up capital of the Bank is Tk. 7,846.46 million. Moreover, as on 31 December 2021 Bank's CRAR is 13.91 percent (consolidated), whereas the solo CRAR of the Bank was 13.94 percent; and maintained total regulatory capital was of Tk. 10,830.03 million. The entire situation also indicates to its ability and intention to continue for the predictable future.

Particulars	2021	2020
Minimum Capital Requirement	9,732.55 million	8,612.49 million
Capital Maintained	10,830.03 million	9,269.90 million
Surplus	1097.48 million	657.41 million
CRAR	13.91%	13.45%

Consistent payment of dividends:

Protecting interest of the shareholders is one of the top priorities of SBAC Bank Ltd. The Bank has a remarkable consistency regarding dividend disbursement to its shareholders over the years, which reflects company's firm commitment to its shareholders.

Particulars	2021	2020	2019	2018	2017	2016
Dividend:						
Stock*	1%	4%	10%	10%	13.50%	15%
Cash	3%	4%	Nil	Nil	Nil	Nil

* The stock dividend is subject to approval of the Bangladesh Securities and Exchange Commission (BSEC)

Non-financial Indications

Credibility in payment of obligations:

The Bank has strong credibility in terms of payment of its commitments to the lenders. The Bank is very particular in fulfilling the terms of repayment agreement without any exception.

Credit rating of the Bank:

South Bangla Agriculture and Commerce Bank Limited has been rated as 'A' as the long-term credit rating and 'ST-2' as the short-term. The outlook on the rating is Stable. It is generally assumed that an institution with 'A' rating (Long Term) is adjusted to offer adequate safety for timely repayment of financial obligations and it has an

adequate credit profile, whereas an institution rated 'ST-2' (Short Term) carries the lowest credit risk and it has a strong capability for timely payment of financial commitments.

	Rating
Long Term	A
Short Term	ST-2
Rated by	Credit Rating Information and Services Limited (CRISL)
Outlook	Stable
Date of Rating	30 June 2021
Validity of Rating	29 June 2022

Customer service excellence

The Bank has always prioritized the formulation and implementation of newer tactics & strategies along with better suited financial product & services for the best customer experience. We receive feedback from our customers and work accordingly so that customers experience better service.

Brand image

Trust is a key to success in service industry that also helps a bank in enhancing its Brand image. We always deploy our best efforts to build trust on us through meeting the expectations of diverse stakeholders. The aggregate of all the efforts from our highly qualified employees, well experienced management & Board with our great loyal customer have made us a well-recognized financial service brand in the market.

Good governance

Our highly professional Board of Directors along with the vastly experienced management team keeps the bank on the right track continuously through ensuring good governance structure and practices. Since the inception SBAC Bank has been performing its operation with full compliance regarding all the regulatory requirements.

Expansion of Coverage

South Bangla Agriculture and Commerce Bank Limited has expanded in different places of the country within a short period of time considering the financial implications. The Bank has opened 107 branches & sub-branches (as on April, 2022) already at different places in Bangladesh, and so far we have deployed 53 ATMs (49 Booths) & 02 CDMs at different locations as part of our service digitization and convenience goal. We also have started the Agent Banking operation recently to reach the remote corners with our services.

Internal environment and employee satisfaction

The Bank has a friendly atmosphere and excellent working environment. Employees here enjoy the warmth of close relationship among them. The board and management is always fair in practicing equality of treatment to all employees which ensure good corporate environment. SBAC Bank ensures employee engagement, equal opportunity, work life balance, personal development for its employees which in turn increases productivity and reduces conflict between employees and management. Besides competitive compensation packages as well as a good number of employee benefits such as provident fund, gratuity fund, health benefit, incentive bonus, LFA and regularly revised Pay scale are few of those key factors producing employee confidence and satisfaction on SBAC Bank.

Risk Absorption & Adoption to Changes

Profit Rate & Foreign Currency Risks

South Bangla Agriculture and Commerce Bank Limited takes all the appropriate measures to minimize the negative consequence arising from volatility in money market both in local and foreign, increase in Investment demand, Increase Import and decrease exports, slow remittance etc. those may raise the rate of profit on





deposit & borrowings including foreign currency. For profit rate risks, the Bank pursues strategies to revise profit rates for any unusual and abrupt change at its own discretion as and when required. The demand of foreign currency payment is mostly backed by Exports earnings and remittance. Treasury continuously monitors price movements of foreign exchange and uses various hedging techniques to manage its open position in such a way that minimizes risk and maximizes return. All these tactics, strategies & measures will obviously provide a shield against Profit Rate & Foreign Currency Risks to enhance Risk Absorption capacity of the bank, this in turn will strengthen the bank's capability to perform as a going concern for a foreseeable future.

Non-Payment Risk

The Bank has a very strong financial background as well as cash flow along with diversified business packages, where there is no case of 'Non-Payment' in the history of operation of SBAC Bank Ltd. Moreover, it has a firm policy to maintain its AD Ratio at a profitable level ensuring the regulatory binding regarding the Advance Deposit Ratio (ADR) with an ideal deposit mix. The bank has also a concrete strategy for liquidity management. Besides that, ALCO (Asset Liability Committee) of the bank is a very efficient committee entrusted with the overall liquidity management. The management is always concerned about the prevailing and upcoming future changes in the global financial policies and shall respond appropriately and timely to safeguard its interest. Considering the all facts we strongly believe that, there is no risk of non-payment in the foreseeable future.

Management Risk

South Bangla Agriculture and Commerce Bank Limited has a very knowledgeable and well-experienced management. Since the commencement, Board of Directors of the bank has discharged the duties and responsibilities through its regular meetings. There is well formulated code of conducts including role and responsibilities in place for its Chairman, Board Members, Managing Director & CEO, Company Secretary, Chief Financial Officer (CFO), and Head of Internal Control & Compliance Division of the Bank. So it can be assumed that the threat of arising management risk hampering the smooth operation of the bank as a going concern is minimum.

Operational Risk

Policies and procedures are being reviewed continually by the Board of Directors of the bank to ensure risk free operation. Internal control and compliance division undertakes regular and special audit on branches and departments at the head office to review the operation and examine the compliance of statutory requirements. The audit committee of the board subsequently analyzes the reports of the internal control and compliance division and recommends the required actions & measures to the board accordingly. So, there is no doubt upon the continuity of the bank as going concern.

Business Risk

Business risk implies risk of loss or uncertainty in profit and any event that could pose a risk due to some sudden future events. The bank has a very good profitability record and our seasoned management is always conscious about the risk. The management is continuously searching for newer scopes to develop its business in newer horizon. We already have started Islamic Banking windows in selected branches to provide shariah-based banking services, as well as our agent banking has started functioning recently. Moreover, SBAC Bank Investment Limited, incorporated as a subsidiary of the bank, is committed to offer a broad range of investment banking services including general broking, wholesale broking, margin, portfolio management, investment advisory services as well as dealing in stocks, shares, bonds, debentures, commercial papers etc. The risk management team is working to identify and manage different types of risks including business risk.

Portfolio Management Risk

The vastly experienced management with unparalleled skills and capability assesses any project, find out the associated risk factors, and monitor performance closely with significant accuracy under continuous supervision & timely directions of the Board. So the Portfolio Management Risk is minimized considerably.

Credit/Investment Risk

The profitability of a Bank reduces when some of its clients fail to meet the terms of their contracts and/or otherwise fail to perform their agreed obligations. The management considering the vital elements & factors associated with credit risk has subdivided the credit division to deeply analyze and better serve the Corporate, SME and retail segment. Customer relationship management has been given a huge priority to maintain effective and profitable relationship with the existing and prospective customers. Moreover, to minimize the risk and maximize the profitability of the bank through better investment and timely recovery of loans the Asset liability management, Credit administration and legal & recovery team is performing in coordinated fashion.

Existing and Potential Regulations

Banks in Bangladesh are operated under the regulations, guidelines & Acts formulated by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and other regulatory authorities. In this regard, the Bank Company Act 1991, Companies Act 1994, Income Tax Ordinance 1984, Value Added Tax (VAT) Act 1991 etc. plays a very vital role in regulating and influencing operations of a Bank. Any revision, modification or change in the policies, guidelines regulations made by the regulatory authorities may affect the Banking industry as a whole. Unless any regulatory change materially affects the whole industry, the operations and performance of SBAC Bank Ltd. is expected not to be affected significantly.

Response to National/ Global Policy Changes

Changes in monetary and/or fiscal policy by the government will affect a company's planning, strategies and profitability. The management is always concerned about the changes in the national or global policy and responds quickly to safeguard its interest as changes in the global or national policies will have either positive or negative impacts for the Bank.

History of non-operation

SBAC Bank Ltd., one of the 4th generation Banks, commenced its business operation on February 20, 2013 and has completed 09 years of successful banking operation without any interruption or non-operation in business. It has a highly experienced board of directors and professionally skilled management team which transforming the Bank as more efficient and stronger for any commercial operations. Moreover, its financial strength is satisfactory too. So, the chance of becoming a non-operative Bank is minimum.

Based on the above discussion, it can be predicted that there is no significant doubt upon the ability of the Bank to continue as a going concern. Moreover, SBAC Bank neither has the intention nor the need to liquidate or limit the scale of its operations. Hence, the Board of Directors of the bank decided that it is appropriate to adopt going concern assumptions and the financial statements have been prepared as per going concern basis accordingly.

On behalf of the Board of Directors



Abdul Kadir Molla
Chairman





Management of Non-Performing Asset (NPA)

Introduction

Bank collects/borrows fund from different sources and investing collected fund by extending credit/loan facilities in different forms mainly to business entities, such investment are Assets of the bank. We also know very well that extension of credit facilitates involved huge credit risk and also security risk. When loan extended are not performed properly i.e., due interest, installments and other payments are not made by the borrower is called Non- Performing Loan/Assets (NPA). Bangladesh Bank has specific guide line for classification of NPA into different categories based on overdue period.

NPA has been a severe crisis to the banks in Bangladesh over the years creating a shocking impact in the profitability of a bank. So, management is very much concern on efficient management of NPA. South Bangla Agriculture and Commerce (SBAC) Bank Ltd, a fourth-generation bank, is no exception to this hazard. SBAC bank is managing its NPA under Legal Affairs and Recovery Division (LARD).

Cause of Concern

There are practices of following “*ever greening*” the bad loan by making fresh advances to defaulting borrows. This is an unethical practice which prolonging the bad loans resulting true position are not reflected in the Balance Sheet. SBAC Bank Ltd. never doing such unethical practice rather we are very much transparent.

Major causes of NPA's

- Inaccurate assessment of the character of the borrower as well as actual requirements
- Misinterpreting figures on a spread sheet.
- Simply not saying “NO” to the loan request.
- Lack or inadequate monitoring and follow up of Loans.
- Faulty security as well as imperfect charge documents.
- Political influence and pressures while sanctioning and rescheduling the loan.
- Time consuming legal system causing delay in recovery resulting bad borrowers taking the advantage.
- Directed/targeted lending towards priority and neglected areas.
- Purpose of loan not properly ascertained resulting bad borrower getting scope of diversion of funds.
- Project appraisal not properly evaluated in case of project financing.
- Successor not considered properly when loan extended.
- Willful defaulters and frauds.
- External cause like industrial recession/sickness, natural Calamities, changes in government policies etc.
- Inadequate risk management practice.
- Moral degradation of borrowers.

Effective measures to manage NPA

Preventive measures:

- Careful selection and assessment of borrower
- Close monitoring and follow up of business and borrowers
- Security perfection like perfection in Charge documents, land mortgage, Regulatory compliance etc.
- Requirement of facilities must be assessed properly and accurately
- Timely decision and actions against slow moving and non-performing borrowers.
- Careful evaluation of PEPs (Politically Exposed Persons) related proposals
- Environmental hazard must be taken into consideration
- Checking CIB reports periodically.

Corrective measures:

Interaction with defaulted borrowers, Alternative Dispute Resolution (ADR) approach, Compromise/ settlement, Deployment of recovery agencies, Circulation of defaulters, Rehabilitation of sick loans etc.

Rescheduling: Here repayment of loans is reorganized based on multifarious judgment on case-to-case requirement basis within the guidelines of Bangladesh Bank.

Legal: Refers to NI Act suit filling, Auction and finally suit under Artha Rin Adalat Ain 2003.

Write off (WO): When the Bank considers an account to be no longer collectable, it will “Write off” the account i.e., the amount is removed from the asset portion of a balance sheet and recorded as an expense item on the income statement or adjusted against provision. Legal action will continue though loan is classified. Finally, when WO loan is realized, the realized amount (if any) will be treated as income of the bank.

NPA Classification as per Bangladesh Bank Guideline

All credit that exists in the portfolio to be grouped in the class of unclassified (UC), Special Mention Account (SMA), Sub-Standard (SS), Doubtful (DF) and Bad/Loss (BL) according to their overdue nature.

Treatment of Interest under classification

Interest on loans and advances classified as SS and DF to be charged as usual and the unpaid accrued interest amount to be transferred to “Interest Suspense account” instead of income account. On the other hand, interest realized out of Interest suspense to be taken as income. The charging of interest will be suspended whenever a loan will be classified as Bad/Loss (BL).

Provisioning for NPA

Bangladesh Bank (BB) has specific guidelines to maintain provisions at different rates for different categories of classification against operating profit. BB guidelines are as follows:

SI	NPA status	Required rate of Provision
01	UC	1%
02	SS	20%
03	DF	50%
04	B&L	100%

Note: Provisions will be calculated for SS to BL after deduction of 50% value of Land and Building mortgaged with the Bank.

Impact of NPA on Bank:

NPA affects the profitability, liquidity and the competitiveness of a bank. NPAs impose a double burden, firstly reducing profit because of maintaining provision and secondly reducing further landing capabilities resulting slowdown growth of the bank.

Functions of LARD

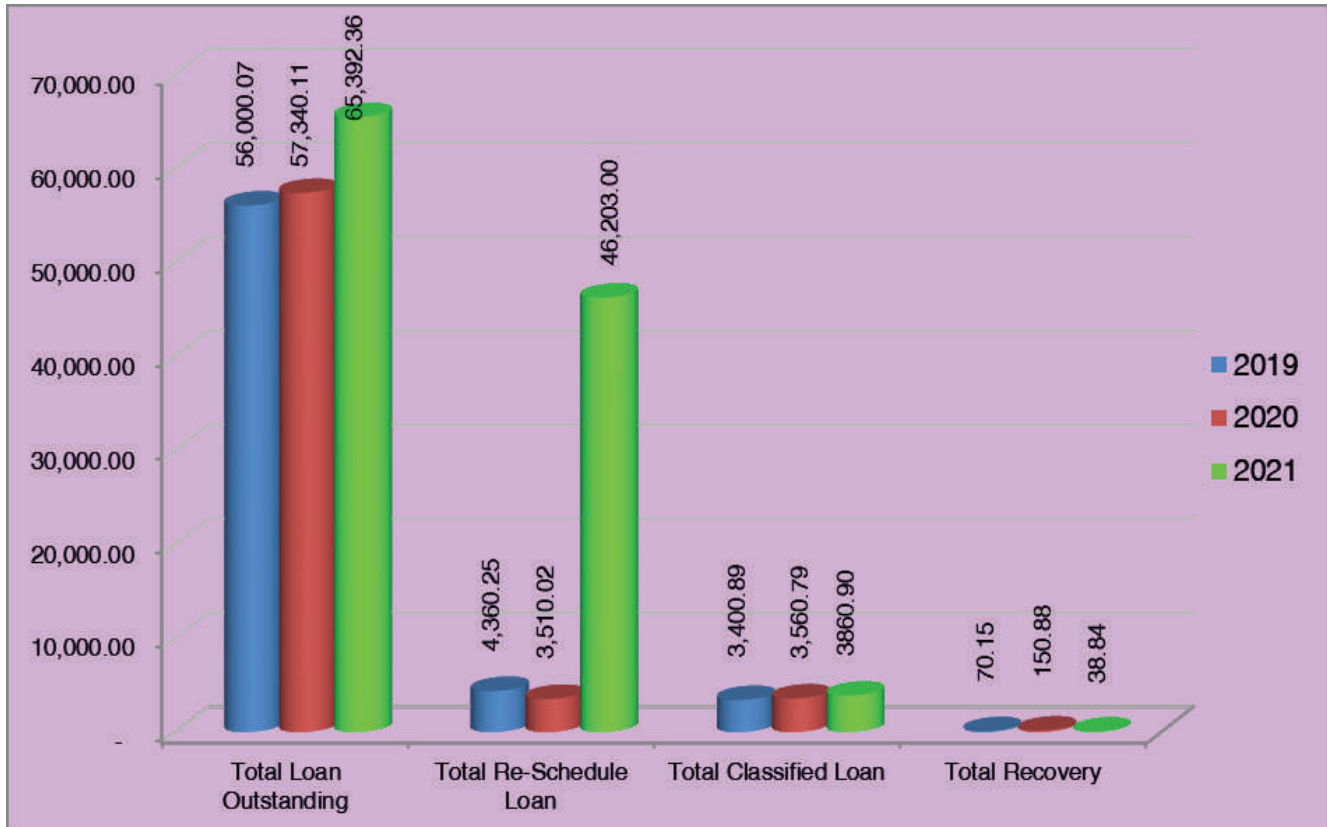
LARD is a dedicated division in managing NPA’s. LARD has reconstituted Task Force (TF) with senior management team. Moreover, a Special Asset Management Team (SAMT) is carefully chalking out branch wise strategic plan to arrest fresh NPL and recovery of stuck-up loans. Functions of SAMT is as follows:

- Regular review of non-performing or worsen loan accounts to determine Account Action Plan/Recovery strategy to realize said loan.
- Pursue all options to maximize recovery
- Ensure adequate and timely loan loss provisions are made based on actual and expected losses.
- Initiate legal actions against defaulted borrowers and all out support to the branches in this respect.
- Maintenance of database of defaulted and slow-moving accounts of the branches, and providing advices branches time to time for strengthening monitoring process to avoid classification.
- Providing report to higher authority of the bank and to Bangladesh Bank as per their requirement.





NPL comparing to loans and advances at SBAC Bank for last three years:



Conclusion:

SBAC Bank is constantly trying to reduce its NPA burden in their portfolio but there is no quick-fix solution to solve the problem. We need to come out with realistic approach and detailed plan for different strategies for different cases. We know prevention is better than corrective measures. So, SBAC Bank now are practicing all out preventive measures at the time of sanctioning loans. Hopefully, as an outcome of vigorous monitoring and persuasion through TF & SAMT, NPA size of the bank will be gradually decreasing to a desired level.

Strategic Plan for 2022:

The strategic priorities and actions plan of the bank for 2022 are mentioned below:

- To strengthen the Digital Financial Services and ensure diversification of products and services by introducing IT based innovative products and engaging alternate delivery channels.
- To prioritize the Capital Market Operation and Investment Banking through SBAC Bank Investment Limited, a fully owned subsidiary of the Bank.
- To focus on the Fee-based Income through acceleration of Import, Export and Commission based business.
- To emphasize on enhancement of Islamic Banking services through initiating more Islamic Banking Windows and building trust on our Shariah practice within the Bank, so that we can fruitfully harvest the benefit of phenomenal growth and expansion of shariah Based banking in Bangladesh.
- Our prime focus is on the asset quality of the Bank. The Board as well as the Management have set goal of zero classification. We have formulated policies to keep the non performing loan (NPL) below 1%. A Robust Recovery Plan has been formulated for the recovery of overdue/classified loans;
- We believe in compliance culture. Our philosophy is 'compliance first; profit is it's logical consequence'. So we are reaffirming our commitment towards doing business in compliance with all laws, rules, regulations related to banking as well as the laws of the Country.

- To focus on providing technology based retail banking products and services through extensive service delivery channels.
- To maintain highest quality of customer services by offering best products compatible with customers' need.
- To continue the drive for financial inclusion through widening the coverage of banking services. The operation of Agent Banking has come into operation to achieve our financial inclusion target.
- To emphasize on continuation of diversification of credit portfolio in corporate exposure focusing on retail, SME, direct green finance and agriculture loans, SME segment and prioritizing on geographic dispersion.
- To ensure the improvement of deposit mix by penetrating board-based customers to enhance the share of low cost and no cost deposits.
- To maintain sufficient liquidity through managing asset-liability adroitly and timely recovery of loans.
- To ensure that no more fresh loans and advances shall turn into non-performing asset through installing regular administering and effective monitoring.
- To formulate strategies and programmes to develop our human resources more Professiona1ly and skillfully to meet the challenges of ever changing customer demands and attitudes in the service sector.
- To keep up our Continuous effort for improving internal governance through strengthening good corporate cultures, motivation, training and supervision at all levels of organisation.
- To continue our drive for improving the efficiency of performance and bring in required structural changes through Continuing the Business Process Re-engineering in different functional areas as required.
- To ensure that budgetary control has been put in at all levels of operation as part of our Cost minimization and efficiency optimization effort.
- To confirm efficient and effective risk management for sustainable business growth.
- Increasing brand visibility and creating favourable brand image of the bank through distinctive brand positioning in the minds of our prospects and customers is one of our significant priorities for the coming year.

On behalf of the Board of Directors



Abdul Kadir Molla
Chairman





Chapter 07

GOVERNANCE REPORTS



Certification on Corporate Governance Code**Annexure-B**

[Certificate as per condition No. 1(5)(xxvii)]

Report to the Shareholders of South Bangla Agriculture & Commerce Bank Limited on the compliance of the Corporate Governance Code.

Dear Sir(s)

We have examined the compliance status to the Corporate Governance Code by South Bangla Agriculture & Commerce Bank Limited as on December 31, 2021. This code relates to the notification No.SEC/CMRRCD/2006-158/207/admin/80 dated June 03, 2018 of Bangladesh Securities and Exchange Commission.

Such Compliance with the Corporate Governance Code is the responsibility of the Management of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.


We state that we have obtained all the information and explanations, which we have required and after due scrutiny and verification thereof:

We report that, in our opinion:

- a) The Company has complied with the conditions of the Corporate Governance Code issued by the Commission :
 - (i) It is noted that as on today, total Directors of the Company are 17 (seventeen) including the Managing Director and 04 (four) independent Directors**. As per our last years' report Mr. Maksudur Rahman exists in form XII (PD) but the Company in its 110th Board Meeting held on 30-11-2020 treated his position of Director Vacated because neither Bangladesh Bank has approved his re-appointment nor he attended any Board meeting of the Company since 5th AGM.
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this code.
- c) Proper records and information have been kept in the Company as required by the relevant regulations regarding the compliance of the code;
- d) In our Opinion, Compliance of the Corporate Governance Code of the Company is satisfactory.

**Note: The Company has appointed Mr. Mosharraf Hossain Chowdhury as an Independent Director on 16-11-2021 to comply with provision of the aforesaid code regarding the minimum number of Independent Directors which is under consideration of Bangladesh Bank.

Place: Dhaka
Dated: May 19, 2022



Islam & Co. (Chartered Accountants)
MD DIN ISLAM MIAH FCA
Managing Partner
Enrollment No.873

Office: Akram Tower (9th floor), 15/5 Bijoy Nagar, Dhaka-1000.
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Corporate Governance Report

Corporate Governance Practices in South Bangla Agriculture and Commerce Bank Limited

Conceptual Framework

Corporate governance is the structure and process by which companies are directed and governed. It makes companies more accountable and transparent to investors and gives them the tools to respond to stakeholders' concerns. Corporate governance also contributes to development, increased access to capital, encourages new investments, boosts economic growth, and provides employment opportunities

It is the set of principles, policies, procedures and clearly defined responsibilities, accountabilities and structured administration to overcome the conflicts of interest inherent in the corporate bodies. Corporate in today's business world is subject to a variety of conflicts of interest due to its inherent complexities in forms and structures. Good corporate governance helps companies operate more efficiently, improve access to capital, mitigate risks and safeguard against mismanagement. The objectives of corporate governance is to eliminate or mitigate conflicts of interest particularly those between management and shareholders. From the view point of conflicts of interest, two relationships (between management and shareholders and directors and shareholders) are the primary focus of most of the systems of corporate governance. Board members owe a duty to make decisions based on what ultimately is the best for the long-term interests of the shareholders. In order to do this effectively, Board members need a combination of three things: independence, experience and resources.

Guiding Philosophy of Corporate Governance Practices

As our Bank is incorporated as a legal entity, it is guided in its corporate governance practices mainly by two regulatory bodies: The Bangladesh Bank (The Central Bank of Bangladesh) and The Bangladesh Securities and Exchange Commission (BSEC). However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and practices based on the best practices of local and global banks. At SBACBL we attach a simple meaning to 'Corporate Governance' which is 'Due Diligence' in observing responsibilities by the Board as well as by the Management to safeguard interest of key stakeholders i.e. depositors, shareholders, employees and the society at large. Two very important pillars of a good corporate governance structure are "Transparency" and "Accountability" backed by strong Internal Control and Compliance Structure and MIS capabilities.

Board of Directors

Board of Directors of South Bangla Agriculture and Commerce Bank Limited comprises competent and professionally skilled persons with a view to formulating policy-guidelines and supervising business activities of the bank efficiently as well as ensuring good governance in the bank. The responsibilities of the Board of directors of the Bank are more important than those of other companies; because in case of a bank-company it is essential to earn and maintain confidence of the depositors as its business is mainly run with the depositors' money.

Our Board of Directors is fully committed to maintaining the highest standard in corporate governance, professionalism and integrity in driving South Bangla Agriculture & Commerce Bank Ltd. to create and deliver long-term sustainable value. In line with the Bank's mission and vision, the Board has continued to ensure that the highest standards in corporate governance are upheld, with a view to enhancing stakeholders' value, increasing investors' confidence, establishing customers' trust in building a competitive organization.

SBAC Bank Limited has its own Articles of Association by which Appointment of Directors is governed. Moreover the Bank always complies with the prescriptions of the regulatory authorities regarding appointment of directors. In this connection Circulars of Bangladesh Bank (BB), notification of Bangladesh Securities and Exchange Commission (BSEC), provisions of the Bank Company Act, 1991 (amended up to 2018), and Companies Act 1994 (amended up to 2020) are strictly followed. The number of the Board members of the Bank as on 31.12.2021 is 17 (including the managing director & CEO) which complies with the rules and regulations mentioned above.

The following articles are adopted for ensuring good governance regarding constitution of board of directors, their duties & responsibilities and other related activities:

Formation of Board of Directors:

The newly amended Section 15 of the Bank Company Act, 1991 (amended upto 2018) includes provisions for prior approval of Bangladesh Bank before the appointment of new directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum number of 04 (four) directors from a family etc. The Board of Directors of our bank is formed as per provisions of laws.

Composition:

All directors of the Board are non-executive directors. As per section 15(9) of the Bank Company Act, 1991 (amended up to 2018) and BSEC's notification BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 on Corporate Governance Code we have co-opted 03 (Three) Independent Directors and another Independent Director's approval is pending before Bangladesh Bank. The Chairman has been independent of the CEO, and it has been in practice from the inception of the Bank.

Selection and Appointment of New Directors:

In context to the selection and appointment of new directors, the existing Board of Directors has the following obligations and duties:

- i. Frequent assessment of the size and structure of the Board and the mix of knowledge, skills, experience and perceptions that may be necessary to allow the Board to perform its functions.
- ii. Recognize any capabilities not sufficiently represented and approve the procedure necessary to be certain that an applicant proposed by the shareholders with those capabilities is nominated.

The directors are selected by the shareholders in the Annual General Meeting. Casual vacancies, if any, are filled up by the Board in accordance with the provision of the Companies Act 1994 and Articles of Association of the Bank.

Under section 15(4) of the Bank Company Act, 1991 (amended up to 2018), prior approval is taken at the time of appointment of directors from Bangladesh Bank and along with the application following documents are submitted:

- a. Personal information of the nominated person (Appendix-ka);
- b. Nominated person's declaration (Appendix-kha);
- c. Declaration of confidentiality by the nominated person (Appendix-ga);
- d. In case of Independent director, the approval letter from Bangladesh Securities and Exchange commission;
- e. In case of Independent director, a declaration of the director concerned as per Appendix-gha (he will also submit declaration under Appendix-ka, kha & ga);
- f. CIB report of the nominated person;
- g. Updated list of the directors.

Retirement and Re-election of Directors:

As per section 91(2) of the Companies Act 1994, regulation 78-82 of First Schedule of the Companies Act 1994 and Article 101(2) of Articles of Association of the Bank, each year one-third of the Directors retire from their office and being eligible, may offer themselves for re-election by shareholders at the Annual General Meeting.

Independent Director:

As per BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, 1/5th of total number of Directors should be Independent Directors. But as per section 15(9) of the Bank Company Act, 1991 (amended up to 2018) Independent Directors shall be maximum 03 (three).





Vacation of office of Director:

- i. The office of a director shall be vacated as per provision specified in section 108 (1) of the Companies Act, 1994. Besides, if any director becomes defaulter and does not repay the loan within two months after getting a notice under section 17 of the Bank Company Act, 1991(amended up to 2018); provides false statement at the time of appointment or fails to fulfill the minimum eligibility criteria, the office of the director will be vacated;
- ii. If the office of a director is vacated by a notice under section 17 of the Bank Company Act, 1991 (amended up to 2018), the person will not be eligible to become a director of the bank for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in the respective bank. When a director receives a notice under section 17 of Bank Company Act, 1991 (amended up to 2018), he/she cannot transfer his/her shares of that bank until he/she repays all the liabilities of the notifying bank or financial institution.
- iii. Besides, Bangladesh Bank can remove a director or chairman of the Bank for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can suspend the Board of a Banking Company under Section 47 of the Bank Company Act, 1991 (amended up to 2018).

Removal of Directors from office:

According to section 106 of the Companies Act, 1994, with the prior approval of Bangladesh Bank, directors may be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the shareholders and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval. A director so removed shall not be re-appointed as a director by the Board of Directors.

Appointment of Alternate Director:

Subject to compliance of section 101 of the Companies Act, 1994, the Board of Directors may appoint alternate directors to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions are followed:

- i. Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank
- ii. The copy of the decision of the Board regarding appointment of alternate director, with original director's probable date of returning from abroad, is sent to Bangladesh Bank within 07 days of taking the decision and the director's arrival date is intimated to Bangladesh Bank immediately after his/her return.
- iii. Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation shall not be appointed as an Alternate Director.
- iv. As appointment of alternate director is a temporary measure, therefore, he/she is not included in any kind of committee constituted by the Board.
- v. While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.

Information regarding Directors:

As per BRPD Circular No. 11 dated October 27, 2013 our Bank ensures the following regarding directors' information:

- i. The Bank keeps an updated list of banks' directors,
- ii. Bank sends a list of directors' to other banks or financial institutions immediately after the appointment or release of director.
- iii. The Bank displays a list of directors in the website and updates it on a regular basis.

Role and Responsibilities of the Board:

To ensure good governance in the bank there is a specific demarcation of responsibilities and authorities among controlling bodies over bank's affairs in compliance with provisions of the Bank Company Act, 1991 (amended upto 2018). The newly included Section 15(kha) & (ga) give responsibility to the Board of directors for establishing relevant policies such as policy for investments, procurement of assets, recruitment, risk management, internal controls, internal audit and compliance and for ensuring their implementation.

The Board of SBAC Bank Ltd. is responsible for the periodic review and approval of the overall strategies, business and significant policies of the Bank. The Board also sets the Bank's core values, adopts proper standards to ensure that the Bank operates with integrity and complies with the relevant rules and regulations.

Authority of the Board of Directors:

a) Work-planning and strategic management:

The Board determines the objectives and goals and to this end chalks out strategies and work-plans on annual basis. It specially engages itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural changes and reformation for enhancement of institutional efficiency and other relevant policy matters. It analyzes/monitors, at quarterly rests, the development of implementation of the work-plans.

The Board has its analytical review incorporated in the Annual Report as regards the success/failure in achieving the business and other targets set out in its annual work-plan and apprises the shareholders of its opinions/ recommendations on future plans and strategies. It sets the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO and has it evaluated from time to time.

b) Credit and Risk management:

The policies, strategies, procedures etc. in respect of appraisal of loans/investments proposals, sanction, disbursement, recovery, reschedule and write-off thereof are made with the Board's approval under the purview of the existing laws, rules and regulations. The Board specifically delegates the authority of sanction of loan/investment and such delegations are desirably made among the CEO and other higher executives as much as possible. No directors, however, interfere, direct or indirect, into the process of loan approval.

c) The Board frames policies for risk management and get them complied with and monitors the compliance at quarterly rests and review the concerned report of the risk management team and incorporates in the minutes of the Board meeting. The Board monitors the compliance of the guidelines of Bangladesh Bank regarding core risks management.

d) Internal control management:

The Board is vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The Board establishes such an internal control system so that the internal audit process can be conducted independently from the management. It reviews the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

e) Human resources management and development:

Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules are framed and approved by the Board. The chairman or the directors in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the Board of directors is included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the Board. Such recruitment and promotion are carried out complying with the service rules.





The Board focuses its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loans and investment proposals and to the adoption of latest electronic and information technologies and the introduction of effective Management Information System (MIS). The Board gets these programmes incorporated in its annual work plan.

The Board composes Code of Ethics for every tier and they follow it properly. It promotes healthy code of conducts for developing a compliant culture.

f) Financial management:

The annual budget and the statutory financial statements are finalized with the approval of the Board of Directors. The Board reviews and monitors the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures on a quarterly basis.

The Board frames the policies and procedures for bank's purchase and procurement activities and accordingly approves the delegation of authority for such expenditures. The maximum possible delegation of such power of expenditure rests on the CEO and higher executives. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be taken with the approval of the Board.

The Board reviews whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.

g) Appointment of Chief Executive Officer (CEO):

Corporate Governance requires segregation of Management from ownership. In order to accomplish the organizational goal, one of the major responsibilities of the Board of Directors is to put in place efficient Management headed by the Managing Director and Chief Executive Officer (CEO). The Board clearly defines the roles, duties and responsibilities of CEO and other top executives appointed by them. While the Board will appoint a CEO, they must make a fit and proper test i.e. regarding the honesty, integrity, efficiency, experience and other attributes of the incumbent. They will also ensure the compliance with provisions of laws in respect of appointment of CEO.

h) Other responsibilities of the Board:

The Board is entrusted with the responsibilities assigned by Bangladesh Bank.

The Board's responsibilities include but not limited to:

- Analyzing and approving the strategies and business plans for the Bank.
- Approval of the Bank's annual budget and carrying out periodic review of the achievements by the various operating divisions against their respective business targets.
- Setting the minimum standards and establishing policies on the management of credit risks and other key areas of the Bank's operations.
- Ensuring that the operating infrastructure, system of control, system for risk identification and management, financial and operational controls are in place and properly implemented.
- Reviewing the adequacy and efficacy of the Bank's internal control systems.
- Overseeing the Bank's businesses vis-à-vis business plans.
- Succession planning including ensuring that all candidates appointed to senior management positions are capable and experienced and program are in place to provide for the orderly succession of senior management.
- Reviewing succession planning and talent management plans for the Bank and approving the appointment and compensation of senior management staff.
- Approving changes in the corporate organization structure.
- Approving policies relating to corporate branding, public relations, investor relations and shareholder communication programs, and

- Reviewing the Bank's strategies on promotion of sustainability focusing on environmental, social and governance aspects.

The Board duly complies with the circulars/guidelines issued by Bangladesh Bank, notifications issued by Bangladesh Securities and Exchange Commission, provisions of Bank Company Act 1991 (amended up to 2018) and the Companies Act 1994 regarding the responsibility and accountability of the Board, its Chairman and Managing Director.

Code of Conduct for the Board of Directors

The Board of Directors follows a Code of Conduct which was adopted to provide guidance to directors to carry out their duties and responsibilities due-diligently and within the scope of their authority, as set forth in the laws of the country as well as in the Memorandum and Articles of Association of the Bank.

The Code of Conduct states:

- The Members of Board of Directors shall act honestly in good faith and in the best interests of the shareholders and the company.
- The members shall not make improper use of information acquired as a director.
- The members shall not take improper advantage of the position as a director.
- The members will be obligated to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of decision taken by the Board of Directors.
- Confidential information acquired by the members in the course of exercise of directorial duties shall be treated as the property of the company and it will be improper to disclose or allow it to be disclosed, unless that disclosure has been authorized by the company, or the person from whom the information has been received.
- Members shall make every effort to attend all Board and Committee Meetings during their tenure. They will not absent themselves without good reasons or without confirming leave of absence.
- To maximize effectiveness of the Board/Committee Meetings, contribution of individual director shall be monitored and appraised on an annual basis.
- Board members having interest of any nature in the agenda of the meeting shall declare beforehand the nature of their interest and withdraw themselves from the room unless they have a dispensation to speak.
- Training opportunities/orientation/workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with the international best practices, their fiduciary obligations, Code of Conduct etc.
- Members shall always maintain 'Fit and Proper Test Criteria', clean CIB status and other obligations declared by the Primary and other Regulators.
- Members shall be judicious about their entitlement of benefits/privileges as per Bank Company Act-1991 (amended up to 2018) and all circulars issued by Bangladesh Bank and shall be willing to produce supporting documents, if required.
- Every Director will assure annually signing a confirmation that they have gone through, have complied with and will continue to comply with the set of codes approved by the Board of Directors.

Directors' Remuneration

Directors are not eligible to any remuneration other than fees for attending meetings of the Board and its Committee. As per BRPD Circular letter No. 11 dated October 04, 2015 and Article 95 of Articles of Association of the Bank, directors are eligible to the remuneration of BDT 8,000 only for each meeting attended by them. The following conditions are applicable as under:

- Meeting should be held in the same town or city where the Bank is head quartered. However, the meetings may be held other places subject to intimation to Bangladesh Bank in advance;
- Remuneration is applicable for 02 (two) meetings of Board of Directors, 04 (four) meetings of Executive Committee (EC) and 01 (one) meeting for Risk Management Committee (RMC) and Audit Committee (AC) monthly.





- iii. Travel Bill and two days Hotel bill is payable for the directors traveling within the country and three days Hotel bill for directors (foreigners) coming from out of the country subject to submission of bills of actual expenditures to the bank for preserve;

Meeting of Board:

The Board meets as required to discuss business strategies, financial performance, matters pertaining to compliance and good governance as well as reports on matters deliberated by the respective committees. The Board reviews, amongst others, the financial performance of the Bank, risk management and compliance reports and approve the quarterly results of the Bank at its meeting. The meetings of the Board are scheduled in advance for the Directors to plan their schedules. In addition, Special Board meetings may be held when necessary, for decision on major transactions and ad-hoc matters that require the Board's urgent attention and decisions. A Board meeting is held at the beginning of the year to discuss the Bank's Business plan and Budget.

Meeting papers on the proposals and reports are delivered to the Directors prior to the meetings, giving them sufficient time to evaluate the proposals and if necessary, request additional information. This enables the Board to function and discharge their responsibilities effectively. The minimum information required for the Board to make an informed and effective decision includes background, objective, key issues, rationale, financial and non-financial impact of the proposal. Directors who are unable to attend a meeting due to unavoidable circumstances are encouraged to provide feedback to the Chairman on matters to be deliberated for their views to be given due consideration at the meetings.

Board of directors may meet once or more than once in a month if necessary. But Board of directors meets at least once in every three months. As per provisions of laws notice of the meeting is duly served and quorum is ensured before the meeting in progress. Only the Directors attend the Board Meeting. Other than directors only Managing Director & CEO and the Company secretary attend the Meetings. In this connection BRPD Circular Letter No. 23 dated December 26, 2013 is strictly complied with.

Formation of committees from the Board of Directors:

As per BRPD Circular No. 11 dated: 27 October 2013, and BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 the bank has formed an Executive Committee, an Audit Committee, a Risk Management Committee, and a Nomination and Remuneration Committee. The Board cannot form any other permanent, temporary or sub-committee except the above mentioned committees.

Executive committee (EC):

Executive committee should be formed with the members of the Board to continue the urgent and routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the Board of Directors.

Organizational structure:

- i. Members of the committee will be nominated by the Board of Directors from themselves;
- ii. The Executive Committee will consists of maximum 07 (seven) members;
- iii. Members may be appointed for a 03 (three)-year term of office;
- iv. Chairman of the Board of Directors may be the chairman of the executive committee;
- v. Company secretary of the bank will be the secretary of the executive committee.

Qualifications of the Members:

- i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director Executive Committee;
- ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;
- iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.

Roles and Responsibilities of the Executive Committee:

- i. The executive committee can decide or can act in those areas as approved by the Board of Directors and those not specifically assigned on full board through the Bank Company Act, 1991 (amended up to 2018) and other laws and regulations.
- ii. The executive committee can take all necessary decisions or can approve cases within power delegated by the Board of directors.
- iii. All decisions taken in the executive committee should be placed for ratification in the next board meeting.

Meetings

- i. The executive committee can sit any time as it may deem fit.
- ii. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;
- iii. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to the committee members well in advance before each meeting;
- iv. All decisions/observations of the committee should be noted in minutes.

Audit Committee:

As per BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 on Corporate Governance Code and BRPD Circular No. 11 dated October 27, 2013 the Audit Committee of the Board is formed. The current Audit Committee consists of 04 (four) members (as on 31.12.2021). Most of the members of the committee is from Finance and Accounting background. The head of internal audit always has direct access to the audit committee and can express his issues in front of the committee. The Audit Committee has a terms of reference and is empowered to investigate/question employees and retain external counsel as required.

The Board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the Board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

Organizational structure:

- i. Members of the committee will be nominated by the Board of directors from the directors;
- ii. The audit committee will comprise of maximum 05 (five) members, with minimum 02 (two) independent director;
- iii. Audit committee will consist of the directors who are not executive committee members;
- iv. Members may be appointed for a 03 (three) year term of office;
- v. Company secretary of the bank will be the secretary of the audit committee.

Qualifications of the Member:

- i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee.
- ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee.
- iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.
- iv. Professionally experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee.





Roles, Responsibilities and Terms of Reference of the Audit Committee

Internal Control:

- i. 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.
- ii. Review management's actions in computerization of the banking activities.
- iii. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management.
- iv. 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 authorities and place it before the Board after reviewing whether necessary corrective measures have been taken by the management.

Financial Reporting:

- i. 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, accounting principles and standards enforced in the country such as Bangladesh Accounting Standards, International Accounting Standards, Bangladesh Financial Reporting Standards, International Financial Reporting Standards and as per relevant prescribed accounting standards set by Bangladesh Bank.
- ii. Discuss with management and the external auditors to review the financial statements before its finalization.

Internal Audit:

- i. Audit committee will monitor whether internal audit functions are carried out independently from the management.
- ii. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restrictions or limitations hinder the internal audit process.
- iii. Examine the efficiency and effectiveness of internal audit functions.
- iv. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management.

External Audit:

- i. Review the performance of the external auditors and their audit reports.
- ii. Examine whether the findings and recommendations made by the external auditors are duly considered by the management.
- iii. Make recommendations to the Board regarding the appointment of the external auditors.

Compliance with existing laws and regulations:

The Committee shall review whether the laws and regulations framed by the regulatory authorities (Bangladesh Bank, Bangladesh Securities and exchange Commission, Registrar of Joint Stock Companies and Firms and other bodies) and internal regulations approved by the Board are being complied with.

Other Responsibilities:

- i. Submission of compliance report to the Board on quarterly basis on regularization of the omissions, frauds and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities.
- ii. External and internal auditors will submit item audit report, if the committee solicits.
- iii. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

Meetings:

- i. The audit committee should hold at least 04 meetings in a year and it can sit any time as it may deem fit.
- ii. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary.

- iii. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to the committee members well in advance before each meeting.
- iv. All decisions/observations of the committee should be noted in minutes.
- v. Company secretary of the bank will be the secretary of the audit committee.

Reporting of the Audit Committee:

The Audit Committee of the Bank has the following reporting requirements:

Reporting to the Board of Directors:

The Audit Committee shall report on its activities to the Board of Directors. It shall immediately report to the Board of Directors on the following findings, if any:-

- i. Report on conflicts of interests.
- ii. Suspected or presumed fraud or irregularity or material defect in the internal control system.
- iii. Suspected infringement of laws, including securities related laws, rules and regulations.
- iv. Any other matter which shall be disclosed to the Board of Directors immediately.

Reporting to the Authorities

The Board of Directors will evaluate the findings and recommendation of the Audit Committee. If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such findings to the regulatory authorities, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

Reporting to the Shareholders and General Investors

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the Bank.

Risk Management Committee:

To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee is formed by the Board of Directors. The present committee comprises 04 (four) members (as on 31.12.2021). After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee shall 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.

Organizational Structure:

- i. Members of the committee will be nominated by the Board of directors from themselves;
- ii. The Risk Management Committee will comprise maximum 05 (five) members;
- iii. Members may be appointed for a 03 (three) year term of office;
- iv. Company secretary of the bank will be the secretary of the Risk Management Committee.

Qualifications of the Member:

- i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;
- ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;
- iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.





Roles, Responsibilities and Terms of Reference of the Risk Management Committee:

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.

Construction of organizational management structure:

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

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.

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.

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.

Other responsibilities:

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

Meetings:

- iv. The risk management committee should hold at least 04 meetings in a year and it can sit any time as it may deem fit;
- v. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary;
- vi. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;
- vii. All decisions/observations of the committee should be noted in minutes.
- viii. Company secretary of the bank will be the secretary of the Risk Management Committee.

Nomination and Remuneration Committee (NRC)

Bank as a legal entity, is guided in its corporate governance practices mainly by two regulatory bodies: The Bangladesh Bank (The Central Bank of Bangladesh) and The Bangladesh Securities and Exchange Commission (BSEC).

As per Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018 of Bangladesh Securities and Exchange Commission (BSEC), every company requires to form a Nomination and Remuneration Committee (NRC) as sub-committee of its board to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

The Nomination and Remuneration Committee of SBAC Bank Ltd. comprises of 05 (Five) members from the Board of Directors, including 02 (Two) Independent Directors, having required qualifications as determined under the Corporate Governance Code 2018 of BSEC.

Responsibility to the Board of Directors

- i. The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;
- ii. The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;
- iii. The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b) of Corporate Governance Code issued by Bangladesh Securities and Exchange Commission.

Formation of the NRC

- i. The Committee shall comprise of at least three members including an independent director;
- ii. All members of the Committee shall be non-executive directors;
- iii. Members of the Committee shall be nominated and appointed by the Board;
- iv. The Board shall have authority to remove and appoint any member of the Committee;
- v. In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;
- vi. The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;
- vii. The company secretary shall act as the secretary of the Committee;
- viii. The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;
- ix. No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Directors' fees or honorarium from the company.

Chairperson of the NRC

- i. The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;
- ii. In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;
- iii. The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the





NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

Meeting of the NRC

- i. The NRC shall conduct at least one meeting in a financial year;
- ii. The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;
- iii. The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);
- iv. The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.

Role of the NRC

- (a) NRC shall be independent and responsible or accountable to the Board and to the shareholders;
- (b) NRC shall oversee, among others, the following matters and make report with recommendation to the Board:
 - i. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 - ii. Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
 - iii. Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
 - iv. Formulating the criteria for evaluation of performance of independent directors and the Board;
 - v. Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
 - vi. Developing, recommending and reviewing annually the company's human resources and training policies;
- (c) The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.

Training for the Directors:

The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing duties properly. Training is also encouraged for directors by the Board, especially on Corporate Governance. Training is encouraged both at home and abroad. All the Directors participated in a training session organized by the Bank with the resource persons from Bangladesh Bank in the year 2014.

Chairman of the Board of Directors:

The Chairman of the Board is elected to the office of Chairman by the directors. The Board considers that the Chairman is independent.

The Role and Responsibilities of the Chairman

- i. The Chairman of the Board of directors does not personally possess the jurisdiction to apply policy making or executive authority. He/she does not participate or interfere in the administrative or operational and routine affairs of the bank.
- ii. The chairman conducts on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the executive committee and if deemed necessary, with the approval of the Board, he shall initiate necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the Board along with the statement of the CEO.
- iii. The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the Board.

Besides this, the Chairman may/shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank. The Chairman's responsibilities are defined by the Board as directed by BSEC's notification on Corporate Governance Guidelines.

Role of the Chairman and CEO as independent

The Chairman of the Board is not the Managing Director of the Company. The role of Chairman and the Managing Director are independent and detached from each other.

Role and Responsibilities of the Managing Director (MD) & CEO

The responsibilities and authorities of the Managing Director are as follows:

- i) In terms of the financial, business and administrative authorities vested upon him by the Board, the MD & CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plans, efficient implementation thereof and prudent administrative and financial management.
- ii) The CEO shall ensure compliance of the Bank Company Act, 1991 (amended up to 2018) and/or other relevant laws and regulations in discharging routine functions of the bank.
- iii) The CEO shall include information on violation of any law, rules, regulation including the Bank Company Act, 1991 (amended up to 2018) while presenting memos before the Board or the committee formed by the Board.
- iv) CEO will provide all sorts of information to Bangladesh Bank about the violation of the Bank Company Act, 1991 (amended up to 2018) and/or any violation of Laws, rules and regulations.
- v) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the Board. The Board or the chairman of any committee of the Board or any director shall not get involved or interfere in such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at two tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he shall nominate officers for training.

Besides, the Managing Director shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank.





Appointment of Chief Financial Officer (CFO), Head of Internal Audit And Company Secretary (CS)

As per BSEC notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969) on Corporate Governance, the Bank appoints a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors clearly defines respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.

Role of the Company Secretary

Company Secretary is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Bank, as well as best practices of governance. He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Bank, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The responsibilities of the Company Secretary include

- i) To act as the signatory of extracts of minutes of all meetings of the board of directors & its committees, management committee meetings and all other meetings where he performs the responsibility as secretary.
- ii) To act as a point of communication among the management, board of directors, company shareholders.
- iii) To ensure the Bank complies with its governing document, policies, company law and any other relevant legislation i.e. regulations of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Registrar of Joint Stock Companies and Firms, Bourses etc. He will support and advise the Chair by ensuring smooth functioning of the Board. He will work in partnership with the Chief Executive Officer and other Trustees to ensure proper discharge of activities & operations of the Bank.
- iv) To support the Chairman in the smooth functioning of the Board. Receive agenda items from management and ensure consented agenda items are tabled at Board meetings. This is done in consultation with the Chief Executive Officer and the Chair who are responsible for preparing Board meeting agenda.
- v) In line with Bangladesh Bank guidelines the company secretary has to act as the Secretary to the sub committees of the Board of Directors. In this area of risk mitigation, the Company Secretary has a pivotal role to play in support of the members of the Sub Committees, Board Audit Cell, Audit & Inspection Division, Risk Management Division and Internal Control & Compliance Division.
- vi) Act as a custodian of Bank's governing documents and policies. Ensure the Bank pursues its objects as defined in its governing document. He should act as a custodian of the interests of the Bank. So, it is his prime duty to protect and safeguard such interests of the Bank at all levels: statutory, administrative, and arbitrational and in other policy matters. He should also ensure that Board meeting minutes are signed by the Chair once they have been confirmed and copies filed and kept at the Bank.
- vii) Ensure the appointment of Bank's board members, that those appointed are not disqualified in law and are eligible to be members under the provisions of the governing documents and policies, and that the appointment procedure laid down in the governing document and policies are followed.
- viii) Make sure that the Directors have information to enable them to comply with the decisions and fulfill their responsibilities. This includes organizing the induction of new Directors also.
- ix) Ensure that Board meetings are held in compliance with Bank's governing documents and arrangements for the meetings are made.
- x) Confirms that Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) are conducted effectively and in accordance with the provisions of laws and Bank's governing document. This includes checking that a quorum is present, adequate notice is served, notice period is maintained etc. Also make sure that agenda and minutes of AGMs and EGMs are circulated among the members and submitted to the regulators in a timely manner.

- xi) File the annual list of members and summary of share capital together with the authenticated Balance Sheet and the Profit and Loss account. Issue Dividend Warrants, bonus share certificates and make arrangement for disposal of fractional shares, if any.
- xii) Maintain strict confidentiality of information, manage situations like conflict of interest, identify problems and implement or recommend solutions.
- xiii) Maintain and liaise with various associated/regulatory bodies viz. BAB, ABB, Chambers/other bodies, BSEC, BB, RJSC and other regulators.

Roles and Responsibilities of Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is responsible for:

- i. Financial strategy, financial condition and position of the bank.
- ii. He will be responsible for successful implementation of financial system as per International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as applicable, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), Bangladesh Bank guidelines, the Companies Act 1994 (amended up to 2020), the Bank company Act 1991 (amended up to 2018) and Bangladesh Securities and Exchange Commission (BSEC) Regulations etc.
- iii. The CFO will work in close touch with the Managing Director & CEO and report to him.
- iv. The CFO will get full executive power and hold charge of Financial Administration Division.
- v. He is accountable for the financial, budgeting and Risk Management Operations including the development of financial and operational strategies and monitoring of control systems designed to preserve bank's assets and report accurate financial positions.

Role and responsibilities of ICCD Head

- i) Assess whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control.
- ii) Ensure the quality and adequacy of the organization's internal controls system and risk management process, and their effectiveness and outcomes.
- iii) Overseeing whether the bank is complying with regulatory norms as well as internal policies, processes, procedures, strategies and directives in order to achieve the corporate objectives of the bank.
- iv) Design and develop annual audit plan, getting it approved by the bank's competent authority and arrange regular as well as special audit/inspection of Branches and Divisions of the bank as per plan.
- v) Develop job routine, constantly explore and assess the high risk areas, conduct special audit and recommend strategies to mitigate risks.
- vi) Communicate the irregularities identified to the Board and senior management regularly and propose and take corrective actions for control effectiveness.
- vii) Maintain strong ties with central bank officials as an intermediary for the bank to resolve issues safeguarding bank's interest.
- viii) Prepare, maintain and archive all documents relating to financial health and risk profiling of bank.
- ix) Prepare capital based risk audit framework that allowed streamlining the financial health assessment process.
- x) Prepare the occasional and periodic risk reports that communicate the severity of the risk as well as mitigation tools.
- xi) Lead the team with full satisfaction optimizing the utilization of resources.
- xii) Establish and maintain guidelines for a system of internal control.





Appraisal and evaluation of Board of Directors and CEO

The performance of Managing Director and CEO has been evaluated by the Board of Directors on a regular interval. There is a few schemes for annual appraisal of the Board's performance till date, but the company is abiding by the Code of Conduct which was formulated by the Board.

Management Committee

SBAC Bank Ltd. has a Management Committee (MANCOM) which comprises Managing Director, Additional Managing Director, Deputy Managing Director(s), All divisional Heads, Company Secretary and CFO to review, discuss and decide on important business issues. In addition to the regular roles and responsibilities, the Committee also governs all related policies and practices in pursuance of the Bank's short and long-term objectives.

The Committee plays an independent role, operating as an overseer; and if required, makes recommendations to the Board of Directors of the Bank for its consideration and final approval for any policy. The role of the Committee is to assist the Board of Directors to ensure that bank is run with good governance. The Committee performs all the functions necessary to fulfill its roles towards the organizational goals.

Certification of CEO and CFO Regarding Financial Statements

The CEO and CFO shall certify to the Board of Directors that:

- (a) They have reviewed financial statements for the year.
- (b) To the best of their knowledge these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (c) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- (d) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

Compliance Report on Corporate Governance Code of BSEC
Annexure-C

[As per condition No. 1(5)(xxvii)]

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969): (Report under Condition No. 9.00)

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	Board of Directors			
1(1)	Size of the Board of Directors- The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	\checkmark		
1(2)	Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	\checkmark		Approval on appointment of one of the independent directors is pending at Bangladesh Bank
1(2)(b)	For the purpose of this clause "independent director" means a Director- (i) who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company; (ii) who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that Spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family member. (iii) Who has not been an executive of the company in immediately preceding 2 (two) financial years; (iv) Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; (v) Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; (vi) Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	\checkmark		



	<p>(vii) Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;</p> <p>(viii) Who is not independent director in more than 05 (five) listed companies;</p> <p>(ix) Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFIs); and</p> <p>(x) Who has not been convicted for a criminal offence involving moral turpitude.</p>			
1(2)(c)	The independent director(s) shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM).	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
1(2)(e)	<p>The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:</p> <p>Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:</p> <p>Provided further that the independent director shall not be subject to retirement by rotation as per the কোম্পানী আইন, 1994 (১৯৯৪ সনের ১৮ নং আইন) (Companies Act, 1994).</p> <p>Explanation: For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.</p>	√		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3)(b)	<p>Independent director shall have following qualifications:</p> <p>(i) Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or</p> <p>(ii) Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or</p>	√		

	<p>Explanation: Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.</p> <p>(iii) Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or</p> <p>(iv) University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or</p> <p>(v) Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;</p>			
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			Not applicable (No Special Case arose)
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Directors' Report to Shareholders			
	The Board of the Company shall include the following additional statements or disclosures in the Director's Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;	√		





1.5(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		Not applicable (there is no such extraordinary activity)
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	√		Not applicable (No such deterioration occurred)
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		Not applicable (No significant variance occurred)
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		

1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		Not applicable
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	<p>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</p> <p>(a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details);</p> <p>(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);</p> <p>(c) Executives; and</p> <p>(d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);</p> <p>Explanation: For the purpose of this clause, the expression "Executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.</p>	√		
1(5)(xxiv)	<p>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</p> <p>(a) A brief resume of the director;</p> <p>(b) Nature of his or her expertise in specific functional areas; and</p> <p>(c) Names of companies in which the person also holds the directorship and the membership of committees of the Board;</p>	√		
1(5)(xxv)	<p>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</p> <p>(a) Accounting policies and estimation for preparation of financial statements;</p> <p>(b) Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;</p> <p>(c) Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;</p> <p>(d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;</p> <p>(e) Briefly explain the financial and economic scenario of the country and the globe;</p> <p>(f) Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and</p>	√		





	(g) Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;			
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	Governance of Board of Directors of Subsidiary Company:			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief	√		Partially Complied

	Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);			
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).		√	
3(2)	Requirement to attend Board of Directors' Meetings- The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors:			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	√		





5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee :			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 01 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be “financially literate” and at least 01 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; Explanation: The term “financially literate” means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 03 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 01 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 01 (one) independent director	√		
5(3)	Chairperson of the Audit Committee:			
5(3)(a)	The Board shall select 01 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the	√		

	Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.			
5(4)	Meeting of the Audit Committee:			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee The Audit Committee Shall:-			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5 (5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5.5 (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by	√		





	major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.			
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	Reporting to the Board of Directors: The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any: a) Report on conflicts of interests; b) Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; c) Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and d) Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	√		
5(6)(b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 06 (six) months from the date of first reporting to the Board, whichever is earlier.	√		Not applicable
5(7)	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC):			
6(1)	Responsibility to the Board of Directors-			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6(2)	Constitution of the NRC			

6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 01 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	√		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		





6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
	(i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; (b) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
	(ii) Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
	(iii) Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
	(iv) Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
	(v) Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
	(vi) Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:- (i) Appraisal or valuation services or fairness opinions; (ii) Financial information systems design and implementation; (iii) Book-keeping or other services related to the accounting records or financial statements; (iv) Broker-dealer services; (v) Actuarial services; (vi) Internal audit services or special audit services; (vii) Any service that the Audit Committee determines; (viii) Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and (ix) Any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√		

7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	<p>The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.</p> <p>Explanation: "Chartered Accountant" means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President's Order No. 2 of 1973); "Cost and Management Accountant" means Cost and Management Accountant as defined in the Cost and Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); "Chartered Secretary" means Chartered Secretary as defined in the চার্টার্ড সেক্রেটারীজ আইন, ২০১০ (২০১০ সনের ২৫নং আইন) (Chartered Secretaries Act, 2010).</p>	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		





Compliance Status on Circulars issued by Bangladesh Bank to ensure Good Governance

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank (BB) issued three circulars in 2013 covering three broad areas as follows:

- BRPD Circular No. 11 dated 27 October 2013: Formation and responsibilities of Board of Directors (BoD).
- BRPD Circular No. 18 dated 27 October 2013: Appointment and responsibilities of Chief Executive Officer (CEO).
- BRPD Circular No. 19 dated 27 October 2013: Contractual appointment of Advisor and Consultant. The Summary of the BB guidelines and SBACBL Compliance thereto are presented below:

SL. No.	Particulars	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		complied	Not complied	
(A) BRPD Circular on Formation and responsibilities of Board of Directors (BoD)				
1	Formation of Board of Directors (BoD)			
	Prior approval from Bangladesh Bank to be taken before the appointment of newbank directors, as well as dismissal, termination or removal of any director from the post. Qualification and competency of directors, maximum numberof directors of the board, appointment of independent Directors, appointment of maximum 04 (four) members from a family as director.	√		
1.1	Appointment of New Directors			
	Every bank company, other than specialized banks, at the time of taking prior approval from BB while appointing directors should furnish the following information along with the application:			
	(a) Personal information of the nominated person	√		
	(b) Declaration of nominated person	√		
	(c) Declaration for confidentiality by the nominated person	√		
	(d) In case of independent director, the approval letter from Bangladesh Securities & Exchange Commission (BSEC)	√		
	(e) In case of Independent director, a declaration of the directors concern as Appendix-gha (he will also submit declaration under Appendix-ka, kha & ga)	√		
	(f) CIB report of the nominated person	√		
	(g) Updated list of directors	√		
1.2	Vacancy of office of a Director			
	(a) The office of a director shall be vacated as per the provision of Section 108(1) of Companies Act 1994. Besides, provision of section 17 of Bank Company Act 1991, providing false declaration at the time of appointment or observing shortfall of qualification as a director.	√		
	(b) If the office of a director is vacated as per section 17 of Bank Company Act 1991, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. The dues can be adjusted with the shares held by the director in that bank company and he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the bank or financial institution.	√		
	(c) Bangladesh Bank can remove a director or chairman of a bank,	√		

	except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under section 46 and can supersede the board of a banking company under section 47 of Bank Company Act 1991.			
1.3	<p>Removal of Directors from office:</p> <p>With the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. The reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.</p>	√		Not applicable (No Such Case arose)
1.4	<p>Appointment of Alternate Director:</p> <p>An alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. by fulfilling following instructions:</p>			
(a)	Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.	√		
(b)	The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.	√		
(c)	Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.	√		
(d)	As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board.	√		
(e)	While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.	√		
2	<p>Information regarding Directors</p> <p>Banks are advised to take the following steps regarding directors information:</p>			
(a)	Every bank should keep an updated list of bank directors, after the appointment or release of director.	√		
(b)	Banks should send a directors' list to other banks or financial institutions immediately.	√		
(c)	Banks should display a list of directors in the website and update it on a regular basis.	√		
3	<p>Responsibilities of the Board of Directors:</p> <p>To ensure good governance in the bank management it is essential to have specific demarcation of responsibilities and authorities among controlling bodies over bank affairs. In the Bank Company Act, 1991 (amended upto 2018) the newly included Section 15 (kha) & (ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.</p>			
3.1	<p>Responsibilities and Authorities of the Board of Directors</p>			
(a)	<p>Work-planning and strategic management:</p> <p>i. The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies</p>	√		





	<p>consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor, at quarterly rests, the development of implementation of the work-plans.</p>			
	<p>ii. The board shall have its analytical review incorporated in the Annual Report as regards to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time.</p>	√		
(b)	<p>Credit and risk management:</p> <p>i. The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.</p>	√		
	<p>ii. The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.</p>	√		
(c)	<p>Internal control management:</p> <p>The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.</p>	√		
(d)	<p>Human resources management and development:</p> <p>i. Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</p>	√		
	<p>ii. The board shall focus its special attention to the development</p>	√		

	of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan.			
	iii. The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.	√		
(e)	Financial management:			
	i. The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	√		
	ii. The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.	√		
	iii. The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.	√		
(f)	Appointment of Chief Executive Officer (CEO): In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.	√		
(g)	Other responsibilities of the Board: The board should follow and comply with the responsibilities assigned by Bangladesh Bank.	√		
3.2	Meeting of Board: Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.	√		
3.3	Responsibilities of the Chairman of the Board of Directors			
(a)	As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	√		
(b)	The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation	√		





	report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.			
(c)	The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.	√		
4.	Formation of committees from the Board of Directors: Each bank company can form 01(one) executive committee, 01(one) audit committee and 01(one) risk management committee with the directors. Board can't form any other permanent, temporary or sub-committee except the above mentioned three committees.	√		Partially complied
4.1.	Executive committee: Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.	√		
(a)	Organizational structure:	√		
	i. Members of the committee will be nominated by the board of directors from themselves;	√		
	ii. The executive committee will comprise of maximum 07 (seven) members;	√		
	iii. Members may be appointed for a 03 (three)-year term of office;	√		
	iv. Chairman of the Board of Directors can be the chairman of executive committee;	√		
	v. Company secretary of the bank will be the secretary of the executive committee.	√		
(b)	Qualifications of the Members:	√		
	i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;	√		
	ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;	√		
	iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	√		
(c)	Roles and Responsibilities of the Executive Committee:	√		
	i. The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations.	√		
	ii. The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors.	√		
	iii. All decisions taken in the executive committee should be ratified in the next board meeting.	√		

(d)	Meetings			
	i. The executive committee can sit any time as it may deem fit.	√		
	ii. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;	√		
	iii. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	√		
iv. All decisions/observations of the committee should be noted in minutes.	√			
4.2	Audit Committee: The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.	√		
(a)	Organizational structure:			
	i. Members of the committee will be nominated by the board of directors from the directors;	√		
	ii. The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director;	√		
	iii. Audit committee will comprise with directors who are not executive committee members;	√		
	iv. Members may be appointed for a 03 (three) year term of office;	√		
v. Company secretary of the bank will be the secretary of the audit committee.	√			
(b)	Qualifications of the Member:			
	i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;	√		
	ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;	√		
	iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	√		
iv. Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee.	√			





<p>(c) Roles and Responsibilities of the Audit Committee</p> <p>(i) Internal Control:</p> <p>1. 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;</p> <p>2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);</p> <p>3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;</p> <p>4. 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.</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>			
<p>(ii) Financial Reporting:</p> <p>1. 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;</p> <p>2. Discuss with management and the external auditors to review the financial statements before its finalization.</p>	<p>√</p> <p>√</p>			
<p>(iii) Internal Audit:</p> <p>1. Audit committee will monitor whether internal audit working independently from the management.</p> <p>2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;</p> <p>3. Examine the efficiency and effectiveness of internal audit function;</p> <p>4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>			
<p>(iv) External Audit</p> <p>1. Review the performance of the external auditors and their audit reports;</p> <p>2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.</p>	<p>√</p> <p>√</p>			

	3. Make recommendations to the board regarding the appointment of the external auditors.	√		
	(v) 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.	√		
	(vi) Other Responsibilities: 1. 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;	√		
	2. External and internal auditors will submit their related assessment report, if the committee solicit;	√		
	3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.			
(d)	Meetings: 1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;	√		
	2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;	√		
	3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	√		
	4. All decisions/observations of the committee should be noted in minutes.	√		
4.3	Risk Management Committee: To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management 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.	√		
(a)	Organizational Structure: 1. Members of the committee will be nominated by the board of directors from themselves;	√		
	2. The Risk Management Committee will comprise of maximum 05 (five) members;	√		





	3. Members may be appointed for a 03 (three) year term of office;	√		
	4. Company secretary of the bank will be the secretary of the Risk Management Committee.	√		
(b)	Qualifications of the Member:	√		
	1. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;			
	2. Each member should be capable of making valuable and effective contributions in the functioning of the committee;	√		
	3. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	√		
(c)	Roles and Responsibilities of the Risk Management Committee:	√		
	i) 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.			
	ii) 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.	√		
	iii) 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.	√		
	iv) 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.	√		

	<p>v) 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.</p>	√		
	<p>vi) Other responsibilities: 1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; 2. Comply instructions issued time to time by the controlling body; 3. Internal & external auditor will submit respective evaluation report whenever required by the committee.</p>	√		
(d)	<p>Meetings: 1. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;</p>	√		
	<p>2. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary;</p>	√		
	<p>3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;</p>	√		
	<p>4. All decisions/observations of the committee should be noted in minutes.</p>	√		
6.	<p>Training for the Directors: The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.</p>	√		
(B) BRPD Circular on Appointment and responsibilities for appointment of the CEO				
A.	Rules and regulations for appointing CEO			
1.	<p>Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,- a) He has not been convicted by any Criminal Court of Law;</p>	√		
	<p>b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority;</p>	√		
	<p>c) He was not associated with any such company/organization, registration or licence of which has been cancelled.</p>	√		
2.	<p>Experience and Suitability: a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank;</p>	√		
	<p>b) He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated</p>	√		





	as additional qualification for the concerned person;			
	c) In respect of service, the concerned person should have excellent record of performance;	√		
	d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company;	√		
	e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive.	√		
3.	Transparency and Financial Integrity: Before appointment as chief executive, satisfaction should be ensured to the effects that:	√		
	a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession;			
	b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;	√		
	c) He is not a tax defaulter;	√		
	d) He has never been adjudicated an insolvent.	√		
4.	Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	√		
5.	Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.	√		
6.	Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:-	√		
	a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.			
	b) Total salary shall be comprised of direct salary covering 'Basic Pay' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.	√		
	c) Without improving the bank's major economic indicator like-	√		

	CAMELS annual salary increment will not be payable.			
	d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive.	√		
	e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.	√		
	f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.	√		
7.	Incentive Bonus: Subject to the payment of incentive bonuses to all stuffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.	√		
8.	Honorarium for Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.	√		
9.	Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.	√		
10.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended upto 2018). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-ka & Annexure-kha to Bangladesh Bank.	√		
11.	Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank.	√		





B.	<p>Duties and Responsibilities of CEO</p> <p>The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as follows:</p>			
1.	In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	√		
2.	The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.	√		
3.	At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.	√		
4.	The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.	√		
5.	The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board.	√		
6.	The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.	√		
(C) BRPD Circular on Contractual appointment of Advisor and Consultant (Not applicable)				
A.	Rules and regulations for Appointment of Advisor			
1.	<p>Experience and Suitability:</p> <p>For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:</p>	√		
(a)	Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities;	√		
(b)	Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person;	√		
(c)	Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Official of any company;	√		

(d)	A person who is working in any bank or financial institution or who has business interest in that bank will not be considered eligible for appointment to the post of advisor;	√		
(e)	Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated an insolvent by the court.	√		
2.	<p>Responsibilities:</p> <p>The responsibilities or terms of reference of advisor should be specified. The Advisor can advise the Board of Directors or the Chief Executive only on those matters that are specified in the appointment letter. Routine works or general works will not be included in his term of reference. He can't exercise any kind of power or can't participate in the decision making process of financial, administrative, operational or any other activities of the bank.</p>	√		
3.	<p>Prior approval from Bangladesh Bank:</p> <p>Prior approval from Bangladesh Bank is mandatory before appointing advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure-ka. This declaration must be also submitted to Bangladesh Bank.</p>	√		
4.	<p>Remuneration and other facilities:</p> <p>The post of advisor is not a fixed or substantive post in the bank's organisation structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with terms of reference of the advisor will not be considered as acceptable by Bangladesh Bank.</p>	√		
5.	<p>Tenure:</p> <p>The tenure of the advisor shall be maximum 1(one) year, which is renewable. An evaluation report (by the chairman that is approved by the board of directors) of previous tenure should be submitted to Bangladesh Bank along with the re-appointment proposal.</p>	√		
6.	<p>Appointment of Ex-officials:</p> <p>For good governance any former director, chief executive or any official will not be eligible to become an advisor in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as advisor.</p>	√		





B. Rules and regulations for Appointment of Consultant				
1.	<p>Terms of Reference:</p> <p>Consultant can be appointed for specialised tasks like tax, law & legal procedures, engineering & technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.</p>	√		
2.	<p>Responsibilities:</p> <p>The responsibilities or term of reference of consultant should be specified. He/she shouldn't be involved beyond his/her terms of references and he/she can not exercise any kind of power in bank operation or can not participate in the decision making process.</p>	√		
3.	<p>Appointment:</p> <p>Consultant can be appointed with the approval of Board of Directors. After such appointment the bank shall send the consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.</p>	√		
4.	<p>Tenure:</p> <p>The tenure of consultant should be consistent with the terms of reference, but would not exceed 2 (two) years. Generally, consultant's appointment will not be renewable, but to complete unfinished tasks, the contract can be extended up to maximum 1 year with the approval of Bangladesh Bank. An evaluation report (by the chairman that is approved by the board of directors) of previous period should be submitted to Bangladesh Bank.</p>	√		
5.	<p>Remuneration/honorarium:</p> <p>The consultant's remuneration should be in the form of monthly or single lump-sum payment, he is not entitled to any other facilities.</p>	√		
6.	<p>Appointment of Ex-officials:</p> <p>For ensuring good governance any former director, chief executive or any official will not be eligible to become a consultant in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as consultant.</p>	√		

Statement of Appointment, Reappointment, Employment, & Other Engagements of The Directors

This Disclosure has been given as per the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMMCD/2009-193/09/Admin/117, dated- 22 March 2021.

SL. No.	Name of the Director	First Appointment Date	Last Re-appointment Date	The Primary Employment and Other Engagement including Directorship
1	Mr. Abdul Kadir Molla	20/02/2013	18/08/2020	Thermax Textile Mills Ltd.
				Thermax Knit Yarn Ltd.
				Thermax Spinning Ltd.
				Thermax Blended Yarn Ltd.
				Indigo Spinning Ltd.
				Thermax Melange Spinning Mills Ltd.
				Thermax Yarn Dyeing Ltd.
				Adury Knit Composite Ltd.
				Adury Apparels Ltd.
				Thermax Woven Dyeing Ltd.
				Thermax Yarn Dyed Fabrics Ltd.
				Sister Denim Composite Ltd.
				Thermax Check Fabrics Ltd.
				Thermax Colour Cotton Ltd.
				Sister Garments Ltd.
				Sultana Filling Point Ltd.
				Adury Fashion & Print Ltd.
Adury Ring Denim Spun Ltd.				
Kadir Molla Medical College & Hospital Ltd.				
Sultana Enterprise				
Sister Denim Composite (Unit-2) Ltd.				
2	Al-Haj Mizanur Rahman	20/02/2013	10/05/2017	M R Trading Co.
				Moon Bangladesh Ltd.
3	Mr. Abu Zafar Mohammad Shofiuddin	20/02/2013	18/08/2020	SQ Wire & Cable Co. Ltd.
				SQ Trading & Engineering
				SQ Light Ltd.
				SQ Wood Preservatives
				SQ Energy Ltd.
				SQ Power Solutions
				SQ Properties Ltd.
				SRN Power



				SQ Electricals Ltd.
				Power-Add
				Techno Electricals Ltd.
				TSCO Power Ltd.
				TS Transformers Ltd
				Building Dreams Ltd.
				SQ Distribution Ltd.
4	Engr. Md. Moklesur Rahman	20/02/2013	18/08/2020	Contech Construction Ltd.
				Pre Stressed Pole Ltd.
				B&T Cables Ltd.
				B&T Cold Storage Ltd.
				B&T Development Ltd.
				B&T Meter Ltd.
				Tushar Ceramics Ltd.
				B&T Transformers Ltd.
				Nexus Securities Ltd.
				BD Game Studio Ltd
				Smart Meter
5	Mrs. Tahmina Afroz	20/02/2013	21/10/2021	Anwer Khan Modern Hospital Ltd.
				Haji Shakhawat Anwara Eye Hospital Ltd.
				Modern Diagnostic Centre Ltd.
				Mother Trade Centre
				Modern Holdings Ltd.
				Anwer Khan Modern University
				Anwer Khan Modern Medical College
6	Mr. Hafizur Rahman Babu	20/02/2013	21/10/2021	Joytun Securities International Ltd.
				Joytun Developers Ltd.
				S.B. Agro Fertilizer Industries Ltd.
				Sheikh Cement Mills Ltd.
				Gold Hill Properties Ltd.
				Sheikh Jute Mills Ltd.
				M/S. Sheikh Brothers
				M/S. Hafizur Rahman Babu
				Sheikh Shipping Lines Ltd.
				Sheikh Agro Food Industries
				Arising Trade International Ltd.
7	Mr. Anwar Hussain	20/02/2013	21/10/2021	SAFAH CNG Refuelling Station Ltd.

				HAR Industries Ltd.
				Abdul Gaffar & Co. (Pvt.) Ltd.
				Asuka CNG Filling Station Ltd.
				AGI Corporation
				AGI Flex Ltd.
8	Mr. Sk. Shyedujjaman, Nominated by Moonstar Ceramic Industries Ltd.	03/12/2015	23/05/2019	Mashiyat Fish Firm
				South East Union Ceramic Industries Ltd.
				AB Siddique & Co.
9	Mr. Mohammad Nawaz	03/12/2015	23/05/2019	Famous Printing & Packaging Ltd.
				Famous Iberchem Flavours & Fragrances Ltd.
				Famous General Agencies Ltd.
				Matcon limited
				F.S. Printing & Packaging Ltd.
				Green Soap & Chemical Co. Ltd.
				Famous Flavours & Fragrances Ltd.
				Eden Multicare Hospital
				NY Trading
10	Mr. Mohammed Ayub	03/12/2015	23/05/2019	Ayub & Co. Ltd.
				Pioneer Enterprise
				United Enterprise
				Pacific International
				M/S. Ishmam Enterprise
11	Mst. Nasima Begum, Nominated by Thermax Textile Mills Ltd.	27/06/2016	18/08/2020	Thermax Textile Mills Ltd.
				Thermax Knit Yarn Ltd.
				Thermax Spinning Ltd.
				Thermax Blended Yarn Ltd.
				Indigo Spinning Ltd.
				Thermax Melange Spinning Mills Ltd.
				Thermax Yarn Dyeing Ltd.
				Adury Knit Composite Ltd.
				Adury Apparels Ltd.
				Thermax Woven Dyeing Ltd.
				Thermax Yarn Dyed Fabrics Ltd.
				Sister Denim Composite Ltd.
				Thermax Check Fabrics Ltd.
				Thermax Colour Cotton Ltd.





				Sultana Filling Point Ltd.
				Adury Fashion & Print Ltd.
				Adury Ring Denim Spun Ltd.
				Kadir Molla Medical College & Hospital Ltd.
				Sister Garments Ltd.
				Sister Denim Composite (Unit-2) Ltd.
12	Mr. Md. Sajidur Rahman	06/05/2019	06/05/2022	Indo-Bangla Trading
				US-DK Green Energy (BD) Ltd.
				Nitex Ltd.
				Lenden Ltd.
				JoBike
13	Professor Mohammad Moqbul Hossain Bhuiyan	25/05/2021	–	Professor, Department of Management Information System (MIS), University of Dhaka.
14	Mr. Mohammad Helal Uddin, Nominated by Haji Shakhawat Anwara Eye Hospital Ltd.	16/11/2021	–	N/A
15	Mr. Mushfiqur Rahman, Nominated by M/S. Contech Construction Ltd.	30/09/2021	–	Contech Construction Ltd.
				Pre-stressed Pole Ltd.
				B & T Poles Ltd.
				B & T Cables Ltd.
				B & T Cold Storage Ltd.
				B & T Development Ltd.
				B & T Meter Ltd.
				Tushar Ceramics Ltd.
				B & T Transformers Ltd.
				Nexus Securities Ltd.
				BD Game Studio Ltd.
16	Mr. Mohammad Nazmul Huq, Nominated by Techno Electricals Ltd.	07/02/2022	–	Vicar International
				Rajshahi Auto Bricks Ltd.
				Vicar Concrete Products Ltd.
				Vicar Electricals Ltd.
				Rajshahi Concrete Products Ltd.
				Arrow Technologies Ltd.
17	Ziaur Rahman Zia FCA	16/11/2021	–	Partner, A. Qasem & Co., Chartered Accountants

Report of the Nomination and Remuneration Committee (NRC)

Nomination and Remuneration Committee (NRC) of the Board

Bank as a legal entity, is guided in its corporate governance practices mainly by two regulatory bodies: The Bangladesh Bank (The Central Bank of Bangladesh) and The Bangladesh Securities and Exchange Commission (BSEC).

As per Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018 of Bangladesh Securities and Exchange Commission (BSEC), every company requires to form a Nomination and Remuneration Committee (NRC) as sub-committee of it's board to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

According to the requirements & in accordance of the aforesaid notification of the commission, the Board of Directors of South Bangla Agriculture and Commerce Bank formed the Nomination and Remuneration Committee (NRC) in it's 110th meeting held on 30 November, 2020.

Major Purpose of the Nomination and Remuneration Committee (NRC)

The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences an independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

Roles and Responsibilities of the Nomination and Remuneration Committee (NRC)

- (a) To be independent and responsible or accountable to the Board and to the shareholders;
- (b) NRC shall oversee, among others, the following matters and make report with recommendation to the Board:
 - (i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - (b) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 - (ii) Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
 - (iii) Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
 - (iv) Formulating the criteria for evaluation of performance of independent directors and the Board;
 - (v) Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
 - (vi) Developing, recommending and reviewing annually the company's human resources and training policies;
- (c) To disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.





Composition of the Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee of SBAC Bank Ltd. comprises of 05 (Five) members from the Board of Directors, including 02 (Two) Independent Directors, having required qualifications as determined under the Corporate Governance Code 2018 of BSEC. During the period from 01-01-2021 to 31-12-2021 the Committee has the following members:

From 01-01-2021 to 30-10-2021:

Sl. No.	Name	Status with the Bank	Status with the Committee	Educational Qualification
01.	Mr. Md. Sajidur Rahman	Independent director	Chairman	M.Com. (Marketing)
02.	Mr. Talukder Abdul Khaleque	Independent director	Member	Graduation
03.	Engr. Md. Moklesur Rahman	Director	Member	B.Sc. (Civil Engineering)
04.	Captain M. Moazzam Hossain	Director	Member	M.Sc.
05.	Mr. Sk. Shyedujjaman	Director	Member	MBA (Marketing)

The Committee was re-constituted on 31.10.2021 as under:

Sl. No.	Name	Status with the Bank	Status with the Committee	Educational Qualification
01.	Mr. Md. Sajidur Rahman	Independent director	Chairman	M.Com. (Marketing)
02.	Engr. Md. Moklesur Rahman	Director	Member	B.Sc. (Civil Engineering)
03.	Al-Haj Mizanur Rahman	Director	Member	HSC (Science)
04.	Mr. Sk. Shyedujjaman	Director	Member	MBA (Marketing)
5.	Professor Mohammad Moqbul Hossain Bhuiyan	Independent director	Member	MBA

Meeting of the Nomination and Remuneration Committee (NRC)

During the year 2021, 03 (Three) Meetings of the Nomination and Remuneration Committee was held where a total of 04 nos. of proposals/issues were considered/decided by the Committee. The particulars of attendance of the members of the Nomination and Remuneration Committee are given below:

Sl. No.	Name	Status with the Committee	Meeting Held during 2021	Meeting Attended
01.	Mr. Md. Sajidur Rahman	Chairman	03	03
02.	Engr. Md. Moklesur Rahman	Member	03	03
03.	Al-Haj Mizanur Rahman	Member	03	01
04.	Mr. Sk. Shyedujjaman	Member	03	03
05.	Professor Mohammad Moqbul Hossain Bhuiyan	Member	03	01

* Mr. Al-Haj Mizanur Rahman, and Professor Mohammad Moqbul Hossain Bhuiyan were appointed in the re-constituted committee as it's member.

The Minutes of the meeting, containing various suggestions and recommendations to the management and the Board, was placed subsequently to the Board Meeting complying with the regulatory directives.

Performance of the NRC During 2021

The Nomination and Remuneration Committee (NRC) took following decisions in it's 03 (Three) nos. of meetings held in 2021:

- In it's 2nd Meeting held in 07.02.2021, the members of the NRC Reviewed the qualifications of Mr. Altaf Hossain as per the Corporate Governance Code (CGC) of Bangladesh Securities and Exchange Commission (BSEC) to appoint him as an independent director in the Board of SBAC Bank Ltd. After an elaborate review & discussion on his qualification as independent director, the committee being satisfied, recommended the board of the bank on Mr. Hossain's appointment as independent director in the board.
- The Committee in it's 3rd Meeting held in 24.05.2021 reviewed the qualifications of Professor Mohammad Moqbul Hossain Bhuiyan as per the Corporate Governance Code (CGC) of Bangladesh Securities and Exchange Commission (BSEC) to appoint him as an independent director in the board of SBAC Bank Ltd. After an elaborate review & discussion on his qualifications as independent director, the committee being satisfied, recommended the board of the bank on Professor Bhuiyan's appointment as independent director in the board.
- In it's 4th Meeting held in 16.11.2021, the members of the NRC reviewed the qualifications of Mr. Ziaur Rahman Zia FCA and Mr. Mosaraf Hossain Chowdhury as per the Corporate Governance Code (CGC) of Bangladesh Securities and Exchange Commission (BSEC) to appoint them as independent directors in the board of SBAC Bank Ltd. After an elaborate review & discussion on their qualifications as independent director, the committee being satisfied, recommended the board of the bank on the appointment of Mr. Ziaur Rahman Zia FCA and Mr. Mosaraf Hossain Chowdhury as independent directors in the Board.

Acknowledgement

The Nomination and Remuneration Committee (NRC) expresses it's heartfelt thanks to the members of the Board of South Bangla Agriculture and Commerce Bank Limited for it's excellent guidance in the course of carrying out the duties & responsibilities of the committee. The NRC also expresses satisfaction for the support extended by the management in performing the roles assigned on the committee.

On Behalf of the Nomination and Remuneration Committee (NRC) of the Board.



Md. Sajidur Rahman
Chairman, NRC of the Board.





Report of the Audit Committee of the Board

The Audit Committee has the pleasure of presenting to the Shareholders / Members the report for the year ended December 31, 2021, prepared in Compliance with paragraph 5(7) of of Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 titled as Corporate Governance Code.

The Audit Committee (AC) assists the Board of Directors to protect the interest of the stakeholders. The AC undertakes its responsibilities to engage in systematic and continuous review, monitoring and assessment of organizational performance against evolving regulatory requirements. Its roles and responsibilities are defined in line with the Corporate Governance Circulars of Bangladesh Bank and the Notifications of Bangladesh Securities and Exchange Commission (BSEC).

Main Objectives of Audit Committee:

- To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board.
- To review the financial reporting process and effectiveness of the internal control process.
- To assess the effectiveness of overall processes and procedures for monitoring compliance with laws and regulations, code of business conduct and to check the compliance status of the inspection report of Bangladesh Bank.

Constitution of Audit Committee:

As per BRPD Circular No.11 dated October 27, 2013 and Corporate Governance Code of BSEC the composition of the Audit Committee of a bank shall comply with the followings:

- Members of the committee shall be selected from among the directors of the board.
- Audit Committee of the board shall comprise maximum 05 (five) members including at least 2 (two) members from independent directors;
- Audit Committee shall be constituted with those members of the Board, who are not Executive Committee Members.
- Members may be elected for a term of 03 (three) years.
- Company Secretary of the Bank shall be the secretary of the Committee.

The present Audit Committee (AC) of the Board was duly reconstituted by the Board of Directors of the Bank in its 138th meeting held on March 08, 2022 in compliance with BRPD Circular no. 11 dated October 27, 2013 and Corporate Governance Codes issued by Bangladesh Securities and Exchange Commission (BSEC). The previous Audit Committee was reconstituted by the Board of Directors in its 129th and 99th meeting held on October 31, 2021 and December 30, 2019 respectively.

The Audit Committee of the Bank reconstituted on March 08, 2022:

SL.	Name	Status with the Bank	Status with the committee	Educational Qualification	No. meetings held in 2021	No. of meetings attended in 2021
1	Mr. Md. Sajidur Rahman	Independent Director	Chairman	M.com (Marketing)	4	4
2	Mr. Abu Zafar Mohammad Shofiuddin	Director	Member	M.com (Marketing)	4	3
3	Mr. Sk. Shyedujjaman *	Director	Member	MBA	Nil	Nil
4	Professor Mohammad Moqubul Hossain Bhuiyan *	Director	Member	M.com (Marketing)	Nil	Nil
5	Mr. Ziaur Rahman Zia FCA **	Independent Director	Member	M. Com (Accounting)	Nil	Nil

* Appointed as member on October 31, 2021, ** Appointed as member on March 08, 2022

Member of the Audit Committee resigned from office:

SL.	Name	Status with the Bank	Status with the committee	Educational Qualification	No. meetings held in 2021	No. of meetings attended in 2021
1	Mr. Al-Haj Mizanur Rahman	Director	Member	HSC	4	4
2	Mr. Sakhawat Hussain	Director	Member	Masters (Political Science)	4	3
3	Dr. Syed Hafizur Rahman	Independent Director	Member	Masters (Economics)	4	3

Roles and Responsibilities of Audit Committee:

The roles and responsibilities of AC have been defined in line with the relevant provisions of Corporate Governance Guidelines / Notification issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission and other best practices of governance. Some important roles and responsibilities are highlighted below:

Internal Control:

- Evaluate whether the bank management is adhering to appropriate risk management, compliance, governance practices and have a clear understanding of their respective roles and responsibilities;
- Review whether arrangements made by the management for developing and maintaining a suitable Management Information System (MIS);
- Monitor whether suitable suggestions made by internal and external auditors to improve internal control practices have been duly implemented by the management.
- Review the existing risk management policy and procedures to improve the health and efficiency of the investment portfolio;
- Review the corrective measures taken by the management relating to fraud-forgery, deficiency in internal control or other similar issues detected by internal and external auditors and Bangladesh Bank and inform the Board regularly.

Financial reporting:

- Review, before submission to the Board for approval, periodic financial statements to determine whether they are complete and consistent with applicable accounting and reporting standards set by respective governing bodies and regulatory authorities.
- Consult with management and external / statutory auditors to review annual financial statements or any other ad-hoc financial reports before their finalization.

Internal Audit

- Evaluate whether internal audit functions are truly independent.
- Review the activities, structure, and style of internal audit functions to ensure that no unjustified restrictions or limitations are imposed.
- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of the internal audit function.
- Review and ensure those appropriate recommendations made by internal auditors to remove irregularities, if any, are duly acted upon by concerned personnel in running the affairs of the Bank.

External Audit:

- Make recommendations to the Board, to be put to shareholders for approval in the AGM, concerning the appointment, re-appointment and removal of the Bank's external auditors. The committee shall oversee the selection process of new auditors and shall investigate any issue that might have led auditors to resign.
- Oversee the relationship with the external auditors including :
 - Recommendation of remuneration, i.e. fees for audit or non-audit services.
 - Annually assessing their independence and objectivity, taking into account relevant professional and regulatory requirements.
 - Ensuring that there are no relationships such as family, employment, investment, financial or business between the auditor and the bank with exception to circumstances under the ordinary course of business.
- The Committee meets the external auditor at least once a year, without management being present; to discuss their remit and any issues arising from the audit.





- Review the findings and recommendations made by the external auditors regarding irregularities, if any, detected are duly acted upon by the management.

Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC, and other bodies) and internal circular/instructions/policy/regulations approved by the Board and management have been duly complied with.

Miscellaneous

The Audit Committee submits a 'Compliance Report' on quarterly basis to the Board mentioning any errors and irregularities, fraud and forgery, and other anomalies pointed by internal and external auditors of the Bank.

Meeting of the committee:

The Committee held 4 (four) meetings in 2021 against minimum requirement of 4 (four) meeting in a year. The committee, from time to time invited the Managing Director, the Head of Internal Control & Compliance Division discussed and reviewed the findings and suggestions on various issues by the auditors and advised the management to take necessary measures. All recommendations/ observations of the committee were recorded in minutes. The meetings held in 2021 were as under:

SL. No.	Meetings	Date of Meeting Held
1	41 th Audit Committee Meeting	21 March 2021
2	42 nd Audit Committee Meeting	21 April 2021
3	43 rd Audit Committee Meeting	29 July 2021
4	44 th Audit Committee Meeting	27 October 2021

Major Activities of Audit Committee in 2021:

The major areas focused by the Audit Committee of the Board during 2021 are outlined below:

- Reviewed the annual financial statements of the Bank as on / for the year ended 31 December 2020 as certified by the External Auditor before submission to the Board for consideration.
- Reviewed the Management Report on the Bank for the year ended 31 December 2020 submitted by the External Auditors, Hoda Vasi Chowdhury & Co., Chartered Accountants and its subsequent compliance thereof.
- Reviewed the unaudited quarterly (Q1, Q2 and Q3) financial statements of the Bank for the year 2021 before submission to the Board for consideration.
- Reviewed the compliance status of Self Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No. 10 dated 09 May 2017 of Bangladesh Bank.
- Reviewed the Annual Health Report for the year 2020 of the Bank.
- Reviewed the status of classified loans and overdue loans of the Bank.
- Reviewed and approved the 'Annual Audit Plan' for the year 2022.
- Reviewed the overall effectiveness of the control system of SBAC Bank Ltd.
- Reviewed the Comprehensive Inspection Report, Special Inspection Report, Inspection Reports of SBAC Bank's Branches issued by Bangladesh Bank and subsequent compliance by management thereof.
- Reviewed the compliance status of core risks of the Bank and related risk level of its branches, departments of the Bank.

The Minutes of the Audit Committee meetings containing various suggestions and recommendations to the management are duly placed to the Board for ratification on regular basis.

The Audit Committee expressed its sincere gratitude to Members of the Board of Directors of the Bank, Management and the Auditors for their cooperation while performing the duties and responsibilities of the Committee.

Md. Sajidur Rahman
Chairman
Audit Committee of the Board

Report of the Risk Management Committee (RMC) of the Board

Taking risk is an integral part of financial intermediation and banking business. Therefore, there is no alternative but to ensure sound risk management practices for surviving in the competitive environment. Considering the issue South Bangla Agriculture and Commerce Bank Limited is trying to develop an integrated and institution-wide risk culture, based on a full understanding of the risks it faces and how they are managed, considering risk tolerance and appetite and in line with bank's risk policies and procedures.

A sound risk culture encourages effective risk management, promotes sound risk-taking and ensures that risk-taking activities beyond the institution's risk appetite are recognized, assessed, reported, and addressed in a timely manner.

Weaknesses in risk culture are often the root cause for occurrence of significant risk events, financial institution failures, and financial crisis. In this context Bangladesh Bank has issued six core risks management guidelines, risk based capital adequacy guideline and stress testing guideline to ensure robustness, efficiency and effectiveness of risk management systems for the Banking sector. Besides, Bangladesh Bank has issued revised Risk Management Guidelines for Banks on October 08, 2018. This guideline promotes an integrated, bank-wide approach to risk management which will facilitate banks in adopting contemporary methods to identify measure, monitor and control risks throughout their institutions.

South Bangla Agriculture & Commerce(SBAC) Bank committed to its stakeholders to attain a sustainable business growth commensurate with its strategies

and policies. To this end, the Bank has adopted Core Risk Management policies issued by Bangladesh Bank and is implementing those meticulously. In this context, SBAC Bank has prepared the Revised Risk Management Guidelines 2020 which was approved by the Board of Directors of the Bank in its 112nd meeting held on December 30, 2020 and Bank follows the guidelines for risk identification, measurement, assessment and to minimize the risk of the Bank.

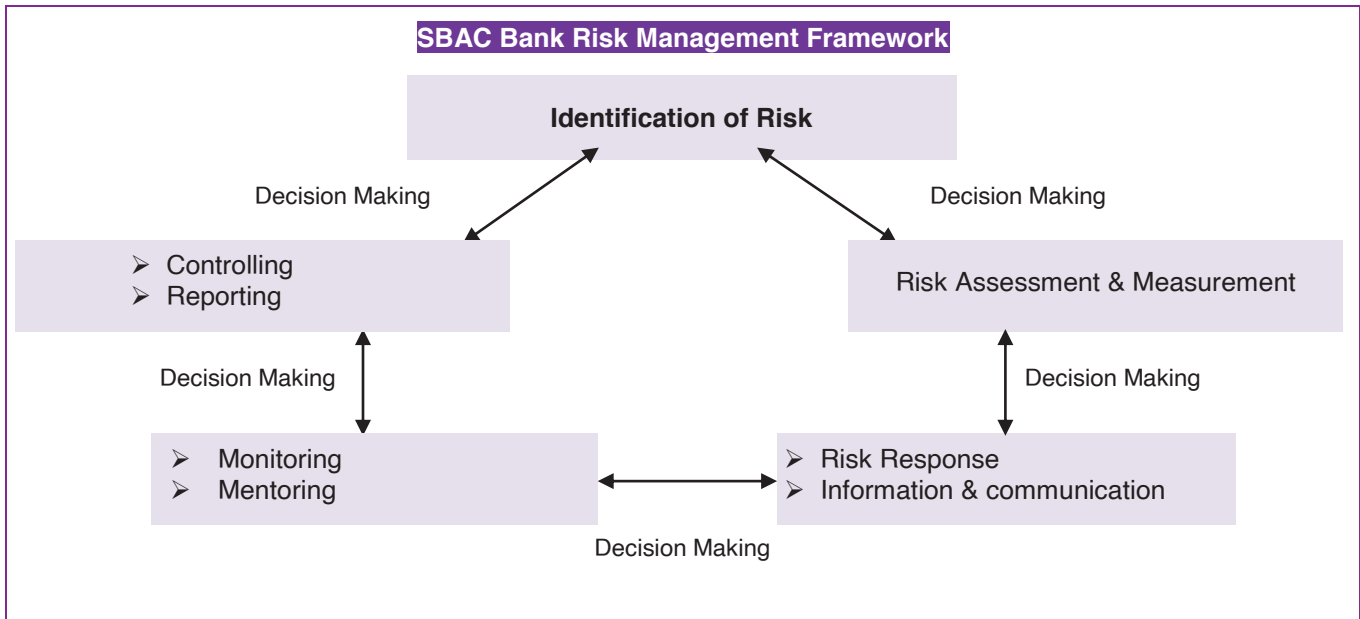
SBAC Bank is increasingly focusing on development of appropriate risk management framework for managing risks of the bank. Risk Management Division (RMD) has been set up in the Bank under supervision of Chief Risk Officer. This department monitors and reports various types of risks and develops appropriate risk culture in the Bank. Major activities of RMD include preparing half yearly Comprehensive Risk Management Report which identifies and measures potential risks in Bank's activities and portfolios, monthly Risk Management Report, Quarterly Stress Testing report, acting as operational layer for Internal Capital Adequacy Assessment Process, arranging meeting of Board Risk Management Committee and apprise the Board/ Risk Management Committee of the Board about the identified risks and management's recommendations to address the risks. Besides as per instruction of Bangladesh Bank DOS Circular Letter No.04 dated October 08, 2018 Risk Management Division prepares Risk Appetite of the Bank considering the key risk areas which is approved by the Board.



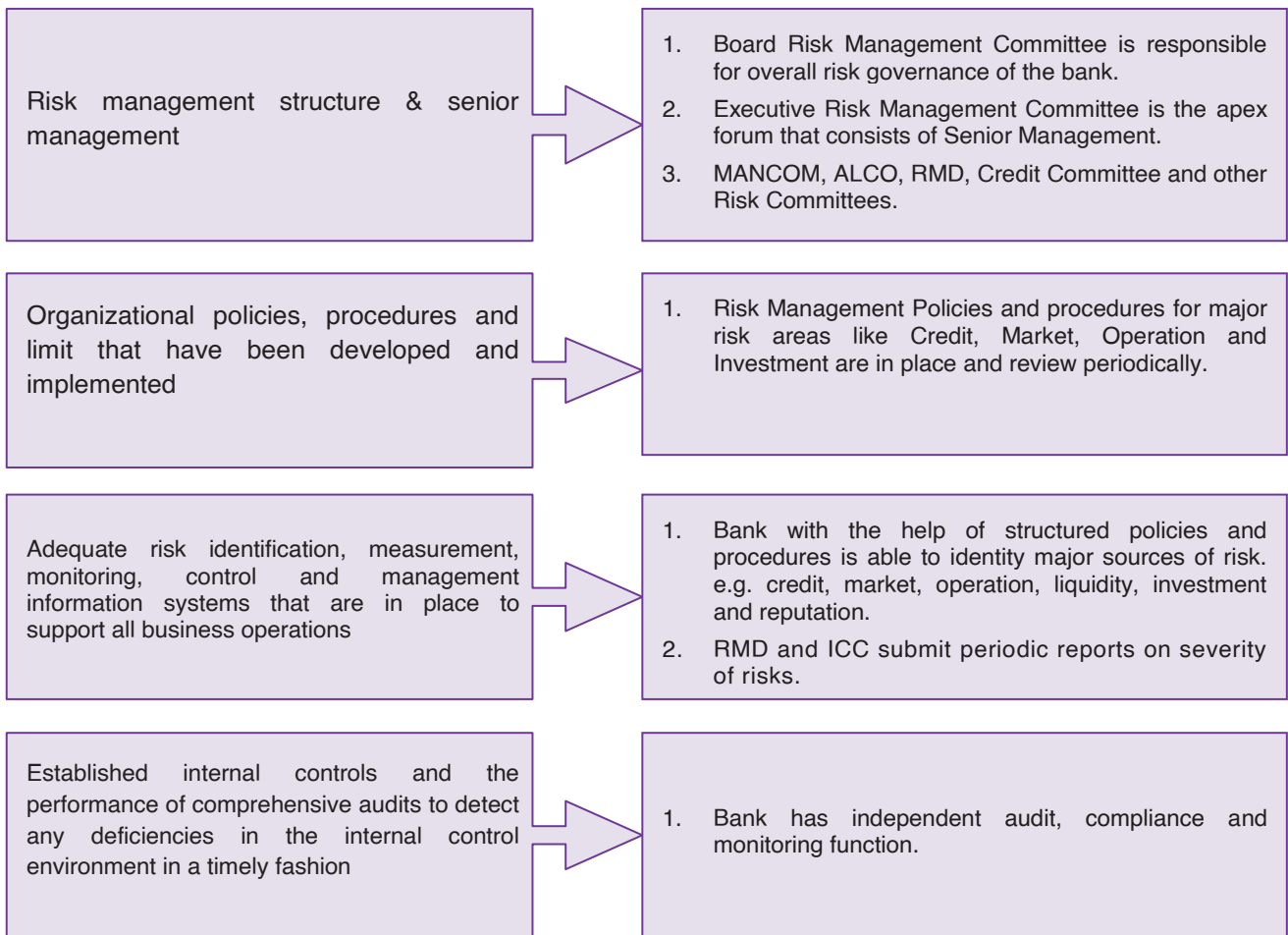
1. Risk Management Framework

Know your business → Rank portfolio of risks → Quantify risk appetite → Merge risk blueprint with organizational strategy → Established governance and management structures building systems and infrastructure develop policies and procedures.





2. Key elements of Risk Management System:

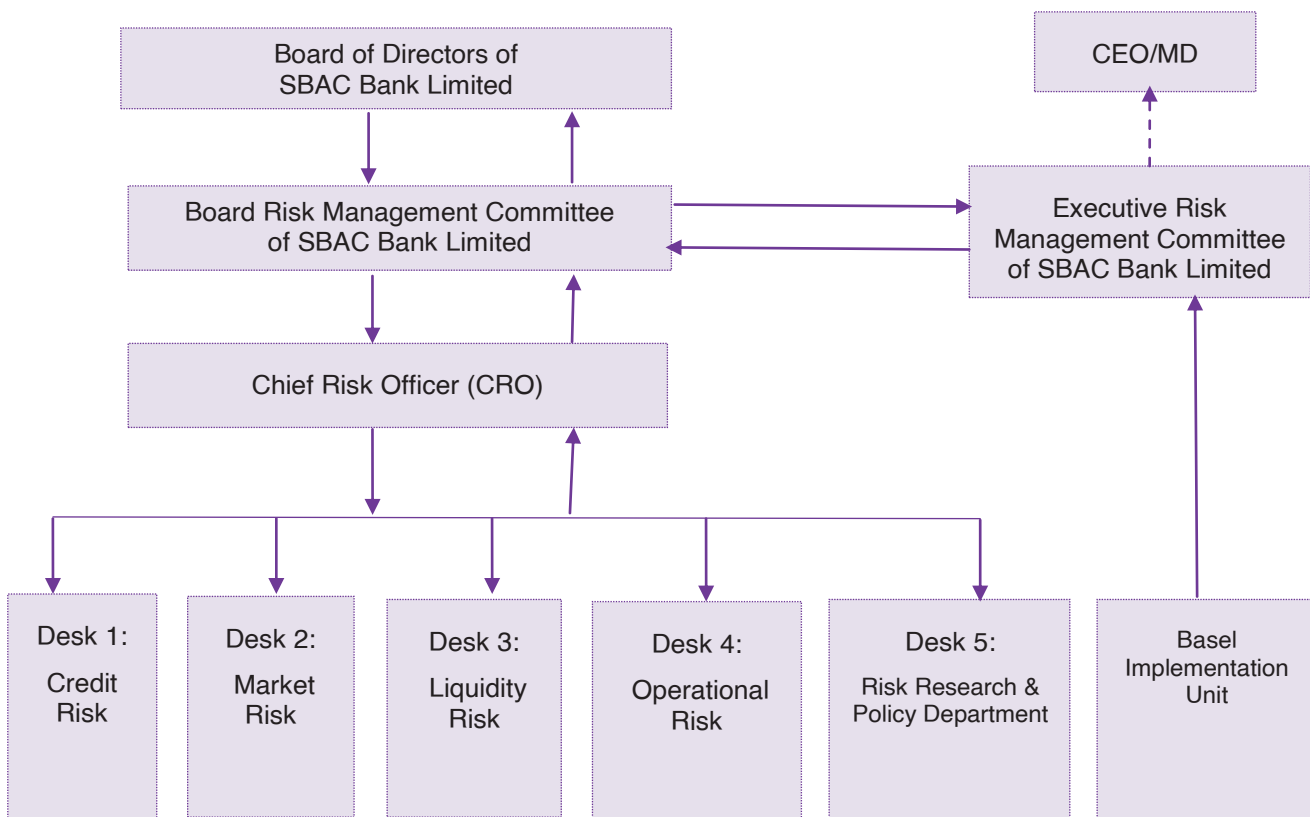


3. Principles of Risk Management:

The main principles of Risk Management are the protection of SBAC Bank’s financial health by mitigating risks. The key principles are described as follows:

- 3.1 Protecting the Bank’s financial strength: SBAC Bank controls risks in order to limit the impact of potential adverse event, both on its capital and on its financial results. The risk appetite distributes proportional for the available capital and other appropriate base. In this context, the RMD has prepared the Risk Appetite which was approved by the Board of Directors.
- 3.2 Protect Reputation: Reputation is essential for the proper performance of a bank and needs to be sustained for banking industries. SBAC Bank always tries to hold its reputation to sustain the banking industries.
- 3.3 Risk Transparency: For good insight into SBAC Bank positions, it is vital to identify all risks. Risks must always be considered as accurately as possible and documented in order to be able to make sound business decision.
- 3.4 Management Responsibility: The management of bank is responsible for its result as well as for their risks associated with its operations. A balance is made between risk and return, while, of course duly observing the relevant risk limits.
- 3.5 Independent Risk Control: This is the structured process of identifying, measuring, controlling, monitoring and reporting risks. In order to ensure integrity, the Risk Management Department operates independently to administer risks.

4. Organizational Structure of Risk Management:



4.1 Role of Board of Directors

The Board of Directors of SBAC Bank has given utmost importance on sound risk management practices. They have taken every possible initiative to keep various risks (credit, market, liquidity, operational risks etc.) within tolerable level. For this purpose, the board has played the following role: -

- a) Established organizational structure for enterprise risk management within the bank and ensured that top management as well as staffs responsible for risk management possess sound expertise and knowledge to accomplish the risk management function properly;





- b) Assigned sufficient authority and responsibility to risk management related officials;
- c) Ensured uninterrupted information flow to RMD for sound risk management;
- d) Continuously monitoring the bank's performance and overall risk profile through reviewing various reports;
- e) Ensured the formulation, review (at least annually) and implementation of appropriate policies, plans and procedures for risk management;
- f) Defining and reviewing the risk appetite, risk tolerance, limit etc. in line with strategic planning;
- g) Making sure maintenance of adequate capital and provision to absorb losses resulting from risk;
- h) Ensuring that internal audit reviews the credit operations, foreign exchange operations and securities portfolio management functions etc. to assess the effectiveness of internal control system;
- i) Monitoring the function of Board Risk Management Committee.

4.2 Board Risk Management Committee:

As per directives of Bangladesh Bank circular no. 11 dated November 27, 2013, SBAC Bank formed a Risk Management Committee consisting of 05 (five) members of the Board of Directors. The members of the committee are given below:

Sl. No.	Name of Directors	Position of the Committee
1	Mr. Mohammad Nawaz	Chairman
2	Mr. Sk. Shyedujjaman	Member
3	Mr. Mohammad Nazmul Huq	Member
4	Mr. Mushfiqur Rahman	Member
5	Professor Mohammad Moqbul Hossain Bhuiyan	Member

4.2.1 Role of the Board Risk Management Committee:

The major duties and powers of the Risk Management Committee include, among others:

- Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;
- Monitoring implementation of risk management policies & process to ensure effective prevention and control measures;
- Ensuring construction of adequate organizational structure for managing risks within the bank;
- Supervising the activities of Executive Risk Management Committee (ERMC);
- Ensuring compliance of BB instructions regarding implementation of core risk management;
- Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval;
- Approving adequate record keeping & reporting system and ensuring its proper use;
- Holding at least 4 meetings in a year (preferably one meeting in every quarter) and more if deemed necessary;
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- Submitting proposal, suggestions & summary of BRMC meetings to board of directors at least on yearly basis;
- Complying with instructions issued from time to time by the regulatory body;
- Ensuring appropriate knowledge, experience, and expertise of lower-level managers and staff involved in risk management;
- Ensuring sufficient & efficient staff resources for RMD;
- Establishing standards of ethics and integrity for staff and enforcing these standards;
- Assessing overall effectiveness of risk management functions on yearly basis.

4.3 Chief Risk Officer (CRO) and Executive Risk Management Committee (ERMC) of the Bank:

The Risk Management Committee of the Board of the Bank in its 33rd meeting held on December 29, 2021 has approved appointment of Mr. M Shamsul Arefin, Additional Managing Director, as the Chief Risk Officer (CRO) of the Bank as per the instruction given by Bangladesh Bank through DOS Circular no. 04 dated October 08, 2018. The Bank has also formed an Executive Risk Management Committee headed by Mr. M Shamsul Arefin, Additional Managing Director & CRO of the Bank along with other related divisional heads as the member of the committee.

4.4 Risk Management Division:

In compliance with Bangladesh Bank letter no. DOS (RMMS) 1154/1/SBAC/2013-397 dated December 02, 2013, SBAC formed a separate 'Risk Management Division' under Chief Risk Officer to ensure following activities in Bank:

- Establishment of risk management policies and procedures and review it annually to sound practice of the Bank;
- Preparation of SRP Policy of the Bank to maintain sufficient capital;
- Arrangement of meeting of Executive Risk Management Committee, preparation of minutes of the meetings & distribution of the same to the members;
- Preparation of the monthly Risk Management Report of the Bank on monthly basis and submit the same before management and Bangladesh Bank within the prescribed time;
- Preparation of the Comprehensive Risk Management Report of the Bank on half yearly basis and submit the same before management and Bangladesh Bank within the next month of each half year;
- Preparation of the stress testing report of the Bank on quarterly basis and submit the same before management and Bangladesh Bank (on quarterly basis) within the following month after the end of quarter;
- Preparation of ICAAP report and submit it to the Bangladesh Bank within May 31 of each year;
- Preparation of the Risk Appetite Statement of the Bank for sound risk management practice, place it before the Board of Directors of the Bank for approval and submit it to the Bangladesh Bank within February of each year;
- Preparation of the Board/ Audit Committee of the Board/ Risk Management Committee of the Board memo related to Risk Management issues;
- Look after the portfolio of loans and advances of the bank and analyze the risk related to credit concentration;
- Revision of the overall risk policy, including a consideration of whether any revisions are required;
- Preparation of risk management disclosure in the annual report;

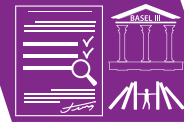
4.5 Capital Assessment under Basel-III:

Capital Assessment of the bank is based on the objective of maintaining an adequate capital base to support the projected business and regulatory requirement. This is done by drawing an annual planned business growth vis-à-vis capital requirement.

4.5.1 Capital Position of SBAC Bank Limited:

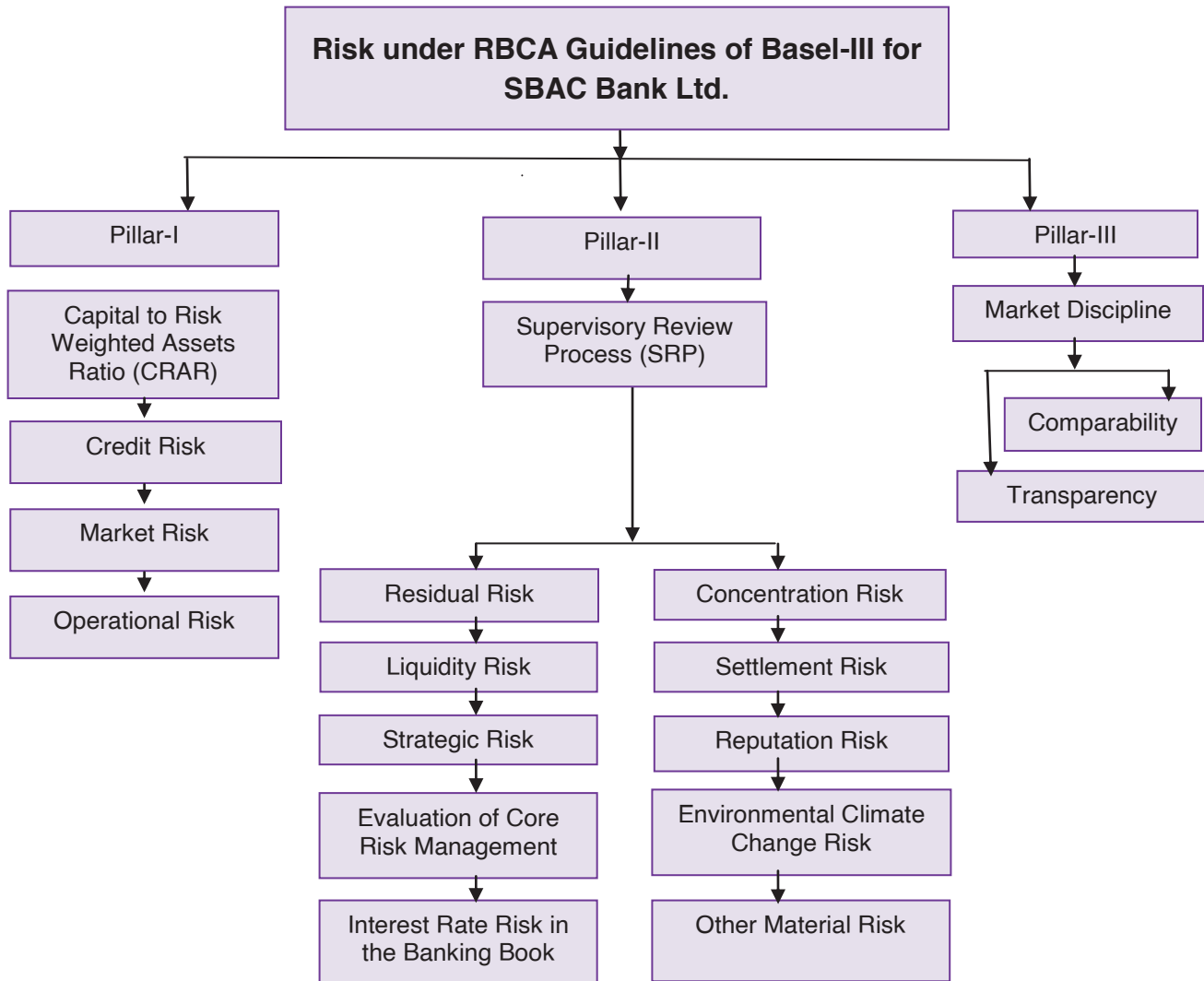
As per directives of the Bangladesh Bank, every bank is required to maintain capital at 12.50% including buffer capital of its risk-weighted assets under Basel-III or Tk.400.00 crore whichever is higher for the year 2021. Minimum Common Equity Tier-1 (CET-1) capital should be minimum 4.50 percent of total capital. SBAC Bank maintained total eligible capital Tk. 1,083.45 crore as on 31.12.2021 which was Tk.926.99 crore as on 31.12.2020. The Capital to Risk Weighted Asset Ratio of the Bank was 13.94% as on 31.12.2021 of which CET-1 was 13.47%. As on 31.12.2020, CRAR of the Bank was 13.45%. So, SBAC Bank maintains excess capital as per requirement of Bangladesh Bank and the bank stands on strong capital base.





4.5.2 Risks under the Guidelines on Risk Based Capital Adequacy (BASEL-III):

To cope with the international best practices and make the bank's capital shock absorbent, 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised regulatory capital framework in line with Basel III) was introduced from January 01, 2009 as a parallel run with BRPD Circular No. 10, dated November 25, 2002 (Basel I). At the end of parallel run, Basel III regime started from January 2015 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. Under RBCA guidelines, SBAC Bank considers the following risk against Pillar-1 & Pillar-2.



4.5.2.1 Capital to Risk Weighted Assets Ratio (CRAR):

As per guidelines of Risk Based Capital Adequacy (RBCA) of Bangladesh Bank, every scheduled bank should maintain Capital to Risk Weighted Assets Ratio including buffer capital of 12.50% of Risk Weighted Assets (RWA). Under this requirement, Capital to Risk Weighted Asset Ratio of the Bank stood at 13.94% of RWA as on 31.12.2021. While calculating Risk Weighted Assets, Credit Risk, Market Risk and Operational Risk are taken into consideration. These are described below:

A) Credit Risk:

Credit Risk is defined as the potential losses that bank's borrower or counter party will fail to meet its obligations accordance with agreed terms. This includes non-payment of capital or interest within the agreed period at the agreed rate of interest and in the agreed currency due to unwillingness of the counter party or decline in his/her financial abilities resulting from adverse environment.

SBAC Bank Limited has well written procedure both for appraisal and regular monitoring of credit risk. Regular reviews are held and risks identified. Risks are mitigated in a number of ways namely recourse to collateral, counter-guarantees from shareholder/ third parties. Adequate margins are maintained on the collateral to guard against adverse fluctuation in the market price of collateral.

i) Credit Policy:

Credit Policy of the Bank capture the core principles for identifying, measuring and managing credit risk of the bank. These policies are approved by the Board of Directors and are designed to meet the organizational requirements that exist today and to provide flexibility for the future. The policy is also revised from time to time to make it up-to-date. SBAC Bank recognizes that a critical factor in the bank's continued profitability and stability is its effective risk management capabilities. SBAC Bank also ensures its risk management strength and strives to continuously promote a proactive risk management culture in the bank.

ii) Lending guidelines:

Bank's credit strategy is to determine the risk appetite of the Bank. So Bank's focus is to maintain a credit portfolio keeping in mind of our risk absorbing capacity. Thus its strategy is invigorating loan processing steps including identifying, measuring, containing risks as maintaining a balance portfolio through minimizing loan concentration, encouraging loan diversification, expanding product range, streamlining security, insurance etc. as buffer against unexpected cash flow.

iii) Credit Assessment:

A thorough credit and risk assessment is to be conducted prior to the granting of loans, and at least annually thereafter for all facilities. The results of this assessment shall be present in a Credit appraisal that originates from the Relationship Manager ("RM") and approved by Credit Risk Management (CRM). The RM should be the owner of the customer relationship, and will be held responsible to ensure the accuracy of the entire credit application submitted for approval. RMs shall follow the Bank's lending guidelines and shall conduct due diligence on new borrowers, principals and guarantors.

iv) Risk Assessment:

Credit proposals shall contain summarizing of the results of the RMs risk assessment and include, as a minimum, the following details:

- Amount and type of loan(s) proposed.
- Purpose of loans.
- Loan structure (Tenor, Covenants, Repayment schedule, Interest etc.)
- Security arrangements
- Marketing aspects
- Management capability

v) Internal Credit Risk Rating (ICRR):

Internal credit risk rating is an important tool for credit risk management as it helps to understand various dimensions of risk involved in the underlying credit transaction. The aggregation of such rating across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio of a Bank or a branch. The ICRR system is vital to take decisions both at the pre-sanction stage as well as at post-sanction stage.



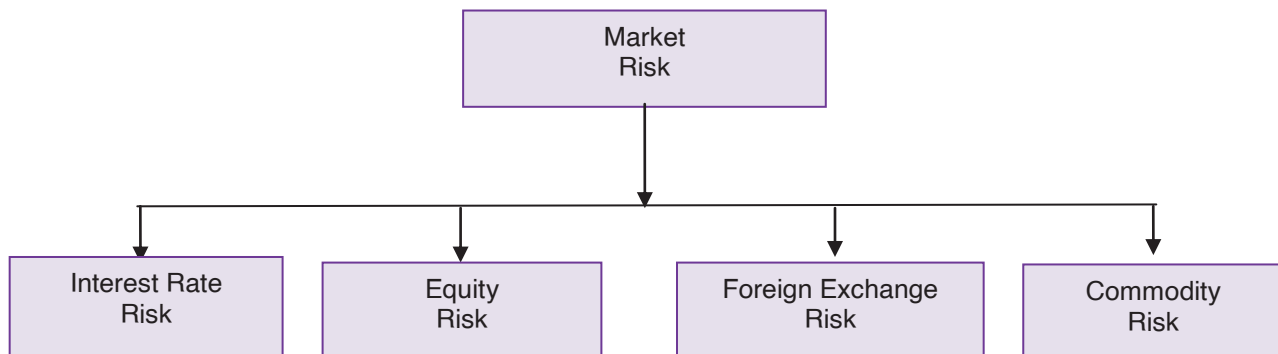


vi) Credit Risk Mitigation:

The Bank believes that a key component of a disciplined credit culture is adherence to internal policies and procedures. Hence, comprehensive Credit Policies have been established in the Bank to ensure quality and transparency of investment decisions at all times. A well-defined approval hierarchy supported by high ethical standards, established policies, procedures and practices function as the core credit risk mitigation in the overall investment culture of Bank.

B) Market Risk:

Market risk is the risk of potential losses in balance sheet and off-balance sheet positions of the bank arising from adverse movements in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices.



The main objective of the market risk is to ensure that bank’s activities which are exposed to various market risks are generating optimum returns and downside risks are in control and within the limit of agreed appetite.

i) Interest Rate Risk:

Interest Rate Risk is the potential impact on a Bank’s earnings and net assets values due to change in market interest rate. Interest rate risk arises when a Bank’s principal and interest cash flows (including final maturities) both on and off–balance sheet, have mismatched on re-pricing dates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. Bank’s lending, funding and investment activities give rise to interest rate risk.

ii) Foreign Exchange Risk:

Foreign Exchange Risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. Foreign exchange risk may also arise as a result of exposures of banks to profit rate risk arising from the maturity mismatches of foreign currency positions.

The SBAC Bank has established Risk Tolerance limits for foreign exchange exposure within the directives of Central Bank of Bangladesh in order to ensure that any adverse exchange rate movements on the results of the Bank due to un-hedged foreign exchange positions are managed within acceptable parameters.

iii) Equity Price Risk:

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank. Market to market is the tool bank applies for making full provision against losses arisen from changes in the market price of securities.

iv) Commodity Risk:

Commodity risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be grains, metals, gas, electricity etc. A commodity enterprise needs to deal with the following kinds of risks:



- Price risk (Risk arising out of adverse movements in the world prices, exchange rates, basis between local and world prices)
- Quantity risk
- Cost risk (Input price risk)
- Political risk

C) Operational Risk:

Operational risk refers to the risk of losses resulting from the inadequacy or failure of internal process, systems and people or external events. Capability to carry out a large number of transactions effectively and accurately while complying with applicable laws and regulations constitute Operational Risk Management activities of the Bank.

Key processes of the management of Operational Risk in the Bank are based on the concept of 'Risk vs. Service vs. Cost' and Operational Risk is effectively managed with least inconvenience to the clients.

4.5.2.2 Supervisory Review Process:

Supervisory Review Process is the Second Pillar of Basel-III of Risk Based Capital Adequacy Framework which is intended to ensure that banks have adequate capital to support all the risks in their business and at the same time to encourage banks to develop and use better risk management techniques in monitoring and managing their risks.

The key principle of the 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”. Bank must be able to demonstrate the chosen internal capital targets that are well founded and that these targets are consistent with their overall risk profile and current operating environment. Bank management will clearly bear primary responsibility and Board of Directors hold the tertiary responsibility for ensuring that the bank has adequate capital to support its risks. Under SRP, there must have three layers such as managerial layer, strategic layer and operational layer.

Under Managerial Layer SBAC Bank formed an exclusive body naming SRP Team which was constituted by the concerned departmental heads of the bank and headed by Managing Director. The SRP Team and its Terms of Reference (ToR) were approved by the Board of Directors.

A) Residual Risk:

Under 2nd Pillar of Basel-III, SBAC Bank always considers the residual risk against error in documentation and error in valuation of collateral. Risk Based Capital Adequacy (RBCA) framework and other supervisory regulations on credit risk, the management of SBAC Bank allows offsetting credit or counterparty risk with collateral along with the legal and financial documents. Improper application of different techniques give rise to additional risks that may render the overall risk management less effective. Accordingly, these additional risks (e.g. documentation risk, valuation risk) are termed as Residual Risks. Apart from the capital maintained against credit risk under Pillar 1 (Minimum Capital Requirement) of RBCA, additional capital requirement is to be estimated against different aspects of residual risk related to the loans & advances portfolio of SBAC Bank.

In the context of Bangladesh, Bangladesh Bank (BB) has observed that Residual Risk arises mainly out of the following situations:

- I. Error in Documentation: Banks collect and preserve documents against loans and advances to have legal protection in case of adverse events like default of loan. Lack of required and duly filled-up documents and erroneous or fake or forged documents will lead to the amplification of overall risk aspects of loan portfolio and the reduction in the strength of legal shield that slacks the ownership of the bank on collateral and consequently hinders the recovery of loan.
- II. Error in valuation of collateral: Banks require appropriate valuation of collateral (both physical and financial) and guarantee (bank guarantee and personal guarantee) against loans and advances for mitigation of default probability. The improper valuation or overvaluation of collateral can lead to overstated scenario of risk mitigation for collateralized loan. That will raise the default probability of the loan.





B) Liquidity Risk:

Liquidity risk is the risk that the bank cannot promptly fulfill its payment obligations due to unforeseen factors or be forced to placement funds on unfavorable terms. The Treasury Division of the Bank determines the adequacy of the liquidity position by doing analysis based on the following factors:

- Historical funding requirement
- Current liquidity position
- Anticipated loan disbursement
- Anticipated future funding needs
- Present and future earning capacity
- Sources of funds
- Socio economic perspective of present and near future
- Regulatory guidelines
- Capital planning
- GAP analysis
- Stress Testing with minor, moderate and major shock showing absorbing capacity

C) 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 Internal Capital Adequacy Assessment Process (ICAAP) of the banks. The aspects of strategic risk in respect of Pillar 2 of RBCA are as follows:

- CAMELS rating
- Operating expenses
- Classified loans ratio
- Recovery of classified loan
- Written-off Loans
- Interest Waiver
- Base rate calculation methodology
- Strategic Plans
- Rescheduling of loans and advances

D) Evaluation of Core Risk Management:

Bangladesh Bank introduced core risk management system for assessing the risk management environment and practices in banks in 2003. In that respect, BB identified 6 (six) risk areas which are termed as core risks through issuing industry best practices framework. Those frameworks provided benchmark to be followed by the banks and suggested the banks to develop own assessment methodology for each core risks as well as to calculate own risk rating at least once a year. Thus, rigorous risk management framework of banks would require own assessment methodology and annual review. To ensure the stability of the business model and the soundness of the operational structural, appraisal of risk management structure of a bank is necessary. In this respect, SBAC Bank has developed its own methodology for assessing each core risk separately which was approved by Board of Directors. Based on these approved methodologies, SBAC Bank conducts rigorous review on annual basis and derive rating for each risk. The capital charge against Appraisal of Core Risk Management Methodology is as follows:

- Capital charge is applied for each risk separately,
- No capital charge is imposed for risk ratings of 1 (Strong) and 2 (Satisfactory),
- For risk ratings of 3 (Fair), 4 (Marginal) and 5 (Unsatisfactory); capital charge is derived by multiplying the MCR with 15% of minimum CRAR set by BB from time to time.

E) Interest Rate Risk in the Banking Book (IRRBB):

IRRBB is the current or potential risk to the interest rate sensitive assets and liabilities of a bank's balance sheet as well as the off-balance sheet items arising out of adverse or volatile movements in market interest rate. Volatile movements of market interest rate adversely affect the value of interest rate sensitive assets and liabilities that consequentially results in the loss of equity value. In the context of Pillar 2, the assessment of loss of equity value due to IRRBB is vital as this is the outcome of poor asset liability management that shows the inefficiency of the risk management framework of the bank.

The susceptibility of banks to IRRBB can be estimated through Simple Sensitivity Analysis and Duration Gap Analysis.

- i) SBAC Bank Steps for conducting Simple Sensitivity Analysis:
 - Calculate all on-balance sheets Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL),
 - Plot the RSA and RSL into different time buckets on the basis of their maturity,
 - Calculate the maturity gap by subtracting RSL from RSA (GAP= RSL-RSA),
 - Calculating the changes in the Net Interest Impact (NII) by multiplying the changes in interest rate with the Gap.
- ii) SBAC Bank takes following steps for conducting Duration Gap Analysis:
 - Estimate the market value of all on- balance sheet rate sensitive assets and liabilities of the bank to arrive at market value of equity,
 - Calculate the durations of each class of asset and the liability of the on- balance sheet portfolio,
 - Arrive at the aggregate weighted average duration of assets and liabilities,
 - Calculate the duration GAP by subtracting aggregate duration of liabilities from that of assets,

F) Concentration Risk:

Concentration risk arises when any bank invests its most or all of the assets to single or few individuals or entities or sectors or instruments. That means when any bank fails to diversify its loan and investment portfolios, concentration risk emerges. Downturn in concentrated activities and/or areas may cause huge losses to a bank relative to its capital and can threaten the bank’s health or ability to maintain its core operations. In the context of Pillar-2, SBAC Bank follows two types of concentration risk:

i) Credit Concentration Risk: When the credit portfolio of a bank is concentrated within a few individuals or entities or sectors, credit concentration risk arises. SBAC Bank has constructed well diversified credit portfolio.

ii) Market Concentration Risk: When the investment portfolio of a bank is concentrated within a few instruments or any instrument of few companies or any instrument of few sectors, market concentration risk arises. The investment portfolio of SBAC Bank is well diversified.

- a) Assessment of Credit Concentration Risk: To assess the credit concentration risk, following aspects of SBAC Bank’s loan portfolio will be considered:
 - Sector wise exposure,
 - Division wise exposure (Geographic Concentration),
 - Group wise exposure,
 - Single borrower wise exposure,
 - Top borrower wise exposure (Top 10-50 borrowers will be counted)
- b) Assessment of Market Concentration Risk: To assess the market concentration risk, following aspects of SBAC Bank’s investment portfolio are evaluated:
 - Instrument (financial securities) wise investment,
 - Sector wise investment in listed instruments,
 - Currency wise investment of foreign exchange portfolio.

G) Reputation Risk:

Reputation risk is the current or prospective indirect risk to earnings and capital arising from adverse perception of the image of the Bank on the part of Customers, Shareholders, Investors, Counterparties, Business Partners, Credit Rating Agencies, Regulators, and General Public. Reputation risk may originate from the lack of compliance with industry service standards, failure to deliver on commitments, lack of customer-friendly service and fair market practices, low or inferior service quality, unreasonably high costs, a service style that does not harmonize with market benchmarks or customer expectations, inappropriate business conduct or unfavorable authority opinion and actions.





In context of Bangladesh, SBAC Bank is considering the following issues for mitigation of reputation risk:

- Credit Rating conducted by ECALs
- Internal fraud
- External fraud
- Non-payment or delayed payment of accepted bills (foreign & domestic)
- Quality of customer service

H) Settlement Risk:

Settlement risk arises when an executed transaction is not settled at the standard settlement system suggests or within predetermined method. The banks pose to the risk when it fulfills its contractual obligations (payment or delivery), but the counterparty fails or defaults to do the same. Non-receiving or delayed receiving of receivable bills (foreign & domestic) will be evaluated to assess settlement risk. Number of such cases and the total value in taka will be examined. If total value in taka from such cases in a year (reporting year) equals at least 5% of the total loans and advances, capital charge will be imposed which is the multiplication of the MCR with 10% of minimum CRAR set by BB from time to time.

I) Environmental and Climate Change Risk:

Environmental and climate change risk refers to the uncertainty or probability of losses that originates from any adverse environmental or climate change events (natural or manmade) and/or the non-compliance of 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.

These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction. Environmental and climate change risk 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.

To evaluate this risk, SBAC Bank follows Environmental & Social Due Diligence (ESDD) Check List specified in Guidelines on Environmental & Social Risk Management for Banks & Financial Institutions in Bangladesh issued by Bangladesh Bank in February 2017. Besides, the Bank considered 'Environment Risk' as a part of core risk in its approved Credit Policy.

4.5.2.3 Market Discipline:

The purpose of Market discipline in the Revised Capital Adequacy Framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market discipline in the revised framework 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.

4.6 Stress Testing:

Stress Testing is a risk management technique used to evaluate the potential effects of Bank's financial condition of a specific event and/or movement in a set of financial variables. It is also an integral part of the Capital Adequacy Framework. The traditional focus of stress testing relates to exceptional but plausible events. SBAC Bank performs quarterly basis stress testing within the scope of Bangladesh Bank FSD circular no. 01 dated September 24, 2012.

The position of Capital to Risk Weighted Assets (CRAR) after shocks on 31.12.2021:

Individual Shocks	Minor changes in CRAR	CRAR after shock (%)	Moderate changes in CRAR	CRAR after shock (%)	Major changes in CRAR	CRAR after shock (%)
Performing loans directly downgraded to B/L: Sectoral Concentration- 1	-0.17	13.77	-0.52	13.42	-0.88	13.07
Performing loans directly downgraded to B/L: Sectoral Concentration- 2	-0.27	13.68	-0.80	13.14	-1.34	12.60
Increase in NPLs due to default of top large loan borrowers	-2.21	11.73	-6.38	7.56	-9.78	4.16
Negative shift in NPLs categories	-0.50	13.45	-2.04	11.90	-2.51	11.44
Decrease in the FSV of collateral	-0.20	13.74	-0.41	13.54	-0.82	13.12
Increase in NPLs	-0.89	13.05	-3.10	10.84	-6.65	7.29
Interest Rate	-0.36	13.59	-0.72	13.23	-1.07	12.87
FEX: Currency Appreciation	-0.02	13.92	-0.04	13.90	-0.07	13.88
Equity Shock	-0.17	13.77	-0.35	13.60	-0.70	13.24
Combined Shock	-2.15	11.80	-6.66	7.28	-11.82	2.12

4.7 Monthly Risk Management Report & Comprehensive Risk Management Report:

In compliance with Bangladesh Bank, Risk Management Division prepares Monthly Risk Management Report (MRMR) & Comprehensive Risk Management Report and presents it before Executive Risk Management Committee on monthly basis & half yearly basis for taking necessary steps to mitigate various risks which are being submitted to Bangladesh Bank in time.

4.8 Internal Capital Adequacy Assessment Process (ICAAP) Report:

Internal Capital Adequacy Assessment Process (ICAAP), including an evaluation of the bank's preferred risk profile, the actual risks identified, the means by which they will be mitigated, and what risks will be covered by capital. The ICAAP reporting must be approved by the Board of Directors of the banks before submitting to Bangladesh Bank. The information provided in the ICAAP reporting will be verified by Inspection Departments of Bangladesh Bank. In the year 2020 SBAC Bank sent the ICAAP Report along with Supplementary Documents to the Bangladesh Bank after getting approval from the Board of Directors. Besides the ICAAP Report based on December 2020 will be submitted in time.

4.9 Policy & Strategy:

Risk Management Division of SBAC Bank prepares different types of policy & strategy to fulfill the compliance of Bangladesh Bank and effectively monitor & control the various risk of the bank. The core risks management committee of the bank and Executive Risk Management Committee take necessary strategy for improving of CAMELS rating, operating expenses, and classified loans ratio, recovery of classified loan, written-off loans, interest waiver, and base rate calculation methodology.

5. Preparedness in Implementation of Basel-III:

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. These new global regulatory and supervisory standards mainly address 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 the risk-based capital measure;





- Raise the standards for the supervisory review process (Pillar 2); and
- Public disclosures (Pillar 3) etc.

Bangladesh Bank vide BRPD Circular No. 18 dated December 21, 2014 issued Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel-III). The Bank's implementation status of Basel-III guidelines is as under:

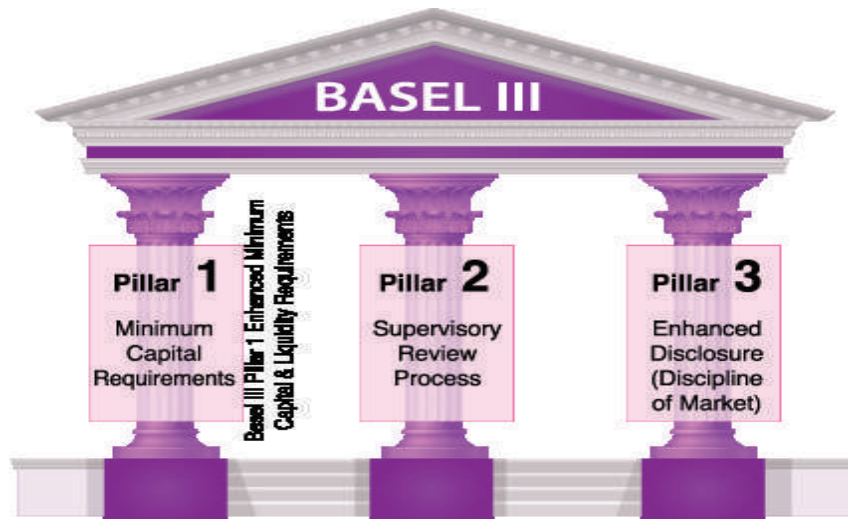
Particulars	Basel-III required for 2021	Bank Position	Remarks
Minimum Common Equity Tire-1 (CET-1) Capital Ratio	4.50%	13.47%	Excess 8.97%
Minimum Capital plus Capital Conservation Buffer (Buffer 2.50%)	7.00%	13.47%	Excess 6.47%
Minimum T-1 Capital Ratio	6.00%	13.47%	Excess 7.47%
Minimum Total Capital Ratio	10.00%	13.94%	Excess 3.94%
Minimum Total Capital plus Capital Conservation Buffer	12.50%	13.94%	Excess 1.44%
Phase – in of deduction from Tier-1: Excess Investment over 10% of a bank's equity in the equity of Bank	100.00%	Nil	-
Phase – in of deduction from Tier-2 Revaluation Reserve (RR): RR for Fixed Assets, Securities and Equity	100.00%	Nil	-
Leverage Ratio	3.00%	10.09%	Excess 7.09%
Liquidity Coverage Ratio	≥ 100%	119.84%	Excess 19.84%
Net Stable Funding Ratio	> 100%	208.84%	Excess 108.84%

Conclusion:

From the above it appears that SBAC Bank is trying to manage all risks relating to its activities and services efficiently and effectively as well as improving the risk management rating of the Bank. Risk Management Rating will have a significant effect on its CAMELS rating. Besides, this rating plays an important role in getting branch license, AD license and permission for dividend declaration etc. for banks. In this context, the meetings of Risk Management Committee of the Board, Executive Risk Management Committee and SRP Team of the Bank were held properly to instruct the Risk Management Division for minimizing the risk of the Bank.

Mohammad Nawaz
Chairman, Risk Management Committee

Disclosure on Risk Based Capital under Basel-III



SOUTH BANGLA AGRICULTURE & COMMERCE BANK LTD.

As on 31 December 2021

The purpose of Market Discipline in Basel III is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market Discipline is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a Bank regarding the 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, South Bangla Agriculture & Commerce Bank Limited (SBACBL) has developed a set of disclosures called “Disclosures on Risk Based Capital (Basel III)” which contains a key piece of information on the assets, risk exposures, risk assessment process, and hence the capital adequacy to meet the risks in accordance with Bangladesh Bank guidelines.

1.0 Scope of Application:

Qualitative Disclosure	
a)	<p>The name of the top corporate entity in the group to which this guideline applies;</p> <p>South Bangla Agriculture & Commerce Bank Limited (SBACBL)</p>
b)	<p>An outline of differences in the basis of consolidation for accounting & regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated, (b) that are given a deduction treatment, and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted);</p> <p>The disclosure made in the following sections has addressed SBACBL as a single entity (Solo Basis) as well as a consolidated entity (Consolidated Basis), the scope of which is as under:</p> <ul style="list-style-type: none"> • ‘Solo Basis’ refers to all positions of the Bank including the Offshore Banking Unit. • ‘Consolidated Basis’ refers to all positions of the Bank and its Subsidiaries. <p>The Consolidated Financial Statements of SBACBL include the Financial Statements of:</p> <ul style="list-style-type: none"> • South Bangla Agriculture & Commerce Bank Limited • SBAC Bank Investment Limited <p>A brief description of the Bank and its subsidiaries is given below:</p> <ul style="list-style-type: none"> • South Bangla Agriculture & Commerce Bank Limited (SBACBL) <p>SBACBL was formed as a public limited banking company incorporated in</p>





		<p>Bangladesh with the primary objective to carry on all kinds of banking business in and outside Bangladesh.</p> <p>South Bangla Agriculture and Commerce Bank Limited (the Bank) is a scheduled commercial bank. Incorporated as a public limited company under the Companies Act 1994, the Bank obtained a license from Bangladesh Bank on 25th March 2013 and started its banking business on 28th April 2013. The number of branches was 84 (eighty four) and sub-branches were 21 (Twenty one) as on 31 December 2021 all over Bangladesh. The principal activities of the Bank are to carry on all kinds of commercial banking business in Bangladesh.</p> <p>Offshore Banking Unit</p> <p>The Off-shore Banking Unit (OBU) of the Bank is a separate business entity governed by the applicable rules & regulations and guidelines of Bangladesh Bank. The Bank obtained permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as on 31 December 2021, located at International Division, Head Office, and Dhaka.</p> <p>The principal activities of the OBUs are to provide commercial banking services through its Unit within the rules & regulations and guidelines of Bangladesh Bank applicable for the Off-shore Banking Units.</p> <p>Subsidiaries of South Bangla Agriculture & Commerce Bank Limited:</p> <p>The Bank has 01 (One) Subsidiary company as on 31 December 2021 – 1) SBAC Bank Investment Limited (SBACBIL).</p> <ul style="list-style-type: none"> • SBAC Bank Investment Limited (SBACBIL). <p>SBAC Bank Investment Limited is a Subsidiary Company of SBAC Bank Limited incorporated as a Private Limited Company with the Registrar of Joint Stock Companies and Firms vide certificate of incorporation no.C-169950/2021, dated 21 March 2021 under the Companies Act-1994. The Main objective of the company is to act as a full-fledged Stock Broker & Stock Dealer to execute buy and sell orders and to maintain its own portfolio as well as customers' portfolios under the discretion of customers. The company also will perform the other activities related to Capital Market.</p>
c)	Any restrictions, or other major impediments, on the transfer of funds or regulatory capital within the group;	Not applicable.
d)	The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) is included in the capital of the consolidated group;	Not applicable.

2.00 Capital Structure:

Qualitative Disclosure	
<p>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 Tier 2;</p>	<p>In accordance with the Risk Based Capital Adequacy Guidelines issued by Bangladesh Bank in December 2014, the Capital Structure of the Bank is categorized into two Tiers – 1) Tier I and 2) Tier II. The components of the total regulatory capital are enumerated as under:</p> <ol style="list-style-type: none"> 1. Tier 1 Capital (going-concern capital) <ol style="list-style-type: none"> a. Common Equity Tier 1 b. Additional Tier 1 2. Tier 2 Capital (gone-concern capital) <p>Tier 1 Capital: (Going-concern capital)</p> <p>Going-concern capital is the capital which can absorb losses without triggering the bankruptcy of the Bank. As such, from a regulatory capital perspective, Tier 1 capital is the core measure of a Bank’s financial strength.</p> <p>As per the guidelines of Bangladesh Bank, CET-1 Capital is comprised the following:</p> <ol style="list-style-type: none"> a) Paid up capital b) Non-repayable share premium account c) Statutory reserve d) General reserve e) Retained earnings f) Dividend equalization reserve g) Minority interest in subsidiaries, i.e. common shares issued by consolidated subsidiaries of the Bank and held by third parties. <p>Additional Tier 1 (AT 1) Capital consists of the following items:</p> <ol style="list-style-type: none"> a) Non-cumulative irredeemable preference shares b) Instruments issued by the Bank that meet the qualifying criteria for AT 1 (The instrument is perpetual i.e. there is no maturity date) c) Minority Interest, i.e., AT 1 issued by consolidated subsidiaries to third parties. <p>Tier 2 Capital: (Gone-concern capital)</p> <p>Gone-concern capital is the capital which will absorb losses only in a situation of liquidation of the Bank. Gone-concern capital is also called Tier 2 capital. Gone-concern capital represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank.</p> <p>Tier 2 Capital consists of following items:</p> <ol style="list-style-type: none"> a) General provisions; (maximum 1.25 % of risk weighted assets) b) All other preference shares c) Subordinated debt/instruments issued by the Bank that meet the qualifying criteria for Tier 2 capital; (Minimum original maturity of at least five years) d) Minority interest i.e. Tier 2 issued by consolidated subsidiaries to third parties; <p>As per the guidelines of Bangladesh Bank, Tier-1 capital of SBACBL consists of (i) Fully paid-up capital, (ii) Statutory reserve, (iii) General reserve, (iv) Retained earnings and (v) Minority interest in subsidiaries.</p>





The amount of regulatory capital of the Bank as on 31 December 2021 is stated below:

		<i>BDT in Crore (where applicable)</i>	
Sl.	Particulars	Solo	Consolidated
1	Tier 1 (Going-concern capital)		
1.1	Common Equity Tier 1 (CET 1)		
1.1.1	Paid-up capital	784.65	784.65
1.1.2	Non-repayable share premium account	0.00	0.00
1.1.3	Statutory reserve	194.75	194.75
1.1.4	General reserve	0.00	0.00
1.1.5	Retained earnings	69.94	70.45
1.1.6	Dividend equalization reserve	0.00	0.00
1.1.7	Minority interest in subsidiaries	0.00	0.04
1.1.8	Sub-total (1.1.1 to 1.1.7):	1,049.33	1,049.89
1.2	Less: Regulatory Adjustment		
1.2.1	Goodwill and all other intangible assets	1.59	2.59
1.2.2	Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	1.26	1.26
1.2.3	Sub-total (1.2.1 to 1.2.2):	2.85	3.85
	Total Common Equity Tier (CET) -1 Capital (1.1.8-1.2.3)	1,046.48	1,046.04
1.3	Additional Tier 1 (AT 1)		
1.3.1	Non cumulative irredeemable preference shares	0.00	0.00
1.3.2	Instruments (perpetual in nature)	0.00	0.00
1.3.3	Minority interest; i.e. AT1 issued by consolidated subsidiaries	0.00	0.00
	Sub-total (1.3.1 to 1.3.3):	0.00	0.00
	Total Tier 1 Capital (CET 1 + AT 1)	1,046.48	1,046.04
2	Tier 2 (Gone-concern capital)		
2.1.1	General provision	36.97	36.97
2.1.2	Subordinated debt	0.00	0.00
2.1.3	Revaluation reserve	--	--
2.1.4	Sub-total (2.1.1 to 2.1.3)	36.97	36.97
2.2	Less: Regulatory Adjustment		
2.2.1	Subordinated Bond – cross holding	0.00	0.00
2.2.2	Revaluation Reserve	--	--
2.2.3	Sub-total (2.2.1 to 2.2.2)	0.00	0.00
	Total Tier 2 Capital (2.1.4-2.2.2)	36.97	36.97
	Total Eligible Capital (Tier 1 + Tier 2)	1,083.45	1,083.00

* As per Bangladesh Bank letter reference no. DBI-3/132/2022-617 dated April 19, 2022, Bank has total provision shortfall of Tk. 55.79 crore (Tk. 40.03 crore against unclassified loans and advances, Tk. 11.12 crore against classified loans and advances, Tk. 4.64 crore against special general provision for COVID-19). As per Bangladesh Bank letter reference no. DOS (CAMS)1157/41(dividend)/2022-2224 dated April 25, 2022, the Bank has to maintain shortfall specific provision of Tk. 11.12 in the current year and the rest of the amount of Tk. 44.67 crore has to be maintained in the year 2022, 2023 & 2024 equally.

3.00 Capital Adequacy:

Qualitative Disclosure		
a)	A summary discussion of the Bank's approach for assessing the adequacy of its capital to support current and future activities;	<p>Methodology of Capital Adequacy Determination:</p> <p>The Bank has computed the Capital to Risk Weighted Ratio (CRAR) adopting the following approaches:</p> <ol style="list-style-type: none"> a. Standardized Approach for Credit Risk to Compute Capital to Risk Weighted Ratio under Basel III, using national discretion for: <ul style="list-style-type: none"> • Accepting the credit rating agencies as External Credit Assessment Institutions (ECAI) for claims on corporate and eligible SME customers. • Accepting Credit Risk Mitigation (CRM) against the financial securities. b. Standardized (rule based) Approach for Market Risk and c. Basic Indicator Approach for Operational Risk. <p>Assessment of the Adequacy of Capital:</p> <p>For assessing Capital Adequacy, the Bank has adopted a Standardized Approach for Credit Risk measurement, a Standardized (Rule Based) Approach for Market Risk measurement, and Basic Indicator Approach for Operational Risk measurement.</p> <p>The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. SBACBL has been generating most of its incremental capital from retained profit (stock dividend and statutory reserve transfer etc.) to support incremental growth of Risk Weighted Assets (RWA). Besides meeting regulatory capital requirements, the Bank maintains adequate capital to absorb material risk foreseen. Therefore, the Bank's Capital to Risk Weighted Assets Ratio (CRAR) remains consistently within the comfort zone. During the year 2021 the CRAR ranges from 12.92 % to 13.91% on a consolidated basis and from 13.01% to 13.94% on a solo basis against a minimum requirement of 10% (12.50% including Capital conservation buffer) of Risk Weighted Assets (RWA). Basel unit is taking active measures to identify, quantify, manage and monitor all risks to which the Bank's is exposed to.</p>

The Capital Requirement and Capital to Risk Weighted Asset Ratio (CRAR) of the Bank as on 31 December 2021 are as under:

Particulars	BDT in Crore (where applicable)	
	Solo	Consolidated
Capital requirement for credit risk	907.79	907.96
Capital requirement for market risk	68.65	68.40
Capital requirement for operational risk	106.72	106.64
Total capital requirement under Pillar-I	1,083.16	1,083.00
Total capital requirement under Pillar-I considering conservation buffer	971.27	973.26
Capital to risk weighted assets ratio (CRAR)	13.94%	13.91%
Common equity Tier-1 capital to risk weighted assets ratio	13.47%	13.43%
Tier 1 capital to risk weighted assets ratio	13.47%	13.43%
Tier 2 capital to risk weighted assets ratio	0.48%	0.47%
Capital conservation buffer	2.50%	2.50%
Available capital for Pillar 2	36.68	36.94



4.00 Credit Risk:

Qualitative Disclosure	
The general qualitative disclosure requirement with respect to credit risk, including:	
a)	<p>Definitions of past due and impaired (for accounting purposes);</p> <p>As per relevant guidelines of Bangladesh Bank, the impaired loans and advances are defined on the basis of (i) Objective / Quantitative criteria and (ii) Qualitative judgment. For this purpose, all loans and advances are grouped into four (4) categories namely- (a) Continuous Loan (b) Demand Loan (c) Fixed Term Loan, and (d) Short-term Agricultural & Micro Credit.</p> <p>Definition of past due/overdue:</p> <ol style="list-style-type: none"> i. 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; ii. 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; iii. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after 6 (six) months of the expiry date; iv. 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. <p>However, a continuous loan, demand loan, or a term loan which will remain overdue for a period of 2 (two) months or more, will be put into the “Special Mention Account (SMA)”, the prior status of becoming the loan into impaired/ classified/ non-performing.</p> <p>Definition of impaired/classified / non-performing loans and advances are as follows:</p> <p>Classified loans are categorized into:</p> <ol style="list-style-type: none"> 1. Sub-standard 2. Doubtful 3. Bad & Loss <p>Any Continuous, Demand, Fixed Term Loan, or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/ overdue:</p> <ul style="list-style-type: none"> ➤ a period of 3 months or beyond but less than 9 months, the entire loan will be put into the “Sub-Standard (SS)”. ➤ a period of 9 months or beyond but less than 12 months, the entire loan will be put into the “Doubtful (DF)”. ➤ a period of 12 months or beyond, the entire loan will be put into the “Bad/ Loss (B/L)”. <p>In the case of Short-term Agricultural and Micro-Credit, the loans will be considered:</p> <ul style="list-style-type: none"> • ‘Sub-standard’ if the irregular status continuous for a period of 12 months from the stipulated due date as per the loan agreement; • ‘Doubtful’ if the irregular status continuous for a period of 36 months

	<p>from the stipulated due date as per the loan agreement;</p> <ul style="list-style-type: none"> • ‘Bad & loss’ if the irregular status continuous for a period of 60 months from the stipulated due date as per loan agreement. <p>In the case of Cottage, Micro, and Small credits under CMSME, the loans will be considered:</p> <ul style="list-style-type: none"> • ‘Sub-standard’ if a Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan remain(s) past due/overdue for a period of 06 (six) months or beyond but less than 18 (eighteen) months; • ‘Doubtful’ if a Continuous Loan, Demand Loan, Fixed Term Loan, or any installment(s)/part of installment(s) of a Fixed Term Loan remain(s) past due/overdue for a period of 18 (eighteen) months or beyond but less than 30 (thirty) months; • ‘Bad & loss’ if a Continuous loan, Demand loan, Fixed Term Loan, or any installment(s)/part of installment(s) of a Fixed Term Loan remain(s) past due/overdue for a period of 30 (thirty) months or beyond, the entire loan will be classified as "Bad/Loss (B/L)". <p>N.B: Loans except for Short-term Agricultural & Micro-Credit in the "Special Mention Account" and "Sub-Standard" will not be treated as a defaulted loan for the purpose of section 27KaKa(3) [read with section 5(GaGa)] of the Banking Companies Act, 1991</p>																																																											
<p>b) Approaches followed for specific and general allowances and statistical methods;</p>	<p>As per the guideline of Bangladesh Bank regarding the provisioning of loans & advances, the Bank has followed the following approaches in calculating the specific & general provisions:</p> <table border="1" data-bbox="553 1341 1461 2033"> <thead> <tr> <th colspan="2" rowspan="2">Types of Loans & Advances</th> <th colspan="5">Rate of provision requirements</th> </tr> <tr> <th>UC</th> <th>SMA</th> <th>SS</th> <th>DF</th> <th>BL</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Consumer</td> <td>Credit Card and Loans to Professionals</td> <td>2%</td> <td>2%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td>Housing Finance</td> <td>1%</td> <td>1%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td>Other than Credit Card, Housing Finance & Loans to Professionals</td> <td>2%</td> <td>2%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td colspan="2">Brokerage House, Merchant Banks, Stock Dealers, etc.</td> <td>2%</td> <td>2%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td colspan="2">Short Term Agri. Credit and Micro Credit</td> <td>1%</td> <td>--</td> <td>5%</td> <td>5%</td> <td>100%</td> </tr> <tr> <td colspan="2">Small & Medium Enterprise Finance</td> <td>0.25%</td> <td>0.25%</td> <td>5%</td> <td>20%</td> <td>100%</td> </tr> <tr> <td colspan="2">Others</td> <td>1%</td> <td>1%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> </tbody> </table> <p>Methods used to measure Credit Risk:</p>	Types of Loans & Advances		Rate of provision requirements					UC	SMA	SS	DF	BL	Consumer	Credit Card and Loans to Professionals	2%	2%	20%	50%	100%	Housing Finance	1%	1%	20%	50%	100%	Other than Credit Card, Housing Finance & Loans to Professionals	2%	2%	20%	50%	100%	Brokerage House, Merchant Banks, Stock Dealers, etc.		2%	2%	20%	50%	100%	Short Term Agri. Credit and Micro Credit		1%	--	5%	5%	100%	Small & Medium Enterprise Finance		0.25%	0.25%	5%	20%	100%	Others		1%	1%	20%	50%	100%
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Others		1%	1%	20%	50%	100%																																																						





		<p>As per Bangladesh Bank Guidelines, the Bank follows Standardized Approach for measurement of Credit Risk adopting the credit rating agencies as External Credit Assessment Institutions (ECAIs) for claims on Bank & Non-banking Financial Institutions (BNBFIs), Corporate & eligible SME Customers and Credit Risk Mitigation (CRM) against the financial securities & guarantees of loan exposure.</p>
<p>c)</p>	<p>Discussion of the bank's credit risk management policy;</p>	<p>Credit risk arises while the borrowers or counterparty to a financial transaction fails to discharge an obligation as per agreed covenants, resulting in financial loss to the Bank. Credit exposures may arise from both the banking and trading books as well as Off-Balance sheet exposures. Credit risk is managed in the SBACBL through a framework that spells out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the risk function. All credit exposure limits are approved within a defined credit approval authority framework. Credit policies and standards are considered and approved by the Board of Directors.</p> <p>4.1 Credit Risk Identification</p> <p>Risk measurement plays a central role, along with judgment and experience, in informing risk taking and portfolio management decisions. The Guidelines issued by Bangladesh Bank on Internal Credit Risk Rating (ICRR) System has been following meticulously. The ICRR is used to assess the client along with a range of quantitative and qualitative factors. Our credit grades against Corporate & Medium clients are supported by external credit grades, and ratings assigned by external Rating Agencies.</p> <p>4.2 Credit Approval</p> <p>Major credit exposures to individual borrowers, groups of connected counterparties, and portfolios of retail exposures are reviewed and recommended for approval by the competent authority of the risk review units. All credit approval authorities are delegated by the Board of Directors to executives based on their capability, experience & business acumen. Credit origination and approval roles are segregated in all cases. The ICRR is an integral part of the credit approval process.</p> <p>4.3 Credit Monitoring</p> <p>We regularly monitor credit exposures, portfolio performance, and external trends through the relationship and credit administration team at the Branch and Head Office. Internal risk management reports containing information on key environmental, political, and economic trends across major portfolios, portfolio delinquency & loan impairment performance; as well as credit grade migration are presented to the Credit Risk Management (CRM) Monitoring Cell. The CRM Monitoring Cell meets regularly to assess the impact of external events and trends on the credit risk portfolio and to define and implement our response in terms of appropriate changes to portfolio shape, underwriting standards, risk policy, and procedures. Accounts or Portfolios are placed on Early Alert (EA) when they display signs of weakness or financial deterioration. Account plans are re-evaluated and remedial actions are agreed upon and monitored. In Retail Banking, portfolio delinquency trends are monitored continuously at a detailed level. Individual customer</p>



behavior is also tracked and informed in lending decisions. Accounts which are past due are subject to a collections process, monitored in collaboration with the relationship manager by the risk function. Charged-off accounts of the Bank are managed by specialist recovery teams of the Recovery Division.

4.4 Concentration Risk

Credit concentration risk is managed within concentration caps set for the counterparty or groups of the connected counterparty, for the industry sector; and for the product. Additional targets are set and monitored for concentrations by the credit committee. Credit concentrations are monitored by the responsible risk committees in each of the businesses and concentration limits that are material to the Bank are reviewed and approved at least annually by the Board of Directors.

4.5 Credit Risk Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, insurance, and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation, and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types. Collateral types which are eligible for risk mitigation include; cash, residential, commercial, and industrial property; fixed assets such as motor vehicles, plant and machinery, marketable securities, commodities, bank guarantees, and letters of credit. Collateral is valued in accordance with our Methodology for Valuation of Security/Collateral Assets, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral. Collateral held against impaired loans is maintained at fair value.

Distribution of Credit Exposure by Major Types:

Types of Credit Exposure	BDT in Crore	%
Agricultural Loan	185.61	2.81%
Industrial Loan (other than working capital)	412.74	6.26%
Working capital Loan	1403.29	21.28%
Export Credit	309.77	4.70%
Import Credit	428.33	6.49%
Commercial Loan	2349.68	35.63%
RMG & Textile	692.02	10.49%
Ship building and ship breaking Loan	53.27	0.81%
Construction Loan	96.87	1.47%
Transport and Communication Loan	32.69	0.50%
Consumer Credit	90.11	1.37%
All Others Loans	541.19	8.21%
Total	6,595.57	100.00%

Geographical Distribution of Credit Exposure:





Division	BDT in Crore	%
Dhaka Division	4,399.48	66.70%
Chittagong Division	869.45	13.18%
Khulna Division	799.02	12.11%
Rajshahi Division	172.50	2.62%
Sylhet Division	159.96	2.43%
Barisal Division	35.52	0.54%
Rangpur Division	156.67	2.38%
Mymensingh	2.96	0.04%
Total	6,595.57	100.00%

Industry Type Distribution of Exposure:

Types of Credit Exposure	BDT in Crore	%
Agriculture, fisheries, and forestry	18.56	0.28%
Agro base processing industries	573.94	8.70%
Small & medium enterprise financing (SMEF)	2,441.59	37.02%
RMG & textile industries	692.02	10.49%
Hospitals, clinics & medical colleges	53.60	0.81%
Trade & commerce	551.64	8.36%
Transport and communications	32.69	0.50%
Rubber & plastic industries	102.28	1.55%
Iron, steel & aluminum industries	296.36	4.49%
Printing & Packaging industries	9.24	0.14%
Other manufacturing industries	597.58	9.06%
Housing & construction industries	87.09	1.32%
Consumer credit	90.11	1.37%
Others	1,048.85	15.90%
Total	6,595.57	100.00%

Residual Contractual Maturity wise Distribution of Exposure:

Particulars	BDT in Crore
On demand	669.01
Within one month	493.27
Within one to three months	1,641.04
Within three to twelve months	2,410.89
Within one to five years	1,123.30
More than five years	258.05
Total	6,595.57

Loans & Advances and Provision:

Particulars	BDT in Crore	
	Loans & Advances	Provision Against Loans & Advances
Total loans and advances	6,595.57	239.74
Un-classified loans & advances (including special general provision COVID-19)	6,209.48	20.13
Specific provision maintained against unclassified loans (Special rescheduling, Stay order & NOC from Bangladesh Bank)		102.63
Classified loans and advances	386.09	116.98
Sub-standard (SS)	25.94	4.69
Doubtful (DF)	89.02	10.37
Bad & loss (BL)	271.13	101.92
Off-balance sheet Items	1,853.98	16.84
Gross Non Performing Assets (NPAs):		
Particulars	BDT in Crore	
Gross non-performing assets (NPAs)	386.09	
Total loans and advances	6,595.57	
NPAs to outstanding loans & advances (%)	5.85%	
Movement of Non-Performing Assets (NPAs):		
Particulars	BDT in Crore	
Opening balance	356.80	
Additions	122.72	
Reductions	93.43	
Closing balance	386.09	
Movement of Specific Provisions for NPLs:		
Particulars	BDT in Crore	
Opening balance	156.68	
Less: Adjustment due to write-off	-	
Less: Waiver during the year	-	
Add: Recoveries of amount previously written off	-	
Provisions made during the period	62.94	
Closing Balance	219.62	



5.00 Equities: Disclosures for Banking Book Positions:

Qualitative Disclosures

The general qualitative disclosure with respect to equity risk, including:

- a) Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and
- 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 main purpose of holding of equity exposure is for capital gain. The Bank holds equity exposure within set rules of Bangladesh Bank. The quoted shares are valued at market price and the unquoted shares are valued at their cost price.

Particulars	BDT in Crore	
	Cost Price	Market Price
Investment In quoted share	126.35	116.83

Particulars	BDT in Crore
Realized gains	12.35
Unrealized gains	1.69
Unrealized losses	(11.21)
Net unrealized gains/(loss)	(9.52)
Capital requirement for equity risk (specific & general)	23.34

Capital Requirement as per Grouping of Equity:			BDT in Crore		
Sector	Cost Price	Market Price	Capital Charge		
			Specific Risk	General Market Risk	Total
Bank	12.04	12.53	1.25	1.25	2.51
Financial Institution	6.43	5.25	0.52	0.52	1.05
Insurance	25.61	22.81	2.28	2.28	4.56
Fuel & Power	6.87	6.46	0.65	0.65	1.29
Mutual Fund (UN-BLOCK)	10.17	10.05	1.00	1.00	2.01
Engineering	12.82	11.19	1.12	1.12	2.24
Chemical & Pharmaceutical	26.62	26.21	2.62	2.62	5.24
Textile	5.59	4.19	0.42	0.42	0.84
Service	6.50	5.60	0.56	0.56	1.12
Tannery	0.80	0.69	0.07	0.07	0.14
Telecommunication	6.31	6.14	0.61	0.61	1.23
Cement	1.89	1.35	0.14	0.14	0.27
Miscellaneous	4.69	4.24	0.42	0.42	0.85
Total	126.35	116.71	11.67	11.67	23.34

6.00 Interest Rate Risk in the Banking Book (IRRBB):

Qualitative Disclosures	
a)	<p>The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan repayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.</p> <p>The interest rate in the Banking Book reflects the shocks to the financial position of the bank including potential loss that the Bank may face in the event of an adverse change in market interest rate. This has an impact on the earnings of the bank through Net Interest Earnings as well as on the Market Value of Equity or net worth. Thus this risk would have an impact on both earning potential and economic value of the Bank.</p> <p>The Bank uses Duration Gap Analysis (DGA) for the deriving value of capital requirement for interest rate risk.</p> <p>The Bank ensures that interest rate risk is not included within the market risk. The Bank has calculated the rate sensitive assets and liabilities with a maturity of up to 12 months bucket and applied the sensitivity analysis to measure the level of interest rate shock on its capital adequacy.</p>

a)	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 for measuring IRRBB, broken down by currency (as relevant).	<i>BDT in Crore</i>			
		Particulars	Up to 3 months	3-6 months	6-12 months
		Rate sensitive assets (RSA)	1,998.69	1,918.06	1,923.08
		Rate sensitive liabilities (RSL)	3,023.83	1111	1113.27
		Gap (RSA-RSL)	-1,025.14	807.06	809.81
		Interest Rate Shock on Capital			<i>BDT in Crore</i>
		Total regulatory capital			1,083.45
		Total risk weighted assets (RWA)			7,770.17
		Capital to risk weighted asset ratio (CRAR)			13.94%
		<i>BDT in Crore (where applicable)</i>			
		Assumed decrease in interest Rate	1%	2%	3%
		Change in market value of equity	(95.70)	(191.41)	(287.12)
		Capital after shock	987.34	892.04	796.33
		CRAR after shock	12.72%	11.49%	10.26%
Decrease in CRAR	1.22%	2.45%	3.68%		

7.00 Market Risk:

Quantitative Disclosures	
Market risk is a trading book concept. It may be defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The market risk positions are subject to the risks pertaining to interest rate related instruments & equities in the trading book and foreign exchange risk & commodities risk throughout the Bank. This signifies the risk of loss due to a decrease in market portfolio arising out of market risk factors. It may be mentioned that the Bank considers Interest Rate Risk on Banking Book separately.	
a)	Views of Board of The Board approves all policies related to market risk, sets limits, and



	Directors on trading/ investment activities;	reviews compliance on a regular basis. The objective is to provide cost effective funding last year to finance asset growth and trade related transactions.
b)	Methods used to measure Market Risk;	Standardized (rule based) approach is used to measure the market risk of the Bank whereas for interest rate risk and equity risk both General and specific risk factors are applied for calculating capital charge and for foreign exchange and commodities only general risk factors is applied.
c)	Market Risk Management system;	The duties of managing the market risk including liquidity, interest rate, and foreign exchange risk lies with the Treasury Division under the supervision of ALCO. The ALCO is comprised of senior executives of the Bank, who meets at least once a month. The committee evaluates the current position of the bank and gives direction to mitigate the market risk exposure to a minimum level.
d)	Policies and processes for mitigating market risk;	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 risk. The exchange rate committee of the Bank meets on a daily basis to review the prevailing market condition, exchange rate, forex position, and transactions to mitigate foreign exchange risks.

Capital Charges for Market Risk	BDT in Crore
Interest Rate Related instruments	15.69
Equities	23.34
Foreign Exchange Position	10.22
Commodities	-
Total	49.25

8.00 Operational Risk:

Quantitative Disclosures	
Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Recognizing the importance of information technology in the banking business, the Bank has considered information technology risk as an independent risk.	
a)	Views of Board of Directors on the system to reduce Operational Risk;
	The policy for operational risks including internal control and compliance risk 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 continuous surveillance, the Senior Management Team (SMT), Risk Management Division regularly reviews different aspects of operational risk. The analytical assessment was reported to the Board/ Risk Management Committee/Audit Committee of the Bank for review and formulating appropriate policies, tools & techniques for mitigating operational risk.
b)	Performance gap of
	The Bank identifies the loop holes among the effectiveness of the

	executives and staff;	employees and executives, these loop holes are removed by arranging appropriate training programs, offering competitive packages and providing the best working environment. In this process, the Bank kept the performance gap of executives and staff to a minimum level.
c)	Potential external event;	No potential external event is expected to expose the Bank to significant operational risk. The Bank has a separate Operational Risk Policy addressing specific issues involving Operational Risk.
d)	Policies and processes for mitigating operational risk;	Operational Risk is inherent in every business organization and covers a wide spectrum of issues. In order to mitigate this, internal control and internal audit systems are used as the primary means. SBAC Bank Limited manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the bank stays in line with industry best practices and takes account of lessons learned from publicized operational failures within the financial services industry. SBAC Bank Limited has an operational risk management process which explains how the bank manages its operational risk by identifying, assessing, monitoring, controlling, and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with Bangladesh Bank's requirements. Operational risk management responsibility is assigned to different level of management within the business operation. Information systems are used to record the identification and assessment of operational risks and to generate appropriate regular management reporting. Risk assessment incorporates a regular review of identified risks to monitor significant changes.
e)	Approach for calculating capital charge for operational risk;	Basic Indicator Approach is used to measure Operational Risk where capital charge is 15% on last three years average positive gross income of the Bank.

Capital Charges for Operational Risk

					BDT in crore
Basis	Operational Risk	2019	2020	2021	Capital Charge
Solo	Gross Income	472.91	418.45	639.79	76.56
Consolidated	Gross Income	472.91	418.45	640.95	76.62

9.00 Leverage Ratio:

Qualitative Disclosures		
a)	Views of Board of Directors on system to reduce Liquidity Risk;	The Leverage Ratio is a non-risk based measure introduced to monitor and build-up of leverage on credit institutions balance sheets aiming at containing the cyclicity of lending. It is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is calculated by dividing Tier 1 capital by assets (both on and off-balance sheet items).





		The policy for Leverage Ratio including off and on balance sheet exposure and capital related policy. The Bank has a well-structured delegation and sub-delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for any credit approval in line with the credit committee consisting of the senior management of the bank.
b)	Policies and processes for managing excessive on and off-balance sheet leverage;	SBAC Bank Limited has policies and processes in place for the identification, management and monitoring of the risk of excessive leverage. SBACBL maintains the leverage ratio above the regulatory limit as a part of the Bank's risk appetite framework.
c)	Approach for calculating exposure;	<p>In order to measure the exposure consistently with financial accounts, the following approaches are applied by the bank:</p> <ol style="list-style-type: none"> I. On-balance sheet, non-derivative exposures are net of specific provisions and valuation adjustments (e.g. surplus/deficit on Available for Sale (AFS)/ Held-for-trading (HFT) positions). II. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure. III. Netting of loans and deposits is not allowed <p>A minimum Tier-1 leverage ratio of 3% is being prescribed by Bangladesh Bank both at solo and consolidated basis. The Bank maintains leverage ratio on quarterly basis. The status of leverage ratio at the end of each calendar quarter is submitted to Bangladesh Bank showing the average of the month based on capital and total exposure. The formula of Leverage Ratio is as under:</p> $\text{Leverage Ratio} = \frac{\text{Tier - 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$

BDT in Crore

Particulars	Solo	Consolidated
Tier 1 Capital*	1,046.48	1,046.04
On Balance Sheet Exposure	5,662.55	5,677.85
Off-Balance Sheet Exposure	849.56	849.56
Total Deductions from On and Off-Balance Sheet Exposure/ Regulatory adjustments made to Tier 1 capital	2.85	3.85
Total Exposure	10,373.66	10,372.66
Leverage Ratio	10.09%	10.08%

*Considering all regulatory adjustments

10.00 Liquidity Ratio:

Quantitative Disclosures		
a)	Views of BOD on system to reduce liquidity Risk;	<p>As per the BRPD Circular no. 18 dated 21 December 2014, Bangladesh Bank has strengthened the liquidity framework by developing two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives.</p> <p>The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. Liquidity Coverage Ratio (LCR) addresses this Objective.</p> <p>The second objective is to promote resilience over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis. The Net Stable Funding Ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.</p>
b)	Methods used to measure Liquidity Risk;	<p>Liquidity measurement involves assessing all of a bank's cash inflows against its outflows to identify the potential for any net shortfalls including funding requirements for off-balance sheet commitments.</p> <p>An important aspect of measuring liquidity is making assumptions about future funding needs, both in the very short-term and for long time periods. Another important factor is the ability to access funds readily and at reasonable terms. Several key liquidity risk indicators monitored on a regular basis to ensure healthy liquidity position are as follows:</p> <ul style="list-style-type: none"> ❖ Cash Reserve Ratio (CRR) ❖ Statutory Liquidity Requirement (SLR) ❖ Credit Deposit Ratio (CDR) ❖ Liquidity Coverage Ratio (LCR) ❖ Net Stable Funding Ratio (NSFR) ❖ Structural Liquidity Profile (SLP) ❖ Maximum Cumulative Outflow (MCO) ❖ Medium Term Funding Ratio (MTFR) ❖ Liquid Asset to Total Deposit Ratio (LATDR) ❖ Liquid Asset to Short Term Liabilities (LASTL) etc.
c)	Liquidity Risk management system;	<p>SBACBL maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits to manage liquidity risk. The prime responsibility of the liquidity risk management of the Bank lies with Treasury Division under the supervision of ALCO, which maintains liquidity based on current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position etc.</p> <p>The intensity and sophistication of liquidity risk management process depend on the nature, size and complexity of a bank's activities. Sound liquidity risk management employed in measuring, monitoring and controlling liquidity risk is critical to the viability of the bank.</p> <p>The ALCO, which meets at least once in a month, is responsible for managing and controlling liquidity of the Bank. Treasury front office closely monitors and controls liquidity requirements on daily basis by appropriate</p>





		coordination of funding activities and they are primarily responsible for management of liquidity in the Bank. A monthly projection of fund flows is reviewed in ALCO meeting regularly.
d)	Policies and processes for mitigating Liquidity Risk;	<p>In order to develop a comprehensive liquidity risk management framework, the Bank has a Board approved Contingency Funding Plan (CFP). A set of policies and procedures that serves as a blueprint for the Bank to meet its funding needs in a timely manner and at a reasonable cost. In this sense, a Contingency Funding Plan (CFP) is an extension of ongoing liquidity management and formalizes the objectives of liquidity management by ensuring:</p> <ul style="list-style-type: none"> A. Maintenance of a reasonable amount of liquid assets; B. Measurement and projection of funding requirements and C. Management of access to funding sources. <p>CFP also provides directions for plausible actions in distress and emergency situations. In case of a sudden liquidity stress, it is important for the Bank to be seemed organized and efficient to meet its obligations to the stakeholders.</p> <p>Maturity ladder of cash inflows and outflows are effective tool to determine a bank's cash position. A maturity ladder estimates a banks cash inflows and outflows and thus net deficit or surplus (GAP) on a day to day basis and different buckets (e.g. 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years and over 5 years).</p>

Quantitative Disclosures																	
a)	Liquidity Coverage Ratio (LCR) liquid	<p>Liquidity Coverage Ratio (LCR) is a new liquidity standard built on the methodologies of traditional liquidity coverage ratio used by banks to assess exposure to contingent liquidity events. LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days.</p> $LCR = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash outflows over the next 30 calendar days}}$ <p>The minimum standard for LCR is greater than or equal to 100. However, the bank's status as on 31 December 2021 in this ratio is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: right;"><i>BDT in crore</i></th> </tr> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: left;">Regulatory Standard</th> <th style="text-align: left;">31-Dec-21</th> </tr> </thead> <tbody> <tr> <td>Total stock of high quality liquid assets</td> <td>Greater than or equal to 100%</td> <td style="text-align: right;">2,006.28</td> </tr> <tr> <td>Total net cash outflows over the next 30 calendar days</td> <td></td> <td style="text-align: right;">1,674.13</td> </tr> <tr> <td>Liquidity Coverage Ratio (LCR)</td> <td></td> <td style="text-align: right;">119.84%</td> </tr> </tbody> </table>	<i>BDT in crore</i>			Particulars	Regulatory Standard	31-Dec-21	Total stock of high quality liquid assets	Greater than or equal to 100%	2,006.28	Total net cash outflows over the next 30 calendar days		1,674.13	Liquidity Coverage Ratio (LCR)		119.84%
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Total net cash outflows over the next 30 calendar days		1,674.13															
Liquidity Coverage Ratio (LCR)		119.84%															

<p>b) Net Stable Funding Ratio (NSFR)</p>	<p>Net Stable Funding Ratio (NSFR) is another new liquidity standard introduced by the Basel Committee. The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on and off-balance sheet items.</p> <p>The minimum acceptable value of this ratio is 100 percent, indicating that Available Stable Funding (ASF) should be at least equal to Required Stable Funding (RSF). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability. RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or long-term and therefore require stable funding. The time horizon of the NSFR is one year, like the LCA, the NSFR calculations assume a stressed environment. The status of Net Stable Funding Ratio (NSFR) as on 31 December 2021 is as under:</p> <table border="1" data-bbox="535 761 1464 1075"> <thead> <tr> <th colspan="3" style="text-align: right;"><i>BDT in crore</i></th> </tr> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Regulatory Standard</th> <th style="text-align: center;">31-Dec-21</th> </tr> </thead> <tbody> <tr> <td>Available amount of stable funding (ASF)</td> <td rowspan="3" style="text-align: center;">Greater than 100%</td> <td style="text-align: right;">7,838.61</td> </tr> <tr> <td>Required amount of stable funding (RSF)</td> <td style="text-align: right;">3,753.46</td> </tr> <tr> <td>Net Stable Funding Ratio (NSFR)</td> <td style="text-align: right;">208.84%</td> </tr> </tbody> </table>	<i>BDT in crore</i>			Particulars	Regulatory Standard	31-Dec-21	Available amount of stable funding (ASF)	Greater than 100%	7,838.61	Required amount of stable funding (RSF)	3,753.46	Net Stable Funding Ratio (NSFR)	208.84%
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Net Stable Funding Ratio (NSFR)		208.84%												

11.00 Remuneration:

Qualitative Disclosures		
<p>a) Information relating to the bodies that oversee remuneration;</p>	<p>Managing Director, Senior Management Team (SMT) & Head of Human Resources Division govern the remuneration related policies and practices in alignment of the Bank's short & long term objectives. They play an independent role, operating as an overseer; and if required, makes recommendation to the Board of Directors of the Bank for its consideration and final approval for any remuneration related policy. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of senior management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance based compensation by ensuring effective remuneration policy, procedures and practices aligned with the Bank's strategy and applied consistency for all employee levels.</p>	
<p>b) Information relating to the design and structure of remuneration processes;</p>	<p>SBACBL has a flexible compensation and benefits system that helps to ensure pay equity is linked with performance that is understood by employees, and keeps in touch with employee desires and what's converted in the market, while maintaining a balance with the business affordability. The compensation and benefits are regularly reviewed through market and peer group study. The well-crafted total rewards help the Bank to attract, motivate and retain talent that produces desired business results. The structure and level of remuneration are reviewed time to time based on Bank's business performance and affordability. Other than the regular monthly payments and a good number of allowances, SBACBL has variety of market-competitive benefits schemes. The various cash and non-cash benefits include; Bank</p>	





		<p>provided chauffeured car facility for top level executives, car maintenance allowance, leave fare assistance, employee car loan facility, house building loan facility, festival bonus etc. SBACBL also provides long term as well as retirement benefits to employees, like leave encashment, provident fund, benefit under gratuity & superannuation fund etc.</p> <p>The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits.</p>
c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes;</p>	<p>The business risk including credit/default risk, compliance & reputational risk is mostly considered when implementing the remuneration measures for each employee/group of employee. Financial and liquidity risks are also considered.</p> <p>Different set of measures are in practice based on the nature & type of business lines/segments etc. These measures are primarily focused on the business target/goals set for each area of operation, branch vis-à-vis the actual results achieved as of the reporting date. The most vital tools & indicators used for measuring the risks are the asset quality (NPL ratio), Net Interest Margin (NIM), provision coverage ratio, credit deposit ratio, cost-income ratio, growth of net profit, as well the non-financial indicators, namely, the compliance status with the regulatory norms, instructions have been brought to all concerned of the Bank from time to time.</p> <p>While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly, the result of the performance varies from one to another and thus affects the remuneration as well.</p> <p>No material change has been made during the year 2021 that could affect the remuneration.</p>
d)	<p>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration;</p>	<p>The Board sets the Key Performance Indicators (KPIs) for the senior management while approving the business target/budget for each year for the Bank and business lines/segments. The management sets the appropriate tools, techniques, and strategic planning (with due concurrence/approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit, and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, the yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.</p>
e)	<p>Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance;</p>	<p>The Bank pays variable remuneration i.e. annual increment based on the yearly performance rating on a cash basis with the monthly pay. While the value of longer term variable part of remuneration i.e. the amount of Provident Fund, Gratuity Fund, Superannuation Fund are made provision on aggregate /individual employee basis; actual payment is made upon retirement, resignation, etc. as the case may be, as per rule.</p>
f)	<p>Description of the different forms of variable remuneration that the bank utilizes and the rationale for</p>	<p>A summary of Short-term and Long-term compensation plan are as follows:</p> <p>Total Compensation = Fixed Pay (Salary) + Variable Pay (Bonus) + Variable Pay (Long term incentive).</p> <p>Form of variable remuneration offered by SBAC Bank:</p>

	<p>using these different forms;</p>	<p>Cash Form:</p> <p>Short-Term Incentive/Rewards</p> <ol style="list-style-type: none"> 1. Yearly fixed and incentive bonus; 2. Yearly increment; 3. Business accomplishment financial award; 4. Car fuel and car maintenance allowance for executives; 5. Cash risk allowance for cashier; 6. Charge allowance for branch manager. <p>Long-Term Incentive/Rewards</p> <ol style="list-style-type: none"> 1. Provident fund; 2. Gratuity; 3. Employee house building loan with minimum interest rate; <p>Non-Cash Form:</p> <p>1) Short-Term Incentives/Rewards: Accelerate promotion for top talents; 2) Long-Term Incentives/Rewards: Foreign training award;</p>
g)	<p>Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member;</p>	<p>Meeting regarding overseeing the remuneration was held on need basis. No additional remuneration was paid for such meeting.</p>
h)	<p>i) Number of employees having received a variable remuneration award during the financial year;</p>	<p>Number of employees having received a variable remuneration award during the year 2021 was 997.</p>
	<p>ii) Number and total amount of guaranteed bonuses awarded during the financial year;</p>	<p>Nil</p>
	<p>iii) Number and total amount of sign-on awards made during the financial year;</p>	<p>Nil</p>
	<p>iv) Number and total amount of severance payments made during the financial year;</p>	<p>Nil</p>
i)	<p>i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms;</p>	<p>Nil</p>
	<p>ii) Total amount of deferred remuneration paid out in the financial year;</p>	<p>Nil</p>





j)	Breakdown of amount of remuneration awards for the financial year to show:	<p>Fixed and variable remuneration paid in 2021 are as follows:</p> <table border="1" data-bbox="537 300 1453 703"> <thead> <tr> <th>Particulars</th> <th>BDT in crore</th> </tr> </thead> <tbody> <tr> <td>Basic salary</td> <td>43.12</td> </tr> <tr> <td>House rent allowance</td> <td>20.58</td> </tr> <tr> <td>Other allowances</td> <td>29.66</td> </tr> <tr> <td>Festival bonus</td> <td>7.45</td> </tr> <tr> <td>Gratuity</td> <td>10.45</td> </tr> <tr> <td>Bank's contribution on provident fund</td> <td>4.17</td> </tr> <tr> <td>Incentive bonus</td> <td>6.14</td> </tr> <tr> <td>Total</td> <td>121.58</td> </tr> </tbody> </table> <p>Deferred and non-deferred: Non-deferred paid during the year 2021: Nil</p> <p>Different forms used (cash, shares and share linked instruments, other forms): All the remunerations have provided in the form of cash.</p>	Particulars	BDT in crore	Basic salary	43.12	House rent allowance	20.58	Other allowances	29.66	Festival bonus	7.45	Gratuity	10.45	Bank's contribution on provident fund	4.17	Incentive bonus	6.14	Total	121.58
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k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration	<table border="1" data-bbox="522 1016 1453 1691"> <tbody> <tr> <td data-bbox="522 1016 522 1249">i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments;</td> <td data-bbox="522 1016 1453 1249">Nil</td> </tr> <tr> <td data-bbox="522 1249 522 1473">ii) Total amount of reductions during the financial year due to ex post explicit adjustments;</td> <td data-bbox="522 1249 1453 1473">Nil</td> </tr> <tr> <td data-bbox="522 1473 522 1691">iii) Total amount of reductions during the financial year due to ex post implicit adjustments;</td> <td data-bbox="522 1473 1453 1691">Nil</td> </tr> </tbody> </table>	i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments;	Nil	ii) Total amount of reductions during the financial year due to ex post explicit adjustments;	Nil	iii) Total amount of reductions during the financial year due to ex post implicit adjustments;	Nil												
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Report of the Shari'ah Supervisory Committee for the year ended 31st December, 2021

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

دمحا لله بر نيمعلا قولصلاو ملاسلاو لى لى انديس دمحم ملاو مباحصاو نيعمجا

In the Name of Allah, the Beneficent, the Merciful. All praise is due to Almighty Allah, the Lord of the Universe and peace and blessing of Allah be upon the Prophet Muhammad (May Allah bless him and grant him peace) and upon his all other descendants and companions.

To the Shareholders of the South Bangla Agriculture & Commerce Bank Limited



Assalamu Alaikum Wa-Rahmatullahi Wa-Barakatuh.

In compliance with the terms of reference of the Bye Laws of the Shari'ah Supervisory Committee, we submit the following Report on the Islamic Banking operations of the South Bangla Agriculture & Commerce Bank Limited (SBAC Bank) for year ended on 31st December, 2021:

During the year 2021, the Shari'ah Supervisory Committee of the South Bangla Agriculture & Commerce Bank met in several Sessions and gave opinion on various Shari'ah related issues placed before it by the Management. The SBAC Bank is responsible for ensuring that they conduct its Islamic Banking business in accordance with the Shari'ah rules and principles. It is our responsibility to form an independent opinion, based on our review of the Islamic Banking operations and to report to you.

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the South Bangla Bank Agriculture & Commerce Bank in its Islamic Banking operations during the period from 5th July, 2021 i.e. starting date of Islamic Banking operations to 31st December, 2021.

We have conducted our review on the basis of Shari'ah audit and inspection reports of the Muraqib (Shari'ah Auditor) to form our opinion as to whether the SBAC Bank, in its Islamic Banking operations, has complied with Shari'ah rules and principles and also with the specific fatwas, rulings and guidelines issued by us. In addition to our fatwas, the Muraqib also followed the Internal Control & Compliance guidelines on Islamic Banking issued by the Bangladesh Bank. Shari'ah non-compliance risk rating of concerned Windows was 'Low' during the year under report. The Shari'ah Supervisory Committee reviewed the Shari'ah Audit Reports and provided guidelines it deemed necessary for proper Shari'ah compliance.

We also conducted our review which included, on a test basis of each type of transaction, the relevant documentation and procedures adopted by the Islamic Banking of the SBAC Bank. We planned and performed the review so as to obtain the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that SBAC Bank's Islamic Banking has not violated Shari'ah rules and principles.

In our opinion:

- | | |
|--|---|
| a) The contracts, transactions and dealings entered into by the SBAC Bank's Islamic Banking during the year ended on 31st December, 2021 that we have reviewed are in compliance with the Shari'ah rules and principles; | b) Distribution of profit to the Mudaraba Depositors conforms to the basis that had been approved by us in accordance with the Shari'ah rules and principles; |
| | c) Earnings which are prohibited by Shair'ah rules and principles have not been included in the income; |



d) Transactions with the conventional part of the Bank have been made complying Shari'ah principles. &

e) Zakah is not applicable for Window based Islamic Banking of the SBAC Bank.

During the year under report, the Shari'ah Supervisory Committee has advised the Bank on the following Issues:

a) To take effective steps aiming at creating awareness among the employees and the customers about Shari'ah compliance;

b) To continue to arrange regular training & workshop on Islamic Banking for the officials of the Bank and for their Customer Service

Officers to increase professional skills for better Shari'ah compliance;

c) To take effective steps for implementation of the recommendations given by the Shari'ah Supervisory Committee. &

d) To establish Islamic Banking Service Desk at all Branches of the SBAC Bank.

The Shari'ah Supervisory Committee expresses appreciation to the Board of Directors of the Bank and to the Managing Director & CEO and his team for their spontaneous cooperation and support during the year 2021.

May Allah Subhanahu Wata'la give us strength to achieve His satisfaction through implementation of Shari'ah principles in every sphere of our life!

رَخَاو اوعدنا ان الحمد لله رب العلمين

Maulana Md. Abdur Razzak
Chairman, Shariah Supervisory Committee

Report of the Asset Liability Committee

Asset and liability management (ALM) is a practice used by financial institutions to mitigate financial risks resulting from a mismatch of assets and liabilities. By strategically matching of assets and liabilities, financial institutions can achieve greater efficiency and profitability while also reducing risk. It is the ongoing process of formulating, implementing, monitoring, and revising strategies related to assets and liabilities to achieve the Bank’s financial objectives, given its risk tolerances and other constraints. ALM risk is broadly associated with liquidity management and interest rate movement. Liquidity is an institution’s ability to meet its liabilities either by borrowing or converting its assets. Asset and liability management (ALM) is also a practice used by financial institutions to mitigate financial risks resulting from a mismatch of assets and liabilities. ALM strategies employ a combination of risk management and financial planning and are often used by organizations to manage long-term risks that can arise due to changing circumstances.

Asset Liability Management Committee (ALCO)

SBAC Asset-liability Committee (ALCO) comprising of designated senior officials of the Bank to make important decisions regarding issues related to asset-liability management. The committee, typically known as ALCO, meets at least once in every month to analyze, review and formulate strategy to manage the balance sheet.

The committee regularly convenes to review and formulate strategies for managing different risks



Asset and Liability Management
Mitigating Risks Associated with a Mismatch of Assets and Liabilities

associated with the balance sheet. ALCO is a decision-making unit responsible for Balance Sheet planning from the risk return perspective, including the strategic management of interest rate, equity price risk, foreign exchange risk and liquidity risks.

Some of the major responsibilities of ALCO are as follows:

- Monitor the structure and composition of Bank’s assets and liabilities and identify balance sheet management issues that are leading to underperformance.
- Review maturity profile and mix of assets and liabilities.
- Articulate interest rate view of the Bank and decide on balance sheet strategy.
- Approve and periodically review the transfer pricing policy of the Bank.
- Review deposit-pricing strategy.
- Review contingency funding plan for the Bank.
- Review equity price risk & foreign exchange risk

ALM (Asset-liability management) Desk

ALM desk prepares the ALCO paper, ALCO meeting minutes, and circulate the approved minutes. Under the treasury department of SBAC, the ALM desk is responsible for managing the inherent risk in the Bank’s assets and liabilities. This desk keeps a vigilant eye on the balance sheet components and analyzes the movement to minimize potential losses and accelerate profitability. The key roles of the Bank’s ALM desk are as follows:

- To analyze the balance sheet of the Bank and identify different risk factors
- To assume overall responsibilities of money market activities.
- To manage liquidity and market risk of the Bank.





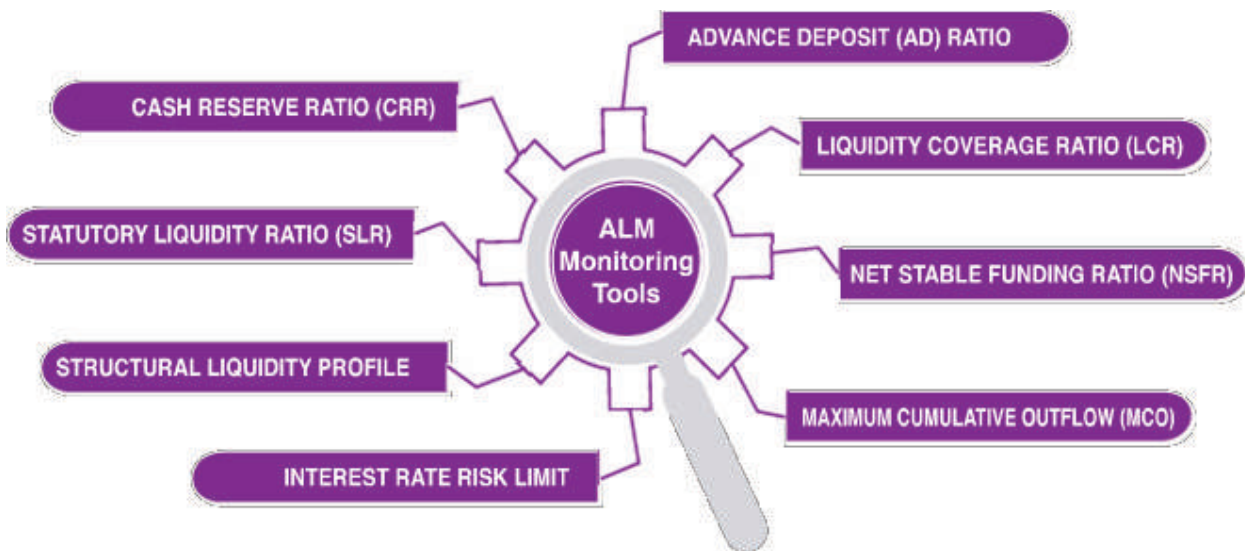
- To comply with the Central Bank regulations in respect to ALM
- To understand the market dynamics i.e., competition, potential target markets etc.

Meetings of the ALCO

ALCO meeting, generally, takes place in every month but if required, ALCO chairman may call unscheduled emergency meetings. We have 12 ALCO meetings in 2021. ALCO's responsibility is defined in the ALM policy of the Bank.

Key Monitoring Tools for ALM

Treasury Division regularly monitors the following indicators for ensuring the ALM functions:



Major areas focused by ALCO in 2021

- Investment in High Quality Liquid Asset (HQLA)
- Balance sheet management
- Taking advantage from money market Liquidity
- Prudently managing bank's interest rate risk

On behalf of the Asset-Liability Committee

Mosleh Uddin Ahmed
Managing Director & CEO

প্রার্থনা হোক একাত্মতায়
ব্যাংকিং হোক পরিশুদ্ধতায়...



এসবিএসি ইসলামিক ব্যাংকিং সেবায়
আপনাকে স্বাগতম

এখন দেশজুড়ে

এসবিএসি ব্যাংক-এর ১০টি শাখায় ইসলামিক উইন্ডোর মাধ্যমে
নিচের সেবাগুলো পাচ্ছেন আপনার সুবিধামতো...

আমানত প্রকল্পসমূহ

- ১। আল-ওয়াদীআহু কারেন্ট একাউন্ট
- ২। মুদারাবা সঞ্চয়ী আমানত
- ৩। মুদারাবা স্পেশাল নোটিশ ডিপোজিট
- ৪। মুদারাবা মাসিক সঞ্চয় প্রকল্প
- ৫। মুদারাবা টার্ম ডিপোজিট রিসিপিট (MTDR)
- ৬। মুদারাবা হজ্জ ডিপোজিট
- ৭। মুদারাবা FC আমানত
- ৮। মুদারাবা RFCD আমানত
- ৯। মুদারাবা NFCD আমানত

ইসলামিক উইন্ডোয়ারী শাখাসমূহ

- ১। প্রিন্সিপাল শাখা (ঢাকা)
- ২। বনানী শাখা (ঢাকা)
- ৩। ইমামগঞ্জ শাখা (ঢাকা)
- ৪। আত্রাবাদ শাখা (চট্টগ্রাম)
- ৫। খুলনা শাখা (খুলনা)
- ৬। রাজশাহী শাখা (রাজশাহী)
- ৭। বরিশাল শাখা (বরিশাল)
- ৮। ইসলামপুর শাখা (সিলেট)
- ৯। ভোমরা শাখা (সাতক্ষীরা)
- ১০। কাটাখালী শাখা (বাগেরহাট)



সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিঃ
South Bangla Agriculture & Commerce Bank Limited



Head Office
BSC Tower (5th - 16th Floor)
2 & 3 Rajuk Avenue, Motijheel C/A, Dhaka 1000.
f sbacbankbd www.sbacbank.com SWIFT: SBACBDDH



Chapter 08

SUSTAINABILITY ANALYSIS



Message from the Managing Director & CEO on Sustainability

Banking has experienced a remarkable change from its traditional form of operation to a new strategic dimension referred to as Sustainable Banking. It means the integration of environmental, social and governance issues into the business or investment decisions for continuing benefits of all the stakeholders.

At South Bangla Agriculture and Commerce Bank Limited, sustainability means more than just operating responsibly or complying with regulatory requirements. It means having a positive and long lasting impact on the surrounding community and to all the stakeholders.

Corporate Social Responsibility

SBAC Bank believes in making CSR not just an initiative rather this is a self-motivated drive towards betterment of all, therefore it has established the South Bangla Agriculture and Commerce Bank Foundation to carry out CSR activities. The Foundation works towards improvement in socio-economic development and has been supporting education, health, charities, treatment of poor people, donations, sponsoring sports and natural disaster efforts to promote sustainable communities and the environment in Bangladesh.

Green Banking

Green banking is eco-friendly financing. To get a sustainable positive impact from business, green banking is essential. We always believe in growing responsibly by maintaining an eco-friendly environment across the organization. For that purpose, the Bank formulated the Green Banking Policy Guideline, Green Office Guide as well as Environmental & Social Risk Management (ESRM) Guideline to raise awareness regarding conservation of energy, water and saving paper, etc. Besides, SBAC Bank successfully implemented environmental risk rating and social risk rating introduced by Bangladesh Bank during appraising investment proposals. Our major initiatives for paperless banking are internet banking, digital wallet and e-KYC etc. The bank is continually upgrading its technology also to meet the growing demand for digital banking.

Sustainable Development

The circular issued by the Sustainable Finance Department of Bangladesh Bank was a regulatory paradigm shift from Green Product Financing into Sustainable Financing. As per the circular, green finance, sustainable agro-finance, sustainable SME Finance, cottage industry finance and socially responsible finance altogether will be considered sustainable finance. The Bank is committed to comply the Sustainable Banking Guidelines of Bangladesh Bank. It has exhibited such commitment through considering the environment, social and governance risks and pertinent impacts when undertaking investments.

Customer Relationship Management

Now-a-days banks are facing intense challenges in building long-term customer relationship and retaining it's clients. So we are determined to maintain good relationships with customers while improving the quality of its products and services. The Bank is committed to provide service excellence, act responsibly, and treat customers fairly observing industry standards. The quality of the service we deliver to the customers is critical to the long-term success of the Bank. We seek to enhance the quality of our service constantly and encourage our customers to share their experience with us all the time. To enhance the satisfaction of existing customers and attract new customers, the Bank constantly improves its service delivery systems to ensure that they are fast and convenient to meet the customer's expectations.

Human Resource

The Bank recognizes employees as invaluable resources. We work to attract and sustain a diverse, engaged, and skilled workforce through the creation of values for our employees and rewarding their contributions. We are committed to create an inclusive and sustainable workplace ensuring a safe and healthy work environment. We also deploy a significant amount in learning and development programs of our employees through conducting regular trainings and workshops. Furthermore, the bank has a lucrative remuneration and compensation





policy for the satisfaction, safety and wellbeing of the employees.

Conclusion

SBAC Bank aims to go beyond profitability. It believes every business must have a social purpose along with a commercial one. We desire to promote ethical operations to help people and the society as well as accomplish sustainable development of the country. Our responsibility to provide resilient and sustainable financial solutions for our customers and society also

guides our initiatives to support the businesses of our clients during the financial hardship and uncertainty. We commit to improve our responsible operations constantly and exercise prudence in transforming our businesses and our economies towards a more sustainable future.

Finally, I would like to extend my heartfelt gratitude to all the stakeholders for the trust & confidence, support & co-operations given to us on our path to sustainability.



Mosleh Uddin Ahmed
Managing Director & CEO

Sustainability Report of SBAC Bank Ltd.

Sustainable development is a potential roadway to build resilient societies, reduce poverty and safeguard the natural environment. This represents a demand for greater social and environmental responsibility as well as a new landscape of business opportunity. Therefore, the Bank brings sustainability commitment to life through its operations & activities. South Bangla Agriculture and Commerce Bank Limited (SBACBL) has made sustainability as an integral part of day-to-day work.

Sustainable Banking indicates providing socially and environmentally responsible products and services that will have long term positive impact to financial organizations and community as a whole. Our sustainable banking policy is basing on our general sustainable banking principles as well as voluntary commitments to stakeholders through focusing on creation of lasting value. We have a very simple and straight forward Motto with regard to Sustainability. That is:

Long Term Investment: Rather than targeting short term profit we focus on long term investment for sustainable growth of the bank and its all stakeholders. That includes financial inclusion, digital advancement and service excellence.

Quality over Quantity: As sustainable development is a projection into the future, so SBAC Bank prioritizes on quality of services & operations over quantity so that it can increase the value of good portfolio in future.

Inclusion of risk analysis: Inclusion of environmental and social risk analysis may lead to increase costs in short term but in the long run will bring sustainability.

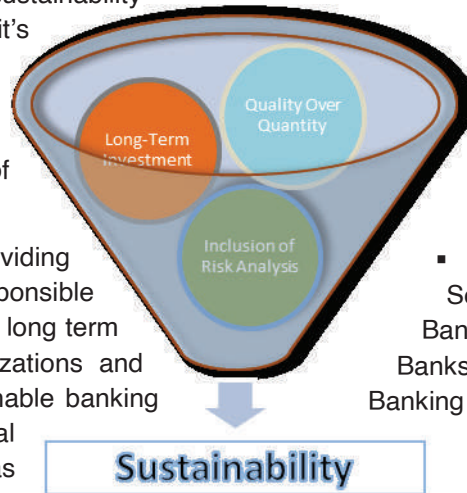
Sustainability: Sustainability is a process that SBAC Bank is following from its inception. It is committed towards the economy, environment and society. As a financial institute SBAC Bank is determined to become example of sustainability for other financial institutes.

Guidance to our Sustainability efforts

SBAC Bank is committed to be one of the pioneers in the banking sector to adopt best practices in corporate social responsibility and good governance. Our target

is to achieve a leadership position in sustainable finance. In our efforts to achieve sustainability goals we are guided by the followings:

- Sustainability policies and strategies formulated by the management.
- The Board supervised corporate social responsibility policy.
- Our corporate culture including values such as Service Excellence, Commitment, Trust, Integrity, and Responsible corporate citizen.
- GBCSRD Circular No. 05, dated: September 11, 2013 of Bangladesh Bank that instructed all 4th Generation Banks to adopt a comprehensive Green Banking Policy in a formal and structured manner in line with global norms so as to protect environmental degradation and ensure sustainable banking practices.



Our Approach to Sustainability

At SBAC Bank we believe that any growth should meet the requirement of today's generation, without hampering future generations' ability to meet their own necessities. So we take a long-term perspective in conducting our business by incorporating economic, environmental and social considerations so that we can impact people's lives meaningfully. Our approach to sustainability is based on followings:

- **Involvement with our Stakeholders:** We are committed to engage regularly with our stakeholders as a way to understand their needs and ambitions that are core to our sustainability objectives. This enables us to respond to their expectations and priorities and use it as a basis of our strategy.
- **Policy Formulation and Governance:** The Board of Directors & its Committees along with the Management authority review and ensure that investment proposals are well complied with the sustainable financing policy of the Bank. The sustainability policies, strategies and programs of SBAC Bank are regularly reviewed and updated from time to time.





- **Responsible Banking & Business Practices:**
We are Responsible to protect all our stakeholders interest in rational and responsible manner. We are committed for providing an environment-friendly, healthy and sound work environment where every employee can develop professionally and personally. Moreover, we are contributing to SBAC Bank Foundation for the well-being of the society and make economic contributions to the communities in which we operate.
- **Creation of Social Impact**
SBAC Bank Foundation, a philanthropic organization of SBAC Bank Limited always tries to attach it's highest priority to ethical conduct and integrity. It has a strong commitment to improve lives of the underprivileged poor and destitute. It also provides support in the

education, health and well-being, environmental management besides patronizing sports, art & culture, disaster management etc.

Sustainability Strategy of SBAC Bank Ltd.

Our sustainability strategy revolves around integrating sustainability concept into our core business operations. This sustainability strategy helps us to adopt effective actions for contributing positively to the community and create value for our stakeholders and to address the growing socio-economic and environmental challenges of tomorrow.



Economic Sustainability

- Employee remuneration
- Shareholders Dividend
- Loans Disbursed to CMSME
- Contribution to national exchequer



Environmental Sustainability

- Resources consumption management
- Protection of Environment
- Mitigation of climate change & reduction of carbon footprint



Social Sustainability

- Community Investment & Corporate Social Responsibility (CSR)
- Inclusive Banking
- Convenience through Digitalized services



Economic Sustainability

We believe in creating long-lasting value for our customers, shareholders, and employees and above all for the community we operate in. SBAC Bank has a comprehensive remuneration package that combines a lucrative basic salary along with number of benefits. In addition, the bank also offers provident fund, gratuity, LFA, house building safety net scheme, incentive bonus and medical benefits for employees. Through payment of dividend regularly, the bank is creating value constantly for it's shareholders. We are also empowering the marginal people economically through SME loans, agricultural and rural credits and women entrepreneurship loan.

Environmental Sustainability

To achieve long-term sustainable development, we must responsibly manage environmental and social risks. Though Rapid urbanization and industrialization help in socio-economic development but it creates excessive pressure on natural resources, such as energy, water and food supplies too. Our planet's ability to meet the

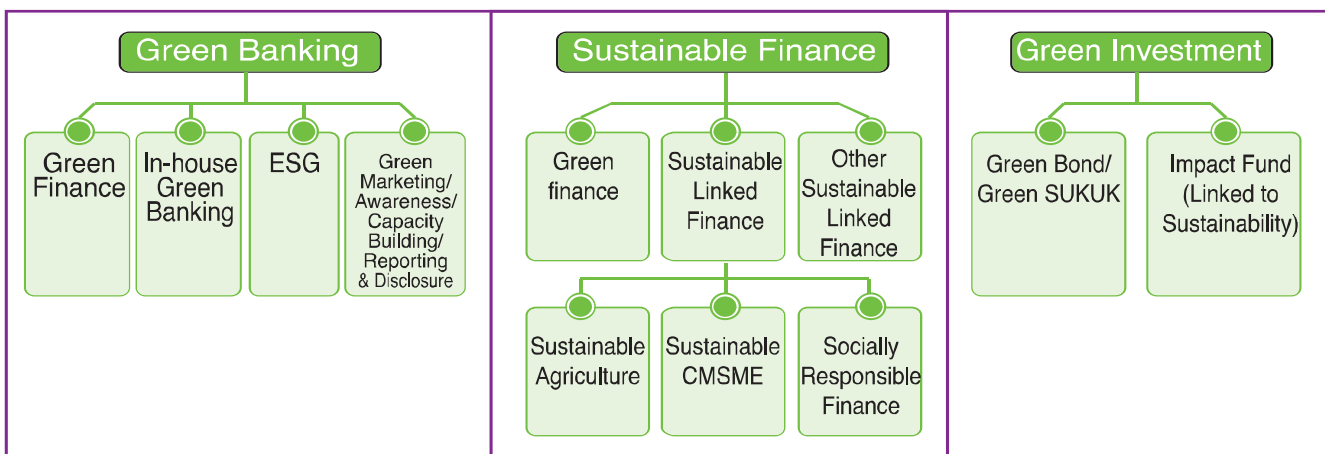


growing demand of natural resources may be depleted if we don't become environment-conscious. So, we consider the environmental & social risks very cautiously when evaluating any investment proposal. Every employee of SBAC Bank is too much conscious on consumption of power, water and other resources at office. Through proper planning and management, SBACBL has ensured minimal wastage of natural resource.

Social Sustainability

South Bangla Agriculture and Commerce Bank Limited contribute to social development through initiatives and programs that support the community. We believe in creating long-lasting value for our customers, shareholders, and employees and above all for the community we operate in. We have already started to initiate a strong financial inclusion program for development of the rural and underdeveloped people of the country through branches & sub-branches in the rural areas. Furthermore, the Bank is providing a tremendous digital banking service to customers through the digital banking wallet called 'Banglapay'. We have developed fast and convenient digital services for our customers such as Internet Banking, use of e-KYC, 24/7 Call Center, etc.

Forms of Sustainable Finance



Our Initiatives towards ensuring Sustainable Banking

SBAC Bank being comparatively new bank in the banking sector but has always being looking forward to helping its clients carry out sustainable business practices. The Bank provides its expertise towards its clients to make a positive change. Our sustainable strategy is built on solid ambitions in the area of climate change, the global as well as national economy and social impact. As part of our sustainability strategy, we are committed to taking different initiatives.

a) Green Initiatives:

- Print on reusable sheets
- Print multiple pages on single sheets of paper
- Set defaults to print double-sided and print on both sides
- Print only the pages required
- Preview documents before printing
- Increase margin width of the documents
- Change the default font size from 12 point to 10 which would shrink document by about 10%
- Use e-mail statements

B) Green Governance:

“Green Banking Policy Implementation Unit (GBPIU)” is formed entrusting with the responsibilities of designing, evaluating and administering related green banking issues of the bank in line of Board approved policy.

C) Inclusion of Environmental Risk Rating (EnvRR) for Credit Risk Management

SBAC Bank takes into account the Environment Risk while assessing credit proposals as per Environmental Risk Management (ERM) guidelines of Bangladesh Bank. In the year 2021, there were 11 nos. of bank financed projects applicable for Environment Due Diligence and the Bank assessed the Environmental Risk of those





projects and found low Environment Risk. The Bank financed Tk. 5381.09 million for 67 projects in 2021 having status “Standard”.

d) Electronic Payment System:

SBAC Bank is such a platform where all customers receive a wide range of customer service relating to electronic payment system like Online Banking, RTGS, BEFTN, e-GP, Utility Bill Payment etc. In 2021, total 809,559 nos. of transaction has been made through RTGS, BEFTN, e-GP service, Utility Bill Payment. Moreover Bangla Pay App was introduced to make digital transactions more efficient and faster and easier for the customer .Through Bangla Pay App now customer can do almost any transactions from their mobile phone by sitting at home or anywhere in the world.

e) In-house Environment Management:

In order to develop in-house Environment Management, the Bank has taken the following measures to save water, paper, electricity, energy and stationery consumption. All Branches and Head Office were strict to reduce the consumption of paper, stationery, electricity, energy, water etc. which leads to positive outcome for the Bank.

i. Utility consumption during 2021 & 2020:

SL. No.	Particular	Amount in Million Taka		Growth %	
		2021	2020		
01	Consumption of Water	0.7	1.20	(42.00)	
02	Consumption of Paper	4.35	6.79	(36.00)	
03	Consumption of Energy	Electricity	30.31	32.99	(8.00)
		Gas	0.01	0.01	0.00
		Fuel	4.50	8.01	(44.00)
	Total	39.87	49.00	(19.00)	

- ii. Electronic communication is being extensively used (wherever possible) for office management in place of printed documents, especially when multiple copies are required, to save papers.
- iii. Installation of energy efficient electronic equipment and automatic shutdown of computers, fans, lights, air coolers etc. have been implemented in consultation with concerned divisions of Head Office gradually for reducing electricity consumption.
- iv. Use of solar energy at the premises as an alternative source of electricity is initiated in consultation with and approval from concerned authority of the Bank. The bank has installed solar energy system in its branches. In the year of 2021, 41 branches are powered by solar energy.
- v. Preserving maintenance schedule of Generators and Air Conditioners and other major electrical and electronic equipment for monitoring performance as well as fuel/energy efficiency.
- vi. All officials of the bank have been advised to ensure that their PC, Fan and other office equipment are turned off whenever those are not in use for prolonged period of time. Office hour is maintained properly so that unnecessary stay in Branch/ head office could be avoided and as such office hour is utilized effectively.
- vii. In procurement of vehicles and other electrical and electronic equipment, fuel/energy efficient quality is considered with priority.
- viii. All branches/divisions now focus on minimizing use of resources at every possible aspect of work. All officials of the bank is advised to discharge their duties in environmentally responsible ways.

f) Introducing Green Finance:

The Board of Directors of the Bank approved “Green Finance Policy of SBAC Bank Limited” to extend credit facilities for the environmental friendly products/projects so far identified by Bangladesh Bank under comparatively more favorable terms and conditions and the Bank has allocated Tk.1227.90 million for Green Finance to encourage/support environmental friendly products/projects as well as to achieve target set by Bangladesh Bank. We always encourage financing in environment-friendly green products under Refinance Scheme of Bangladesh Bank like Bio-Gas, Solar, ETP, Recycling, Renewable energy, Fuel Efficient Plants, Green Industry etc. to make our development sustainable.

g) Online Banking:

All our branches are well equipped with facilities like Online Banking, SMS Banking & Internet Banking, etc. through renowned Florabank Online Core Banking Solution. Its ATM booths are available for the convenience of the people to provide nonstop services.

h) Supporting Employee Training:

The Training Institute of the Bank is continuously arranging training program on Green Banking. Besides, circulars/instructions/advices on Green Banking have been issued to make the employees aware of Green Banking. The Bank is also placing the employees to participate training program/ workshop/seminar on Green Banking organized by various organizations/institutions.





South Bangla Agriculture and Commerce Bank Foundation

South Bangla Agriculture and Commerce Bank Limited is a socially responsible corporate citizen. We are committed to work for the people and are actively engaged in social projects throughout. The Board of SBAC Bank Ltd. has approved a policy for Corporate Social Responsibility (CSR) in line with the CSR Guidelines of Bangladesh Bank. For better CSR activities the Bank has formed South Bangla Agriculture and Commerce Bank Foundation in 2017 under the societies Registration Act 1860.

South Bangla Agriculture and Commerce Bank Foundation started its journey on 26/11/2017 with some benevolent objectives to undertake and carry on welfare activities strictly on non-profit making basis for humanitarian and charitable purposes including Education, Preventive and Curative healthcare, emergency disaster relief, promoting human welfare, community investments by way of donations. The foundation has also a view to carry out and implement promotion of art, science, literature after obtaining necessary permission from the government/ Concerned Authority/ Competent Authority before Commencement and operation of the following deeds and activities:

The Foundation shall be non-political, non-profit, voluntary and non-government charitable organization. Different sources of the Foundation's income whatsoever derived shall be applied solely towards the promotion of the objectives of the foundation enumerated above and no portion thereof shall be paid or distributed as dividend, bonus, profit or otherwise to the Members of the Foundation.

SBAC Bank Foundation works with local charities and voluntary groups to help children from disadvantaged

The amount of money donated as Corporate Social Responsibility (CSR) during the year 2021 is given below in a nutshell:

CSR 2021

Amount in BDT

Foundation's AC Summary:	
Particulars	Amount in BDT
Opening Balance as on 01.01.2021	6,757,472.00
Amount received from the Bank	31,570,226.00
Total Income	38,327,698.00
Less: Donation to various entities	5,136,300.00
Less: A/C maintenance charge & Excise Duty	15,920.00
Total Expenditure	5,152,220.00
Balance in SBAC Bank Foundation (31.12.2021)	33,175,478.00

Sector	SBAC Bank Foundation	SBAC Bank Ltd.
Education	161,300.00	4,835,000.00
Healthcare	-	37,770,228.00
Others	4,975,000.00	31,981,200.00
Total	5,136,300.00	74,586,428.00
Grand Total	79,722,728.00	

backgrounds in accessing education. It focuses on the welfare of the society at large and can also serve the objectives of the Shariah. It is believed that for a company to establish itself as socially responsible, it cannot do anything that is harmful to the society, and its active participation to work for the betterment and welfare of the society is necessary.

Our strategies are based on the fundamental conviction of sustainable business that integrates good governance and social priorities with a view to enhancing community empowerment in a sustainable manner. As a responsible corporate citizen we realize the need to invest in the society and we work for bringing about changes that impact lives in positive ways. We will act as promoter of positive changes through our actions in educational development, healthcare, entrepreneurship, women empowerment and so on. We are accountable for monitoring of proper utilization of the CSR support assistances for the intended purposes. The foundation shall also collect and file reports/documents sufficient to ascertain proper end use, withholding the assistance in unsatisfactory cases. The Board also accountable to review reports of CSR allocation, end-use monitoring annually before approving fresh allocations for subsequent years, and to ensure the preservation of end-use records for inspection by internal and external audit and for supervision of regulators. Our ultimate commitment is towards our society and we put in our best efforts in living according to the values that we are wholeheartedly believe in. Donation of South Bangla Agriculture and Commerce Bank Limited is the main source of fund.

Financial Inclusion

Financial Inclusion

According to United Nations (2006), Financial Inclusion (FI) is the access to the range of financial services at a reasonable cost for the bankable people and firms. Financial inclusion is a method of offering banking and financial services to individuals. It aims to include everybody in society by giving them basic financial services regardless of their income or savings. It focuses on providing financial solutions to the economically under privileged. In addition, it is an important enabler of sustainable development and economic growth. Access to financial services can help eradicate poverty, improve individual well-being and household welfare, and spur entrepreneurship and small enterprise activity.

Financial inclusion is measured in three dimensions: (i) access to financial services; (ii) usage of financial services; and (iii) the quality of the products and the service delivery.

Currently, the banking sector is facing various challenges like the need to improve financial literacy, lack of formal identification documents, consumer protection, the rural poor and gender inequality, promoting the use of the transaction account.

Bangladesh Government and Bangladesh Bank have taken an intensive approach towards inclusive financing alongside conventional banking. Low income group of the society has been brought under the financial services and the development programs for small, medium and women entrepreneurs have been undertaken. Various initiatives have been taken towards mobile banking, school banking, and agent banking which have been lauded globally. According to Bangladesh Bank instructions and circular SBAC Bank has taken various steps like opening different account:

Student saving deposit account: Total 10,932 numbers of accounts were opened by various students of the country and they deposited all together Tk. 319.63 Lac

Senior citizen saving deposit: Total 267 numbers of account & Tk. 540.30 Lac was deposited by different senior citizen of the Country.

Tk 10 under privileged accounts: In order to help the marginalized people of the society. 27 number of accounts were opened in total and Tk. 11.90 Lac ((Approx.) were distributed so far.





Chapter 09

SUBSIDIARY OVERVIEW



SBAC Bank Investment Limited

SBAC Bank Investment Limited is a subsidiary of South Bangla Agriculture and Commerce Bank Limited, a renowned private commercial bank of 4th generation. It is a private limited company licensed from Registrar of Joint Stock Companies and Firms (RJSC) under the Companies Act 1994 in order to provide all types of services relating to capital market operation. The Company has a board of directors consisting of 07 (seven) members including the managing director & CEO. The board comprises highly experienced and professional members who hold long successful track records in relevant area of operations. Our expertise is rooted in the extensive industry knowledge and broad corporate finance and capital market experience of our professionals. Today, we are aiming to offer state-of-the-art investment solutions to cater the need of a diversified group of investors.

SBAC Bank Investment Limited is committed to offer a broad range of investment banking including general broking, wholesale broking, margin, portfolio management, investment advisory services as well as diverse financial services and solutions, to both institutional and individual clients fitted with their customized unique requirements.

The company strongly believes to extend its co-operation and value added services to the clients. We also believe that SBAC Bank Investment Limited will play a vital role in the capital market in its development and future growth.

The major objectives of SBAC Bank Investment Limited:

- To Carry on the business either in own portfolio or for clients, broking or dealing in stocks, shares, bonds, debenture, commercial papers or any instrument floated in the stock market in the country.
- To act as TREC holder of Stock Exchange and to carry on the business of brokers, jobber's or dealers in Stocks, Shares, Securities, Commodities, Commercial papers, Bonds, Obligations, debentures, debenture stocks, Treasury Bills either as a Joint venture in collaboration with foreign company shareholders or exclusively with local participants.
- To buy, sell, hold or otherwise acquire or invest in securities, bonds, commercial papers, debentures, debenture stocks, obligations or securities issued or guaranteed by any company incorporated or registered in Bangladesh or, in any foreign country and also to invest in security or securities for short term or long term gains and to realize such gains.
- To provide margin facilities to investors as per provision of laws.
- To acquire new customer and educate them the opportunities hidden in the capital market and relevant laws and regulations.

SBAC Investment Limited has the following unique advantages to carry out its operation:

- Strong Capital base of an authorized share capital of Tk. 50,00,00,000.00 (Fifty Crore) and Paid-up capital of Tk. 40,00,00,000.00 (Forty Crore) at the time of it's inception.
- Highly experienced and professional board members who hold long successful records in money market, capital market, financial planning and trade & commerce based operations.
- A wonderful Co-operative working environment.
- Adequate experts and professionals with skilled human resources.
- Sufficient infrastructure and logistic support with up to date technology based facilities.

Mission:

The company has it's mission in the following broad categories:

- To exceed clients expectations through rendering the most caring and friendly and standard services.
- To be the leading source of capital market research.
- Be the most ethical and compliant capital market player
- To participate actively in the development of capital market of Bangladesh.





- To be the best in product development and innovation and market making.
- Operate state of the art technologies for efficient operations and superior customer service.
- To contribute economic development of the country.

Vision

To be the most innovative leading capital market solution provider in terms of efficiency, excellence, transparency, and professionalism having a most significant market shares.

Our Values

Quality: What we do, we ensure quality in services by using state-of-the-art technologies, ensuring efficiency, excellence, transparency, and professionalism when delivering services.

Integrity: Integrity is the foundation on which we build strong relationships with clients. It distinguishes us from others in the industry. From integrity it comes trust, and trust allows clients to work effectively with their merchant bank.

Stability: The diversity of our business, approaches to our differentiated service, and focus on our strengths create stability for our clients. This means a high-quality and consistent commitment to our professionals, markets and businesses.

Trust: We build trust among our clients through our every action, co-operation, skills & expertise and professionalism when serving them using modernized technology based facilities.

Accountability: Ensuring responsibility to our customers and compliance with all related rules & regulations that will ensure accountability to all the stakeholders.

Respect: we treat everyone with respect and courtesy in our day to day operations and emphasize on building a long term relationship with all the concerned parties by this way.

A Relationship-Based Approach: We value most on establishing a meaningful, long-term relationship with clients— where we truly understand and facilitate them grow their businesses or meet their investment objectives. Our success is dependent largely on whether we can sustain a relationship with our clients over times.

Focused Expertise: We prioritize on focused expertise and set our sights on being the most knowledgeable one in our service areas. We are aiming to build a business by providing in-depth experience in the products and services, sectors and markets where we excel and can provide greater value to our clients.

Customer Focus: Customer is the key to our success. So we always focus on the preferences of our customers when designing our products & services. Our Customer Focus attitude helps as in bringing newer dimensions to our offerings.

Service Excellence: Customer delight is our passion. We use customer satisfaction to accelerate our growth. We value on giving customized as well as personalized services to our clients for ensuring service excellence.

Responsible Corporate Citizen: We are tax-abiding citizen. We conform to all laws, rules, norms, sentiments and values of the land.

Core Products of SBAC Bank Investment Limited

The Company has following core products mainly:

- General Brokerage
- Wholesale Brokerage
- Dealing
- Margin
- Advisory service
- Portfolio management

SBAC Bank Investment Limited at a glance
Board of Directors

SL. No.	Name	Designation
01	Mr. Anwar Hussain Nominated by: South Bangla Agriculture & Commerce Bank Ltd.	Chairman
02	Mr. Sk. Shyedujjaman Nominated by: South Bangla Agriculture & Commerce Bank Ltd.	Vice-chairman
03	Mr. Md. Badruddouza Chowdhury Nominated by: South Bangla Agriculture & Commerce Bank Ltd.	Director
04	Mr. Mosleh Uddin Ahmed Nominated by: South Bangla Agriculture & Commerce Bank Ltd.	Director
05	Mr. Mohammad Asadul Haque Nominated by: South Bangla Agriculture and Commerce Bank Foundation	Director
06	Mr. Md. Mokaddress Ali FCS Nominated by: South Bangla Agriculture & Commerce Bank Ltd.	Director
07	Mr. S. M Nashir Uddin	Managing Director & CEO

Corporate Information

Name of the Company	SBAC Bank Investment Limited
Legal Form	A private limited company registered in Registrar of Joint Stock Companies and Firms (RJSC) under the Companies Act 1994.
Date of Incorporation	21-03-2021
Nature of Business	Stock Brokerage
Stock Summary	
Authorized Capital	Tk. 50,00,00,000.00 (Fifty Crore)
Paid-up Capital	Tk. 40,00,00,000.00 (Forty Crore)
Face Value per Share	Tk. 10.00
Contact Information	
Registered Office	Head Office, BSC Tower, 2-3 Rajuk Avenue, Motijheel C/A, Dhaka-1000.
E-mail	info.sbacinv@sbacbank.com

Product Types of SABC Bank Investment Limited

SBAC Bank Investment Limited will offer three types of product for its clients and its own Dealer Account. These are given below:





1. Individual Trading Account

SBAC Bank Investment Ltd. will serve all types of investors in respective branches diligently. It will grow significantly over the years and serves a huge client base with a team of experienced employees. The core focus of SBAC Bank Investment Ltd. is to serve the general investors with the objective of providing best quality of customer service and generate revenues to ensure sustainable growth for future.

Features

- Experienced team of Executives and Traders
- Competitive commission fees and interest rates on margin loans
- Timely execution of buy & sell orders
- Superior customer service
- Reputation for compliance in trading

2. Institutional and Corporate Account

SBAC Bank Investment Ltd. will serve successful entrepreneurs, business tycoons and top-notch professionals of the corporate world and deal with mostly local and foreign financial institutions that cover Merchant Banks, Asset Management Companies (AMC), NBFIs, and local corporate houses. Serving such a sophisticated client base requires knowledge beyond the market parameters. Our sales team ensures that objective with a team of high caliber relationship managers and traders who have excelled in efficient trading and portfolio management. Our Research Department to generate actionable Investment Ideas for its client.

Features

- Specialized trading for Merchant Banks, AMC, NBFI, Corporate and Institutional clients at preferential commission fees.
- Execution of trading services timely and efficiently to satisfy the top tier client base.
- Optimal use of available resources to achieve trading objectives of the clients.
- Consultation with panel broker and High Net worth Institutional (HNI) clients and receiving opinions on the presented services and taken it into consideration to reach the premium services.
- Adopt and implement best industry practices to ensure distinctive standards in serving corporate and HNI clients.
- Initiate and follow up new business opportunities with institutions.
- Provide trading services and facilitate post-trade settlement for all clients.
- Provide market color and pitch research backed stock picks.
- Ensure documentations related to trading agreements and trade executions.
- Maintain trade confidentiality for clients as top priority.

3. Premium Account

Premium Brokerage Account is a personalized service which gives us special attention from our experienced team. We will have direct access to our expertise team-dedicated specialists, who are available to assist you with all your trading needs. They will also ensure us state of the art solution with the latest investment ideas and opportunities. Our risk managers will help us to secure a sustainable growth on your investment.

Features

- All wealth management services under one roof.
- Dedicated Relationship Manager & Trading Officer.
- Preferential access to new investment opportunities.
- Special commission fee on trade.

4. Dealer Account

SBAC Bank Investment Ltd. will operate a dealer account. When the Board of Directors invests more funds in this account, we have scope to realize capital gain by selling shares from our Dealer Investment Account.

Features

- All wealth management services under one roof.
- Dedicated Team of Dealer Account.
- Preferential access to new investment opportunities.



‘ডাকছি তোদের যত সবুজ অবুঝ কচি সোনা মুখ,
করবো সঞ্চয়, গড়বো এ দেশ, আশায় বাঁধি বুকে’

স্কুল থেকেই হোক না শুরু, সঞ্চয়ের সংকল্প
দৃঢ় প্রত্যয় আর আত্মবিশ্বাসী হয়ে উঠার গল্প.....

এসবিএসি স্কুল ব্যাংকিং



আর্থিক অন্তর্ভুক্তি কার্যক্রমের অন্যতম একটি পদক্ষেপ হল স্কুল ব্যাংকিং। বিভিন্ন শিক্ষাপ্রতিষ্ঠানের ১৮ বছরের কম বয়সের শিক্ষার্থীদের ব্যাংকিং সেবা ও আধুনিক ব্যাংকিং প্রযুক্তির সাথে পরিচিত করার পাশাপাশি সঞ্চয়ের অভ্যাস গড়ে তোলার উদ্দেশ্যে প্রচলন হয়েছে স্কুল ব্যাংকিং কার্যক্রমের। অর্থনৈতিক কর্মকাণ্ডে ছাত্র-ছাত্রীদের অংশগ্রহণের মাধ্যমে তাদের দেশের আর্থিক সেবার আওতায় নিয়ে আসা হলো স্কুল ব্যাংকিং এর লক্ষ্য। স্কুল ব্যাংকিং কার্যক্রম সম্প্রসারণের লক্ষ্যে বাংলাদেশ ব্যাংক ২০১০ সাল থেকে বিভিন্ন নীতিমালা এবং নির্দেশনার মাধ্যমে এ কার্যক্রম কে এগিয়ে নেওয়ার প্রয়াস নিয়েছে। শিক্ষার্থীদের মধ্যে আর্থিক শিক্ষা (Financial Literacy) প্রসারের লক্ষ্যে এই কার্যক্রমকে এগিয়ে নিতে এসবিএসি ব্যাংক সর্বদা সচেষ্ট। আমাদের এ পথ চলায় প্রিয় সন্তানসহ আপনিও আমন্ত্রিত।

হিসাবের বৈশিষ্ট্যসমূহ:

- * ১৮ বছরের কম বয়সী ছাত্র-ছাত্রী এ অ্যাকাউন্ট খুলতে পারে।
- * মাত্র ১০০/- (একশত) টাকা জমার মাধ্যমে অ্যাকাউন্ট খোলা যায়।
- * অ্যাকাউন্টের স্থিতির উপর আকর্ষণীয় মুনাফা প্রদান করা হয়।
- * অ্যাকাউন্ট থেকে কোন প্রকার সার্ভিস চার্জ কর্তন করা হয় না।
- * অ্যাকাউন্টে ফ্রি এটিএম কার্ড প্রদান করা হয়।
- * অভিভাবকের তত্ত্বাবধানে এ হিসাব পরিচালিত হয় বিধায় মোবাইলে এসএমএস এর মাধ্যমে অবিভাবক প্রতিটি লেনদেন সম্পর্কে জানতে পারে।
- * ছাত্র-ছাত্রীর বয়স ১৮ বছর অতিক্রম করলে স্কুল ব্যাংকিং হিসাবকে সাধারণ হিসাবে রূপান্তরের সুবিধা।

উদ্দেশ্য:

- * শিক্ষার্থীদের মধ্যে আর্থিক শিক্ষার (Financial Literacy) প্রসার।
- * ছাত্র-ছাত্রীদের তথা ভবিষ্যৎ প্রজন্মকে সঞ্চয়ী মনোভাবপন্ন করে গড়ে তোলা।
- * ব্যাংকিং সেবা ও আধুনিক ব্যাংকিং প্রযুক্তির সাথে ছাত্র-ছাত্রীদের পরিচিত ও সম্পৃক্ত করা।
- * স্বাবলম্বী হওয়ায় মনোভাব গড়ে তোলার প্রচেষ্টা।
- * ছাত্র-ছাত্রীদের আত্মবিশ্বাসী করে গড়ে তোলার প্রয়াস।

প্রধান কার্যালয়

বিএসসি টাওয়ার, ০৫-১৬ ফ্লোর, ২-৩ রাজউক এভিনিউ
দৈনিক বাংলা মোড়, মতিঝিল বা/এ, ঢাকা-১০০০

২৭/৭

16327

www.sbacbank.com

সাউথ বাংলা এগ্রিকালচার এ্যান্ড কমার্স ব্যাংক লিঃ



Chapter 10

FINANCIAL INFORMATION



Statement on the Integrity of Financial Statements

(As Per 'Annexure-A' of Corporate Governance Code of BSEC)



সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিঃ

SBACBL/HO/FAD/2022/803(1)

26 April 2022

The Board of Directors
South Bangla Agriculture and Commerce Bank Limited
Head Office, 2-3 Rajuk Avenue, Motijheel, Dhaka –1000.

Dear Sir,

Subject: Declaration on Financial Statements for the year ended on 31 December 2021.

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:


1. The Financial Statements of South Bangla Agriculture and Commerce Bank Limited for the year ended on 31 December 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2021 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


Mannan Bapari FCMA, CERM
Chief Financial Officer


Mosleh Uddin Ahmed
Managing Director & CEO

SBAC Bank Limited
Head Office: BSC Tower, 05th-16th Floor, 2-3 Rajuk Avenue, Motijheel C/A, Dhaka-1000, Bangladesh. Phone: +88 02 223357207-11, Fax: +88 02 223357212, SWIFT: SBACBDDH

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Independent Auditor's Report To the Shareholders of South Bangla Agriculture and Commerce Bank Limited

Report On the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of South Bangla Agriculture and Commerce Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of South Bangla Agriculture and Commerce Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and 3 and comply with the Bank Companies Act, 1991 (as amended up to date), the Companies Act, 1994 (as amended up to date), the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations.

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 Auditors' 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), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

Description of key audit matters	Our response to the risk
Measurement of provision for loans and advances	
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2021 the Bank reported total gross</p>	<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; Discuss alternate procedures applied by management where the borrower's latest audited financial statements is not available as per BRPD Circular no 04 dated 04 January 2021. Identification of loss events, including early warning and default warning indicators; and Reviewed quarterly classification ledger of loans and advances (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the</p>

<p>loans and advances of BDT 65,955.68 Million (2020: BDT 57,408.83 Million) whereas at the year end of 2021 the Bank reported total provision for loans and advances of BDT 2,397.44 Million (2020: BDT 1567.44 Million).</p> <p>Furthermore as per BRPD circular no 50 dated 14 December 2021, additional 2% provision is required for clients who have taken the deferral facility under BRPD Circular no 19 dated 26 August 2021 and subsequent amendment and shown as special general provision- COVID 19 under other liabilities.</p> <p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>following:</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; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. • Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained. <p>Considering continuing adverse impact of COVID 19, Bangladesh Bank has given certain flexibility from classification requirement for loans vide issuing various circulars such as BRPD 3 dated 31 January 2021, BRPD 4 and 5 dated 24 March 2021, BRPD 13 dated 27 June 2021, BRPD 19 dated 26 August 2021 and BRPD 53 dated 30 December 2021 whereby Banks are allowed to keep a loan/customer as unclassified as long as the customer has paid 15% of the down payment due for the year 2021 by 31 December 2021.</p>
<p>See note # 8, 13.4 & 13.5 to the financial statements</p>	

Risk	Our response to the risk
<p>Interest income recognition</p>	
<p>Recognition and measurement of interest income involve complex IT environment as well as require critical estimates and judgment. Since interest income from loans and advances is one of the key performance indicators of the Bank there is an inherent risk of fraud and error in recognition of interest income.</p> <p>Moreover, as per Bangladesh Bank BRPD circular no. 53 dated 30 December 2021, considering future risk banks were allowed to recognize outstanding/arrear interest income on loans where deferral facilities were given upon receiving at least 15% of the total receivable amount.</p> <p>Accordingly this has been considered as key audit matter.</p>	<p>We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of interest on loans and advances.</p> <p>For selected customers and loan files on sample basis we have also performed substantive test of details including recalculation and cut-of testing to check accuracy of interest income</p> <p>Finally, we also conducted substantive analytical procedures to assess reasonableness of interest recognized during the year with reference to the product wise outstanding loan balances.</p> <p>However, due to the current uncertainty of the overall economic situation and depending on the pace of post COVID 19 recovery, there is inherent risk that the actual recovery of accrued interest income especially from those clients receiving deferral facility could be materially different than the actual situation in future and a portion of interest accrued during the year ended 31 December 2021.</p>
<p>See note # 21 to the financial statements</p>	





Valuation of treasury bill and treasury bond	
<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>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. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note no 7 to the financial statements	

Risk	Our response to the risk
Adequacy of income tax provision and measurement of deferred tax assets	
<p>Calculation of income tax provision required compliance with the Income Tax Ordinance 1984 including careful consideration of various temporary and permanent differences. Furthermore, upon final settlement of pending tax assessments any excess or short provision of current tax is also adjusted in the current year.</p> <p>Finally, significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>Accordingly, this area has been considered as key audit matter.</p> <p>At year end of 2021 the Bank reported advance income tax of Tk 554.58 Million (2020: Tk 1777.71 Million) and corresponding income tax provision of Tk 816.75 Million (2020: 2017.24 million). In addition, total deferred tax assets/ liability of BDT 21.75 million (2020: BDT (6.68)) and deferred tax income of BDT 28.43 million (2020: deferred tax expenses BDT 18.37 million).</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of both current tax and deferred tax, including the assumptions used in estimating the Bank's taxable income.</p> <p>We reviewed tax position for those years where income tax assessment is pending and assess adequacy of tax provision recorded by the Bank. Special focus attention was given to any reversal/adjustment of income tax provision from prior year.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. The Bank has sufficient taxable profit to recover the deferred tax assets in foreseeable future.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of current and deferred tax. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA on specific provision from regulatory capital.</p>
See notes no 10.2, 13.3, and 10.5 to the financial statements	

Risk	Our response to the risk
IT systems and controls	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume</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>of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.</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 and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>
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<p>Legal and regulatory matters</p>	
<p>We focused on this area because the Bank operates 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 and 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 Bank's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.</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>

<p>Implementation of IFRS 16 Leases</p>	
<p>IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contract term. With respect to operating leases of premises used by the Bank, at inception of the lease, the lessor receives a right of using the premises, in exchange of a lease debt, using an implicit discount rate</p> <p>Our key audit matter was focused on all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to determine the discount rates for lease are inappropriate.</p>	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <p>Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the Bank;</p> <p>Assessed the appropriateness of the discount rates applied in determining lease liabilities;</p> <p>Verified the accuracy of the underlying lease data by agreeing to original contract and checked the accuracy of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment; and</p> <p>Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.</p>
<p>See notes no 9, 13 to the financial statements</p>	





Reporting on other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) Bank and other applicable Laws and Regulations, 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 Bangladesh Bank guidelines 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 as a whole 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 judgement and maintain professional scepticism 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) in our opinion, proper books of account 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 and consolidated 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 have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets as per DBI-3/132/2022-617 dated 19 April 2022 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 4,170 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



Dhaka, 27 April 2022
DVC: 2204271512AS853888

Shaikh Hasibur Rahman FCA
Enrolment number : 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

South Bangla Agriculture and Commerce Bank Limited

Consolidated Balance Sheet

As at 31 December 2021

	Note	2021 Taka	2020 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (Including foreign currencies)	3	855,111,180	652,709,026
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	4	3,236,004,834	3,520,458,666
		4,091,116,014	4,173,167,692
Balance with other banks and financial institutions			
In Bangladesh	5	7,080,594,333	9,153,677,208
Outside Bangladesh		291,705,446	476,477,877
		7,372,299,779	9,630,155,085
Money at call on short notice			
	6	-	-
Investments:			
	7		
Government		15,971,113,935	12,976,733,866
Others		1,567,081,922	151,679
		17,538,195,857	12,976,885,545
Loans, advances and lease / investments			
Loans, cash credit, overdrafts etc. / investments	8	63,711,064,030	56,256,303,274
Bills purchased and discounted		2,244,617,036	1,152,526,195
		65,955,681,066	57,408,829,469
Fixed assets including premises, furniture and fixtures	9	1,626,642,412	1,524,391,874
Other assets	10	1,229,812,586	2,690,016,741
Non-banking assets		-	-
TOTAL ASSETS		97,813,747,714	88,403,446,406
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	8,763,684,070	2,391,442,263
Deposits and other accounts			
Current / Al-wadeeah current deposits and other accounts	12	7,295,625,630	5,613,076,615
Special notice / mudaraba special notice deposits		4,487,513,486	3,881,691,173
Bills payable		2,414,977,923	2,055,473,084
Savings bank / mudaraba savings deposits		5,943,300,533	5,569,059,301
Fixed / mudaraba term deposits		38,132,477,553	40,922,208,483
Other deposits		14,462,568,622	13,409,952,674
		72,736,463,747	71,451,461,330
Subordinated bonds		-	-
Other liabilities	13	5,685,192,573	5,253,884,414
TOTAL LIABILITIES		87,185,340,390	79,096,788,007
Capital/ Shareholders' equity			
Paid up capital	14.3	7,846,455,170	6,846,455,170
Statutory reserve	15	1,947,493,989	1,753,397,543
General reserve		-	-
Non-controlling (Minority) interest	14.11	405,167	-
Other reserve (revaluation reserve on Govt. Securities)	16	129,270,472	19,337,962
Foreign currency translation reserve	16.1	251,592	-
Surplus in profit and loss account	17	704,530,934	687,467,724
TOTAL SHAREHOLDERS' EQUITY		10,628,407,324	9,306,658,399
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		97,813,747,714	88,403,446,406



	Note	2021 Taka	2020 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptance and endorsements	18	3,444,598,165	1,586,301,381
Letters of guarantee		9,111,716,091	6,887,896,263
Irrevocable letters of credit		4,283,323,907	4,095,725,239
Bills for collection		1,700,140,692	1,590,161,406
Other contingent liabilities		-	-
Total		18,539,778,855	14,160,084,289
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		-	-
Claims against the Bank not acknowledged as debt		-	-
Total		-	-
Total off-balance sheet items including contingent liabilities		18,539,778,855	14,160,084,289
Net asset value per share (NAV)	41.1	13.54	13.59

Accompanying notes form an integral part of these financial statements.

Chairman

Director

Director

Managing Director & CEO

Signed in terms of our report of even date.

Shaikh Hasibur Rahman FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 27 April 2022
DVC: 2204271512AS853888

South Bangla Agriculture and Commerce Bank Limited

Consolidated Profit and Loss Account

For the year ended 31 December 2021

	Note	2021 Taka	2020 Taka
Interest income	21	5,610,478,463	5,855,107,528
Less: Interest paid on deposits and borrowings etc.	22	3,944,391,732	4,750,689,258
Net interest income		1,666,086,731	1,104,418,270
Investment income	23	3,064,157,711	1,909,924,534
Commission, exchange and brokerage	24	521,144,889	428,054,955
Other operating income	25	157,492,948	124,871,563
		3,742,795,548	2,462,851,052
Total operating income		5,408,882,279	3,567,269,322
Salary and allowances	26	1,326,068,623	1,147,952,923
Rent, taxes, insurance, electricity etc.	27	145,722,919	173,589,435
Legal and professional expenses	28	5,158,649	2,394,922
Postage, stamp, telecommunication etc.	29	13,099,216	13,924,282
Stationery, printing, advertisement etc.	30	37,898,568	37,200,922
Chief executive's salary and fees	31	13,186,335	8,322,666
Directors' fees	32	3,952,000	2,728,000
Auditors' fees	33	701,500	787,750
Charges on loan losses		-	-
Depreciation and repair of bank's assets	34	352,951,173	327,925,296
Other expenses	35	1,506,108,402	394,777,039
Total operating expenses		3,404,847,385	2,109,603,235
Profit before provision		2,004,034,894	1,457,666,087
Provision for loan			
Specific provision	13.4	629,395,545	24,870,536
Special general provision - COVID-19	13.5	177,669,663	84,370,703
General provision (including off balance sheet items)	13.4 & 13.6	181,816,203	(21,359,670)
		988,881,411	87,881,569
Provision for rebate to good borrowers	13.7	-	2,000,000
Provision for diminution in value of investments	13.11	36,403,988	-
Other provision		-	-
Total provision		1,025,285,399	89,881,569
Total Profit before taxes		978,749,495	1,367,784,518
Provision for taxation	36		
Current tax		467,295,307	397,458,482
Deferred tax		(28,435,622)	18,371,583
		438,859,685	415,830,065
Net profit after taxation		539,889,810	951,954,453
Appropriations			
Statutory reserve	15	194,096,446	273,619,682
General reserve		-	-
Startup fund	13.10	14,866,773	-
Retained surplus	17	330,926,591	678,334,771
		539,889,810	951,954,453
Earnings per share (EPS)		0.74	1.39

Accompanying notes form an integral part of these financial statements.



Chairman


Director


Director


Managing Director & CEO

Signed in terms of our report of even date.


Shaikh Hasibur Rahman FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 27 April 2022
DVC: 2204271512AS853888



South Bangla Agriculture and Commerce Bank Limited

Consolidated Cash Flow Statement

For the year ended 31 December 2021

	Note	2021 Taka	2020 Taka
A) Cash flows from operating activities			
Interest receipts in cash		5,995,989,786	5,364,431,218
Interest payments		(4,037,818,356)	(5,111,051,447)
Dividend receipts		18,027,141	-
Income from investments		1,369,657,601	1,170,366,917
Recoveries on loans and advances previously written-off		-	-
Fees and commission receipts in cash		421,836,709	288,524,252
Cash payments to employees		(1,343,206,958)	(1,159,003,589)
Cash payments to suppliers		(230,022,268)	(233,270,128)
Income taxes paid		(442,575,515)	(642,131,856)
Receipts from other operating activities		157,494,148	121,950,575
Payments for other operating activities		(288,952,185)	(203,660,987)
Operating profit before changes in operating assets and liabilities		1,620,430,103	(403,845,045)
Increase / decrease in operating assets and liabilities			
Net proceeds from trading securities		1,457,949,506	788,811,197
Loans and advances to other banks		-	-
Loans and advances to customers		(8,161,086,974)	(1,166,827,884)
Increase / decrease of other assets		(33,169,924)	45,252,951
Deposits from other banks		(5,577,582,926)	283,984,174
Deposits from customers		6,973,564,732	(12,323,443)
Increase / decrease of other liabilities account of customers		-	-
Increase / decrease of trading liabilities		-	-
Increase / decrease of other liabilities		188,204,802	963,085,678
		(5,152,120,784)	901,982,673
Net cash from operating activities		(3,531,690,681)	498,137,628
B) Cash flows from investing activities			
Proceeds from sale of Government securities		150,546,202,920	22,308,279,638
Payments for Purchase of Government securities		(156,087,386,686)	(20,480,940,961)
Purchase of property, plant and equipment		(434,497,708)	(1,392,501,060)
Sale proceeds of property, plant and equipment		-	2,920,988
Net cash from investing activities		(5,975,681,474)	437,758,605
C) Cash flows from financing activities			
Borrowing from other banks, financial institutions and agents		6,372,241,807	1,274,402,811
Dividends paid		(304,736,408)	-
Receipts from issue of ordinary share		1,000,400,000	-
Net cash from financing activities		7,067,905,399	1,274,402,811
D) Net increase / (decrease) in cash (A+B+C)		(2,439,466,756)	2,210,299,044
E) Effects of exchange rate changes on cash and cash-equivalent		99,559,772	139,530,703
F) Cash and cash-equivalents at beginning period		13,803,322,777	11,453,493,030
G) Cash and cash-equivalents at end of period (D+E+F)		11,463,415,793	13,803,322,777
H) Cash and cash-equivalents at end of period			
Cash in hand including foreign currencies	3	855,111,180	652,709,026
Balances with Bangladesh Bank and its agent bank(s)	4	3,236,004,834	3,520,458,666
Balances with other Banks and Financial institutions	5	7,372,299,779	9,630,155,085
		11,463,415,793	13,803,322,777

Accompanying notes form an integral part of these financial statements.

Chairman

Director

Director

Managing Director & CEO

South Bangla Agriculture and Commerce Bank Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

Particulars	Paid Up Capital	Statutory Reserve	Other Reserve	F.C. Translation Reserve	Retained Earnings	Minority Interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01 January 2021	6,846,455,170	1,753,397,543	19,337,962	-	687,467,724	-	9,306,658,399
Issue of Shares	1,000,000,000	-	-	-	-	400,000	1,000,400,000
Prior period adjustment	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	539,889,810	-	539,889,810
Transfer to statutory reserve	-	194,096,446	-	-	(194,096,446)	-	-
Transfer to statup fund	-	-	-	-	(14,866,773)	-	(14,866,773)
Revaluation of Govt. treasury bills, bonds and other investments	-	-	109,932,510	-	-	-	109,932,510
Foreign currency translation gain/loss not recognized in the income statement	-	-	-	251,592	-	-	251,592
Non-controlling (Minority) interest	-	-	-	-	(5,167)	5,167	-
Cash Dividend paid	-	-	-	-	(313,858,214)	-	(313,858,214)
Balance as on 31 December 2021	7,846,455,170	1,947,493,989	129,270,472	251,592	704,530,934	405,167	10,628,407,324
Balance as on 31 December 2020	6,846,455,170	1,753,397,543	19,337,962	-	687,467,724	-	9,306,658,399

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director & CEO



South Bangla Agriculture and Commerce Bank Limited

Consolidated Liquidity Statement (asset and liabilities maturity analysis)

As at 31 December 2021

Particulars	Within one month	Within one to three months	Within three to twelve months	Within one to five years	More than five years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand (including foreign currencies)	855,111,180	-	-	-	-	855,111,180
Balance with Bangladesh Bank and its agent Banks	403,755,834	-	-	-	2,832,249,000	3,236,004,834
Balance with other banks & financial institutions	3,735,111,264	1,671,588,515	1,965,600,000	-	-	7,372,299,779
Money at call on short notice	-	-	-	-	-	-
Investments	1,386,072,851	315,133,461	123,625,231	1,898,323,349	13,815,040,965	17,538,195,857
Loans and advances	11,622,836,134	16,410,434,970	24,108,876,332	11,233,029,134	2,580,504,496	65,955,681,066
Fixed assets including premises, furniture and fixtures	23,989,666	47,979,332	215,906,993	1,338,766,421	-	1,626,642,412
Other assets	239,877,467	399,795,779	410,077,507	180,061,833	-	1,229,812,586
Non-Banking assets	-	-	-	-	-	-
Total Assets	18,266,754,396	18,844,932,057	26,824,086,063	14,650,180,737	19,227,794,461	97,813,747,714
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	6,244,373,109	686,819,167	1,633,523,886	60,196,357	138,771,551	8,763,684,070
Deposits and other accounts	11,422,532,737	14,853,503,585	21,929,717,596	13,547,666,911	10,983,042,918	72,736,463,747
Provisions and other liabilities	34,032,123	257,243,599	1,266,651,604	827,014,933	3,300,250,313	5,685,192,573
Total Liabilities	17,700,937,969	15,797,566,351	24,829,893,086	14,434,878,201	14,422,064,783	87,185,340,390
Net liquidity surplus	565,816,427	3,047,365,706	1,994,192,977	215,302,536	4,805,729,678	10,628,407,324
Cumulative liquidity surplus	565,816,427	3,613,182,133	5,607,375,110	5,822,677,646	10,628,407,324	

Net result of the liquidity statement represents the shareholders' equity.

Chairman

Director

Director

Managing Director & CEO

South Bangla Agriculture and Commerce Bank Limited

Balance Sheet

As at 31 December 2021

	Note	2021 Taka	2020 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (Including foreign currencies)	3.1	855,111,180	652,709,026
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	4.1	3,236,004,834	3,520,458,666
		4,091,116,014	4,173,167,692
Balance with other banks and financial institutions			
In Bangladesh	5.1	7,080,594,333	9,153,677,208
Outside Bangladesh		291,705,446	476,477,877
		7,372,299,779	9,630,155,085
Money at call on short notice			
	6	-	-
Investments:			
Government	7.1	15,971,113,935	12,976,733,866
Others		1,567,081,922	151,679
		17,538,195,857	12,976,885,545
Loans, advances and lease / investments			
Loans, cash credit, overdrafts etc. / investments	8.1	63,711,064,030	56,256,303,274
Bills purchased and discounted		2,244,617,036	1,152,526,195
		65,955,681,066	57,408,829,469
Fixed assets including premises, furniture and fixtures	9.1	1,626,642,412	1,524,391,874
Other assets	10.1	1,588,387,124	2,690,016,741
Non-banking assets		-	-
TOTAL ASSETS		98,172,322,252	88,403,446,406
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11.1	8,763,684,070	2,391,442,263
Deposits and other accounts			
Current / Al-wadeeah current deposits and other accounts	12.1	7,296,934,175	5,613,076,615
Special notice / mudaraba special notice deposits		4,494,632,154	3,881,691,173
Bills payable		2,414,977,923	2,055,473,084
Savings bank / mudaraba savings deposits		5,943,300,533	5,569,059,301
Fixed / mudaraba term deposits		38,491,349,641	40,922,208,483
Other deposits		14,462,568,622	13,409,952,674
		73,103,763,048	71,451,461,330
Subordinated bonds		-	-
Other liabilities	13.1	5,682,034,849	5,253,884,414
TOTAL LIABILITIES		87,549,481,967	79,096,788,007
Capital/ Shareholders' equity			
Paid up capital	14.3	7,846,455,170	6,846,455,170
Statutory reserve	15	1,947,493,989	1,753,397,543
General reserve		-	-
Other reserve (revaluation reserve on Govt. Securities)	16	129,270,472	19,337,962
Foreign currency translation reserve	16.1	251,592	-
Surplus in profit and loss account	17.1	699,369,062	687,467,724
TOTAL SHAREHOLDERS' EQUITY		10,622,840,285	9,306,658,399
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		98,172,322,252	88,403,446,406



	Note	2021 Taka	2020 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
	18		
Acceptance and endorsements		3,444,598,165	1,586,301,381
Letters of guarantee		9,111,716,091	6,887,896,263
Irrevocable letters of credit		4,283,323,907	4,095,725,239
Bills for collection		1,700,140,692	1,590,161,406
Other contingent liabilities		-	-
Total		18,539,778,855	14,160,084,289
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		-	-
Total off-balance sheet items including contingent liabilities		18,539,778,855	14,160,084,289
Net asset value per share (NAV)	41.2	13.54	13.59

Accompanying notes form an integral part of these financial statements.

Chairman

Director

Director

Managing Director & CEO

Signed in terms of our report of even date.

Dhaka, 27 April 2022
DVC: 2204271512AS853888

Shaikh Hasibur Rahman FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

South Bangla Agriculture and Commerce Bank Limited

Profit and Loss Account

For the year ended 31 December 2021

	Note	2021 Taka	2020 Taka
Interest income	21.1	5,610,478,463	5,855,107,528
Less: Interest paid on deposits and borrowings etc.	22.1	3,955,954,894	4,750,689,258
Net interest income		1,654,523,569	1,104,418,270
Investment income	23.1	3,064,157,711	1,909,924,534
Commission, exchange and brokerage	24.1	521,144,889	428,054,955
Other operating income	25.1	157,494,148	124,871,563
		3,742,796,748	2,462,851,052
Total operating income		5,397,320,317	3,567,269,322
Salary and allowances	26.1	1,326,068,623	1,147,952,923
Rent, taxes, insurance, electricity etc.	27.1	145,722,919	173,589,435
Legal and professional expenses	28.1	5,137,563	2,394,922
Postage, stamp, telecommunication etc.	29.1	13,099,216	13,924,282
Stationery, printing, advertisement etc.	30.1	37,892,768	37,200,922
Chief executive's salary and fees	31	13,186,335	8,322,666
Directors' fees	32.1	3,760,000	2,728,000
Auditors' fees	33.1	575,000	787,750
Charges on loan losses		-	-
Depreciation and repair of bank's assets	34.1	352,951,173	327,925,296
Other expenses	35.1	1,503,159,089	394,777,039
Total operating expenses		3,401,552,686	2,109,603,235
Profit before provision		1,995,767,631	1,457,666,087
Provision for loan			
Specific provision	13.4	629,395,545	24,870,536
Special general provision - COVID-19	13.5	177,669,663	84,370,703
General provision (including off balance sheet items)	13.4 & 13.6	181,816,203	(21,359,670)
		988,881,411	87,881,569
Provision for rebate to good borrowers	13.7	-	2,000,000
Provision for diminution in value of investments		36,403,988	-
Other provision		-	-
Total provision		1,025,285,399	89,881,569
Total Profit before taxes		970,482,232	1,367,784,518
Provision for taxation	36		
Current tax		464,195,083	397,458,482
Deferred tax		(28,435,622)	18,371,583
		435,759,461	415,830,065
Net profit after taxation		534,722,771	951,954,453
Appropriations			
Statutory reserve	15	194,096,446	273,619,682
General reserve		-	-
Startup fund	13.10	14,866,773	-
Retained surplus	17	325,759,552	678,334,771
		534,722,771	951,954,453
Earnings per share (EPS)	40.2	0.74	1.39

Accompanying notes form an integral part of these financial statements.



 Chairman


 Director


 Director


 Managing Director & CEO

Signed in terms of our report of even date.


 Shaikh Hasibur Rahman FCA
 Enrolment no 1512
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

 Dhaka, 27 April 2022
 DVC: 2204271512AS853888



South Bangla Agriculture and Commerce Bank Limited

Cash Flow Statement

For the year ended 31 December 2021

	Note	2021 Taka	2020 Taka
A) Cash flows from operating activities			
Interest receipts in cash		5,994,681,241	5,364,431,218
Interest payments		(4,046,764,428)	(5,111,051,447)
Dividend receipts		18,027,141	-
Income from investments		1,369,657,601	1,170,366,917
Recoveries on loans and advances previously written-off		-	-
Fees and commission receipts in cash		421,836,709	288,524,252
Cash payments to employees		(1,343,014,958)	(1,159,003,589)
Cash payments to suppliers		(229,926,382)	(233,270,128)
Income taxes paid	10.2	(441,550,053)	(642,131,856)
Receipts from other operating activities		157,494,148	121,950,575
Payments for other operating activities		(286,001,672)	(203,660,987)
Operating profit before changes in operating assets and liabilities		1,614,439,347	(403,845,045)
Increase / decrease in operating assets and liabilities			
Sale / purchase of trading securities		1,457,949,506	788,811,197
Loans and advances to other banks		-	-
Loans and advances to customers		(8,161,086,974)	(1,166,827,884)
Increase / decrease of other assets	36	(392,769,924)	45,252,951
Deposits from other banks		(5,577,582,926)	283,984,174
Deposits from customers		7,339,555,488	(12,323,443)
Increase / decrease of other liabilities account of customers		-	-
Increase / decrease of trading liabilities		-	-
Increase / decrease of other liabilities	37	188,204,802	963,085,678
		(5,145,730,028)	901,982,673
Net cash from operating activities		(3,531,290,681)	498,137,628
B) Cash flows from investing activities			
Proceeds from sale of securities		150,546,202,920	22,308,279,638
Payments for Purchase of securities		(156,087,386,686)	(20,480,940,961)
Purchase of property, plant and equipment		(434,497,708)	(1,392,501,060)
Sale proceeds of property, plant and equipment		-	2,920,988
Net cash from investing activities		(5,975,681,474)	437,758,605
C) Cash flows from financing activities			
Borrowing from other banks, financial institutions and agents		6,372,241,807	1,274,402,811
Dividends paid		(304,736,408)	-
Receipts from issue of ordinary share		1,000,000,000	-
Net cash from financing activities		7,067,505,399	1,274,402,811
D) Net increase / (decrease) in cash (A+B+C)		(2,439,466,756)	2,210,299,044
E) Effects of exchange rate changes on cash and cash-equivalent		99,559,772	139,530,703
F) Cash and cash-equivalents at beginning period		13,803,322,777	11,453,493,030
G) Cash and cash-equivalents at end of period (D+E+F)		11,463,415,793	13,803,322,777
H) Cash and cash-equivalents at end of period			
Cash in hand including foreign currencies	3	855,111,180	652,709,026
Balances with Bangladesh Bank and its agent bank(s) including foreign currencies	4	3,236,004,834	3,520,458,666
Balances with other Banks and Financial institutions	5	7,372,299,779	9,630,155,085
		11,463,415,793	13,803,322,777

Accompanying notes form an integral part of these financial statements.


Chairman


Director


Director


Managing Director & CEO


South Bangla Agriculture and Commerce Bank Limited

Statement of Changes in Equity

For the year ended 31 December 2021

Particulars	Paid Up Capital	Statutory Reserve	Other Reserve	F.C. Translation Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01 January 2021	6,846,455,170	1,753,397,543	19,337,962	-	687,467,724	9,306,658,399
Issue of Shares	1,000,000,000					1,000,000,000
Prior period adjustment	-	-	-	-	-	-
Net profit for the period	-	-	-	-	534,722,771	534,722,771
Transfer to statutory reserve	-	194,096,446	-	-	(194,096,446)	-
Transfer to startup fund	-	-	-	-	(14,866,773)	(14,866,773)
Revaluation of Govt. treasury bills, bonds and other investments	-	-	109,932,510	-	-	109,932,510
Foreign currency translation gain/loss not recognized in the income statement	-	-	-	251,592	-	251,592
Cash Dividend paid	-	-	-	-	(313,858,214)	(313,858,214)
Balance as on 31 December 2021	7,846,455,170	1,947,493,989	129,270,472	251,592	699,369,062	10,622,840,285
Balance as on 31 December 2020	6,846,455,170	1,753,397,543	19,337,962	-	687,467,724	9,306,658,399

These financial statements should be read in conjunction with the annexed notes.



 Chairman



 Director



 Director



 Managing Director & CEO



South Bangla Agriculture and Commerce Bank Limited

Liquidity Statement (asset and liabilities maturity analysis)

As at 31 December 2021

Particulars	Within one month	Within one to three months	Within three to twelve months	Within one to five years	More than five years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand (including foreign currencies)	855,111,180	-	-	-	-	855,111,180
Balance with Bangladesh Bank and its agent Banks	403,755,834	-	-	-	2,832,249,000	3,236,004,834
Balance with other banks & financial institutions	3,735,111,264	1,671,588,515	1,965,600,000	-	-	7,372,299,779
Money at call on short notice	-	-	-	-	-	-
Investments	1,386,072,851	315,133,461	123,625,231	1,898,323,349	13,815,040,965	17,538,195,857
Loans and advances	11,622,836,134	16,410,434,970	24,108,876,332	11,233,029,134	2,580,504,496	65,955,681,066
Fixed assets including premises, furniture and fixtures	23,989,666	47,979,332	215,906,993	1,338,766,421	-	1,626,642,412
Other assets	239,877,467	399,795,779	559,714,091	388,999,787	-	1,588,387,124
Non-Banking assets	-	-	-	-	-	-
Total Assets	18,266,754,396	18,844,932,057	26,973,722,647	14,859,118,691	19,227,794,461	98,172,322,252
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	6,244,373,109	686,819,167	1,633,523,886	60,196,357	138,771,551	8,763,684,070
Deposits and other accounts	11,499,149,889	14,928,509,726	22,040,456,688	13,597,142,456	11,038,504,289	73,103,763,048
Provisions and other liabilities	34,032,123	257,243,599	1,266,651,604	827,014,933	3,297,092,589	5,682,034,849
Total Liabilities	17,777,555,121	15,872,572,492	24,940,632,178	14,484,353,746	14,474,368,429	87,549,481,967
Net liquidity surplus	489,199,275	2,972,359,565	2,033,090,469	374,764,945	4,753,426,031	10,622,840,285
Cumulative liquidity surplus	489,199,275	3,461,558,840	5,494,649,309	5,869,414,254	10,622,840,285	

Net result of the liquidity statement represents the shareholders' equity.


Chairman


Director


Director


Managing Director & CEO

South Bangla Agriculture and Commerce Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2021

1 General information**1.1 Status of the bank**

South Bangla Agriculture and Commerce Bank Limited (the "Bank") was incorporated in Bangladesh as a public limited company with limited liability by shares as on February 20, 2013 under the Companies Act 1994 to carry out banking business. The registered office of the Bank is BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000, Bangladesh. It obtained license from Bangladesh Bank for carrying out banking business on March 25, 2013 under the Bank Companies Act 1991. The Bank has been carrying out its business in Bangladesh through its eighty four (84) branches; twenty one (21) sub-branches all over Bangladesh and one (01) Off-shore banking unit in head office. The Bank went for initial public offering in 2021 and its share is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited from 11 August 2021 as a publicly traded company.

1.2 Nature of business**Principal activities**

The principal activities of the Bank are to carry on all kinds of commercial banking business in Bangladesh i.e. accepting customer deposits, lending to retail, small and medium enterprise (SME) and corporate customers, trade financing, lease financing, project financing, issuing letters of credit, interbank borrowing and lending, dealing with government securities etc. In addition to the traditional banking system, the Bank started islamic sariah base banking business through islamic banking windows (IBW) in 10 branches of the Bank during 2021.

Off-shore Banking Unit (OBU)

The Off-shore Banking Unit (OBU) of the Bank is the separate business entity governed by the applicable rules & regulations and guidelines of Bangladesh Bank. The Bank obtained the permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as at 31 December 2021, located at International Division, Head Office, SBAC Bank Ltd., Dhaka.

The principal activities of the OBUs are to provide commercial banking services through its Unit within the rules & regulations and guidelines of Bangladesh Bank applicable for the Off-shore Banking Units.

Information regarding subsidiary

The Bank has 01 (one) subsidiary, SBAC Bank Investment Limited. Though the suscription of the subsidiary has been completed, the operation of the company is yet to start.

SBAC Bank Investment Limited

SBAC Bank Investment Limited, a subsidiary company of the Bank, incorporated as a private company, limited by shares, registered with the Registrar of Joint Stock Companies and Firms vide certificate of incorporation no. C-169950/2021 dated 21 March 2021 under the Companies Act 1994. SBAC Bank Investment Limited got the Trading Right Entitlement Certificate (TREC) no. Nibondhon/DSE/TREC#267/2021/294 dated 01 September 2021 of Dhaka Stock Exchange Limited (DSE). The primary activity of the company is to act as a stock broker & dealer to execute buy and sell order and to maintain its own portfolio as well as customers' portfolio under the discretion of customers. The Financial Statements of the company for the year ended 31 December 2021 are shown in Annexure - H.

2 Basis of preparation of financial statements and significant accounting policies**2.1 Basis of preparation of financial statements**

The financial statements of the Bank as at 31 December 2021 have been prepared on going concern basis under historical cost convention and in accordance with the "First Schedule" of the Bank Companies Act, 1991 as amended by BRPD Circular No. 14 dated 25th June 2003, other Circulars of Bangladesh Bank, International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange



Rules 1987, and other laws and rules applicable for Banks in Bangladesh. The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. As per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable. In case of any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank prevailed. Material departures from the requirements of IFRS are as follows:

i) Presentation of Financial statements

IFRS: As per IAS 1 financial statements shall comprise statement of financial position, comprehensive income statement, 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 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, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the First Schedule (Section 38) of the Bank Company Act 1991 (amendment 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) Investment in shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per Banking Regulation and Policy Department (BRPD) circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per net assets value of last audited balance sheet respectively. As per Department of Off-site Supervision (DOS) Circular Letter No. 03 date 12 March 2015 investments in mutual fund (close-end) is revalued at lower of cost and higher of market value and 85% of NAV. And as per DOS Circular Letter No. 10 date 28 June 2015 investments in mutual fund (open-end) is revalued at lower of cost and higher of market value and 95% of NAV. As per DOS Circular No. 01 date 10 February 2020 any investment under the special fund for investment in capital market is not revalued i.e. presented at cost. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

iii) Revaluation gains/losses on Government securities

IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: 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 recognized 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 amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains on amortization are recognized in other reserve as a part of equity.

iv) Provision on loans and advances/investments

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans

and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular No.24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No.4 (16 May 2019), BRPD circular No.3 (21 April 2019), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), 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, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9. However, if there is any stay order issued by the Honorable High Court Division of the Supreme Court of Bangladesh against any non-performing loans for reporting such loans as unclassified category, the Bank maintains at least general provision for such loans under unclassified loan category as per Bangladesh Bank guidelines. Where Bangladesh Bank suggests any additional provision to be maintained for such loans, the Bank complies with that.

v) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified as impaired, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as a liability in the balance sheet.

vi) Other comprehensive income and appropriation of profit

IFRS: As per IAS 1 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.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly 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.

vii) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

viii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.





Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, financial guarantees such as letters of credit, letters of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn loan commitments).

ix) Cash and cash equivalents

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as money at call on short notice, treasury bills with maturity of more than three months and prize bond are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills with maturity of more than three months and prize bond are shown under investment in the balance sheet.

x) Repo and reverse repo transactions

IFRS: As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per Department of Off-Site Supervision (DOS) Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book. However, as per Debt Management Department (DMD) circular letter no. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) program, whereby such banks may enter collateralized repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

xi) Non-banking asset

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

Bangladesh Bank: As per BRPD 14, there is a separate balance sheet item named Non-banking assets existed in the standard format.

xii) Cash flow statement

IFRS: The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, cash flow is the mixture of direct and indirect methods.

xiii) 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.

xiv) Presentation of intangible assets

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

Bangladesh Bank: There is no regulation for intangible assets in BRPD Circular No. 14 dated 25th June 2003.

xv) 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 25th June 2003, off balance sheet items (e.g. Letters of credit, Letters of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xvi) Loans and advances net of provision

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

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

xvii) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its one subsidiary, SBAC Bank Investment Limited, made up to the end of the financial year as on 31 December 2021. The consolidated financial statements have been prepared in accordance with IFRS 10 "Consolidated Financial Statements" using purchase method. The consolidated financial statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiary

Subsidiary is an enterprise which is controlled by the parent company. Control exists when the parent company has the power, directly and indirectly, to govern the financial and operating policies of an enterprise from the date of control commences until the date that control ceases. The financial statements of subsidiary are included in the consolidated financial statements from the date that the control effectively commences until the date that it control effectively ceases.

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and Loss resulting from transactions is also eliminated on consolidation.

2.3 Use of estimates and judgment

The preparation of financial statements 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 recognised in the periods in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

1. Provisions on loans and advances
2. Income tax provision

2.4 Consistency

In accordance with IFRS framework for the presentation of financial statements together with IAS – 1 and IAS – 8, the Bank discloses its information consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies, correction of errors, the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS – 8. However, for changes in the accounting estimates the related amount is recognized prospectively in the current period and in the next period or periods.

2.5 Foreign currency transactions

a) Functional and presentation currency

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The financial statements of the group and the Bank are presented in Bangladeshi Taka which is the Bank's functional and presentation currency.





b) Foreign currencies translation

Foreign currency transactions are converted into equivalent BDT using the prevailing exchange rates on the dates of respective transactions as per IAS-21, "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into BDT at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into equivalent BDT.

Assets and liabilities of off-shore Banking Unit (OBU) are translated at the exchange rate prevailing at the balance sheet date. Income and expenses in the profit and loss account of OBU are translated at an average rate approximating the exchange rates at the year end. Resulting exchange differences are recognized as a separate component of equity.

As per IAS 21, Foreign Currency Transactions i.e. both the foreign currency denominated monetary and non-monetary items of the OBUs are translated at historical rate because the OBUs are considered as an integral part of the Bank's operation not a foreign operation due to specific regulations governing the OBU and its unique nature.

c) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

d) Transaction gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account.

2.6 Cash flow statement

The cash flow statement has been prepared in accordance with IAS 7, Cash Flow Statements considering the requirements specified in BRPD circular No. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

2.7 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth during the year.

2.8 Statement of liquidity

The liquidity statement of assets and liabilities as on the reporting date has been prepared either on the basis of their maturity schedule or residual maturity term as provided in the statement.

2.9 Reporting period

These financial statements of the Bank cover period from 1 January to 31 December 2021.

2.10 Investment in Govt. Securities

In accordance with Bangladesh Bank guideline the Bank has classified investment into the following categories :

- Held to Maturity (HTM)
- Held for Trading (HFT)

In accordance with DOS circular No.05 (26 May 2008) and DOS circular 5 (28 January 2009) treasury securities held for Statutory Liquidity Ratio (SLR) compliance could be classified as either HTM or HFT. 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. Coupon interest on HTM securities is recognised in profit and loss account. 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.

2.11 Investment in quoted / unquoted securities

The investment in quoted shares are revalued as per market price in the stock exchange(s). The Bank's investments in shares (unquoted) are recorded at cost and income thereon is accounted for when the right to receive payment is established. Provisions are made for any loss arising from diminution in value of

investments. Bonus share in their own self will have no value as the fair value of each shareholder's interest should be unaffected by the bonus issue, hence no accounting entries are passed in the book for bonus share received.

2.12 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.

Loans and advances are measured at amortised cost. These are stated gross, with accumulated specific and general provisions for loans and advances being shown under other liabilities.

2.13 Provisions on loans and advances

At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with Bangladesh Bank BRPD circular letter no-53 dated 30 December 2021, BRPD circular no. 52 dated 29 December 2021, BRPD circular letter no. 50 dated 14 December 2021, BRPD circular no. 19 dated 26 August 2021, BRPD circular No. 05 dated 24 March 2021, BRPD circular No. 03 dated 31 January 2021, BRPD circular no. 56 dated 10 December 2020, BRPD circular no.52 dated 20 October 2020, BRPD circular no.16 dated 21 July 2020, BRPD circular No. 24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No. 5 (16 May 2019) and BRPD circular No.3 (21 April 2019), BRPD circular No.1 (20 February 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates for general provision is 1% to 5% and specific provision is 5% to 100%.

The provisioning rates are as follows:

	2021	2020
General provision on:		
Unclassified general loans and advances/investments	1.00%	1.00%
Unclassified small and medium enterprise financing	0.25%	0.25%
Unclassified loans/investment for housing finance	1.00%	1.00%
Unclassified loans/investment for loans to professionals	2.00%	2.00%
Unclassified consumer financing other than housing finance and loans for professionals	2.00%	5.00%
Unclassified agricultural loans	1.00%	1.00%
Specific provision on:		
Unclassified loans/advances rescheduled under BRPD 05/2019	100.00%	100.00%
Substandard loans and advances/investments other than agricultural loans and cottage, micro & small enterprise finance	20.00%	20.00%
Substandard loans and advances on cottage, micro & small enterprise finance	5.00%	20.00%
Doubtful loans and advances/investment other than agricultural loans and cottage, micro & small enterprise finance	50.00%	50.00%
Doubtful loans and advances on cottage, micro & small enterprise finance	20.00%	50.00%
Substandard and doubtful on agricultural loans	5.00%	5.00%
Bad/loss advances/investments	100.00%	100.00%
Special general provision for COVID 19		
Loans and advances on cottage, micro & small enterprise finance	1.50%	1.00%
Other than SME loans and advances	2.00%	1.00%

In line with Bangladesh Bank BRPD Circular no. 04 dated January 29, 2015, All restructured loans treated as Special Mention Account (SMA) for the purpose of classification. Provision was made at existing applicable rate of SMA with additional 1%.

BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment





losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorised into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

Loans are normally written off, when there is no realistic prospect of recovery of these amounts and in accordance with BRPD circular No.01 (06 February 2019), BRPD circular No.13 (07 November 2013) and BRPD circular No.2 (13 January 2003). A separate Debt Collection Unit (DCU) has been set up which monitors loans written off and legal action taken through the money loan court. These write-offs do not undermine or affect the amount claimed against the borrower by the Bank.

The DCU maintains a separate record for all individual cases written off by each branch. The DCU follow-up on the recovery efforts of these written off loans and reports to management on a periodic basis. Written off loans and advances are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

2.14 Property, plant and equipment

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

a) All fixed assets are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.

b) Depreciation is charged for the period at the following rates using straight-line method on all fixed assets:

Category of fixed assets	Rate
Motor vehicles	20%
Machinery & equipments	20%
Furniture & Fixture	10%
Interior Decoration	10%
Computer & Accessories	20%
Software	20% or remaining usable periods
Other tools	20%
Right of use assets	Remaining lease periods

c) For additions during the period, depreciation is charged from the month those have been booked and for disposal depreciation is charged up to the previous month of disposal.

d) On disposal of fixed assets, the book value of the assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the book value of the asset and net sale proceeds.

e) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalized as part of the cost of the asset as per IAS 23.

2.15 Intangible asset

An intangible asset is to be recognized only if it is probable the future economic benefits attributable to the asset will flow to the bank and the cost of the asset can be measured reliably. Recognition & measurement of intangible asset are guided by IAS 38 – "Intangible Asset". Due to following BRPD circular no. 14 dated 25th June 2003 intangible assets are not disclosed in a separate line rather in is reported under fixed assets. However, separate line item along with the rate of amortization is identifiable in the detail schedule of fixed assets.

2.16 Provisions for other assets

BRPD circular No.14 (25 June 2001) requires a provision of 100% on relevant other assets which are outstanding for one year and above. The Bank maintains provision in line with this circular unless no provision is required based on objective assessment.

Provisions on balances with other banks and financial institutions (Nostro accounts)

Provisions for unsettled transactions on nostro accounts made are reviewed on a quarterly basis by management and certified by the Bank's external auditors on a semi-annual basis in accordance with Bangladesh Bank Foreign Exchange Policy Department (FEPD) circular No. 677 (13 September 2005).

Provisions for off balance sheet exposures

As per BRPD circular No.14 (23 September 2012) the Bank has recognised 1% General Provision on the following off balance sheet exposures as defined in BRPD circular No.10 (24 November 2002) considering the exemption as provided through BRPD circular No.01 (03 January 2018), BRPD circular No.7 (21 June 2018) and BRPD circular No.13 (18 October 2018).

- Acceptance and endorsements
- Letters of guarantee
- Irrevocable letters of credit

2.17 Non banking assets

There are no assets acquired in exchange for loan during the period of financial statements.

2.18 Securities purchased under re-sale agreement

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The amount lent is shown as an asset either as loans and advances to customers or loans to other banks.

The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

2.19 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank are reconciled regularly and there are no differences which may affect the financial statements significantly. Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are Nil.

2.20 Statutory reserve

Bank Company Act, 1991 requires the Bank to transfer 20% of its current year's profit before tax to reserve until such reserve equals to its paid up capital.

2.21 Other reserve

Other reserve comprises investment revaluation reserve and fixed assets revaluation reserve. When carrying amount of an item of property, plant and equipment is increased as a result of revaluation, the increased amount is classified directly to equity under heading of assets revaluation reserve as per IAS 16 – "Property, Plant and Equipment". As per Bangladesh Bank DOS circular no. 5 dated 26th May 2008, revaluation gain arising from revaluation of government securities under HFT category is kept directly in equity under revaluation gain account which is disclosed with other reserve while preparing the financial statements.

2.22 Provision for startup fund

As per Bangladesh Bank SMESPD Circular No. 04 dated 29th March 2021, the Bank is maintaining provision for startup fund @ 1.00% of net profit after taxation.

2.23 Non-controlling (minority) interest in subsidiary

Non-controlling (minority) interest in subsidiary is an accounting concept that refers to the portion of a subsidiary corporation's stock that is not owned by the parent corporation. The magnitude of the non-controlling (minority) interest in the subsidiary company is always less than 50% of outstanding shares, else the corporation would cease to be a subsidiary of the parent. Non-controlling (minority) interest belongs to other investors and is reported on the consolidated balance sheet of the owing company to reflect the claim on assets belonging to other, non-controlling shareholders. Also, non-controlling (minority) interest is reported on the consolidated income statement as a share of profit belonging to non-controlling (minority) shareholders.

2.24 Deposits and other accounts

Deposits by customers and banks are recognized when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.



2.25 Borrowings from other banks, financial institutions and agents

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit and loss account.

2.26 Employees benefits

a. Short term benefits

Short-term benefits are employee benefits which fall due wholly within twelve month after the end of the period in which the employees render the related service. The Bank provides various short term benefits to its employees like incentive bonus, leave fare assistance etc.

b. Provident fund

The benefits of provident fund are given to the employees of the Bank in accordance with the Provident Fund Rules as per section 2(52) of Income Tax Ordinance, 1984. The Provident Fund was recognized by National Board of Revenue on 12th May 2015. Separate bank account is maintained to manage the fund. All confirmed employees of the Bank contribute 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount to the Fund. Interest earned from the investments of fund is credited to the members' accounts on yearly basis.

c. Gratuity

As per the Employees Service Rules of the Bank, gratuity shall be admissible to all regular employees who have completed continuous service for a period of 7 (seven) years in the Bank but in case of experienced banker recruited through head hunting the admissible period is 5 (five) years. The amount of gratuity shall be calculated at the rate of 2 (two) months' last drawn basic pay for each completed years of service. The Bank is developing the fund to meet up its future obligation. National Board of Revenue recognized the gratuity fund on 10 April 2016.

d. Workers Profit Participation Fund and Welfare Fund

SRO-336-AIN/2010 dated 5-10-2010 issued by the 'Ministry of Labour and Employment' declares the status of business of certain institutions and companies along with Bank & insurance companies as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) which deals with the workers' participation in company's profit by way of 'Workers Participation Fund' and 'Welfare Fund'. This Act requires the "Industrial Undertakings" to maintain provision for workers' profit participation fund @ 5% on net profit. Since this requirement contradicts with the 'Section 11' of the 'Bank Company Act 1991 (as amended up to 2018)', Banks in Bangladesh took up the issue collectively and sought opinion from 'Association of Bankers Bangladesh Limited (ABB)' on the same. ABB wrote a letter to the 'Ministry of Finance' of Government of People's Republic of Bangladesh on 09.03.2016 to draw attention of the honorable Finance Minister regarding relevance and applicability of Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) for Bank Companies and to obtain a direction on the issue. The 'Ministry of Finance' revealed their opinion that WPPF should not be relevant for Bank Companies and therefore, it should not be applied there. They also sought for an opinion on this issue from Bangladesh Bank. Subsequently, Bangladesh Bank agreed on all the logics and legal opinion collected by the ABB and expressed their consensus with them on 29.11.2016. In this backdrop, the 'Ministry of Finance' has given their instruction, vide letter no. 53.00.0000.311.22.002.17.130 dated 14.02.2017, for not applying Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) in Bank Companies. Therefore, no provision in this regard has been made in the financial statements for the year ended on December 31, 2021.

e. Other benefits

Other benefits include house building loan, consumer finance and car loan at a concessional rate.

2.27 Provision for liabilities

Provision are recognized in the Balance Sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".

2.28 Provision for Off-balance sheet items:

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. Provision @1% against off-balance sheet exposures (L/Cs and Guarantees etc) in addition to the existing provisioning arrangement is made as per BRPD Circular No. 14 dated 23rd September, 2012 and BRPD Circular No. 07 dated 21 June 2018.

2.29 Provision for current taxation

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates as prescribed in the Income Tax Ordinance 1984 and relevant Statutory Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. As per the Finance Act 2021 the current income tax rate applicable for the banks is 37.50%. The estimation of current tax provision involves making judgments regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

2.30 Provision for deferred tax

Deferred tax liabilities / assets are the amount of income tax payable / recoverable in future years in respect of taxable /deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing difference arising between the carrying values of assets, 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".

2.31 Revenue recognition

The various types of revenue are recognised by the Bank under the following ways:

2.31.1 Interest income (conventional banking)

In terms of the provision of the IFRS 9 – "Financial Instruments" the interest income is recognized on accrual basis. In accordance with BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as bad/loss. The interest is then kept in a memorandum account. Interest received on sub-standard loans, doubtful loans and bad/loss loans are retained in the "Interest Suspense Account" until the loan is no longer considered to be impaired.

2.31.2 Profit on investment (islamic banking)

Income from general investments is accounted for on accrual basis except investments under Musharaka, Mudaraba, Bai-Salam, Bai-as-Sarf and Ijarah modes, where the investment income is accounted for on realization basis. The Wing does not charge any rent during the gestation period of investment against Hire Purchase under Shirkatul Melk (HPSM) mode but it fixes the sale price of the assets at a higher level in such a way to cover its expected rate of return. Such income is recognized on realization basis.

2.31.3 Investment income

Income on investments is recognized on accrual basis. Investment income includes discount on treasury bills and interest on treasury bonds. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

2.31.4 Fees and commission income

The Bank earns fees and commission from a diverse range of services provided to its customers. Fees and commission income is recognized on realization basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.31.5 Dividend income on shares

Dividend income from an investment is recognised when the Bank's right to receive payment is established (declared and approved by the shareholders in the Annual General Meeting of the investee).

2.31.6 Interest paid on borrowings and deposits (conventional banking)

Interest paid on borrowings and deposits is calculated on daily basis and recognized on accrual basis.

2.31.7 Profit shared on deposits (islamic banking)

Profit on deposits are recognized on accrual basis. Mudaraba depositors of the IBW share income derived from investing activities deploying the Mudaraba funds. Income under these categories includes profit, dividend, capital gain, rent, exchange gain and any other gain derived from deployment of Mudaraba funds.

2.31.8 Management and other expenses

Expenses incurred by the Bank are recognized on accrual basis.





2.32 Risk management

2.32.1 Internal Control and Compliance Management

Operational loss may arise from error and fraud due to weakness of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodic and special audit of the branches and departments at Head Office for review of the operation and compliance with statutory requirements. The Audit Committee of the Board reviews the reports of the Internal Control and Compliance Division.

2.32.2 Foreign Exchange Risk Management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements.

Treasury Department independently conducts the transactions and the Back Office of treasury is responsible for verification of the deals and recording of their entries in the books of account. All foreign exchange transactions are revalued at Mark to Market rate at the month end. All Nostro accounts are reconciled on monthly basis and outstanding entries are reviewed on regular basis.

2.32.3 Credit Risk Management

Credit Risk is defined as potential loss arising from the failure of a counter-party to meet financial obligations as per contractual agreement with the Bank. Bank manages credit risk meticulously. The Bank extends credit facilities to different clients in different sectors after ensuring due diligence and mitigating risk factors as per guidelines set by Bangladesh Bank, the Board of Directors and Management Credit Committee of the Bank.

The Bank has segregated duties of the executives/officers involved in credit related activities. A separate marketing division is there at Head Office entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, two separate units have been formed namely Credit Risk Management Division, Credit Administration Division. Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risks involved in lending, sanctioning credit and formulating policies/strategies for lending operation. Credit Risk Grading (CRG) is also made for individual borrowers.

2.32.4 Asset Liability Management

The Asset Liability Committee (ALCO) of the Bank monitors market risks and liquidity risks of the Bank. The market risks emanate from potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. ALCO reviews liquidity requirements of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategies and the liquidity contingency plan. The primary objective of the ALCO is to monitor and avert significant volatility in Net Interest Income (NII), return on assets, investment value and exchange earnings. The ALCO also monitors the Capital Adequacy Ratio on monthly/quarterly basis.

2.32.5 Money Laundering Risk Management

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Anti Money Laundering Compliance Officer at Head Office and Branch Anti Money Laundering Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been compiled and transaction profile has been introduced. Training has been continuously imparted to all categories of officers and executives for developing awareness and skills for identifying suspicious activities.

2.32.6 Information and Communication Technology Security Risk Management

Transformation of business processes in response to technology-driven customers' needs and services has brought in tremendous change in information technology platform in the bank. The bank has adopted measures to protect the information and communication platform from unauthorized access, modification, virus, disclosure and destruction in order to ensure business continuity, data safety and security thereby protecting customers' interest at large.

2.32.7 Internal Audit Management

Internal audit is an independent, objective assurance and consulting activity designed to add value and to detect human errors and non-compliance with Internal Control Procedures. The bank has formed an Internal Audit Department under Internal Control & Compliance Division which are conducting internal audit on a regular basis of every branch and division at Head Office and report the findings to the Audit Committee of the Board of Directors. The Audit Department takes necessary steps to regularize the irregularities detected at the time of audit.

2.32.8 Fraud and Forgeries Management

The Internal Control and Compliance Division takes initiatives for preparing guidelines / instructions on a regular basis to prevent and detect frauds & forgeries. The ICCD communicate the guidelines / instructions to the branches and divisions at Head Office on a regular basis. The division is constantly monitoring and supervising for compliance with the guidelines / instructions so that the occurrence of fraud & forgeries comes to nil.

2.32.9 Operational Risk

Operational risk can be defined as the possibilities of losses resulting from inadequacy or failed internal processes, systems and people or from external events.

Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every Bank business and function. Operational risk can not only result in financial loss, but also regulatory sanctions and damage to the Bank's reputation. South Bangla Agriculture and Commerce Bank Limited is successful at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

South Bangla Agriculture and Commerce Bank Limited manages operational risks in the following manner:

- I. Risks are identified with reference to the relevant policy manuals, processes, and practices;
- II. Departmental Control Function Check List (DCFCL) is in place for evaluation of control;
- III. Review of safety and control measures of premises and equipments;
- IV. Management of technological and information security risks; and
- V. Ensuring the Bank's business continuity while facing unforeseen crisis under a business continuity and disaster management plan.

2.32.10 Legal risk

In South Bangla Agriculture and Commerce Bank Limited, legal risks are covered by recognizing potential losses from litigation or possible litigation at an early stage and by formulating solutions for reducing, restricting and avoiding such risks and creating adequate provision there- against.

2.32.11 Business risk

Business risk covers the risk of losses arising from lower non-interest income and higher expenses from the budgeted amount. The business risk is resulted from the market condition, greater customer expectation and / or technological development that may be significantly different from the assumptions made at the time of planning.

Business risk in South Bangla Agriculture and Commerce Bank Limited is managed by setting clear targets for specific business units, in terms of business volume, income, cost, cost-income ratio, quality of assets etc. with an ongoing process of continuous improvement.

2.32.12 Reputational Risk

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public in South Bangla Agriculture and Commerce Bank Limited.

The branches and operational divisions are directly responsible for reputational risks arising from their business operations. Reputational risks may also arise from a deficiency in managing other risks. All risk must therefore be managed effectively in order to uphold the Bank's reputation. The management ensures that South Bangla Agriculture and Commerce Bank Limited is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. South Bangla Agriculture and Commerce Bank Limited takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.



2.32.13 Liquidity risk

Liquidity risk is the risk that we may not meet our financial obligation as they become due. Liquidity risks also include our inability to liquidate any asset at reasonable price in a timely manner. It is the policy of the Bank to maintain adequate liquidity at all times in both local and foreign currencies. Liquidity risks are managed on a short, medium and long-term basis. There are approved limits for credit/ deposit ratio, liquid assets to total assets ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items and borrowing from money market to ensure that loans and investments are funded by stable sources, maturity mismatches are within limits and that cash inflow from maturities of assets, customer deposits in a given period exceeds cash outflow by a comfortable margin even under a stressed liquidity scenario.

2.32.14 Interest rate risk

Interest rate risk is the potential impact on the Bank's earnings and net asset value due to changes in market interest rates. Interest rate risk is the result of mismatches of interest rate re-pricing of financial assets and liabilities. South Bangla Agriculture and Commerce Bank Limited uses the following tools for measuring the interest rate risk:

Gap analysis

Under this system, a gap i.e. the difference between the amount of financial assets and the amount of liabilities is calculated at a pre-determined time bucket. The interest rate factor is then applied on the assessed financial value of Gap for measuring the earning impact due to movement of interest rate.

Duration analysis

Duration is the time-weighted average maturity of the present value of the cash flows from on balance sheet assets and liabilities. It measures the relative sensitivity of the value of these instruments to changing interest rates and therefore reflects on the economic value i.e. the present value of shareholders' equity of the Bank.

2.33 Earnings per share (EPS)

Earnings per share (EPS) have been calculated in accordance with IAS 33 – "Earnings per Share", which is shown on the face of the Profit & Loss Account. This has been calculated by dividing the net profit after tax by the weighted average number of ordinary shares outstanding as on 31 December 2021. This represent the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighted factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

No diluted earnings per share are required to be calculated for the period, as there was no element or scope for dilution during the period under review.

2.34 Off-setting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Balance Sheet when and only when the Bank has a legal right to offset the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains or losses arising from a group of similar transactions.

2.35 Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IFRS 16, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

The Bank applied IFRS 16 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments, discounted it using incremental borrowing rate at the date of initial application, and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under property, plant and equipment in the financial statements.

After initial recognition of lease liability, the Bank increase the carrying amount to reflect the interest on the lease liability and thereafter reduce the carrying amount while the lease payments has been made. And re-measured the carrying amount for any lease modifications.

While implementing IFRS 16, the Bank observed that IFRS 16 is expected to have impact on various regulatory capital and liquidity ratios as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items. Finally, paragraph 5 of IFRS 16 provide the recognition exemptions to short-term leases and leases for which the underlying asset is of low value. Although, paragraphs B3 to B8 of the Application Guidance (Appendix B) of IFRS 16 provide some qualitative guidance on low value asset, but these guidance is focused towards moveable asset. Immovable asset like rental of premises (i.e. real estate) is not covered on those guidance, nor any benchmark on quantification guidance on low value items have been agreed locally in Bangladesh.

The Bank has defined 'low value asset' which are to be excluded from IFRS 16 requirement and considered lease of 'Generator space' and 'ATM Booths and other installations' as low value asset. The Bank recognises lease payments associated with these leases as an expense. On transaction to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 6%.

Bank has applied "COVID 19 related rent concession (amendment to IFRS 16 2020,)" and "COVID 19 related rent concession (amendment to IFRS 16 2021,)" regarding the amendment of lease modification clause i.e. 46A & 46B and applied the practical expedient to rent concessions that meet the conditions in paragraph 46B.

2.36 Dividend policy

The Bank's policy is to maximize the shareholders' wealth. As a result, the bank tries to allocate optimum dividend to the shareholders for each operational year, after payment of income tax, transfer of fund to regulatory reserve, provision for loans and advances, etc. Final dividend is recognized when it is approved by the shareholders in the Annual General Meeting. The payment of dividend is made within the time prescribed by the Bangladesh Securities and Exchange Commission.

2.37 Credit Rating of the Bank

As per the BRPD instruction circular no.6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the financial statements dated 31 December 2020.

Particulars	Date of Rating	Long term	Short term	Rating Valid
Credit Rating Information and Services Limited (CRISL)	30 June 2021	A	ST-2	29 June 2022

2.38 New accounting standards not yet adopted

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB vide letter 1/1/ICAB-2017 decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on these financial statements.

A number of standards and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) IFRS 17 Insurance contract

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

2.39 Utilization of IPO fund

During the year, the Bank has fully utilized the fund collected through Initial Public Offering and subsequently obtained Auditor's report M/S G.Kibria & Co. Chartered Accountants for the utilization of fund received through IPO. The said utilization has been made within the time stipulated in the prospectus.

2.40 Approval of the Financial Statements

The Board of Directors of the Bank, in its 141st meeting held on April 27, 2022, approved the financial statements of the Bank for the year ended 31 December 2021 and signed these statements on April 27, 2022.





	2021 Taka	2020 Taka
3. Cash in hand (including foreign currencies) - Consolidated		
SBAC Bank Limited (note 3.1)	855,111,180	652,709,026
SBAC Bank Investment Limited	-	-
	855,111,180	652,709,026
3.1 Cash in hand (including foreign currencies) of the Bank		
Local currency	853,240,625	645,477,520
Foreign currencies	1,870,555	7,231,506
	855,111,180	652,709,026
4. Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) - Consolidated		
SBAC Bank Limited (note 4.1)	3,236,004,834	3,520,458,666
SBAC Bank Investment Limited	-	-
	3,236,004,834	3,520,458,666
4.1 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) of the Bank		
Bangladesh Bank		
In local currency	3,064,258,047	3,344,278,094
In foreign currencies	171,746,787	176,180,572
	3,236,004,834	3,520,458,666
Sonali Bank Limited (as Agent of Bangladesh Bank) - local currency	-	-
	3,236,004,834	3,520,458,666
4.2 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Company Act, 1991 (amended up to 2018) and of instructions contained in DOS Circular No. 01 dated 19 January, 2014 and MPD Circular No. 03 dated 09 April, 2020 for conventional and islamic banking and BRPD Circular No. 31 dated 18 June 2020 for off-shore banking unit.		
The Cash Reserve Requirement, calculated at the rate of 3.50% for conventional and islamic banking and 1.50% for off-shore banking unit on daily basis and 4.00% for conventional and islamic banking and 2.00% for off-shore banking unit on bi-weekly basis, based on the Bank's average time and demand liabilities of two months earlier of the reporting month (i.e. based on October), has been maintained with Bangladesh Bank in current account. The Statutory Liquidity Ratio, calculated at the rate of 13% for conventional banking and off-shore banking unit and 5.50% for islamic banking based on the Bank's average time and demand liabilities of two months earlier of the reporting month (i.e. based on October), have been maintained in the form of unencumbered treasury bills and bonds, cash in hand and daily excess of Cash Reserve.		
4.2.1 Total average demand and time liabilities		
Total average demand and time liabilities of October		
Conventional banking	70,599,843,000	67,234,731,000
Islamic banking	206,374,000	-
Off-shore banking unit	-	-
	70,806,217,000	67,234,731,000
4.2.2 Cash Reserve Requirement (CRR) and maintained		
Required reserve		
Conventional banking	2,823,994,000	2,689,389,000
Islamic banking	8,255,000	-
Off-shore banking unit	-	-
Total required reserve	2,832,249,000	2,689,389,000
Actual reserve maintained		
Balance with Bangladesh Bank - local currency :		
For conventional banking and OBU	2,917,148,863	3,329,192,529
For islamic banking	50,000,000	-
	2,967,148,863	3,329,192,529
Surplus / (deficit) (conventional banking and OBU)	93,154,863	639,803,529
Surplus / (deficit) (islamic banking)	41,745,000	-
Maintained ratio (conventional banking and OBU)	4.13%	4.95%
Maintained ratio (islamic banking)	24.23%	-

The above balance with Bangladesh Bank represents amount as per Bangladesh Bank Statements. The difference between balance with Bangladesh Bank as per Bank Book and as per Bangladesh Bank Statements are due to reconciling items those are not material and most of the items are subsequently adjusted.

	2021 Taka	2020 Taka
4.2.3 Statutory Liquidity Ratio (SLR) requirement and maintained (conventional banking and off-shore banking unit)		
Required reserve		
Conventional banking	9,177,980,000	8,740,515,000
Off-shore banking unit	-	-
Total required reserve	9,177,980,000	8,740,515,000
Available for maintenance :		
Cash in hand (including foreign currencies)	839,202,564	652,709,026
Balance with Sonali Bank Limited (as an agent of Bangladesh Bank)	-	-
Excess of CRR requirement	93,154,863	639,803,529
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	15,918,541,635	12,975,172,166
	16,850,899,062	14,267,684,721
Surplus / (deficit)	7,672,919,062	5,527,169,721
Maintained Ratio	23.87%	21.22%
4.2.4 Statutory Liquidity Ratio (SLR) requirement and maintained (islamic banking)		
Required reserve	11,351,000	-
Available for maintenance :		
Cash in hand (including foreign currencies)	15,908,616	-
Balance with Sonali Bank Limited (as an agent of Bangladesh Bank)	-	-
Excess of CRR requirement	41,745,000	-
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	50,000,000	-
	107,653,616	-
Surplus / (deficit)	96,302,616	-
Maintained Ratio	52.16%	-
5. Balance with other banks and financial institutions - Consolidated		
In Bangladesh		
SBAC Bank Limited (note 5.1)	7,080,594,333	9,153,677,208
SBAC Bank Investment Limited	365,990,756	-
	7,446,585,089	9,153,677,208
Less : Inter company transactions	365,990,756	-
	7,080,594,333	9,153,677,208
Outside Bangladesh		
SBAC Bank Limited (note 5.1)	291,705,446	476,477,877
SBAC Bank Investment Limited	-	-
	291,705,446	476,477,877
	7,372,299,779	9,630,155,085
5.1 Balance with other banks and financial institutions of the Bank		
In Bangladesh		
Main Operation (note 5.2)	7,638,008,901	9,221,407,982
Off-shore Banking Unit	17,600,989	-
Less: Inter bank transactions	(575,015,557)	(67,730,774)
	7,080,594,333	9,153,677,208
Outside Bangladesh		
Main Operation (note 5.2)	291,705,446	476,477,877
	7,372,299,779	9,630,155,085



	2021 Taka	2020 Taka
5.2 Balance with other banks and financial institutions - Main Operation		
In Bangladesh (note 5.3)	7,638,008,901	9,221,407,982
Outside Bangladesh (note 5.4)	291,705,446	476,477,877
	7,929,714,347	9,697,885,859
5.3 In Bangladesh		
Balance with other banks :		
In current deposit accounts with		
Sonali Bank Limited	39,797,215	32,264,642
Dutch Bangla Bank Limited	1,372	2,062
Eastern Bank Limited	8,540,574	9,907,822
	48,339,161	42,174,526
In special notice deposit accounts with		
Janata Bank Limited	109,409,377	328,536,640
Eastern Bank Limited	15,754,105	81,173,354
Sonali Bank Limited	84,553,801	244,290,440
Mercantile Bank Limited	440,230	143,944
Bank Asia Limited	26	26
Standard Bank Limited	89,323	91,147
Jamuna Bank Limited	17,832	18,096
Al-Arafa Islami Bank Limited	14,547	14,733
Trust Bank Limited	17,355,415	11,511,385
Union Bank Limited	7,541	100,449
IFIC Bank Limited	20,083	28,220
Rupali Bank Limited	3,035,218	2,508,468
	230,697,498	668,416,902
In fixed deposit accounts with		
Mutual Trust Bank Limited	1,000,000,000	-
Meghna Bank Limited	-	500,000,000
Janata Bank Limited	1,821,060,000	2,300,000,000
Sonali Bank Limited	2,014,062,500	2,300,000,000
	4,835,122,500	5,100,000,000
Balance with financial institutions :		
Phoenix Finance Limited	213,500,000	227,300,000
International Leasing & Financial Services Limited	578,500,000	578,500,000
Prime Finance & Investment Limited	-	500,000
IDLC Finance Limited	-	580,000,000
Industrial & Infrastructure Development Finance Company Limited	78,000,000	230,000,000
Fareast Finance and Investment Limited	257,500,000	257,500,000
FAS Finance Limited	264,300,000	264,300,000
Premier Leasing and Finance Limited	131,400,000	131,400,000
Union Capital Limited	178,900,000	182,900,000
Bangladesh Finance and Investment Company Limited	213,500,000	230,000,000
Bay Leasing & Investment Limited	50,000,000	80,000,000
Hajj Finance Company Limited	-	80,000,000
IPDC Finance Limited	-	500,000,000
	1,965,600,000	3,342,400,000
Placement of fund with SBAC Bank Off-shore Banking Unit	558,249,742	68,416,554
	7,638,008,901	9,221,407,982

Management conducted an impairment assessment as on 31st December 2021 and satisfied that no impairment provision is required against any FDR. As per BRPD Circular Letter no. BRPD(P-1)/661/13/2021-12262 dated 27 December 2021, banks are exempted from keeping further provision against the balance with financial institutions.

5.4 Outside Bangladesh
In demand deposit accounts (non-interest bearing) with

Particulars	Currency	2021			2020		
		Amount in foreign currency	Exchange rate for per unit foreign currency	Amount in Taka	Amount in foreign currency	Exchange rate for per unit foreign currency	Amount in Taka
Mashreq Bank PSC, New York	USD	1,129,302	85.80	96,894,070	1,897,661	84.80	160,921,678
AB Bank, Mumbai	ACU	755,797	85.80	64,847,347	470,525	84.80	39,900,496
United Bank of India, Kolkata	ACU	6,507	85.80	558,339	134,944	84.80	11,443,225
National Bank of Pakistan, Tokyo	JPY	3,686,947	0.7463	2,751,568	4,627,817	0.8186	3,788,332
Mashreq Bank PSC, London	GBP	-	115.71	-	-	114.48	-
Sonali Bank Ltd. Kolkata	ACU	430,144	85.80	36,906,372	460,672	84.80	39,064,977
Habib American Bank, NY	USD	241,363	85.80	20,708,938	2,181,036	84.80	184,951,839
Habib Metropolitan Bank Ltd., Karachi	ACU	178,679	85.80	15,330,622	158,594	84.80	13,448,773
AXIS Bank Ltd., Mumbai	ACU	470,956	85.80	40,408,058	223,399	84.80	18,944,196
Sonali Bank (UK) Ltd.	USD	43,233	85.80	3,709,401	3,524	84.80	298,798
Sonali Bank (UK) Ltd.	GBP	16,720	115.71	1,934,679	10,253	114.48	1,173,750
Sonali Bank (UK) Ltd.	EURO	9,846	97.37	958,653	20,396	103.84	2,118,267
Koomin Bank, Seoul	USD	78,058	85.80	6,697,399	4,995	84.38	423,546
				291,705,446			476,477,877
In demand deposit accounts (interest bearing)				-			-
Total Outside Bangladesh				291,705,446			476,477,877

	2021 Taka	2020 Taka
5.5 Maturity grouping of balance with other banks and financial institutions of the Bank		
On demand	457,511,264	518,652,403
Within one month	3,277,600,000	4,101,502,682
Within one to three months	1,636,466,015	1,850,000,000
Within three to twelve months	1,965,600,000	3,160,000,000
Within one to five years	-	-
More than five years	-	-
	7,337,177,279	9,630,155,085
6. Money at call on short notice		
With banks	-	-
With non bank financial institutions	-	-
	-	-



	2021 Taka	2020 Taka
7. Investments - Consolidated		
Government :		
SBAC Bank Limited	15,971,113,935	12,976,733,866
SBAC Bank Investment Limited	-	-
	15,971,113,935	12,976,733,866
Other :		
SBAC Bank Limited	1,567,081,922	151,679
SBAC Bank Investment Limited	-	-
	1,567,081,922	151,679
	17,538,195,857	12,976,885,545
7.1 Investments of the Bank		
Government securities		
Treasury bills		
91-day treasury bills	-	-
182-day treasury bills	-	1,898,825,300
364-day treasury bills	123,625,231	698,214,300
30-day Bangladesh Bank bills	-	-
	123,625,231	2,597,039,600
Treasury bonds		
2-Year treasury bonds	-	71,408,577
3-Year treasury bonds	120,000,000	120,000,000
5-Year treasury bonds	1,096,189,956	97,712,479
10-Year treasury bonds	3,046,537,015	1,405,358,173
15-Year treasury bonds	6,589,005,404	5,328,530,646
20-Year treasury bonds	4,718,854,029	3,091,152,691
Ijarah Sukuk Bond	274,330,000	263,970,000
	15,844,916,404	10,378,132,566
Total treasury bills and bonds	15,968,541,635	12,975,172,166
Prize bonds	2,572,300	1,561,700
Total Government securities	15,971,113,935	12,976,733,866
Other investments (note 7.4)	1,567,081,922	151,679
	17,538,195,857	12,976,885,545
7.2 Classification of investments		
Government treasury bills and bonds		
Held for Trading (HFT)	4,007,106,430	5,537,495,358
Held to Maturity (HTM)	11,687,105,205	7,173,706,808
Ijarah Sukuk Bond	274,330,000	263,970,000
Total treasury bills and bonds	15,968,541,635	12,975,172,166
Prize bonds	2,572,300	1,561,700
Total Government securities	15,971,113,935	12,976,733,866
Other investments (note 7.4)	1,567,081,922	151,679
	17,538,195,857	12,976,885,545
7.3 Maturity grouping of investments		
On demand	2,572,300	454,567,812
Within one month	1,383,500,551	151,679
Within one to three months	315,133,461	1,898,641,900
Within three to twelve months	123,625,231	316,800,166
Within one to five years	1,848,323,349	691,367,428
More than five years	13,865,040,965	9,615,356,560
	17,538,195,857	12,976,885,545
7.4 Other investments (Annexure - C)		
In quoted shares	1,161,805,141	151,679
In quoted mutual funds	101,695,410	-
In unquoted shares	3,581,371	-
In preference shares	300,000,000	-
	1,567,081,922	151,679

7.5 Disclosure for REPO and Reverse REPO transactions

In terms of the instructions contained in DOS Circular No. 6 dated 15 July 2010, the disclosure requirements for REPO and Reverse REPO transactions of the Bank are furnished below :

7.5.1 Disclosure regarding outstanding REPO as on 31 December 2021

Sl. No.	Name of the counterparty	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
1	Agrani Bank Ltd.	29 December 2021	05 January 2022	1,507,853,215
2	Brac Bank Ltd.	30 December 2021	05 January 2022	996,644,119

7.5.2 Disclosure regarding outstanding Reverse REPO as on 31 December 2021

Sl. No.	Name of the counterparty	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
-	-	-	-	-

7.5.3 Disclosure regarding overall transactions of REPO and Reverse REPO for the year ended 31 December 2021

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
	Taka	Taka	Taka
Securities sold under repo :			
i) with Bangladesh Bank	522,500,000	780,615,000	651,557,500
ii) with other banks & FIs	1,728,010,913	12,356,331,387	9,591,018,367
Securities purchased under reverse repo			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	106,445,910	4,480,781,849	322,330,037



	2021 Taka	2020 Taka
8. Loans, advances and lease / investments - Consolidated		
Loans , cash credit, overdrafts etc. / investments :		
SBAC Bank Limited (note 8.1)	63,711,064,030	56,256,303,274
SBAC Bank Investment Limited	-	-
	63,711,064,030	56,256,303,274
Bills purchased and discounted :		
SBAC Bank Limited (note 8.1)	2,244,617,036	1,152,526,195
SBAC Bank Investment Limited	-	-
	2,244,617,036	1,152,526,195
	65,955,681,066	57,408,829,469
8.1 Loans, advances, lease and investments of the Bank		
Loans , cash credit, overdrafts etc. / investments :		
Main Operation	63,711,064,030	56,256,303,274
Off-shore banking unit	-	-
	63,711,064,030	56,256,303,274
Bills purchased and discounted :		
Main Operation	1,681,406,152	1,084,795,421
Off-shore banking unit	563,210,884	67,730,774
	2,244,617,036	1,152,526,195
	65,955,681,066	57,408,829,469
8.2 Loans , cash credit, overdrafts etc. / investments of the Bank		
In Bangladesh:		
Overdrafts / bai murabaha	15,385,656,494	16,743,382,706
Cash credit / bai murabaha :		
General cash credit / bai murabaha	5,190,441,496	5,761,162,020
Agriculture cash credit / bai murabaha	211,385,828	186,012,912
SME cash credit	9,466,854,248	9,695,814,282
General cash credit under stimulus finance	357,870,952	443,101,397
SME cash credit / bai murabaha under stimulus finance	684,588,011	680,866,172
	15,911,140,535	16,766,956,783
Loans, lease and investments :		
Loans against trust receipt / murabaha post import	2,427,975,398	3,121,784,060
Export packing credit	11,866,506	27,708,952
Payment against document	503,747,883	573,589,246
Time loans	3,809,113,593	2,044,216,088
EDF loans	1,795,260,933	1,562,895,233
Demand loans	2,381,972,789	1,247,618,234
Lease finance	642,356,337	530,541,268
House building finance / HPSM real estate	853,482,702	702,643,427
General term loans	15,341,038,404	9,189,332,214
SME term loans	3,171,782,827	2,794,040,391
Agriculture term loans	297,398,942	109,507,724
Short term micro credit	236,235,039	1,003,519
Personal loans	84,428,258	85,489,477
Auto loans / HPSM vehicles	44,198,548	30,656,741
Credit Card	245,951,018	220,338,028
Block account for rescheduled loan	39,838,382	30,645,920
Staff loans / HPSM	527,619,442	473,953,263
	32,414,267,001	22,745,963,785
	63,711,064,030	56,256,303,274
	63,711,064,030	56,256,303,274
Outside Bangladesh		
8.3 Bills purchased and discounted of the Bank		
Inside Bangladesh		
Inland bills purchased and discounted	1,620,206,771	795,647,733
Outside Bangladesh		
Foreign bills purchased and discounted	624,410,265	356,878,462
	2,244,617,036	1,152,526,195

	2021 Taka	2020 Taka
8.4 Maturity grouping of loans, advances and lease / investments including bills purchased and discounted		
On demand	6,690,125,931	5,866,473,107
Within one month	4,932,710,203	4,250,811,118
Within one to three months	16,410,434,970	13,970,807,866
Within three to twelve months	24,108,876,332	21,140,719,337
Within one to five years	11,233,029,134	9,850,078,160
More than five years	2,580,504,496	2,262,209,107
	65,955,681,066	57,341,098,695
8.5 Loans, advances and lease / investments including bills purchased and discounted are classified into following broad categories		
(a) Loans, advances and lease / investments (note 8.2)		
In Bangladesh		
Loans	32,414,267,001	22,745,963,785
Cash credit	15,911,140,535	16,766,956,783
Overdraft	15,385,656,494	16,743,382,706
	63,711,064,030	56,256,303,274
Outside Bangladesh	-	-
	63,711,064,030	56,256,303,274
(b) Bills purchased and discounted (note 8.3)		
In Bangladesh	1,620,206,771	795,647,733
Outside Bangladesh	624,410,265	356,878,462
	2,244,617,036	1,152,526,195
	65,955,681,066	57,408,829,469
8.6 Loans, advances and lease / investments including bills purchased and discounted on the basis of significant concentration		
i. Loans, advances and lease / investments to Directors of the bank	678,198,906	601,551,001
ii. Loans, advances and lease / investments to CEO and other senior executives	314,511,318	256,876,279
iii. Loans, advances and lease / investment to staffs other than in sl. no. ii	213,108,124	217,076,984
iv. Loans, advances and lease / investments to customers' group	64,749,862,718	56,265,594,431
	65,955,681,066	57,341,098,695
iv. Disclosure on large loans		
Disclosure on large loans i.e. loan sanctioned to any individual or enterprise or any organization of a group amounting to 10% or more of the Bank's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under. Mentionable that, total capital (Tier I + Tier II) of the Bank was Taka 10,834,467,349 as at 31 December 2021 and Taka 9,270,576,851 as at 31 December 2020.		
(a) Number of the clients to whom loans and advances sanctioned more than 10% of the Bank's total capital	14	17
(b) Amount of outstanding loans and advances to the clients mentioned in iv (a) above	12,658,578,591	14,831,077,483
(c) Amount of classified loans and advances out of the amount mentioned in iv (b) above	-	-
(d) Measures taken for recovery of the amount mentioned in iv (c) above	-	-
8.7 Geographical location-wise loans, advances and lease / investments including bills purchased and discounted		
Urban		
Dhaka Division	40,323,404,022	32,813,052,172
Chattogram Division	6,889,061,919	6,382,265,961
Khulna Division	5,028,118,473	5,015,000,400
Rajshahi Division	1,694,899,997	1,900,532,146
Barishal Division	1,168,100,039	1,115,554,000
Sylhet Division	215,923,179	156,809,236
Rangpur Division	1,481,964,938	1,384,072,628
Mymensingh	29,604,588	26,645,132
	56,831,077,155	48,793,931,675



	2021 Taka	2020 Taka
Rural		
Dhaka Division	3,671,380,836	3,331,227,010
Chattogram Division	1,805,450,042	1,660,023,606
Khulna Division	2,962,109,654	3,039,486,471
Rajshahi Division	30,141,748	62,920,988
Barishal Division	431,506,866	241,039,081
Sylhet Division	139,275,142	136,640,932
Rangpur Division	84,739,623	75,828,932
	9,124,603,911	8,547,167,020
	65,955,681,066	57,341,098,695
8.8 Industry-wise loans, advances and lease / investments including bills purchased and discounted		
Agriculture, fisheries and forestry	185,607,327	1,269,845,704
Agro base processing industries	5,739,412,839	6,652,997,400
Small & medium enterprise financing (SMEF)	24,415,884,495	22,256,584,236
RMG & textile industries	6,920,200,276	5,531,782,128
Hospitals, clinics & medical colleges	536,043,894	430,467,041
Trade & commerce	5,516,421,904	4,054,251,831
Transport and communications	326,913,079	407,641,050
Rubber & plastic industries	1,022,787,032	1,158,079,800
Iron, steel & aluminium industries	2,963,615,350	1,729,871,836
Printing & Packaging industries	92,437,523	370,294,347
Other manufacturing industries	5,975,787,524	4,976,262,278
Housing & construction industries	870,941,258	702,643,427
Consumer credit	901,086,302	753,152,938
Others	10,488,542,263	7,047,224,679
	65,955,681,066	57,341,098,695
8.9 Broad economic sector-wise segregation of loans, advances and lease / investments including bills purchased and discounted		
Government and autonomous bodies	-	-
Other public sector	-	-
Private sector	65,955,681,066	56,256,303,274
	65,955,681,066	56,256,303,274
8.10 Required provision for loans, advances and lease / investments including bills purchased and discounted		

Particulars	Amount of outstanding loans and advances as at 31 December 2021	Base for Provision	Rate	Amount of required provision as at 31 December 2021	Amount of required provision as at 31 December 2020
I) General provision :					
a) Consumer finance	372,227,797	372,227,797	2.00%	7,444,556	6,767,177
b) Staff loans	527,619,442	-	0.00%	-	-
c) Housing finance	870,361,324	870,361,324	1.00%	8,703,613	7,221,646
d) Loans to professional	-	-	2.00%	-	-
e) Small & medium enterprise	22,518,629,513	22,518,629,513	0.25%	56,296,574	50,589,370
f) Loans to BH, MB, SD, etc.	1,028,691,125	1,028,691,125	2.00%	20,573,823	19,813,010
g) Agricultural and micro credit	1,856,073,270	1,856,073,270	1.00%	18,560,733	12,860,497
h) Others	34,921,177,418	34,921,177,418	1.00%	349,211,774	272,128,942
i) Special general provision- COVID-19	-	-	1%, 1.5% & 2%	187,183,129	84,370,703
	62,094,779,889	61,567,160,447		647,974,201	453,751,345
II) Specific provision :					
a) Unclassified	-	1,026,375,489	100.00%	1,026,375,489	601,344,335
b) Unclassified	-	-	1.00%	-	5,937,538
c) Sub-standard (CMS)	20,193,930	3,344,266	5.00%	167,213	7,308,800.15
d) Sub-standard (other)	239,231,185	233,477,950	20.00%	46,695,590	9,203,958
e) Doubtful (CMS)	719,577,437	163,394,764	20.00%	32,678,953	10,894,422
f) Doubtful (other)	170,599,256	142,027,842	50.00%	71,013,921	8,170,677
g) Bad / loss	2,711,299,369	1,019,231,715	100.00%	1,019,231,715	923,907,606
	3,860,901,177	2,587,852,026		2,196,162,881	1,566,767,336
Total provision required	65,955,681,066	64,155,012,473		2,844,137,082	2,020,518,681
Total provision maintained				2,397,443,139	1,576,280,802
Provision to be maintained*				446,693,943	444,237,879
Surplus / (deficit)				-	-

* As per Bangladesh Bank letter reference no. DBI-3/132/2022-617 dated April 19, 2022, Bank has total provision shortfall of Tk. 55.79 crore (Tk. 40.03 crore against unclassified loans and advances, Tk. 11.12 crore against classified loans and advances, Tk. 4.64 crore against special general provision for COVID -19). As per Bangladesh Bank letter reference no. DOS (CAMS)1157/41(dividend)/2022-2224 dated April 25, 2022, the Bank has to maintain shortfall specific provision of Tk. 11.12 in the current year and rest of the amount of Tk. 44.67 crore has to be maintained in the year 2022, 2023 & 2024 equally.

	2021 Taka	2020 Taka
8.11 Classification of loans, advances and lease / investments including bills purchased and discounted		
Unclassified loans and advances		
Main Operation		
i) Standard	60,610,640,257	52,324,756,943
ii) Special mention account (SMA)	920,928,748	1,448,378,889
	61,531,569,005	53,773,135,832
Off-shore Banking Unit		
i) Standard	563,210,884	67,730,774
ii) Special mention account (SMA)	-	-
	563,210,884	67,730,774
	62,094,779,889	53,840,866,606
Classified loans and advances		
Main Operation		
Sub-standard	259,425,115	690,982,016
Doubtful	890,176,693	340,246,622
Bad / loss	2,711,299,369	2,536,734,225
	3,860,901,177	3,567,962,863
Off-shore Banking Unit		
Sub-standard	-	-
Doubtful	-	-
Bad / loss	-	-
	-	-
	3,860,901,177	3,567,962,863
Total	65,955,681,066	57,408,829,469
8.12 Particulars of loans, advances and lease / investments including bills purchased and discounted		
i) Loans considered good in respect of which the banking company is fully secured	57,329,803,104	49,819,633,376
ii) Loans considered good for which the banking company holds no security other than the debtor's personal guarantee	7,631,129,723	6,602,826,549
iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	994,748,239	918,638,770
iv) Loans adversely classified; provision not maintained there against	-	-
	65,955,681,066	57,341,098,695
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	1,205,818,348	1,075,504,264
vi) Loan due from companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies as members	678,198,906	601,551,001
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the banking companies or any of them either separately or jointly with any other persons	1,205,818,348	1,075,504,264
viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firm in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members	678,198,906	601,551,001
ix) Due from other banking companies	-	-
x) Classified loans and advances :		
(a) Amount of classified loan on which interest has not been charged	3,860,901,177	3,383,130,014



	2021 Taka	2020 Taka
(b) (Decrease)/increase in specific provision	629,395,545	-
(c) Amount of loan written off during the year	-	-
(d) Amount realized against loan previously written off	-	-
(e) Amount of provision kept against loan classified as bad/loss as on the Balance Sheet date	1,019,231,715	923,907,606
(f) Interest creditable to the interest suspense accounts	1,000,624,647	617,600,554
xi) Cumulative amount of the written off loan	-	-
xii) Amount written off in the year	-	-
xiii) Amount of written off loan for which lawsuit has been filed for recovery	-	-
8.13 Bills purchased and discounted		
In Bangladesh	1,620,206,771	795,647,733
Outside Bangladesh	624,410,265	356,878,462
	2,244,617,036	1,152,526,195
8.14 Bills purchased and discounted on the basis of the residual maturity grouping		
Within one month	17,549,366	139,159,147
Within one to three months	1,342,597,889	639,454,780
Within three to six months	874,356,292	316,076,214
More than six months	10,113,489	57,836,054
	2,244,617,036	1,152,526,195

Disclosure of Document Verification System (DVS)

As per Financial Reporting council (FRC) letter no. 178/FRC/APR/2021/27(16) dated 07, 2021 regarding compliance of BRPD Circular No. 04 and 35 dated January 2021 and July 06, 2021 respectively.

Particulars	Compliance of BRPD Circular No. 35**		Compliance of BRPD Circular No. 35**	
	Number	%	Number	%
Complied File	50	100%	11	22
Total File	50	100%	41	100

** BRPD CIRCULAR No. 04 : Regarding collection of Audited financial statements & statutory report for loan sanction/renewal.

**BRPD CIRCULAR No. 35 : Regarding financial statements verified with the Document Verification system(DVS of ICAB)

	2021 Taka	2020 Taka
9. Fixed Assets including premises, furniture and fixtures - Consolidated		
SBAC Bank Limited (note 9.1)	1,626,642,412	1,524,391,874
SBAC Bank Investment Limited	-	-
	1,626,642,412	1,524,391,874
9.1 Fixed Assets including premises, furniture and fixtures of the Bank (Annexure - B)		
Motor vehicles	51,888,653	37,647,004
Machinery and equipments	298,436,443	282,287,086
Furniture and fixtures	98,700,745	88,834,216
Interior decoration	327,597,917	302,917,078
Computers and accessories	404,687,414	389,072,164
Softwares	193,446,651	183,188,176
Other tools	44,642,330	38,138,291
Right of use assets (Lease assets)	1,459,393,820	1,189,182,393
	2,878,793,973	2,511,266,408
Less : Accumulated depreciation	1,252,151,561	986,874,534
	1,626,642,412	1,524,391,874
10. Other Assets - Consolidated		
Income generating other assets		
SBAC Bank Limited	399,600,000	-
SBAC Bank Investment Limited	-	-
	399,600,000	-
Non-income generating other assets		
SBAC Bank Limited	1,188,787,124	2,690,016,741
SBAC Bank Investment Limited	42,334,007	-
	1,231,121,131	2,690,016,741
	1,630,721,131	2,690,016,741
Less : Inter-company transaction	400,908,545	-
Total other assets	1,229,812,586	2,690,016,741
10.1 Other Assets of the Bank		
Investment in shares of SBAC Bank Investment Limited	399,600,000	-
Advance income tax (note 10.2)	554,589,498	1,777,716,153
Stock of stationeries and stamps (note 10.3)	14,021,623	12,346,104
Advance rent, advertisement, etc. (note 10.4)	14,380,654	5,323,818
Accrued interest and commission receivable	396,692,194	689,722,963
Advance and security deposits	4,177,757	4,166,557
Central clearing, EFT, NPSB adjustment account	8,486	-
Deferred tax asset (note 10.5)	21,757,883	-
Suspense accounts (note 10.6)	183,159,029	200,741,146
	1,588,387,124	2,690,016,741
10.2 Advance income tax		
Opening balance	1,777,716,153	1,135,584,297
Add : Paid during the year		
Income tax deducted at source	112,030,725	44,204,858
Advance income tax paid	329,519,328	597,926,998
	441,550,053	642,131,856
	2,219,266,206	1,777,716,153
Less : Adjustment during the year	1,664,676,708	-
Closing balance	554,589,498	1,777,716,153
10.2.1 Assessment year wise break up of advance income tax		
2019 - 2020	-	768,735,377
2020 - 2021	-	829,637,171
2021 - 2022	382,844,196	179,343,605
2022 - 2023	171,745,302	-
	554,589,498	1,777,716,153



	2021 Taka	2020 Taka
10.3 Stock of stationeries and stamps		
Stock of printing stationeries	3,643,481	3,081,207
Stock of security stationeries	7,681,525	6,741,277
Stock of stamps	2,696,617	2,523,620
	14,021,623	12,346,104
10.4 Advance rent, advertisement, etc.		
Advance rent	14,380,654	5,323,818
Prepaid advertisement	-	-
	14,380,654	5,323,818
10.5 Deferred tax asset / (liability)		
Opening balance	(6,677,739)	11,693,844
Add : Deferred tax income / (expenses) for the year (note 10.5.1)	28,435,622	(18,371,583)
	21,757,883	(6,677,739)
10.5.1 Detailed calculation of deferred tax assets / (liability)		
In terms of instructions contained in BRPD Circular No. 11 dated 12 December 2011 and provision of IAS 12 - Taxation, the detail calculation of deferred tax (assets) / liability of the Bank is furnished as under :		
Temporary timing difference in written down value (WDV) of fixed assets :		
i) assets :		
Written down value of fixed assets- Property, plant and equipment as per Tax (Tax Base) as on the balance sheet date	516,779,115	540,477,617
Written down value (carrying amount) of fixed assets -Property, plant and equipment	458,123,452	506,011,754
	58,655,663	34,465,863
ii) Temporary timing difference for right of use assets (tax base nil)	1,168,518,962	1,018,380,120
	(1,109,863,299)	(983,914,257)
ii) Temporary timing difference for PV of lease liability (tax base nil)	1,167,884,321	967,219,909
Total amount of temporary timing difference in asset /(liability)	58,021,022	(16,694,348)
Effective tax rate	37.50%	40.00%
Net Deferred tax assets /(liability) at year end	21,757,883	(6,677,739)
Net Deferred tax assets /(liability) at opening	(6,677,739)	11,693,844
Deferred tax income /(expenses) for the year	28,435,622	(18,371,583)
10.6 Suspense accounts		
Sundry debtors	12,066,370	11,255,943
Receivable from Stock Brokers	61,213,629	-
Application for primary shares	23,586,500	-
Advance for bKash merchant payment	480,663	5,165,467
Advance for SSL merchant payment	2,882,621	4,617,835
Receivable for payment against Sanchayapatra (interest & principal encashment)	42,853,074	159,175,323
Advance against expenses	2,640,242	1,237,137
Advance against fixed assets (note 10.6.1)	31,115,405	9,293,160
Other prepaid expenses	6,320,525	9,996,281
	183,159,029	200,741,146
10.6.1 Advance against fixed assets		
Advance against fixed assets has been made for which final bill has not being received :		
Interior Decoration and Furniture	8,825,370	9,293,160
Software	19,740,000	-
Machineries, equipments and computer accessories	2,550,035	-
	31,115,405	9,293,160
Above amount represents advance to acquire fixed assets against total commitment of Taka 55,230,020.		
11. Borrowings from other banks, financial institutions and agents - Consolidated		
SBAC Bank Limited (note 11.1)	8,763,684,070	2,391,442,263
SBAC Bank Investment Limited	-	-
	8,763,684,070	2,391,442,263
11.1 Borrowings from other banks, financial institutions and agents of the Bank		
Main Operation (note 11.2)	8,763,684,070	2,391,442,263
Off-shore Banking Unit	557,414,568	67,730,774
Less : Inter bank transactions	(557,414,568)	(67,730,774)
	8,763,684,070	2,391,442,263

	2021 Taka	2020 Taka
11.2 Borrowings from other banks, financial institutions and agents (main operation)		
a) In Bangladesh		
Secured		
Refinance from Bangladesh Bank		
Agro based industries	31,257,683	19,842,607
Green industries	109,890,085	123,620,725
Small enterprise entrepreneurs	370,564	3,870,500
10 Taka account	15,594	455,313
Bangladesh Bank stimulus fund	954,364,567	508,730,152
Export Development Fund (EDF)	1,794,435,577	1,534,922,966
	2,890,334,070	2,191,442,263
Unsecured	5,873,350,000	200,000,000
	8,763,684,070	2,391,442,263
b) Outside Bangladesh	-	-
	8,763,684,070	2,391,442,263
<p>As at the reporting date of these financial statements, the Bank had no assets pledged as security except the Balance with Bangladesh Bank (local & foreign currency) against liability of refinance facility availed from Bangladesh Bank under the Agro based industries financing, Green industries financing, Small & Medium Enterprising Financing, 10 Taka Account Fund and Export Development Fund by the Bank. [Note 11.1]</p>		
11.23 Residual maturity grouping of borrowings from other banks, financial institutions and agents		
On demand	3,890,000,000	-
Within one month	2,354,373,109	513,608,250
Within one to three months	686,819,167	699,478,573
Within three to twelve months	1,633,523,886	1,011,688,501
Within one to five years	60,196,357	69,342,960
More than five years	138,771,551	97,323,979
	8,763,684,070	2,391,442,263
12. Deposits and other accounts - Consolidated		
Current / Al-wadeeah current deposits and other accounts		
SBAC Bank Ltd.	7,296,934,175	5,613,076,615
Less : Inter-company transactions	1,308,545	-
	7,295,625,630	5,613,076,615
Special notice / mudaraba special notice deposits		
SBAC Bank Ltd.	4,494,632,154	3,881,691,173
SBAC Bank Investment Ltd.	-	-
	4,494,632,154	3,881,691,173
Less : Inter-company transactions	7,118,668	-
	4,487,513,486	3,881,691,173
Bills payable		
SBAC Bank Ltd.	2,414,977,923	2,055,473,084
SBAC Bank Investment Ltd.	-	-
	2,414,977,923	2,055,473,084
Savings bank / mudaraba savings deposits		
SBAC Bank Ltd.	5,943,300,533	5,569,059,301
SBAC Bank Investment Ltd.	-	-
	5,943,300,533	5,569,059,301
Fixed / mudaraba term deposits		
SBAC Bank Ltd.	38,491,349,641	40,922,208,483
SBAC Bank Investment Ltd.	-	-
	38,491,349,641	40,922,208,483
Less : Inter-company transactions	358,872,088	-
	38,132,477,553	40,922,208,483
Other deposits		
SBAC Bank Ltd.	14,462,568,622	13,409,952,674
SBAC Bank Investment Ltd.	-	-
	14,462,568,622	13,409,952,674
	72,736,463,747	71,451,461,330



	2021 Taka	2020 Taka
12.1 Deposits and other accounts of the Bank		
Current / Al-wadeeah current deposits and other accounts (note : 12.2)	7,296,934,175	5,613,076,615
Special notice / mudaraba special notice deposits	4,494,632,154	3,881,691,173
Bills payable	2,414,977,923	2,055,473,084
Savings bank / mudaraba savings deposits	5,943,300,533	5,569,059,301
Fixed / mudaraba term deposits	38,491,349,641	40,922,208,483
Other deposits (note : 12.3)	14,462,568,622	13,409,952,674
	73,103,763,048	71,451,461,330
12.2 Current / Al-wadeeah current deposits and other accounts		
Current / Al-wadeeah current deposits	3,035,603,446	2,509,596,916
Foreign currency deposits	11,142,296	6,120,166
Exporters' retention quota accounts	17,111,860	23,164,464
Foreign currency held against BTB L/Cs	870,954,651	463,449,497
Non resident Taka account	8,092,418	17,287,897
Non resident foreign currency account	3,874,395	2,628,291
Resident foreign currency account	3,380,827	3,252,139
Margin against L/Cs	1,308,039,729	669,296,768
Margin against L/Gs	889,387,836	663,242,728
Margin on Loans	104,490,006	90,657,102
Margin on LDBP	83,400	83,400
Security deposit	25,477,192	22,557,984
Sundry deposits - excise duty	110,431,800	99,553,100
Sundry deposits - local bills	17,411,770	99,412,086
Sundry deposits - Sanchayapatra	2,600,000	12,300,000
Sundry deposits - other	28,655,670	10,561,446
Sundry deposits - foreign correspondents charge	22,689,238	27,457,621
Sundry deposits - risk fund	4,451,495	3,458,245
Sundry deposits - advance installment on Lease	1,967,672	1,923,052
Sundry deposits - Tax Deducted at source	165,301,620	126,842,605
Sundry deposits - VAT collected at source	6,341,906	4,557,649
Sundry deposits - VAT deducted Service Bills	8,803,101	6,422,229
Sundry deposits - card settlement account	30,779,470	20,062,967
Sundry deposits - Mobile App	3,730,638	3,385,674
Interest payable on deposits	616,131,739	725,802,589
	7,296,934,175	5,613,076,615
12.3 Other deposits		
Monthly savings scheme / mudaraba monthly savings deposits	3,991,921,493	3,543,453,869
Monthly Benefit Scheme Deposits	4,651,488,561	4,434,126,376
Lakhpoti Savings Scheme Deposits	206,888,792	169,793,660
Surokha Millionaire Scheme Deposits	1,225,079,779	889,374,481
Kotipoti Scheme Deposits	171,635,383	82,088,207
Double Benefit Scheme Deposits	3,586,418,322	3,841,102,802
Triple Benefit Scheme	628,494,085	450,013,279
	642,207	-
	14,462,568,622	13,409,952,674
12.4 Segregation of deposits and other accounts		
Other than inter-bank deposits	73,101,444,386	65,871,559,742
Inter-bank deposits (Note 12.5)	2,318,662	5,579,901,588
	73,103,763,048	71,451,461,330
12.5 Details of inter-bank deposits		
In Current Deposit Account		
Mercantile Bank Limited	1,741,319	1,240,242
Trust Bank Limited	418,250	418,250
	2,159,569	1,658,492
In Short Notice Deposit Account		
Janata Bank Limited	159,093	156,463

	2021 Taka	2020 Taka
In Fixed Deposit Account		
Agrani Bank Limited	-	2,999,855,000
Bangladesh Development Bank Limited	-	20,255,000
Sonali Bank Limited	-	599,920,000
Probashi Kallayan Bank	-	58,256,633
Mutual Trust Bank Limited	-	199,960,000
United Commercial Bank Limited	-	799,920,000
Uttara Bank Limited	-	599,960,000
NCC Bank Limited	-	299,960,000
	-	5,578,086,633
	2,318,662	5,579,901,588
12.6 Residual maturity grouping of deposits and other accounts		
On demand	2,054,729,275	1,221,852,035
Within one month	9,669,928,112	13,682,634,385
Within one to three months	15,098,601,294	14,591,093,412
Within three to six months	13,731,189,593	11,181,833,239
Within six to twelve months	10,183,104,925	10,360,461,892
Within one to five years	10,455,740,287	9,624,575,933
More than five years	11,910,469,562	10,789,010,434
	73,103,763,048	71,451,461,330
12.7 Unclaimed deposits for ten years and more held by the bank	-	-
12.8 As on the reporting date of these financial statements, there were no valuable items unclaimed for ten years or more held by the bank.		
12.9 Payable on demand and time deposits		
a) Demand deposits		
Current deposits	3,035,603,446	2,509,596,916
Savings deposits (9%)	534,897,048	501,215,337
Foreign currency deposits (non interest bearing)	906,464,029	498,614,557
Security deposits	25,477,192	22,557,984
Sundry deposits	3,321,297,090	2,565,019,261
Bills Payable	2,414,977,923	2,055,473,084
	10,238,716,728	8,152,477,139
b) Time deposits		
Savings deposits (91%)	5,408,403,485	5,067,843,964
Fixed deposits	38,491,349,641	40,922,208,483
Special notice deposits	4,494,632,154	3,881,691,173
Deposits under schemes	14,462,568,622	13,409,952,674
Non resident Taka deposits	8,092,418	17,287,897
	62,865,046,320	63,298,984,191
	73,103,763,048	71,451,461,330
12.10 Sector-wise break-up of deposits and other accounts		
Government	2,081,908,540	2,323,307,036
Deposit money banks	2,318,662	5,579,901,588
Other public	9,374,105,693	7,698,569,130
Foreign currency	906,464,029	498,614,557
Private	60,738,966,124	55,351,069,019
	73,103,763,048	71,451,461,330
13. Other liabilities - Consolidated		
SBAC Bank Limited (note 13.1)	5,682,034,849	5,253,884,414
SBAC Bank Investment Limited	3,157,724	-
	5,685,192,573	5,253,884,414
Less : Inter-company transactions	-	-
	5,685,192,573	5,253,884,414



	2021 Taka	2020 Taka
13.1 Other liabilities of the Bank		
Sundry creditors	10,437,261	18,820,547
Provision for expenses	38,429,305	26,362,902
Central clearing, EFT, NPSB adjustment account	-	4,006,504
Unearned profit (Markup)	2,740,530	-
Provision for gratuity (note 13.2)	-	-
Provision for taxation (note 13.3)	816,756,524	2,017,238,149
Provision on loans & advances (note 13.4)	2,210,260,010	1,567,444,644
Special general provision - COVID-19 (note 13.5)	187,183,129	9,513,466
General provision on Off Balance Sheet exposures (note 13.6)	168,396,382	-
Provision for rebate to good borrowers (note 13.7)	19,000,000	19,000,000
Present value of lease liability (note 13.8)	1,167,814,501	967,219,909
Interest suspense account (note 13.9)	1,000,624,647	617,600,554
Deferred tax liability (note 10.5)	-	6,677,739
Startup fund (note 13.10)	14,866,773	-
Provision for diminution in value of investments (note 13.11)	36,403,988	-
Unclaimed dividend	9,121,799	-
	5,682,034,849	5,253,884,414
13.2 Provision for gratuity		
Opening balance	-	-
Add : Provision made for the period	104,500,000	29,000,000
	104,500,000	29,000,000
Less : transferred to gratuity fund during the period	104,500,000	29,000,000
Closing balance	-	-
13.3 Provision for taxation		
Opening balance	2,017,238,149	1,619,779,667
Add : Provision made for the year (Note 13.3.2)	464,195,083	397,458,482
	2,481,433,232	2,017,238,149
Less : Adjustment during the year	1,664,676,708	-
Closing balance	816,756,524	2,017,238,149

13.3.1 Status of income tax assessment

Accounting Year	Assessment Year	Status
2013	2014-2015	Assessment completed
2014	2015-2016	Assessment completed
2015	2016-2017	Assessment completed
2016	2017-2018	Assessment completed
2017	2018-2019	Assessment completed
2018	2019-2020	Assessment completed
2019	2020-2021	Assessment completed
2020	2021-2022	Return submitted, assessment yet to complete

13.3.2 Tax reconciliation or relationship between tax expense and tax on accounting profit

Particulars	2021		2020	
	%	Taka	%	Taka
Profit before tax as per profit and loss account		1,995,767,631		1,457,666,087
Corporate as per applicable tax rate	37.50%	748,412,862	40.00%	583,066,435
Factors affecting the tax charge for current year				
Non-deductible and inadmissible expenses	19.23%	383,697,356	11.81%	172,220,682
Admissible expenses	-6.20%	(123,724,772)	-3.75%	(54,717,001)
Tax savings from reduced tax rates	-29.52%	(589,087,403)	-20.79%	(303,111,634)
Effect of deferred tax	-1.42%	(28,435,622)	1.26%	18,371,583
Prior year provision shortfall as per assessment order	2.25%	44,897,041	0.00%	-
Effective tax rate	21.83%	435,759,461	28.53%	415,830,065

13.4 Provision for loans and advances

A. General provision on loans and advances - Main Operation

Opening balance	-	383,923,138
General provision for the year	8,465,020	(14,080,415)
Transferred to specific provision	-	(369,842,723)
Provision held at the year end	8,465,020	-

	2021 Taka	2020 Taka
B. Specific provision against classified loans and advances - Main Operation		
Opening balance	1,566,767,336	971,497,611
Less : Fully provided debt written-off (for final settlement)	-	-
Add : Recoveries of amounts previously written-off	-	-
Add : Specific provision for the year	866,353,374	309,627,614
Less : Transferred from general provision	-	570,399,189
Less : Specific provision no more required as loans realized/regularized	236,957,829	284,757,078
Add : Net charge to profit and loss account	-	-
Provision held at the end of the year	2,196,162,881	1,566,767,336
C. General provision on loans and advances - OBU		
Opening balance	677,308	-
General provision for the year	4,954,801	677,308
Provision held at the year end	5,632,109	677,308
Total (A + B + C)	2,210,260,010	1,567,444,644
13.5 Special general provision - COVID-19 (note 8.10)		
Opening balance	9,513,466	-
Add : Provision made for the year	177,669,663	84,370,703
Less : Transferred to specific provision	-	74,857,237
	187,183,129	9,513,466
13.6 Provision for off balance sheet exposures (note 18.4)		
Opening balance	-	133,655,792
Add : Provision made for the year	168,396,382	(7,956,563)
Less : Transferred to specific provision	-	125,699,229
	168,396,382	-
13.7 Provision for rebate to good borrowers		
Opening balance	19,000,000	17,000,000
Add : Provision made for the year	-	2,000,000
	19,000,000	19,000,000
Less: Paid during the period	-	-
Closing balance	19,000,000	19,000,000
Vide BRPD circular letter no.14 dated 18 June 2020, Bangladesh Bank withdrew the provision of mandatory payment of good borrowers' incentive after 30 September 2019.		
13.8 Present value of lease liability		
The bank recognised lease liability which is present value of lease payments to be made over the lease terms from the date of commencement or 01 January 2020 (initial recognition). The lease payments has been discounted @ 6.00%.		
13.9 Interest suspense account		
Balance as on 1 January	617,600,554	376,336,448
Add : Amount transferred to "interest suspense" account during the year	451,285,411	274,129,249
Less : Amount recovered from "interest suspense" account during the year	68,261,318	32,865,143
Less : Amount written-off during the year	-	-
Balance as on 31 December	1,000,624,647	617,600,554
13.10 Startup fund		
Opening balance	-	-
Add : Transferred during the year	14,866,773	-
	14,866,773	-
13.11 Provision for diminution in value of investments		
Opening balance	-	-
Add : Provision made for the year	36,403,988	-
	36,403,988	-



	2021 Taka	2020 Taka
14. Share capital		
14.1 Authorized share capital		
1,000,000,000 ordinary shares of Tk. 10/- each	10,000,000,000	10,000,000,000
14.2 Issued, subscribed and paid up share capital		
784,645,517 ordinary shares of Tk. 10/- each	7,846,455,170	6,846,455,170
14.3 Paid up capital		
The paid up capital of the Bank was raised in the following manner :		
From the sponsor shareholders		
By issuing 408,960,000 ordinary shares of Taka 10 each	4,089,600,000	4,089,600,000
From Initial Public Offering		
By issuing 100,000,000 ordinary shares of Taka 10 each	1,000,000,000	-
Stock dividend		
Stock dividend @ 0.06 against 1 existing share of Tk 10 each for the year 2015	245,376,000	245,376,000
Stock dividend @ 0.15 against 1 existing share of Tk 10 each for the year 2016	650,246,400	650,246,400
Stock dividend @ 0.135 against 1 existing share of Tk 10 each for the year 2017	673,005,020	673,005,020
Stock dividend @ 0.10 against 1 existing share of Tk 10 each for the year 2018	565,822,740	565,822,740
Stock dividend @ 0.10 against 1 existing share of Tk 10 each for the year 2019	622,405,010	622,405,010
	7,846,455,170	6,846,455,170

Stock dividend @ 0.04 against 1 existing share of Tk 10 each for the year 2020 i.e. 31,385,820 nos of shares @ Tk 10 each yet to issue.

14.4 Group-wise shareholding position

Particulars	2021			2020		
	No. of shares	Percentage (%) of holding	Taka	No. of shares	Percentage (%) of holding	Taka
Sponsor directors	393,696,435	50.18%	3,936,964,350	425,908,582	62.21%	4,259,085,820
Sponsor shareholders	182,831,294	23.30%	1,828,312,940	160,739,844	23.48%	1,607,398,440
Financial Institutions	91,337,949	11.64%	913,379,490	-	-	-
Foreign Investors	-	0.00%	-	-	-	-
Non-resident Bangladeshi	1,156,537	0.15%	11,565,370	-	-	-
General Public	115,623,302	14.74%	1,156,233,020	97,997,091	14.31%	979,970,910
Total	784,645,517	100.00%	7,846,455,170	684,645,517	100.00%	6,846,455,170

14.5 Range-wise shareholdings as on 31 December 2021

Range of holding of shares	No of share holders	Percentage % of share holding	No of shares	Taka
Less than 500	88,504	1.61%	12,607,910	126,079,100
500 - 5,000	11,100	2.17%	17,045,121	170,451,210
5,001 - 10,000	1,300	1.27%	9,957,616	99,576,160
10,001 - 20,000	780	1.45%	11,399,238	113,992,380
20,001 - 30,000	307	0.98%	7,688,146	76,881,460
30,001 - 40,000	143	0.65%	5,076,461	50,764,610
40,001 - 50,000	107	0.64%	4,988,891	49,888,910
50,001 - 100,000	180	1.61%	12,636,115	126,361,150
100,001 - 1,000,000	105	2.67%	20,936,654	209,366,540
1,000,001 and above	54	86.96%	682,309,365	6,823,093,650
Total	102,580	100.00%	784,645,517	7,846,455,170

14.6 Capital to Risk Weighted Assets Ratio

As per Section 13(2) of the Bank Companies Act, 1991 (Amended upto 2018) and instructions contained in BRPD Circular Letter No. 11 dated 14 August 2008, BRPD Circular No. 10 dated 10 March 2010, BRPD Circular No. 35 dated 29 December 2010, BRPD Circular No. 07 dated 31 March 2014, BRPD Circular No. 18 dated 21 December 2014, BRPD Circular Letter No. 05 dated 31 May 2016 [Guidelines on Risk Based capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)], the total capital (eligible regulatory capital) (consolidated) of the Bank as of 31 December 2021 stood at Taka 10,830,034,388 (Tier-I Capital Taka 10,460,357,748 and Tier-II Capital Taka 369,676,640) against the risk based capital requirement of Taka 9,732,551,286. As a result, there was a capital surplus of Taka 1,097,483,102 in risk based capital adequacy as on 31 December 2021.

	2021 Taka	2020 Taka
14.7 Details of capital adequacy ratio are furnished below - Consolidated :		
A. Total common equity Tier - I capital		
Paid up capital	7,846,455,170	6,846,455,170
Statutory reserve	1,947,493,989	1,753,397,543
Retained earnings	704,530,934	687,467,724
Non-controlling (minority) interest	405,167	-
	10,498,885,261	9,287,320,437
Less : Regulatory Adjustments	38,527,513	26,934,360
	10,460,357,748	9,260,386,077
B. Additional Tier - I capital	-	-
C. Total Tier - I Capital (A + B)	10,460,357,748	9,260,386,077
D. Tier - II capital		
General provision on unclassified loans and off-balance sheet exposures	369,676,640	9,513,466
50% of Revaluation reserve as on 31 December 2014	22,014,417	22,014,417
	391,691,057	31,527,883
Less : Regulatory Adjustments:	22,014,417	22,014,417
Revaluation reserve for HFT securities	369,676,640	9,513,466
	10,830,034,388	9,269,899,543
E. Total capital (C + D)	77,860,410,286	68,899,944,990
F. Total risk weighted assets (RWA)		
G. Minimum capital requirement (MCR) with Capital Conservation Buffer (CCB) [12.50% of risk weighted assets]	9,732,551,286	8,612,493,124
H. Surplus/(shortfall) of capital (E - G)	1,097,483,102	657,406,419
I. Total Exposure	103,736,551,174	92,435,602,064
Capital to risk weighted assets ratio (CRAR) (E/F X 100)	13.91%	13.45%
Common equity Tier-I to risk weighted assets ratio (A/F X 100)	13.43%	13.44%
Tier-I capital to risk weighted assets ratio (C/F X 100)	13.43%	13.44%
Tier-II capital to risk weighted assets ratio (D/F X 100)	0.47%	0.01%
Leverage ratio (C/I X 100)	10.08%	10.02%
14.8 Total risk weighted assets (RWA) - Consolidated		
A. Credit risk weighted assets		
On-Balance Sheet	56,778,488,059	54,424,742,985
Off-Balance Sheet	8,495,646,182	5,958,284,949
	65,274,134,241	60,383,027,934
B. Market risk weighted assets	4,924,742,294	1,994,709,883
C. Operational risk weighted assets	7,661,533,751	6,522,207,173
Total risk weighted assets (RWA)	77,860,410,286	68,899,944,990
14.9 Details of capital adequacy ratio are furnished below - Solo :		
A. Total common equity Tier - I capital		
Paid up capital	7,846,455,170	6,846,455,170
Statutory reserve	1,947,493,989	1,753,397,543
Retained earnings	699,369,062	687,467,724
	10,493,318,222	9,287,320,437
Less : Regulatory Adjustments	28,527,513	26,934,360
	10,464,790,709	9,260,386,077
B. Additional Tier - I capital	-	-
C. Total Tier - I Capital (A + B)	10,464,790,709	9,260,386,077
D. Tier - II capital		
General provision on unclassified loans and off-balance sheet exposures	369,676,640	10,190,774
50% of Revaluation reserve as on 31 December 2014	22,014,417	22,014,417
	391,691,057	32,205,191
Less : Regulatory Adjustments:	22,014,417	22,014,417
Revaluation reserve for HFT securities	369,676,640	10,190,774
	10,834,467,349	9,270,576,851
E. Total capital (C + D)	77,701,662,149	68,899,944,990
F. Total risk weighted assets (RWA)		
G. Minimum capital requirement (MCR) with Capital Conservation Buffer (CCB) [12.50% of risk weighted assets]	9,712,707,769	8,612,493,124
H. Surplus/(shortfall) of capital (E - G)	1,121,759,580	658,083,727
I. Total Exposure	103,736,551,174	92,435,602,064
Capital to risk weighted assets ratio (CRAR) (E/F X 100)	13.94%	13.46%
Common equity Tier-I to risk weighted assets ratio (A/F X 100)	13.47%	13.44%
Tier-I capital to risk weighted assets ratio (C/F X 100)	13.47%	13.44%
Tier-II capital to risk weighted assets ratio (D/F X 100)	0.48%	0.01%
Leverage ratio (C/I X 100)	10.09%	10.02%



	2021 Taka	2020 Taka
14.10 Total risk weighted assets (RWA) - Solo		
A. Credit risk weighted assets		
On-Balance Sheet	56,625,520,903	54,424,742,985
Off-Balance Sheet	8,495,646,182	5,958,284,949
	65,121,167,085	60,383,027,934
B. Market risk weighted assets	4,924,742,294	1,994,709,883
C. Operational risk weighted assets	7,655,752,770	6,522,207,173
Total risk weighted assets (RWA)	77,701,662,149	68,899,944,990
14.11 Non-controlling (Minority) interest		
Share capital	400,000	-
Retained earnings	5,167	-
	405,167	-
15. Statutory reserve		
As per Section 24(1) of the Bank Companies Act, 1991, an amount equivalent to 20% of profit before taxes for the year has been transferred to the statutory reserve fund.		
Opening balance	1,753,397,543	1,479,777,861
Add : Transferred from profit during the year	194,096,446	273,619,682
Closing balance	1,947,493,989	1,753,397,543
16. Other reserve (revaluation reserve on Govt. Securities)		
Opening balance	19,337,962	27,595,805
Add : Amortization / revaluation gain	945,699,914	546,430,113
	965,037,876	574,025,918
Less : Adjustment of amortization / revaluation gain against sale / maturity	835,767,404	554,687,956
Closing balance	129,270,472	19,337,962
16.1 Foreign currency translation reserve		
Opening balance	-	-
Add : Addition during year	251,592	-
	251,592	-
Less : Adjustment during the year	-	-
Closing balance	251,592	-
17. Surplus in profit and loss account - Consolidated		
Opening balance	687,467,724	631,537,963
Add : Net profit during the year	539,889,810	951,954,453
	1,227,357,534	1,583,492,416
Less : Dividend paid	(313,858,214)	(622,405,010)
Less : Transferred to statutory reserve	(194,096,446)	(273,619,682)
Less: Transferred to start up fund	(14,866,773)	-
	704,536,101	687,467,724
Less : Non-controlling (Minority) interest	5,167	-
Closing balance	704,530,934	687,467,724
17.1 Surplus in profit and loss account of the Bank		
Opening balance	687,467,724	631,537,963
Add : Net profit during the year	534,722,771	951,954,453
	1,222,190,495	1,583,492,416
Less : Dividend paid	(313,858,214)	(622,405,010)
Less : Transferred to statutory reserve	(194,096,446)	(273,619,682)
Less: Transferred to start up fund	(14,866,773)	-
Closing balance	699,369,062	687,467,724
Stock dividend @ 0.04 against 1 existing share of Tk 10 each for the year 2020 i.e. 31,385,820 nos of shares @ Tk 10 each yet to issue.		
18. Contingent liabilities - Consolidated		
SBAC Bank Limited		
Acceptances and endorsements	3,444,598,165	1,586,301,381
Letters of Guarantee (note 18.1)	9,111,716,091	6,887,896,263
Irrevocable letters of credit (note 18.2)	4,283,323,907	4,095,725,239
Bills for collection (note 18.3)	1,700,140,692	1,590,161,406
Other contingent liabilities	-	-
	18,539,778,855	14,160,084,289
SBAC Bank Investment Limited	-	-
	18,539,778,855	14,160,084,289

			2021 Taka	2020 Taka
18.1	Letters of guarantee			
	Money for which the bank is contingently liable in respect of guarantees issued favoring:			
	Directors		-	-
	Government		2,485,826,430	1,229,894,858
	Banks and other financial institutions		-	-
	Others		6,625,889,661	5,658,001,405
			9,111,716,091	6,887,896,263
18.2	Irrevocable letters of credit			
	Local			
	Irrevocable letters of credit (sight)		1,658,411,965	2,452,096,712
	Irrevocable letters of credit (usance)		39,908,544	1,029,219,956
	Irrevocable letters of credit - back to back		749,648,704	253,178,358
			2,447,969,213	3,734,495,026
	Foreign			
	Irrevocable letters of credit (sight)		-	8,495,001
	Irrevocable letters of credit (usance)		1,493,018,210	193,240,049
	Irrevocable letters of credit - back to back		342,336,484	159,495,163
			1,835,354,694	361,230,213
			4,283,323,907	4,095,725,239
18.3	Bills for collection			
	Outward local bills		8,893,630	18,107,584
	Local documentary bills for collection		1,057,282,256	922,152,176
	Foreign documentary bills for collection		633,964,806	649,901,646
			1,700,140,692	1,590,161,406
18.4	Particulars of required provision on off-balance sheet exposures			
			Required provision	
			2021 Taka	2020 Taka
	Acceptances and endorsements	3,444,598,165	34,445,982	15,863,014
	Letters of Guarantee (note 18.1)	9,111,716,091	91,117,161	68,878,963
	Irrevocable letters of credit (note 18.2)	4,283,323,907	42,833,239	40,957,252
	Bills for collection (note 18.3)	1,700,140,692	-	-
	Other contingent liabilities	-	-	-
	Total	18,539,778,855	168,396,382	125,699,229
	Total Provision Maintained		168,396,382	-
	Provision to be maintained (note 8.9)		-	-



	2021 Taka	2020 Taka
19. Particulars of profit and loss account of the Bank Income		
Interest, discount and similar income (note 21.1)	5,610,478,463	5,855,107,528
Dividend income (note 23.1)	39,733,293	-
Fees, commission and brokerage (note 24.1)	316,602,244	211,991,182
Gains less losses arising from dealing in securities (note 23.1)	-	-
Gains less losses arising from investment securities (note 23.1)	3,024,424,418	1,909,924,534
Gains less losses arising from dealing in foreign currencies (note 24.1)	204,542,645	216,063,773
Income from non-banking assets	-	-
Other operating income (note 25.1)	157,494,148	124,871,563
Profit less losses in interest rate changes	-	-
	9,353,275,211	8,317,958,580
Expenses		
Interest, fee and commission (note 22.1)	3,955,954,894	4,750,689,258
Losses on loans and advances	-	-
Administrative expenses (note 20)	1,566,146,427	1,403,949,142
Other operating expenses (note 35.1)	1,503,159,089	394,777,039
Depreciation on bank's assets (note 34.1)	332,247,170	310,877,054
	7,357,507,580	6,860,292,493
	1,995,767,631	1,457,666,087
Profit before provision		
20. Administrative expenses		
Salary and allowances (note 26.1)	1,326,068,623	1,147,952,923
Rent, taxes, insurance, electricity etc. (note 27.1)	145,722,919	173,589,435
Legal & professional expenses (note 28.1)	5,137,563	2,394,922
Postage, stamp, telecommunication etc. (note 29.1)	13,099,216	13,924,282
Stationery, printing, advertisement etc. (note 30.1)	37,892,768	37,200,922
Chief executive's salary and fees (note 31)	13,186,335	8,322,666
Directors' fees and other benefits (note 32.1)	3,760,000	2,728,000
Audit fees (note 33.1)	575,000	787,750
Repair of bank's assets (note 34.1)	20,704,003	17,048,242
	1,566,146,427	1,403,949,142
21. Interest income / profit on investment - Consolidated		
SBAC Bank Limited (note 21.1)	5,610,478,463	5,855,107,528
SBAC Bank Investment Limited	11,563,162	-
	5,622,041,625	5,855,107,528
Less : Inter company transactions	11,563,162	-
	5,610,478,463	5,855,107,528
21.1 Interest income / profit on investments of the Bank		
Interest on loans and advances / profit on investments		
Cash credit	1,371,217,015	1,598,872,297
Secured overdraft / bai murabaha	1,266,751,913	1,608,020,972
General overdraft	89,085,011	199,427,358
Local bills purchased	93,277,963	117,812,256
Foreign bills purchased	14,625,571	28,986,300
Import finance / murabaha	316,545,202	351,941,357
Export finance	2,406,376	2,055,569
Other demand loans	526,475,374	428,708,936
Lease finance / HPSM	57,756,687	46,234,837
House building loans / HPSM	55,817,114	78,416,682
General term loans / bai murabaha	819,598,335	766,125,212
SME loans / bai murabaha	222,932,246	190,115,182
Consumer credit scheme	4,907,525	2,812,291
Credit card	34,946,983	33,726,969
Agriculture & rural credit / bai murabaha	57,500,875	17,889,956
Staff loans / HPSM	23,305,231	19,802,538
	4,957,149,421	5,490,948,712
Interest on money at call and short notice	723,042	1,213,125
Interest on FDR with other banks	517,929,901	309,359,877
Interest on SND with other banks	111,904,140	53,222,398
	5,587,706,504	5,854,744,112
Interest Income - Off-shore Banking Unit	22,771,959	363,416
	5,610,478,463	5,855,107,528

	2021 Taka	2020 Taka
22. Interest / profit paid on deposits, borrowings etc.		
SBAC Bank Limited (note 22.1)	3,955,954,894	4,750,689,258
SBAC Bank Investment Limited	-	-
	3,955,954,894	4,750,689,258
Less : Inter company transactions	11,563,162	-
	3,944,391,732	4,750,689,258
22.1 Interest / profit paid on deposits, borrowings etc. of the Bank		
Interest / profit paid on deposits		
Savings bank / mudaraba savings deposits	216,054,317	229,225,208
Special notice / mudaraba special notice deposits	102,837,749	118,568,685
Monthly savings schemes / mudaraba monthly savings deposits	445,875,098	359,574,145
Monthly benefit schemes	423,718,820	420,579,985
Special deposit schemes	412,749,486	432,505,830
Fixed /mudaraba term deposits	2,093,864,587	3,042,193,657
	3,695,100,057	4,602,647,510
Interest on call borrowing	62,776,581	18,066,986
Interest on credit lines	40,426,066	3,331,389
Interest on Bangladesh Bank Re-financing facilities	38,676,877	8,995,156
Interest on borrowing under REPO	118,975,313	117,648,217
	3,955,954,894	4,750,689,258
23. Investment income - Consolidated		
SBAC Bank Limited (note 23.1)	3,064,157,711	1,909,924,534
SBAC Investment Limited	-	-
	3,064,157,711	1,909,924,534
23.1 Investment income of the Bank		
Dividend on shares	39,733,293	-
Income on treasury bills, bonds and debentures		
Interest / profit on treasury bonds	1,434,543,319	916,865,098
Interest / profit on treasury bills	736,290	229,957,853
Interest on reverse REPO	3,843,850	5,301,685
Gains on trading of government securities	1,461,763,132	757,716,643
	2,900,886,591	1,909,841,279
Gains on Capital Market	123,537,827	83,255
	3,064,157,711	1,909,924,534
24. Commission, exchange and brokerage - Consolidated		
SBAC Bank Limited (note 24.1)	521,144,889	428,054,955
SBAC Investment Limited	-	-
	521,144,889	428,054,955
24.1 Commission, exchange and brokerage of the Bank		
Fees, commission and brokerage		
Commission on bills & remittance	5,092,299	3,694,250
Commission on letters of credit	120,765,596	89,853,677
Commission on letters of guarantee	143,757,378	86,070,452
Commission on acceptances	42,003,920	25,595,550
Commission on add confirmation	1,031,358	3,313,768
Commission on bank underwriting	3,951,693	3,463,485
	316,602,244	211,991,182
Exchange earnings (net)	204,542,645	216,063,773
	521,144,889	428,054,955
25. Other operating income - Consolidated		
SBAC Bank Limited (note 25.1)	157,494,148	124,871,563
SBAC Investment Limited	-	-
	157,494,148	124,871,563
Less : Inter company transactions	1,200	-
	157,492,948	124,871,563
25.1 Other operating income of the Bank		
Banking service charge	132,563,523	97,724,963
Card operation charge	14,123,431	11,329,633
Locker rent	93,850	133,000
Income from sale of fixed assets (note 25.2)	-	2,920,988
Miscellaneous income	10,713,344	12,762,979
	157,494,148	124,871,563



	2021 Taka	2020 Taka
25.2 Calculation income from sale of fixed assets		
Sale proceeds	-	2,920,988
Cost of the sold items of fixed assets	-	9,633,000
Less : Accumulated depreciation	-	9,633,000
Written down value	-	-
Income from sale of fixed assets	-	2,920,988
26. Salaries and allowances - Consolidated		
SBAC Bank Limited (note 26.1)	1,326,068,623	1,147,952,923
SBAC Investment Limited	-	-
	1,326,068,623	1,147,952,923
26.1 Salaries and allowances of the Bank		
Basic salary	431,227,081	382,756,556
House rent allowance	205,810,069	177,963,936
Conveyance allowance	36,068,176	33,234,548
Medical allowance	55,318,560	51,208,011
Other allowances	205,247,210	186,193,609
Festival bonus	74,518,218	68,008,948
Incentive bonus for previous year	61,370,391	60,220,723
COVID-19 Incentive	-	22,217,856
Bank's contribution on provident fund	41,699,989	35,815,444
Gratuity	104,500,000	29,000,000
Casual labourer & wages	110,308,929	101,333,292
	1,326,068,623	1,147,952,923
27. Rent, taxes, insurance, electricity etc. - Consolidated		
SBAC Bank Limited (note 27.1)	145,722,919	173,589,435
SBAC Investment Limited	-	-
	145,722,919	173,589,435
27.1 Rent, taxes, insurance, electricity etc. of the Bank		
Rent - Office Premises, ATM Booths and other installations	14,484,111	66,229,460
Rates and taxes	33,054,958	16,083,418
Utilities	40,320,963	38,811,276
Insurance	57,862,887	52,465,281
	145,722,919	173,589,435
As per IFRS 16, an entity shall recognize its right-of-use (ROU) asset (i.e. the right to use the office building, branches, service centers, etc.) and a corresponding lease liability. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'. Actual rent paid during the year was Taka 208,918,086.		
28. Legal and professional expenses - Consolidated		
SBAC Bank Limited (note 28.1)	5,137,563	2,394,922
SBAC Investment Limited	21,086	-
	5,158,649	2,394,922
28.1 Legal and professional expenses of the Bank		
Legal expenses	1,599,492	1,178,953
Professional fees	3,538,071	1,215,969
	5,137,563	2,394,922
29. Postage, stamp, telecommunication etc. - Consolidated		
SBAC Bank Limited (note 29.1)	13,099,216	13,924,282
SBAC Investment Limited	-	-
	13,099,216	13,924,282
29.1 Postage, stamp, telecommunication etc. of the Bank		
Postage	990,837	1,068,178
Telephone, fax etc.	5,963,358	5,820,564
Internet & SWIFT	6,145,021	7,035,540
	13,099,216	13,924,282
30. Stationery, printing, advertisement etc. - Consolidated		
SBAC Bank Limited (note 30.1)	37,892,768	37,200,922
SBAC Investment Limited	5,800	-
	37,898,568	37,200,922

	2021 Taka	2020 Taka
30.1 Stationery, printing, advertisement etc. of the Bank		
Office stationery	9,409,954	19,118,407
Printing stationery	11,467,170	3,758,454
Petty stationery	5,197,129	
Security stationery	1,520,067	1,500,806
Advertisement	10,298,448	8,162,928
Publicity- purchase of diary, calendar etc.		4,660,327
	37,892,768	37,200,922
31. Chief executive's salary and fees of the Bank		
Basic salary	6,000,000	3,858,333
House rent allowance	1,680,000	1,608,000
House maintenance / furnishing allowance	1,200,000	614,000
Medical allowance	666,335	1,019,333
Bank's contribution on provident fund	480,000	
Festival bonus	960,000	606,000
Incentive bonus for previous year	1,000,000	-
Other allowances	1,200,000	617,000
	13,186,335	8,322,666
32. Directors' fees - Consolidated		
SBAC Bank Limited (note 32.1)	3,760,000	2,728,000
SBAC Investment Limited	192,000	-
	3,952,000	2,728,000
32.1 Directors' fees of the Bank		
Meeting attendance fees	3,760,000	2,728,000
Each director of the bank was paid Tk. 8,000/- per attendance in board meeting and committee meeting held.		
33. Auditors' fees - Consolidated		
SBAC Bank Limited (note 33.1)	575,000	787,750
SBAC Investment Limited	126,500	-
	701,500	787,750
33.1 Auditors' fees of the Bank		
Audit fees (annual audit)	400,000	385,000
Audit fees (interim audit)	-	300,000
Audit fees (provident fund & gratuity fund)	100,000	-
VAT on audit fees	75,000	102,750
	575,000	787,750
34. Depreciation and repairs & maintenance - Consolidated		
SBAC Bank Limited (note 34.1)	352,951,173	327,925,296
SBAC Investment Limited	-	-
	352,951,173	327,925,296
34.1 Depreciation and repairs & maintenance of Bank's Assets		
Depreciation / amortization		
Motor vehicles	5,339,019	4,030,539
Machinery and equipments	26,607,101	30,352,187
Furniture & fixtures	8,840,553	8,236,264
Interior decoration	31,688,963	28,976,700
Computer and peripherals	46,050,848	25,988,863
Software	21,246,222	37,318,240
Office tools and accessories	5,431,736	5,171,988
Depreciation on right of use assets (lease assets)	187,042,728	170,802,273
	332,247,170	310,877,054
Repairs & maintenance of bank's assets	20,704,003	17,048,242
	352,951,173	327,925,296
35. Other expenses		
SBAC Bank Limited (note 35.1)	1,503,159,089	394,777,039
SBAC Investment Limited	2,950,513	-
	1,506,109,602	394,777,039
Less : Inter company transactions	1,200	-
	1,506,108,402	394,777,039



	2021 Taka	2020 Taka
35.1 Other expenses of the Bank		
Entertainment expenses	13,480,970	11,061,179
Training & workshop expenses	1,504,660	816,820
Travel and daily allowance	3,032,702	3,920,182
Fuel and lubricants expenses - bank's vehicles	1,522,182	725,605
Subscriptions to trade associations	5,701,027	3,918,951
Donations	104,500,000	75,000,000
Business promotion and development	5,324,514	9,162,286
Books, magazines & news papers etc.	459,709	458,270
Charges & duties to Government	722,744	850,806
Local conveyance	6,745,121	2,654,243
Cash carrying expenses	3,504,240	3,660,270
Cartage and freight	326,155	156,345
Washing and cleaning	3,202,359	3,297,774
Other bank charges paid	9,347,951	7,671,395
Expenses on AGM	52,350	93,162
Expenses on managers' conference	723,560	538,145
Antivirus and other software	23,971,122	18,951,918
Branch & head office inauguration expenses	791,373	1,620,748
Miscellaneous expenses	2,457,112	1,971,031
Expenses on initial public offering	37,249,401	-
Interest on lease liability	61,382,420	57,131,857
Loss on sale/purchase of securities & investments	847,399,228	28,262,919
Loss on revaluation of investment	369,758,189	162,853,133
	1,503,159,089	394,777,039
36. Provision for taxation		
Current tax		
SBAC Bank Limited (note 13.3)	464,195,083	397,458,482
SBAC Investment Limited	3,100,224	-
	467,295,307	397,458,482
Deferred tax		
SBAC Bank Limited (note 10.5.1)	(28,435,622)	18,371,583
SBAC Investment Limited	-	-
	(28,435,622)	18,371,583
	438,859,685	415,830,065
37. Increase / decrease of other assets of the Bank		
Closing -		
Stock of stationeries and stamps	14,021,623	12,346,104
Advance rent, advertisement, etc.	14,380,654	5,323,818
Security deposits	4,177,757	4,166,557
Central clearing, EFT, NPSB adjustment account	8,486	
Suspense accounts	183,159,029	200,741,146
Investment in subsidiary	399,600,000	-
	615,347,549	222,577,625
Opening -		
Stock of stationeries and stamps	12,346,104	11,966,335
Advance rent, advertisement, etc.	5,323,818	117,396,342
Security deposits	4,166,557	4,164,557
Suspense accounts	200,741,146	134,303,342
	222,577,625	267,830,576
	392,769,924	(45,252,951)
37.1 Increase / decrease of other assets - Consolidated		
Closing -		
Stock of stationeries and stamps	14,021,623	12,346,104
Advance rent, advertisement, etc.	14,380,654	5,323,818
Security deposits	44,177,757	4,166,557
Central clearing, EFT, NPSB adjustment account	8,486	
Suspense accounts	183,159,029	200,741,146
	255,747,549	222,577,625
Opening -		
Stock of stationeries and stamps	12,346,104	11,966,335
Advance rent, advertisement, etc.	5,323,818	117,396,342
Security deposits	4,166,557	4,164,557
Suspense accounts	200,741,146	134,303,342
	222,577,625	267,830,576
	33,169,924	(45,252,951)

	2021 Taka	2020 Taka
38. Increase / decrease of other liabilities of the Bank		
Closing -		
Sundry creditors	10,437,261	18,820,547
Central clearing, EFT, NPSB adjustment account	-	4,006,504
Present value of lease liability	1,167,814,501	967,219,909
	1,178,251,762	990,046,960
Opening -		
Sundry creditors	18,820,547	17,399,651
Central EFT adjustment account	4,006,504	9,561,631
Present value of lease liability	967,219,909	-
	990,046,960	26,961,282
	188,204,802	963,085,678
38.1 Increase / decrease of other liabilities - Consolidated		
Closing -		
Sundry creditors	10,437,261	18,820,547
Central clearing, EFT, NPSB adjustment account	-	4,006,504
Present value of lease liability	1,167,814,501	967,219,909
	1,178,251,762	990,046,960
Opening -		
Sundry creditors	18,820,547	17,399,651
Central EFT adjustment account	4,006,504	9,561,631
Present value of lease liability	967,219,909	-
	990,046,960	26,961,282
	188,204,802	963,085,678
39.1 Reconciliation between Operating profit of the Bank and Cash flows from operating activities of the Bank		
Profit before provision	1,995,767,631	1,457,666,087
Depreciation on fixed assets	332,247,170	310,877,054
(Gain) / loss on sale of fixed assets	-	(2,920,988)
(Increase) / decrease of interest receivable	314,736,920	(472,434,029)
Increase / (decrease) of interest payable	(90,809,534)	(360,362,189)
Increase / (decrease) of expenses payable	(6,794,913)	11,675,425
(Increase) / decrease of dividend receivable	(21,706,152)	-
Advance tax paid	(441,550,053)	(642,131,856)
Gain on Trading of Govt Securities	(1,461,763,132)	(757,716,643)
Gain from sale of shares	(123,537,827)	(83,255)
Loss on revaluation of Government Securities	369,758,189	162,853,133
Loss on sale of Government Securities	847,399,228	28,262,919
Effects of exchange rate changes on cash and cash-equivalent	(99,308,180)	(139,530,703)
Operating profit before changes in operating assets and liabilities	1,614,439,347	(403,845,045)
Increase / decrease in operating assets and liabilities		
Sale / purchase of trading securities	1,457,949,506	788,811,197
Loans and advances to other banks	-	-
Loans and advances to customers	(8,161,086,974)	(1,166,827,884)
Increase / decrease of other assets	(392,769,924)	45,252,951
Deposits from other banks	(5,577,582,926)	283,984,174
Deposits from customers	7,339,555,488	(12,323,443)
Increase / decrease of other liabilities account of customers	-	-
Increase / decrease of trading liabilities	-	-
Increase / decrease of other liabilities	188,204,802	963,085,678
	(5,145,730,028)	901,982,673
Net cash from operating activities	(3,531,290,681)	498,137,628
39.2 Reconciliation between Operating profit of the Bank and Cash flows from operating activities - Consolidated		
Profit before provision	2,004,034,894	1,457,666,087
Depreciation on fixed assets	332,247,170	310,877,054
(Gain) / loss on sale of fixed assets	-	(2,920,988)
(Increase) / decrease of interest receivable	316,045,465	(472,434,029)
Increase / (decrease) of interest payable	(93,426,624)	(360,362,189)
Increase / (decrease) of expenses payable	(6,737,413)	11,675,425
(Increase) / decrease of dividend receivable	(21,706,152)	-
Advance tax paid	(442,575,515)	(642,131,856)
Gain on Trading of Govt Securities	(1,461,763,132)	(757,716,643)
Gain from sale of shares	(123,537,827)	(83,255)
Loss on revaluation of Government Securities	369,758,189	162,853,133
Loss on sale of Government Securities	847,399,228	28,262,919
Effects of exchange rate changes on cash and cash-equivalent	(99,308,180)	(139,530,703)
Operating profit before changes in operating assets and liabilities	1,620,430,103	(403,845,045)



	2021 Taka	2020 Taka
Increase / decrease in operating assets and liabilities		
Sale / purchase of trading securities	1,457,949,506	788,811,197
Loans and advances to other banks	-	-
Loans and advances to customers	(8,161,086,974)	(1,166,827,884)
Increase / decrease of other assets	(33,169,924)	45,252,951
Deposits from other banks	(5,577,582,926)	283,984,174
Deposits from customers	6,973,564,732	(12,323,443)
Increase / decrease of other liabilities account of customers	-	-
Increase / decrease of trading liabilities	-	-
Increase / decrease of other liabilities	188,204,802	963,085,678
	(5,152,120,784)	901,982,673
Net cash from operating activities	(3,531,690,681)	498,137,628
40.1 Basic Earning per share (EPS) - Consolidated		
a) Net profit after tax	539,884,643	951,954,453
b) weighted average number of ordinary shares	727,111,270	684,645,517
Earnings per share (a ÷ b)	0.74	1.39
40.2 Basic Earning per share (EPS) of the Bank		
a) Net profit after tax	534,722,771	951,954,453
b) weighted average number of ordinary shares	727,111,270	684,645,517
Earnings per share (a ÷ b)	0.74	1.39

40.3 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year multiplied by a time-weighting factor.

Particulars	No. of Shares	Time-weighting factor	2021	2020
Outstanding shares as at 01 January	684,645,517	365 Days	684,645,517	622,405,016
Effect of issue of ordinary shares on 29 July 2021	100,000,000	155 Days	42,465,753.42	-
Effect of stock dividend issued	-		-	62,240,501
			727,111,270	684,645,517

40.4 Current year's financial results i.e. Earning Per Shares (EPS) has been deteriorated by 47.11% over last year. Reasons of such deterioration in EPS were as follows :

- No. of outstanding shares has been increased by 14.61% over last year due to IPO. No. of outstanding shares as on 31 December 2021 is 784,645,517 which was 684,645,517 on 31 December 2020.
- To comply with the Government decision the Bank has to reduced its interest rates on loans and advances from April 2020, therefore lower interest has been earned.
- To comply with Bangladesh Bank circulars for maintaining provision against loans and advances and other assets, a significant amount has been kept as provision.

40.5 Diluted earning per share

No diluted earning per share is required to be calculated for the year as there was no scope for dilution during these period.

41.1 Net asset value (NAV) per share - Consolidated

a) Capital / shareholders' equity for the period

b) Number of outstanding shares

Net asset value (NAV) per share (a÷b)

10,628,002,157	9,306,658,399
784,645,517	684,645,517
13.54	13.59

41.2 Net asset value (NAV) per share of the Bank

a) Capital / shareholders' equity for the period

b) Number of outstanding shares

Net asset value (NAV) per share (a÷b)

10,622,840,285	9,306,658,399
784,645,517	684,645,517
13.54	13.59

42.1 Net operating cash flow per share (NOCFPS) per share - Consolidated

a) Operating cash flow for the period

b) Weighted average number of share

Net operating cash flow per share (a÷b)

(3,531,690,681)	498,137,628
727,111,270	684,645,517
(4.86)	0.73

42.2 Net operating cash flow per share (NOCFPS) per share of the Bank

- a) Operating cash flow for the period
 b) Weighted average number of share
Net operating cash flow per share (a÷b)

(3,531,290,681)	498,137,628
727,111,270	684,645,517
(4.86)	0.73

42.3 The net operating cash flow has been decreased due to substantial withdrawal of deposits by other banks and financial institutions. To comply with the Government decision the Bank has reduced its interest rates on loans and advances from April 2020, therefore lower interest has been earned. Disbursement of loans and advances to the customers of the bank. And more investments in trading securities during the year.

43. Events after the balance sheet date

A. Issue of stock dividend for the year 2020

The Bank issued stock dividend for the year 2020 @ 0.04 against 1 existing share of Tk 10 each i.e. 31,385,820 nos of shares @ Tk 10 each.

B. Dividend

The Board of Directors in its 141th meeting held on April 27, 2022 recommended cash dividend @ 3% and stock dividend @ 1% (Total 4 %) for the year 2021. The total amount of dividend is Tk 326,412,535 (Taka Thirty two crore sixty four lac twelve thousand five hundred and thirty five) only.

44. Risk Factors and Risk Management

The Bank is following comprehensive Core Risks Management guidelines issued by Bangladesh Bank. Credit Risk Grading is done for all commercial exposures to minimize credit risks. Bank's Asset Liability Committee is entrusted with the responsibility of managing short-term & long-term liquidity. ALM guidelines have also been implemented. The Bank has established its KYC & operation control procedures for prevention of Money Laundering. The Bank has strengthened the internal control system and audit division to guard against lapses, fraud and forgeries. A comprehensive ICT policy has been formulated as per Bangladesh Bank guidelines and approved by the board of directors to minimize ICT risks which is followed meticulously.

45. Disclosure on audit committee of the Board

The Audit Committee of the Board was duly reconstituted by the Board of Directors of the Bank in its 129th meeting held on 31 October 2021 compliance with BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank and Corporate Governance Guidelines (BSEC/CMRRCD/2006-158/207/Admin/80) dated June 03, 2018 of Bangladesh Securities and Exchange Commission (BSEC). The members of the Audit Committee of the Board as on 31 December 2021 is as under:

Name of the Member	Status with the Bank	Status in the Committee	Educational Qualification
Mr. Md. Sajidur Rahman	Independent Director	Chairman	Masters
Mr. Abu Zafar Mohammad Shofiuddin	Director	Member	M. Com
Mr. Sk. Shyeduljaman	Director	Member	MBA
Mr. Mohammad Moqubul Hossain Bhuiyan	Independent Director	Member	M. Com

The Audit Committee of the Board convened 04 (four) meetings during the period further in which, among others, the following salient issues were discussed :

- The Committee reviewed the inspection reports of different branches including divisions of Head Office of the Bank conducted and submitted by the Bank's Internal Control & Compliance Division and Bangladesh Bank and gave necessary instructions to the management for proper and prompt rectification / solution of the irregularities / objections stated therein.
- The Committee reviewed the Management Letter / Report for the year 2020 submitted by the external auditors of the Bank.
- The Committee reviewed the Quarterly, Half-yearly and Annual Financial Statements of the Bank.
- The Committee reviewed the Yearly Report on overall position as on 31 December 2020 as submitted by Internal Control & Compliance Division under the Risk Based Internal Audit system of the Bank.
- The Committee reviewed the introduction of modern, efficient Internal Control & Compliance system to mitigate the risks.
- The Committee reviewed the overall performance of Internal Control & Compliance Division.
- The Committee reviewed and approved the Annual Financial Statements for the year ended 31 December 2021.

46. Number of employees

As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received more than total remuneration of Tk 36,000 per annum or Tk 3,000 per month were 997 as at ³¹ December 2021 compared to 886 as at 31 December 2020.

47. General

- Figures appearing in these financial statements have been rounded off to the nearest Taka.
- Figures of 2020 have been rearranged as per current year's presentation.





South Bangla Agriculture and Commerce Bank Limited

Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Related party information is given below:

i) Directors' interest in different entities:

SL No.	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) holding in the company	Remarks
1	Mr. Abdul Kadir Molla	Chairman	33,482,273 & 4.27%	1. Thermax Textile Mills Ltd.	29.98%	
				2. Thermax Knit Yarn Ltd.	20.00%	
				3. Thermax Spinning Ltd.	60.00%	
				4. Thermax Blended Yarn Ltd.	20.00%	
				5. Indigo Spinning Ltd.	55.00%	
				6. Thermax Melange Spinning Mills Ltd.	60.00%	
				7. Thermax Yarn Dyeing Ltd.	50.00%	
				8. Adury Knit Composite Ltd.	50.00%	
				9. Adury Apparels Ltd.	20.00%	
				10. Thermax Woven Dyeing Ltd.	60.00%	
				11. Thermax Yarn Dyed Fabrics Ltd.	20.00%	
				12. Sister Denim Composite Ltd.	19.00%	
				13. Thermax Check Fabrics Ltd.	60.00%	
				14. Thermax Colour Cotton Ltd.	20.00%	
				15. Sister Garments Ltd.	50.00%	
				16. Sultana Filling Point Ltd.	55.00%	
				17. Adury Fashion & Print Ltd.	60.00%	
				18. Adury Ring Denim Spun Ltd.	20.00%	
				19. Kadir Molla Medical College & Hospital Ltd.	30.00%	
				20. Sultana Enterprise	100.00%	
				21. Sister Denim Composite (Unit-2) Ltd.	20.00%	
2	Al-Haj Mizanur Rahman	Vice Chairman	24,200,000 & 3.08%	1. M R Trading Co.	100.00%	
				2. Moon Bangladesh Ltd.	90.00%	
3	Mr. Abu Zafar Mohammad Shofiuddin	Director	33,482,273 & 4.27%	1. SQ Wire & Cable Co. Ltd	32.24%	
				2. SQ Trading & Engineering	30.00%	
				3. SQ Light Ltd.	35.00%	
				4. SQ Wood Preservatives	80.00%	
				5. SQ Energy Ltd.	50.00%	
				6. SQ Power Solutions	70.00%	
				7. SQ Properties Ltd.	35.00%	
				8. SRN Power	40.00%	
				9. SQ Electricals Ltd.	70.00%	
				10. Power-Add	80.00%	
				11. Techno Electricals Ltd.	16.89%	
				12. TSCO Power Ltd.	25.00%	
				13. TS Transformers Ltd	25.00%	
				14. Building Dreams Ltd.	10.00%	
				15. SQ Distribution Ltd.	60.00%	
4	Engr. Md. Moklesur Rahman	Director	33,482,273 & 4.27%	1. Contech Construction Ltd.	65.00%	
				2. Pre Stressed Pole Ltd.	65.00%	
				3. B&T Cables Ltd.	70.00%	
				4. B&T Cold Storage Ltd.	6.67%	
				5. B&T Development Ltd.	25.00%	
				6. B&T Meter Ltd.	55.00%	
				7. Tushar Ceramics Ltd.	25.00%	
				8. B&T Transformers Ltd.	33.33%	
				9. Nexus Securities Ltd.	20.00%	
				10. BD Game Studio Ltd.	20.00%	
				11. Smart Meter	100.00%	

SL No.	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) holding in the company	Remarks
5	Mrs. Tahmina Afroz	Director	33,482,273 & 4.27%	1. Anwer Khan Modern Hospital Ltd.	10.00%	
				2. Haji Shakhawat Anwara Eye Hospital Ltd.	10.00%	
				3. Modern Diagnostic Centre Ltd.	10.00%	
				4. Mother Trade Centre	100.00%	
				5. Modern Holdings Ltd.	50.00%	
				6. Anwer Khan Modern University	Member, Board of Governor	
				7. Anwer Khan Modern Medical College		
6	Begum Sofia Amjad	Director	22990000 & 2.93%	1. Lockpur Fish Processing Co. Ltd.	20.00%	
				2. Khulna Printing & Packaging Ltd.	10.00%	
				3. Bagerhat Seafood Ind. Ltd.	25.00%	
				4. Shampa Ice & Cold Storage Ltd.	10.00%	
				5. Western Inn International Ltd.	33.00%	
				6. Metro Bricks Ltd.	49.00%	
				7. Moon Star Jute Mills Ltd.	7.41%	
				8. Khulna Builders Ltd.	49.00%	
				9. Rupsha Fish & Allied Industry Ltd.	23.00%	
				10. Moon Star Fish Ltd.	40.00%	
				11. Moonstar Polymer Ltd.	0.05%	
				12. Eastern Polymer Ltd.	50.00%	
				13. Woment Wears Ltd.	50.00%	
				14. Khulna Appareld Ltd.	50.00%	
7	Mr. Mohammed Ayub	Director	27,988,873 & 3.57%	1. Ayub & Co. Ltd.	80.00%	
				2. Pioneer Enterprise	100.00%	
				3. United Enterprise	100.00%	
				4. Pacific International	70.00%	
				5 M/S Ishmam Enterprise	20.00%	
8	Mr. Mohammad Nawaz	Director	20,495,351 & 2.61%	1. Famous Printing & Packaging Ltd.	29.15%	
				2. Famous Iberchem Flavours & Fragnances Ltd.	29.16%	
				3. Famous General Agencies Ltd.	29.05%	
				4. Matcon limited	28.96%	
				5. F.S. Printing & Packaging Ltd.	29.11%	
				6. Green Soap & Chemical Co. Ltd.	29.07%	
				7. Famous Flavours & Fragnances Ltd.	40.00%	
				8. Eden Multicare Hospital	2.50%	
				9. NY Trading	50.00%	
9	Mr. Anwar Hussain	Director	15,785,284 & 2.01%	1. SAFAH CNG Refuelling Station Ltd .	8.33%	
				2. HAR Industries Ltd.	30.00%	
				3. Abdul Gaffar & Co. (Pvt.) Ltd.	30.40%	
				4. Asuka CNG Filling Station Ltd.	25.00%	
				5. AGI Corporation	100.00%	
				6. AGI Flex Ltd.	50.00%	
10	Mr. Hafizur Rahman Babu	Director	25,111,704 & 3.20%	1. Joytun Securities International Ltd.	85.12%	
				2. Joytun Developers Ltd.	50.00%	
				3. S.B. Agro Fertilizer Industries Ltd.	33.34%	
				4. Sheikh Cement Mills Ltd.	18.99%	
				5. Gold Hill Properties Ltd.	15.00%	
				6. Sheikh Jute Mills Ltd.	16.67%	
				7. M/S. Sheikh Brothers	100.00%	
				8. M/S. Hafizur Rahman Babu	100.00%	
				9. Sheikh Shipping Lines Ltd.	33.34%	
				10. Sheikh Agro Food Industries	100.00%	
				11. Arising Trade Internation	80.00%	





SL No.	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) holding in the company	Remarks
11	Mst. Nasima Begum, Nominated by Thermax Textile Mills Ltd.	Director	0	1. Thermax Textile Mills Ltd.	25.00%	No. of shares of Thermax Textile Mills Ltd. 33,482,273 & 4.27%
				2. Thermax Knit Yarn Ltd.	20.00%	
				3. Thermax Spinning Ltd.	40.00%	
				4. Thermax Blended Yarn Ltd.	20.00%	
				5. Indigo Spinning Ltd.	45.00%	
				6. Thermax Melange Spinning Mills Ltd.	40.00%	
				7. Thermax Yarn Dyeing Ltd.	50.00%	
				8. Adury Knit Composite Ltd.	50.00%	
				9. Adury Apparels Ltd.	20.00%	
				10. Thermax Woven Dyeing Ltd.	40.00%	
				11. Thermax Yarn Dyed Fabrics Ltd.	20.00%	
				12. Sister Denim Composite Ltd.	19.00%	
				13. Thermax Check Fabrics Ltd.	40.00%	
				14. Thermax Colour Cotton Ltd.	20.00%	
				15. Sultana Filling Point Ltd.	45.00%	
				16. Adury Fashion & Print Ltd.	40.00%	
				17. Adury Ring Denim Spun Ltd.	20.00%	
				18. Kadir Molla Medical College & Hospital Ltd.	25.00%	
				19. Sister Garments Ltd.	50.000%	
				20. Sister Denim Composite (Unit-2) Ltd.	20.000%	
12	Mr. Sk. Shyed-uj-Jaman Nominated by Moonstar Ceramic Industries Ltd.	Director	2,746,700 & 0.35%	1. Mashiyat Fish Firm	100.00%	No. of shares of Moonstar Ceramic Industries Ltd. 34,231,585 & 4.36%
				2. South East Union Ceramic Industries Ltd.	5.00%	
				3. AB Siddique & Co.	100.00%	
13	Mr. S. M. Amzad Hossain	Director	22000000 & 2.80%	1. Lockpur Fish Processing Co. Ltd.	80.00%	
				2. Khulna Printing & Packaging Ltd.	20.00%	
				3. Bagerhat Seafood Ind. Ltd.	75.00%	
				4. Shampa Ice & Cold Storage Ltd.	90.00%	
				5. Western Inn International Ltd.	47.00%	
				6. Metro Bricks Ltd.	51.00%	
				7. Moon Star Jute Mills Ltd.	44.00%	
				8. Khulna Builders Ltd.	51.00%	
				9. Bangladesh Poly Printing Int'l Ltd.	50.00%	
				10. Rupsha Fish & Allied Industry Ltd.	45.00%	
				11. Ideal Polymer Export Ltd.	90.00%	
				12. Eastern Polymer Ltd.	50.00%	
				13. Moon Star Fish Ltd.	60.00%	
				14. Ocean Trade International	100.00%	
				15. Khulna Apparels Ltd.	50.00%	
				16. Women Wears Ltd.	50.00%	
				17. Moon Star Polymer Export Ltd.	99.95%	
14	Mr. Mohammad Helal Uddin, Nominated by Hazi Shakhawat Anwara Eye Hospital Ltd.	Director	0	Nil	Nil	No. of shares of Hazi Shakhawat Anwara Eye Hospital Ltd. 33,482,273 & 4.27%
15	Professor Mohammad Moqbul Hossain Bhuiyan	Independent Director	0	Nil	Nil	
16	Mr. Md. Sajidur Rahman	Independent Director	0	1. Indo-Bangla Trading	40.00%	
				2. US-DK Green Energy (BD) Ltd.	5.00%	
				3. Nitex Ltd.	3.00%	
				4. Lenden Ltd.	5.00%	
				5. JoBike	1.00%	

- ii) Significant contract where bank is a party and wherein Directors have interest : NIL
- iii) Shares issued to Directors and executives without consideration or exercisable at discount: NIL
- iv) Related party transactions (loan to directors):

(Amount in Crore taka)

Name of the Borrower	Representing Director	Nature of Facilities	Outstanding as at 31 Dec 2021	Outstanding as at 31 Dec 2020
Haji Shakwat Anwera Eye Hospital	Mrs Tahmina Afroz	Cash Credit (Hypo)	11.03	11.08
		CC(Hypo) under Stimulus Fund	3.00	0.00
Modern Diagnostic Center Ltd.	Mrs Tahmina Afroz wife of Mr. Anwar Hossain Khan, Managing Director, Modern Digonistic Center Ltd.	Cash Credit (Hypo)	15.55	15.33
		CC(Hypo) under Stimulus Fund	2.90	0.00
Khulna Builders Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	SOD (Gen)	21.90	21.88
Eastern Polymer Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.42	0.00
Moonstar Polymer Export Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.35	0.00
Shampa Ice and Cold Storage Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.18	0.00
Rupsha Fish and Allied Industries Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.22	0.00
Moon Star Jute Mills Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	1.04	0.00
Bagerhat Seafood Industries Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.39	0.00
Radiant Dredging Ltd.	Capt. M. Moazzam Hossain, Ex Director	Lease Finance	1.37	2.64
		SOD (Gen)	0.04	0.00
Anwar Hussain	Mr. Anwar Hussain	House Building Loan	0.80	0.90
Mohammad Imran	Mr. Anwar Hussain Brother of Mr. Mohammad Imran	House Building Loan	0.80	0.90
M.R. Trading Co.	Mr. Md. Mizanur Rahman	SOD (Gen)	0.15	4.72

- v) Lending policies to related parties:
Related parties are allowed loans and advances as per the guidelines of Bangladesh Bank and credit policy of the bank.

- vi) Business other than banking business with any related concern of the directors as per section 8 (2) of the Banking Companies Act 1991:

a) Lease agreement made with the directors / related concerns:

Nature of contract	Branch Name	Name of the Director and related by	Remarks
Lease agreement	Katakhalhi Branch	Mr. S. M. Amzad Hossain, Member, Board of Directors, SBAC Bank Ltd. and owner of the premises.	Lease period : 01 July 2013 to 30 June 2023 Rental space 4,000 sft Monthly rent Tk 19.83
Lease agreement	Head Office, Level # 10, Sun Moon Star Tower	Mr. Al-Haj Mizanur Rahman, Member, Board of Directors, SBAC Bank Ltd. and owner of the premises.	Lease period : 12 Years starting from 05 October 2021 Rental space 31,154 sft Monthly rent Tk 50.00

b) Brokerage house :

Name of the Party	Name of the Director and related by	Nature of Transaction	Amount
E-Securities Ltd.	Capt. M. Moazzam Hossan, Ex Director of the Bank and Director of E-Securities Ltd.	Brokerage house commission and charges	Tk. 3,772,611

- vii) Investment in securities of the Directors and their related concern: NIL
- viii) The Managing Director & CEO is considered as key management personnel and related remuneration are disclosed in Note 31.



South Bangla Agriculture and Commerce Bank Limited

Schedule of Fixed Assets as at 31 December 2021

Annexure - B

Particulars	Cost			Accumulated Depreciation				Net book value as at 31 December 2021
	Balance as at 01 January 2021	Additions during the period	Disposals during the period	Balance at 31 December 2021	Balance as at 01 January 2021	Charge for the period	On disposal during the period	
Tangible Assets :								
Motor vehicles	37,647,004	14,241,649	-	51,888,653	30,916,529	5,339,019	-	36,255,548
Machinery and equipments	282,287,086	16,149,357	-	298,436,443	216,912,694	26,607,101	-	243,519,795
Furniture and fixtures	88,834,216	9,866,529	-	98,700,745	45,088,874	8,840,553	-	53,929,427
Interior decoration	302,917,078	24,680,839	-	327,597,917	125,063,138	31,688,663	-	156,752,101
Computers and accessories	389,072,164	15,615,250	-	404,687,414	216,709,388	46,050,848	-	262,760,236
Other tools	38,138,291	6,504,039	-	44,642,330	25,127,822	5,431,736	-	30,559,558
Intangible Assets :								
Softwares	183,188,176	10,258,475	-	193,446,651	156,253,816	21,246,222	-	177,500,038
Right of use assets (Lease assets)	1,189,182,393	361,472,749	91,261,322	1,459,393,820	170,802,273	187,042,728	66,970,143	290,874,858
At 31 December 2021	2,511,266,408	458,788,887	91,261,322	2,878,793,973	986,874,534	332,247,170	66,970,143	1,252,151,561
At 31 December 2020	1,128,398,348	1,392,501,060	9,633,000,000	2,511,266,408	685,630,480	310,877,054	9,633,000	986,874,534
At 31 December 2021								1,524,391,874

Rate of Depreciation

Depreciation is charged for the period at the following rates using straight-line method on all fixed assets :

Particulars	Rate
Motor vehicles	20%
Machinery and equipments	20%
Furniture and fixtures	10%
Interior decoration	10%
Computers and accessories	20%
Other tools	20%
Softwares	20% or remaining usable periods
Right of use assets (Lease Assets)	Remaining lease period

South Bangla Agriculture and Commerce Bank Limited

Investment in Shares

As at 31 December 2021

Sl. No.	Name of Company	Face Value	No. Of Share	Total Book Value	Average cost per share	Market value per share as on 31 December 2021	Total Market Value
Quoted Shares							
1	ACI Limited	10.00	80,500	24,491,012	304.24	285.40	22,974,700
2	Agricultural Marketing Company Ltd. (Pran)	10.00	500	163,108	326.22	292.50	146,250
3	Bangladesh Lamps Limited	10.00	670	126,910	189.42	192.70	129,109
4	British American Tobacco bangladesh Company Limited	10.00	68,000	43,105,665	633.91	635.60	43,220,800
5	Bangladesh Export Import Company Ltd.	10.00	200,000	30,042,517	150.21	148.40	29,680,000
6	Bangladesh General Insurance Company Ltd.	10.00	58,892	3,640,934	61.82	54.20	3,191,946
7	Bangladesh Submarine Cable Company Limited	10.00	134,971	25,646,180	190.01	210.10	28,357,407
8	Beximco Pharmaceuticals Ltd.	10.00	30,000	7,212,659	240.42	192.70	5,781,000
9	Coppertech Industries Limited	10.00	200,000	8,919,057	44.60	33.60	6,720,000
10	Delta Life Insurance Company Ltd.	10.00	275,000	57,861,426	210.41	196.50	54,037,500
11	Eastern Insurance Company Ltd.	10.00	144,151	17,645,807	122.41	115.10	16,591,780
12	Eastern Housing Limited	10.00	100,000	6,513,659	65.14	46.80	4,680,000
13	Fortune Shoes Limited	10.00	75,000	8,045,749	107.28	92.10	6,907,500
14	Grameenphone Ltd.	10.00	14,777	4,999,069	338.30	349.50	5,164,562
15	GPH Ispat Ltd.	10.00	220,063	14,329,730	65.12	53.00	11,663,339
16	Investment Corporation Of Bangladesh	10.00	3,751	593,962	158.35	123.90	464,749
17	Krishibid Feed Limited	10.00	86,526	865,260	10.00	10.00	865,260
18	LafargeHolcim Bangladesh Limited	10.00	126,205	12,591,493	99.77	71.10	8,973,176
19	Matin Spinning Mills Ltd.	10.00	320,000	21,905,338	68.45	55.10	17,632,000
20	Maksons Spinning Mills Limited	10.00	400,000	13,505,076	33.76	24.70	9,880,000
21	Master feed Agrotec Ltd.	10.00	26,649	266,490	10.00	9.60	255,830
22	Mostafa Metal Industries Limited	10.00	24,509	245,090	10.00	10.70	262,246
23	Power Grid Company of Bangladesh Ltd.	10.00	59,350	4,167,074	70.21	59.60	3,537,260
24	Paramount Textile Limited	10.00	5,000	434,454	86.89	94.10	470,500
25	Robi Axiata Limited	10.00	300,000	14,874,810	49.58	34.60	10,380,000
26	Rangpur Dairy & Food Products Ltd.	10.00	509,557	26,207,271	51.43	52.90	26,955,565
27	Oryza Agro Industries Ltd.	10.00	27,244	272,440	10.00	10.40	283,338
28	Simtex Industries Limited	10.00	820,000	20,090,163	24.50	17.00	13,940,000
29	Square Pharmaceuticals Ltd.	10.00	100,000	21,157,210	211.57	214.30	21,430,000
30	Unilever Consumer Care Limited	10.00	5,359	15,804,851	2,949.22	2,977.10	15,954,279
Sub-total				405,724,463			370,530,096



Sl. No.	Name of Company	Face Value	No. Of Share	Total Book Value	Average cost per share	Market value per share as on 31 December 2021	Total Market Value
Quoted Shares (Special Fund)							
1	Asia Pacific General Insurance Co. Ltd.	10.00	200,000	15,095,138	75.48	68.50	13,700,000
2	British American Tobacco Bangladesh Company Limited	10.00	110,041	65,016,587	590.84	635.60	69,942,060
3	Bangladesh General Insurance Company Ltd.	10.00	1,036,879	63,293,631	61.04	54.20	56,198,842
4	Beximco Pharmaceuticals Ltd.	10.00	50,000	12,674,771	253.50	192.70	9,635,000
5	Central Insurance Company Ltd.	10.00	292,168	18,273,842	62.55	55.50	16,215,324
6	The City Bank Ltd.	10.00	200,000	5,931,840	29.66	27.30	5,460,000
7	City General Insurance Co. Ltd.	10.00	549,970	27,002,931	49.10	42.90	23,593,713
8	Eastland Insurance Company Ltd.	10.00	200,000	8,957,880	44.79	38.70	7,740,000
9	Eastern Bank Ltd.	10.00	800,000	28,667,220	35.83	38.50	30,800,000
10	Eastern Housing Limited	10.00	519,937	32,308,632	62.14	46.80	24,333,052
11	Grameenphone Ltd.	10.00	50,000	17,618,737	352.37	349.50	17,475,000
12	IDLC Finance Ltd.	10.00	512,003	36,048,216	70.41	60.30	30,873,781
13	Jamuna Bank Ltd.	10.00	2,573,010	55,996,563	21.76	23.40	60,208,434
14	Kohinoor Chemicals Company (Bangladesh) Ltd.	10.00	21,275	9,099,978	427.73	398.10	8,469,578
15	KDS Accessories Limited	10.00	613,054	46,706,718	76.19	70.00	42,913,780
16	LankaBangla Finance Ltd.	10.00	300,000	13,220,388	44.07	37.30	11,190,000
17	Mercantile Bank Ltd.	10.00	1,200,000	20,693,289	17.24	17.10	20,520,000
17	MJL Bangladesh Limited	10.00	275,232	22,918,218	83.27	88.30	24,302,986
18	National Housing Fin. and Inv. Ltd.	10.00	200,000	14,428,800	72.14	49.70	9,940,000
19	National Polymer Industries Ltd.	10.00	300,000	19,899,720	66.33	50.20	15,060,000
20	Premier Cement Mills Limited	10.00	70,000	6,348,672	90.70	65.10	4,557,000
21	Queen South Textile Mills Limited	10.00	499,980	16,308,853	32.62	24.40	12,199,512
22	Reliance Insurance Ltd.	10.00	94,481	9,760,473	103.31	87.50	8,267,088
23	Singer Bangladesh Limited	10.00	200,904	36,993,064	184.13	169.90	34,133,590
24	Square Pharmaceuticals Ltd.	10.00	302,049	67,593,633	223.78	214.30	64,729,101
25	Standard Insurance Limited	10.00	375,044	34,563,169	92.16	76.20	28,578,353
26	Summit Power Limited	10.00	944,907	41,582,148	44.01	38.90	36,756,882
27	United Commercial Bank Ltd.	10.00	541,021	9,077,567	16.78	15.30	8,277,621
Sub-total				756,080,678			696,070,694
Total Quoted Shares				1,161,805,141			1,066,600,790
Unquoted Shares							
1	SWIFT		6	3,581,371		-	3,581,371
Total unquoted shares				3,581,371			3,581,371
Preference Shares							
1	Impress-Newtex Composite Textile Limited	10.00	30,000,000	300,000,000		10.00	300,000,000
Total preference shares				300,000,000			300,000,000

Mutual Fund (Quoted)

Sl. No.	Name of Company	Face Value	No. of Share	Total Book Value	Average cost per share	Market value per share as on 31 December 2021	Total Market Value	85% of Net Asset Value
1	EBL First Mutual Fund	10.00	4,725,555	45,721,309	9.68	7.50	35,441,663	44,625,779
2	First Janata Bank Mutual Fund	10.00	4,400,000	40,994,531	9.32	6.20	27,280,000	41,065,200
3	Reliance One the first scheme of Reliance Insurance Mutual Fund	10.00	1,205,378	14,979,570	12.43	11.60	13,982,385	14,794,810
Total Mutual Fund				101,695,410			76,704,048	100,485,789
Total Investments in Shares				1,567,081,922			1,446,886,209	

Calculation of required provision against investment in shares :

Sl. No.	Particulars	Cost Value	Value Considered for Maintaining Provision	Required Provision	Remarks
1	Quoted shares	405,724,463	370,530,096	35,194,367	
2	Quoted shares (Special Fund)	756,080,678	696,070,694	-	No provision required as per DOS Circular No. 01 dated 10 February 2020.
3	Mutual fund	101,695,410	100,485,789	1,209,621	Considered 85% of net assets value as per DOS Circular No. 03 dated 12 March 2015 & DOS Circular no. 10 dated 28 June 2015.
4	Unquoted shares	3,581,371	3,581,371	-	
5	Preference shares	300,000,000	300,000,000	-	
Total		1,567,081,922		36,403,988	





South Bangla Agriculture and Commerce Bank Limited
Consolidated Financial Highlights on the overall activities of the bank
For the year ended 31 December 2021

(Amount in Tk.)

Sl. No.	Particulars	2021	2020
01	Paid up capital	7,846,455,170	6,846,455,170
02	Total regulatory capital (Tier I +II)	10,830,034,388	9,269,899,543
03	Capital surplus/(deficit)	1,097,483,102	657,406,419
04	Total assets	97,813,747,714	88,403,446,406
05	Total deposits	72,736,463,747	71,451,461,330
06	Total loans and advances	65,955,681,066	57,408,829,469
07	Total contingent liabilities and commitments	18,539,778,855	14,160,084,289
08	Advance deposits ratio (%) - Traditional Banking*	83.69%	80.31%
09	Advance deposits ratio (%) - Islamic Banking*	23.88%	-
10	Classified loans to advance ratio (%)	5.85%	6.22%
11	Profit after tax and provision	539,889,810	951,954,453
12	Classified loans and advances at the end of the year	3,860,901,177	3,567,962,863
13	Provision kept against classified loans and advances	2,196,162,881	1,566,767,336
14	Surplus/(deficit) provision against loans and advances	446,693,943	569,937,108
15	Cost of fund including operating cost (%)	8.41%	9.45%
16	Interest earning assets	85,097,313,822	75,928,417,374
17	Non interest earning assets	12,716,433,892	12,475,029,032
18	Return on investments (ROI) [Income from Investment/ Average Investments]	12.11%	13.64%
19	Return on Assets (ROA) [PAT/Average assets]	0.58%	1.10%
20	Return on Equity (ROE) [PAT/Average shareholders equity]	5.42%	10.78%
21	Net Asset Value per Share (NAV) [Shareholders equity/No. of Ordinary Share]	13.54	13.59
22	Income from investments	1,847,000,294	1,718,808,482
23	Earnings per share	0.74	1.39
24	Net income per share	0.74	1.39
25	Price - earnings ratio (times)	20.47	N/A

* Advance deposit ratio calculation is made as per Bangladesh Bank guidelines.

South Bangla Agriculture and Commerce Bank Limited

Highlights on the overall activities of the bank

For the year ended 31 December 2021

(Amount in Tk.)

Sl. No.	Particulars	31 December 2021	31 December 2020
01	Paid up capital	7,846,455,170	6,846,455,170
02	Total capital (Tier I +II)	10,834,467,349	9,270,576,851
03	Capital surplus/(deficit)	1,121,759,580	658,083,727
04	Total assets	98,172,322,252	88,403,446,406
05	Total deposits	73,103,763,048	71,451,461,330
06	Total loans and advances	65,955,681,066	57,408,829,469
07	Total contingent liabilities and commitments	18,539,778,855	14,160,084,289
08	Advance deposits ratio (%) - Traditional Banking*	83.69%	80.31%
09	Advance deposits ratio (%) - Islamic Banking*	23.88%	-
10	Classified loans to advance ratio (%)	5.85%	6.22%
11	Profit after tax and provision	534,722,771	951,954,453
12	Classified loans and advances at the end of the year	3,860,901,177	3,567,962,863
13	Provision kept against classified loans and advances	2,196,162,881	1,566,767,336
14	Surplus/(deficit) provision against classified advances	-	-
15	Cost of fund including operating cost (%)	8.41%	9.45%
16	Interest earning assets	85,097,313,822	75,928,417,374
17	Non interest earning assets	13,075,008,430	12,475,029,032
18	Return on investments (ROI) [Income from Investment/ Average Investments]	12.11%	13.64%
19	Return on Assets (ROA) [PAT/Average assets]	0.57%	1.10%
20	Return on Equity (ROE) [PAT/Average shareholders equity]	5.36%	10.78%
21	Net Asset Value per Share (NAV) [Shareholders equity/No. of Ordinary Share]	13.54	13.59
22	Income from investments	1,847,000,294	1,718,808,482
23	Earnings per share	0.74	1.39
24	Net income per share	0.74	1.39
25	Price - earnings ratio (times)	20.67	N/A

* Advance deposit ratio calculation is made as per Bangladesh Bank guidelines.



South Bangla Agriculture and Commerce Bank Limited (Islamic Banking Windows)

Balance Sheet

As at 31 December 2021

Particulars	Notes	2021 Taka
PROPERTY AND ASSETS		
Cash in hand		
Cash in hand (including foreign currencies)	3	15,908,616
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4	51,113,875
		67,022,491
Balance with other banks and financial institutions		
In Bangladesh	5	-
Outside Bangladesh		-
Placement with banks & other financial institutions		
Investments in shares & securities	6	-
Government	7	50,000,000
Others		-
		50,000,000
Investments		
General investments etc.	8	78,794,284
Bills purchased and discounted		-
		78,794,284
Fixed assets including premises, furniture and fixtures		
Other assets	9	286,360
Non - banking assets	10	136,440,740
		-
Total assets		332,543,875
LIABILITIES AND CAPITAL		
Liabilities		
Placements from other banks, financial institutions	11	-
Deposits and other accounts	12	
Mudaraba savings deposits		31,865,267
Mudaraba term deposits		258,234,125
Al-wadeeah current deposits and other deposit accounts		27,304,079
Mudaraba special notice deposits		11,140,342
Bills payable		333,616
Other deposits		642,207
		329,519,636
Other liabilities	13	3,992,564
Total liabilities		333,512,200
Capital / Shareholders' equity		
Paid up capital		-
Statutory reserve		-
Revaluation gain / (loss) on investments		-
Revaluation reserve		-
Other reserve		-
Surplus in profit and loss account / Retained earnings	14	(968,325)
Total Shareholders' equity		(968,325)
Total liabilities and Shareholders' equity		332,543,875
OFF- BALANCE SHEET EXPOSURE		
Contingent liabilities		
Acceptances and endorsements	15	-
Letters of guarantee		27,995,612
Irrevocable letters of credit		26,995,202
Bills for collection		-
Other contingent liabilities		-
		54,990,814
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		-
Other commitments		-
		-
Total Off-Balance Sheet exposure including contingent liabilities		54,990,814

South Bangla Agriculture and Commerce Bank Limited (Islamic Banking Windows)

Profit and Loss Account

As at 31 December 2021

Particulars	Notes	2021 Taka
Investment income	16	1,150,327
Profit paid on deposits	17	1,303,569
Net investment income		(153,242)
Income from investment in shares / securities	18	697,111
Commission, exchange and brokerage	19	794,388
Other operating income	20	138,419
Total operating income (A)		1,476,676
Salaries and allowances	21	368,760
Rent, taxes, insurance, electricity, etc.		-
Legal expenses		-
Postage, stamp, telecommunication, etc.		-
Stationery, printing, advertisements, etc.	22	862,739
Chief Executive's salary and fees		-
Directors' fees & expenses		-
Auditor's fees		-
Shariah supervisory committee's fees and expenses	23	112,000
Depreciation and repair of Bank's assets	24	21,036
Zakat expenses		-
Other expenses	25	76,733
Total operating expenses (B)		1,441,268
Profit / (loss) before provision and tax (C=A-B)		35,408
Provision for investments		
General provision	13.1	453,825
Specific provision		-
		453,825
Provision for Off Balance sheet item	13.2	549,908
Provision for diminution in value of investments		-
Total provision (D)		1,003,733
Total profit before taxes (C-D)	14	(968,325)



South Bangla Agriculture and Commerce Bank Limited (Islamic Banking Windows)

Cash Flow Statement

For the period ended 31 December 2021

Particulars	2021 Taka
A) Cash flows from operating activities	
Investment income receipt in cash	1,150,327
Profit paid on deposits	(1,109,309)
Dividend receipts	-
Income from investments in shares and securities	684,226
Recoveries on investments previously written-off	-
Fees and commission receipts in cash	794,388
Cash payments to employees	(480,760)
Cash payments to suppliers	(862,739)
Income taxes paid	(58,625)
Receipts from other operating activities	138,419
Payments for other operating activities	(88,455)
Cash generated from operating activities before changes in operating assets and liabilities	167,472
Increase / (decrease) in operating assets and liabilities	
Net proceeds from trading securities	-
Investments to other banks	-
Investments to customers	(76,053,754)
Increase / decrease of other assets	(136,369,230)
Deposits from other banks	-
Deposits from customers	329,519,636
Increase / decrease of other liabilities account of customers	-
Increase / decrease of trading liabilities	-
Increase / decrease of other liabilities	54,041
	117,150,693
Net cash from operating activities	117,318,165
B) Cash flows from investing activities	
Proceeds from sale of Government securities	-
Payments for Purchase of Government securities	(50,000,000)
Purchase of property, plant and equipment	(295,674)
Sale proceeds of property, plant and equipment	-
Net cash used in investing activities	(50,295,674)
C) Cash flows from financing activities	
Borrowing from other banks, financial institutions and agents	-
Dividends paid	-
Receipts from issue of ordinary share	-
Net Cash from financing activities	-
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	67,022,491
E) Effects of exchange rate changes on cash and cash equivalents	-
F) Cash and cash equivalents at beginning of the year	-
G) Cash and cash equivalents at end of the year (D+E+F)	67,022,491
Cash and cash equivalents at end of the year	
Cash in hand (including foreign currencies)	15,908,616
Prize bond	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	51,113,875
	67,022,491

South Bangla Agriculture and Commerce Bank Limited (Islamic Banking Windows)

Statement of Changes in Equity

For the period ended 31 December 2021

Particulars	Amount in Taka				
	Paid-up Capital	Statutory reserve	Revaluation reserve	Retained earnings	Total
Balance as at 01 January 2021	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Net profit for the year	-	-	-	(968,325)	(968,325)
Transfer to statutory reserve	-	-	-	-	-
Revaluation of Govt. treasury bills, bonds and other investments	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Balance as at 31 December 2021	-	-	-	(968,325)	(968,325)
Balance as at 31 December 2020	-	-	-	-	-





South Bangla Agriculture and Commerce Bank Limited (Islamic Banking Windows)

Notes to the Financial Statements

as at and 31 December 2021

01 Islami Banking Wing and its activities

Status

The Islamic Banking Wing (IBW) of South Bangla Agriculture and Commerce Bank Limited (the Bank) started its operation on July 05, 2021 with permission from Bangladesh Bank vide letter no. BRPD(P-3)745(68)/2021/-4872 dated June 13, 2021. The Islamic Banking Wing of the Bank is operating its business through 10 (ten) windows in 10 (ten) branches of the Bank.

Principal activities

The Bank offers all kinds of banking services to its customers through the Islamic Banking Windows in the branches complying Shariah Principles following the provisions of the Banking Companies Act, 1991 (as amended up to 2018), Bangladesh Bank's directives and directives of other regulatory authorities. In Islamic Banking Windows, deposits are collected under Al-wadeeah and Mudaraba principles and investments are made following Bai-Murabaha, Bai-Salam, Bai-as-Sarf, hire purchase under Shirkatul Melk, Ijarah principles.

02 Significant accounting policies

The accounting policies set out in the financial statements of the Bank have been applied consistently to all the periods presented in these financial statements and have been applied consistently by the wing.

02.01 Going concern

When preparing financial statements, management makes an assessment of the entity's ability to continue as a going concern. The Wing prepares financial statements on a going concern basis.

02.02 Reporting period

As per IFRS and Bangladesh Bank guidelines the financial statements of the IBW cover one calendar year from 01 January to 31 December. However, for the first year of operation these financial statements cover the period from 05 July 2021 to 31 December 2021.

02.03 Revenue

As per IFRS 15, revenue should be recognised on accrual basis, but due to the unique nature of Islamic Banking, income from investments under Bai-Murabaha, Bi-Salam, Bai-Istisna, HPSM, Ijarah, Quard, IDBP and FDBP modes are accounted for on realization basis as per AAOIFI and Bangladesh Bank guidelines.

02.04 Investment Income

Income from general investments is accounted for on accrual basis except investments under Musharaka, Mudaraba, Bai-Salam, Bai-as-Sarf and Ijarah modes, where the investment income is accounted for on realization basis. The Wing does not charge any rent during the gestation period of investment against Hire Purchase under Shirkatul Melk (HPSM) mode but it fixes the sale price of the assets at a higher level in such a way to cover its expected rate of return. Such income is recognized on realization basis.

Profit/Rent/Compensation accrued on classified investments are suspended and accounted for as per circulars issued by Bangladesh Bank in this regard from time to time. At the time of recovery or regularization of those investments the related income which was suspended and shown as a liability is taken as investment income (except compensation) as per circulars issued by Bangladesh Bank. As a result, all the transferred amount to investment income from suspense during the year has already been included in the investment income of the Wing.

Profit on deposits with other banks & financial institutions is accounted for on accrual basis.

02.05 Sharing of investment income

In case of investment, Mudaraba fund gets preference over cost free fund. The investment income earned through deployment of Mudaraba Fund is shared by the IBW of the Bank and the Mudaraba depositors at the pre-agreed ratio.

02.06 Income on Investments in Securities

Income on investments in securities is recognised on accrual basis.

02.07 Profit Suspense/Compensation Account & Shari'ah Non-Compliance Income

Profit/compensation accrued on classified investments is suspended and accounted for as per circulars issued by the Bangladesh Bank.

Moreover, income which is irregular (doubtful) as per Shari'ah is also not included in the distributable income of the Wing. The entity (Wing) charges compensation on unclassified overdue investments. Such compensation is not permissible as regular income of the Bank as per Shari'ah.

Interest received from the balances held with Foreign Banks abroad and from Foreign Currency Clearing Account with the Bangladesh Bank and also other interest based Banks are also not credited to regular income since it is not permissible as per Shari'ah. Such doubtful income is being appropriated for charitable purpose.

02.08 Profit shared on deposits

Profit on deposits are recognized on accrual basis.

Mudaraba depositors of the IBW share income derived from investing activities deploying the Mudaraba funds. Income under these categories includes profit, dividend, capital gain, rent, exchange gain and any other gain derived from deployment of Mudaraba funds.

	2021 Taka
3. Cash in hand	
In hand	
In local currency	15,908,616
In foreign currency	-
	15,908,616
4. Balance with Bangladesh Bank and its agents	
Balance with Bangladesh Bank	
In local currency	51,113,875
In Foreign currency	-
	51,113,875
Balance with Sonali Bank (as agent of Bangladesh Bank)- local currency	-
	51,113,875
4.1.1 Cash Reserve Requirement (CRR) : 4.00% of average demand and time liabilities	
Required reserve	8,255,000
Actual reserve maintained	
Balance with Bangladesh Bank - local currency	50,000,000
Surplus / (deficit)	41,745,000
Maintained ratio	24.23%
4.1.2 Statutory Liquidity Ratio (SLR) : 5.50% of average demand and time liabilities	
Required reserve	11,351,000
Available for maintenance :	
Cash in hand (including foreign currencies)	15,908,616
Balance with Sonali Bank Limited (as an agent of Bangladesh Bank)	-
Excess of CRR requirement	41,745,000
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	50,000,000
	107,653,616
Surplus / (deficit)	96,302,616
Maintained Ratio	52.16%
Total average time and demand liabilities	206,374,000
5. Balance with other banks and financial institutions	
In Bangladesh	-
Outside Bangladesh	-
	-
6. Placement with banks & other financial institutions	-
7. Investments in share & securities	
Government (note 7.1)	50,000,000
Others	-
	50,000,000
7.1 Government	
Ijarah Sukuk Bond	5,000,000
8. Investments	
General investment (note 8.1)	78,794,284
Bills purchaseed and negotiated (note 8.2)	-
	78,794,284



2021
Taka

**8.1 General investment
Inside Bangladesh**

BAI Murabaha CSME under stimulus finance
BAI Murabaha - work order
BAI Murabaha - commercial
BAI Murabaha - agriculture
Murabaha post import finance
HPSM (Staff)
HPSM (car)
HPSM (real estate)

3,267,755
11,968,838
12,994,719
2,705,778
7,650,806
9,162,255
2,662,082
28,382,051

78,794,284

Outside Bangladesh

78,794,284

8.2 Bills purchased and negotiated

Payable Inside Bangladesh
Payable Outside Bangladesh

-
-

78,794,284

**9. Fixed assets including premises, furniture and fixtures
Property, Plant & Equipment**

Furniture & Fixtures
Machineries and Equipments
Computer and Peripherals
Total fixed assets at cost
Less: Accumulated depreciation
Net book value at the end of the year

149,784
5,190
140,700
295,674
9,314
286,360

10. Other assets

Stationeries
Stamps
Accrued profit from investment in Bond
Advance Income Tax
Suspense
Receivable from conventional Banking

700,183
10,520
12,885
58,625
350
135,658,177

136,440,740

11. Placements from other banks, financial institutions

In Bangladesh
Outside Bangladesh

-
-

12. Deposits and other accounts

Al wadeeah current deposits and other accounts
Mudaraba savings deposits
Mudaraba term deposits
Mudaraba special notice deposits
Others deposit
Bill Payable

27,304,079
31,865,267
258,234,125
11,140,342
642,207
333,616

329,519,636

13. Other liabilities

Profit payable on deposit
Unearned Profit
Provision against investments (note 10.1)
Provision against off balance sheet exposures (note 10.2)
Others

194,260
2,740,530
453,825
549,908
54,041

3,992,564

	2021 Taka
13.1 Provision against investments	
A. General provision against investments	
Opening balance	-
General provision for the year	453,825
Provision held at the year end	453,825
B. Specific provision against classified investments	
Opening balance	-
Less : Fully provided debt written-off (for final settlement)	-
Add : Recoveries of amounts previously written-off	-
Add : Specific provision for the year	-
Less : Specific provision no more required as loans realized/regularized	-
Add : Net charge to profit and loss account	-
Provision held at the end of the year	453,825
13.2 Provision against off balance sheet exposures	
Opening balance	-
General provision for the year	549,908
Provision held at the year end	549,908
14. Surplus in profit and loss account / Retained earnings	
Opening balance	-
Add : Net profit during the year	(968,325)
Closing balance	(968,325)
15. Contingent liabilities	
Acceptances and endorsements	-
Letters of guarantee	27,995,612
Irrevocable Letters of Credit	26,995,202
Bills for collection	-
Others	-
	54,990,814
16. Investment income	
Income from general investment	
Bai-Murabaha	480,407
Bai-Muajjal (CC hypo)	-
Bai-Salam (packing credit)	-
Hire purchase	669,920
Other investments	-
Sub-total (i)	1,150,327
Profit on deposits with other Islamic banks	
In Bangladesh	
Out side Bangladesh	
Sub-total (ii)	-
Grand total (i+ii)	1,150,327
17. Profit paid on deposits	
a) Profit paid on deposits:	
Mudaraba savings deposits	93,149
Mudaraba special notice deposits	13,314
Mudaraba term deposits	716,946
Others deposits	480,160
	1,303,569



	2021
	Taka
18. Income from investment in shares / securities	
Profit earned from Sukuk bond	697,111
Others	-
	697,111
19. Commission, exchange and brokerage	
Commission on L/Cs-sight	221,831
Commission on L/Gs	486,988
Commission on acceptance	-
Exchange	77,579
Other commission	7,990
	794,388
20. Other operating income	
Service and other charges	125,421
RTGS charges	1,150
Miscellaneous earnings	11,848
	138,419
21. Salaries and allowances	
Basic salary	165,600
House rent allowance	82,800
Conveyance allowance	24,000
Medical allowance	24,000
Other allowances	55,800
Bank's contribution to provident fund	16,560
	368,760
22. Stationery, printing and advertisements, etc.	
Stationery	147,623
Publicity and advertisement	715,116
	862,739
23. Shariah supervisory committee's fees and expenses	
Meeting attendance fees	112,000
24. Depreciation and repair of Bank's assets	
Depreciation	
Fixed assets	9,314
Leased assets	-
	9,314
Repairs	
Repair & Maintenance	11,722
	11,722
	21,036
25. Other expenses	
Entertainment	47,763
Cash carrying charges	1,500
Local Conveyance	1,520
Miscellaneous expenses	25,950
	76,733

South Bangla Agriculture and Commerce Bank Limited

Balance Sheet (Off-Shore Banking Unit)

As at 31 December 2021

	Notes	2021		2020	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash					
Cash in hand (Including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		-	-	-	-
Balance with other banks and financial institutions	3				
In Bangladesh		205,499	17,600,989	-	-
Outside Bangladesh		-	-	-	-
		205,499	17,600,989	-	-
Money at call on short notice		-	-	-	-
Investments:					
Government		-	-	-	-
Others		-	-	-	-
Loans and advances	4				
Loans, cash credit, overdrafts etc.		-	-	-	-
Bills purchased and discounted		6,575,725	563,210,884	806,799	67,730,774
		6,575,725	563,210,884	806,799	67,730,774
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	5	-	-	4,329	363,416
Non-banking assets		-	-	-	-
TOTAL ASSETS		6,781,224	580,811,873	811,128	68,094,190
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	6	6,508,051	557,414,568	806,799	67,730,774
Deposits and other accounts					
Current accounts and other accounts		-	-	-	-
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Term deposits		-	-	-	-
Subordinated bonds		-	-	-	-
Other liabilities	7	65,757	5,632,109	8,068	677,308
TOTAL LIABILITIES		6,573,808	563,046,677	814,867	68,408,082
Capital/ Shareholders' equity					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
General reserve		-	-	-	-
Foreign currency translation gain/(loss)	8	-	251,592	-	-
Profit and loss account - retained earnings	9	207,416	17,513,604	(3,739)	(313,892)
TOTAL SHAREHOLDERS' EQUITY		207,416	17,765,196	(3,739)	(313,892)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,781,224	580,811,873	811,128	68,094,190
OFF-BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptance and endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit		-	-	-	-
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
Total		-	-	-	-
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		-	-	-	-
Claims against the Bank not acknowledged as debt		-	-	-	-
Total		-	-	-	-
Total off-balance sheet items including contingent liabilities		-	-	-	-



South Bangla Agriculture and Commerce Bank Limited

Profit and Loss Account (Off-shore Banking Unit)

For the year ended 31 December 2021

	Notes	2021		2020	
		USD	Taka	USD	Taka
Interest income	10	268,722	22,771,959	4,329	363,416
Less: Interest paid on deposits and borrowings etc.		-	-	-	-
Net interest income		268,722	22,771,959	4,329	363,416
Investment income		-	-	-	-
Commission, exchange and brokerage		-	-	-	-
Other operating income		122	10,338	-	-
		122	10,338	-	-
Total operating income		268,844	22,782,297	4,329	363,416
Salary and allowances		-	-	-	-
Rent, taxes, insurance, electricity etc.		-	-	-	-
Legal and professional expenses		-	-	-	-
Postage, stamp, telecommunication etc.		-	-	-	-
Stationery, printing, advertisement etc.		-	-	-	-
Chief executive's salary and fees		-	-	-	-
Directors' fees		-	-	-	-
Auditors' fees		-	-	-	-
Charges on loan losses		-	-	-	-
Depreciation and repair of bank's assets		-	-	-	-
Other expenses		-	-	-	-
Total operating expenses		-	-	-	-
Profit before provision		268,844	22,782,297	4,329	363,416
Provision for loan					
Specific provision				-	-
General provision (including off balance sheet items)					
	4.4	57,689	4,954,801	8,068	677,308
		57,689	4,954,801	8,068	677,308
Other provisions		-	-	-	-
Total provision		57,689	4,954,801	8,068	677,308
Total Profit before taxes		211,155	17,827,496	(3,739)	(313,892)
Provision for taxation					
Current tax		-	-	-	-
Deferred tax		-	-	-	-
		-	-	-	-
Net profit after taxation	9	211,155	17,827,496	(3,739)	(313,892)

South Bangla Agriculture and Commerce Bank Limited

Cash Flow Statement (Off-shore Banking Unit)

For the year ended 31 December 2021

Notes	2021		2020	
	USD	Taka	USD	Taka
A) Cash flows from operating activities				
Interest receipts in cash	273,051	23,135,375	-	-
Interest payments	-	-	-	-
Dividend receipts	-	-	-	-
Income from investments	-	-	-	-
Recoveries on loans and advances previously written-off	-	-	-	-
Fees and commission receipts in cash	-	-	-	-
Cash payments to employees	-	-	-	-
Cash payments to suppliers	-	-	-	-
Income taxes paid	-	-	-	-
Receipts from other operating activities	122	10,338	-	-
Payments for other operating activities	-	-	-	-
Operating profit before changes in operating assets and liabilities	273,173	23,145,713	-	-
Increase / decrease in operating assets and liabilities				
Statutory deposits	-	-	-	-
Sale of trading securities	-	-	-	-
Purchase of trading securities	-	-	-	-
Loans and advances to other banks	-	-	-	-
Loans and advances to customers	(5,768,926)	(495,480,110)	(806,799)	(67,730,774)
Increase / decrease of other assets	-	-	-	-
Deposits from other banks	-	-	-	-
Deposits from customers	-	-	-	-
Increase / decrease of other liabilities account of customers	-	-	-	-
Increase / decrease of trading liabilities	-	-	-	-
Increase / decrease of other liabilities	-	-	-	-
	(5,768,926)	(495,480,110)	(806,799)	(67,730,774)
Net cash from operating activities	(5,495,753)	(472,334,397)	(806,799)	(67,730,774)
B) Cash flows from investing activities				
Proceeds from sale of Government securities	-	-	-	-
Payments for Purchase of Government securities	-	-	-	-
Purchase of property, plant and equipment	-	-	-	-
Sale of property, plant and equipment	-	-	-	-
Net cash from investing activities	-	-	-	-
C) Cash flows from financing activities				
Borrowing from other banks, financial institutions and agents	5,701,252	489,683,794	806,799	67,730,774
Dividends paid	-	-	-	-
Net cash from financing activities	5,701,252	489,683,794	806,799	67,730,774
D) Net increase / (decrease) in cash (A+B+C)	205,499	17,349,397	-	-
E) Effects of exchange rate changes on cash and cash-equivalent	-	251,592	-	-
F) Cash and cash-equivalents at beginning period	-	-	-	-
G) Cash and cash-equivalents at end of period (D+E+F)	205,499	17,600,989	-	-
H) Cash and cash-equivalents at end of period				
Cash in hand including foreign currencies	-	-	-	-
Balances with Bangladesh Bank and its agent bank(s) including foreign currencies	-	-	-	-
Balances with other Banks and Financial institutions	205,499	17,600,989	-	-
	205,499	17,600,989	-	-



South Bangla Agriculture and Commerce Bank Limited

Notes to the Financial Statements (Off-shore Banking Unit)

As at and for the year ended 2021

1. Status of the unit

1.1 The Off-shore Banking Units (OBU) of South Bangla Agriculture & Commerce Bank Limited are governed by the applicable rules & regulations of Bangladesh Bank. The Bank obtained the permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as at 31 December 2021, located at International Division, Head Office, Dhaka.

1.2 Nature of business

The principal activities of Bank are to carry on all kinds of banking business in accordance with applicable rules and regulations of Bangladesh Bank for operations of Off-shore Banking Unit in Bangladesh.

2. Significant accounting policies and basis of preparation of financial statements

2.1 Basis of accounting

The financial statements of Bank have been prepared under historical cost convention and in accordance with the Bank Companies Act, 1991 as amended under sub-section 38(4) of the Act, relevant Bangladesh Bank Circulars, International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) adopted by the institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other rules and regulations applicable in Bangladesh.

2.2 Use of estimates and judgments

The preparation of financial statements 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.

Revision of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.3 Functional and presentation currency

The functional currency of OBU is US Dollar (USD). Transactions are recorded in the functional currency (USD). The financial statements are presented both in USD and equivalent Bangladesh Taka (BDT). For preparation of financial statements, all the balance sheet items are converted into equivalent BDT using the closing exchange rate (USD 1 = BDT 85.65), while the revenue items are converted into BDT at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month (USD 1 = BDT 84.74). Resulting exchange differences are recognized as a separate component of equity.

2.4 Foreign currency transactions

a) Foreign currencies translation

Amounts in foreign currency are translated in accordance with the principles set forth in IAS 21 - "The Effects of Changes in Foreign Exchange Rates".

b) Transaction gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account.

2.5 Loans and advances

a) Loans and advances are started at gross amount. While the provision and interest suspense against loans and advances are shown separately as other liabilities.

b) Interest income is calculated on daily product basis and accounted for on quarterly rest on accrual basis until the loans and advances are defined as classified accounts as per Bangladesh Bank guidelines. As per Bangladesh Bank directives, interest on loans and advances classified as bad/loss is not accounted for. A separate memorandum record is maintained for such interest on bad/loss loans.

- c) Provision for loans and advances is made on the basis of the year end review by the management of the Bank in line with the instructions contained in BRPD Master Circular No. 14 dated 23 September 2012, BRPD Circular No. 19 dated 27 December 2012, BRPD Circular No. 05 and 06 dated 29 May 2013, BRPD Circular No. 15 dated 23 December 2013, BRPD Circular No. 16 dated 18 November 2014, BRPD Circular No. 08 dated 02 August 2015, BRPD Circular No. 01 dated 20 February 2018, BRPD circular No. 24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No. 4 (16 May 2019), BRPD circular No. 3 (21 April 2019), BRPD circular No. 16 (21 July 2020) and BRPD circular No. 52 (20 October 2020), issued by Bangladesh Bank.

2.6 Provision for taxation

Offshore Banking Unit (OBU) is an integral business unit of the Bank. The income from OBU is included in the separate financial statement of the Bank and tax has been provided on total income of the Bank including income from OBU. Hence provision for tax has not been calculated for OBU portion separately.

2.7 Revenue recognition

The revenues of the OBU during the year have been recognized in terms of the provision of International Financial Reporting Standards 15, 'Revenue from Contracts with Customers' as outlined below:

2.7.1 Interest income

Interest income from loans and advances is recognized on accrual basis.

2.7.2 Fees and commission income

Fees and commission income arising from different services provided by the Units are recognized on cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.7.3 Interest paid on deposits and borrowings

Interest paid on deposits, borrowings etc. are accounted for on accrual basis.

2.8 Cash flow statement

Cash flow statement has been prepared in accordance with the International Accounting Standard (IAS) 7, 'Statement of Cash Flow' under Direct method as recommended in the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh bank.

2.9 Cash and cash equivalents

Cash and cash equivalents includes notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the unit management for its short-term commitments.

2.10 Reporting period

These financial statements of the OBU cover period from 1 January to 31 December 2021. Whereas the comparative figure cover from 22 October 2020 to 31 December 2020.

2.11 General

- i) Figures appearing in these financial statements have been rounded off to the nearest USD and BDT.





	2021		2020	
	USD	Taka	USD	Taka
3. Balance with other banks and financial institutions				
In Bangladesh (note 3.1)	205,499	17,600,989	-	-
Outside Bangladesh	-	-	-	-
	205,499	17,600,989	-	-
3.1 Balance with other banks and financial institutions				
SBAC Bank Limited	205,499	17,600,989	-	-
4. Loans and advances				
Loans , cash credit, overdrafts etc.	-	-	-	-
Bills purchased and discounted	6,575,725	563,210,884	806,799	67,730,774
	6,575,725	563,210,884	806,799	67,730,774
4.1 Net loans and advances including bills purchased and discounted				
Total loans and advances including bills purchased and discounted	6,575,725	563,210,884	806,799	67,730,774
Less: Provision against loans and advances (specific and general)	-	-	-	-
Less: Cumulative balance of interest suspense account	-	-	-	-
	6,575,725	563,210,884	806,799	67,730,774
4.2 Residual maturity grouping of loans and advances including bills purchased and discounted				
Payable				
On demand	-	-	-	-
Within one month	-	-	-	-
Within one to three months	993,406	85,085,204	-	-
Within three to twelve months	5,582,319	478,125,680	806,799	67,730,774
Within one to five years	-	-	-	-
More than five years	-	-	-	-
	6,575,725	563,210,884	806,799	67,730,774
4.3 Classification status of loans and advances including bills purchased and discounted				
Unclassified loans and advances (including staff loans)				
i) Standard	6,575,725	563,210,884	806,799	67,730,774
ii) Special mention account (SMA)	-	-	-	-
	6,575,725	563,210,884	806,799	67,730,774
Classified loans and advances				
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad / loss	-	-	-	-
	-	-	-	-
Total	6,575,725	563,210,884	806,799	67,730,774

4.4 Classification and provisioning of loans and advances including bills purchased and discounted

Classification / Status of loans and advances	Amount of outstanding loans and advances as at 31 December 2021		Base for Provision (Taka)	Percentage (%) of provision required as per Bangladesh Bank	Amount of provision required as at 31 December 2021 (USD)	Amount of provision required as at 31 December 2021 (Taka)
	USD	Taka				
Unclassified loans and advances						
Small & medium enterprise financing	-	-	-	0.25%	-	-
Other than small medium enterprise financing	6,575,725	563,210,884	563,210,884	1.00%	65,757	5,632,109
Special mention account	-	-	-	1.00%	-	-
Total unclassified loans and advances	6,575,725	563,210,884	563,210,884		65,757	5,632,109
Classified loans and advances						
Sub-standard	-	-	-	20.00%	-	-
Doubtful	-	-	-	50.00%	-	-
Bad / loss	-	-	-	100.00%	-	-
Total classified loans and advances	-	-	-		-	-
Total	6,575,725	563,210,884	563,210,884		65,757	5,632,109
Total provision maintained					65,757	5,632,109
Total provision surplus / (deficit)					-	-

	2021		2020	
	USD	Taka	USD	Taka
4.5 Geographical location-wise loans and advances including bills purchased and discounted				
Dhaka Division	2,260,926	193,648,359	-	-
Chattogram Division	4,314,799	369,562,525	806,799	67,730,774
	6,575,725	563,210,884	806,799	67,730,774
5. Other assets				
Interest accrued on loans and advances but not collected	-	-	4,329	363,416
	-	-	4,329	363,416
6. Borrowings from other banks, financial institutions and agents				
a) In Bangladesh				
Borrowings from SBAC Bank, Head Office	6,508,051	557,414,568	806,799	67,730,774
b) Outside Bangladesh	-	-	-	-
	6,508,051	557,414,568	806,799	67,730,774
7. Other liabilities				
Accumulated provision on loans and advances (note 7.1)	65,757	5,632,109	8,068	677,308
	65,757	5,632,109	8,068	677,308
7.1 Accumulated provision on loans and advances				
General provision on loans and advances				
Opening balance	8,068	677,308	-	-
Add : Provision made during the year	57,689	4,954,801	8,068	677,308
Closing balance	65,757	5,632,109	8,068	677,308
8. Foreign currency translation gain/(loss)				
Opening balance	-	-	-	-
Add : Addition during year	-	251,592	-	-
	-	251,592	-	-
Less : Adjustment during the year	-	-	-	-
Closing balance	-	251,592	-	-
9. Profit and loss account - retained earnings				
Opening balance	(3,739)	(313,892)	-	-
Net profit / (loss) during the year	211,155	17,827,496	(3,739)	(313,892)
Closing balance	207,416	17,513,604	(3,739)	(313,892)
10. Interest income				
Interest on loans and advances	268,722	22,771,959	4,329	363,416
	268,722	22,771,959	4,329	363,416



SBAC Bank Investment Limited
Statement of Financial Position
As at 31 December 2021

Particulars	Notes	Amount in Taka 2021
Assets		
Non-current assets		
Property, plant and equipment		-
Investments		-
Intangible assets	4	10,000,000
Security deposit with stock exchange	5	30,000,000
Total non-current assets		40,000,000
Current assets		
Investment in quoted shares		-
Interest receivable	6	1,308,545
Advances, deposits and prepayments	7	1,025,462
Cash and cash equivalents	8	365,990,756
Total current assets		368,324,763
Total assets		408,324,763
Shareholders' equity & liabilities		
Shareholder's Equity		
Share capital	9	400,000,000
Retained earnings	10	5,167,039
Total equity		405,167,039
Liabilities		
Non-current liabilities		
Term loan		-
Total non-current liabilities		-
Current liabilities		
Liabilities for expenses	11	57,500
Provision for diminution in value of investments		-
Provision for taxation	12	3,100,224
Total current liabilities		3,157,724
Total equity and liabilities		408,324,763
Net asset value per share		10.13

The annexed notes form an integral part of these financial statements.

Chairman

Director

Director

Managing Director & CEO

Signed in terms of our separate report of even date annexed.

Shaikh Hasibur Rahman FCA
 Enrolment no 1512
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

Dhaka, 22 MAR 2022
 DVC: 2204071512AS850310

SBAC Bank Investment Limited

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December 2021

Particulars	Notes	Amount in Taka 2021
Operating income		
Brokerage commission income		-
Brokerage commission expenses		-
Net brokerage commission income		-
Interest income	13	11,563,162
Interest expenses		-
Net interest income		11,563,162
Other service income		-
Total operating income		11,563,162
Operating expenses		
Salaries and allowances		-
Rent, taxes, insurance, utilities, etc		-
Repairs, maintenance and depreciation		-
Stationery, printing and advertising	14	5,800
Postage, stamp and telecommunication		-
Audit fee	15	115,000
Directors' remuneration	16	192,000
Legal and professional fees	17	32,586
Finance Cost	18	81,380
Other expenses	19	2,869,133
Total operating expenses		3,295,899
Profit/(Loss) before provisions and tax		8,267,263
Provision for diminution in value of investments		-
Profit before tax		8,267,263
Income tax		
Current tax	15.1	3,100,224
Deferred tax (income)/expenses		-
Net profit /(Loss)		5,167,039
Other comprehensive income		-
Total comprehensive income		5,167,039
Earnings Per Share (EPS)		0.13

The annexed notes form an integral part of these financial statements.



Chairman



Director




Director



Managing Director & CEO

Signed in terms of our separate report of even date annexed.

Dhaka, 22 MAR 2022
DVC: 2204071512AS850310



Shaikh Hasibur Rahman FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants



SBAC Bank Investment Limited
Statement of Changes in Equity
For the period ended 31 December 2021

Particulars	Share capital	Share Premium	Retained earnings	Total equity
Opening balance				-
Issue of share capital	400,000,000			400,000,000
Total comprehensive income for the period	-		5,167,039	5,167,039
Balance at 31 December 2021	400,000,000		5,167,039	405,167,039

Accompanying notes form an integral part of these financial statements.

Chairman

Director

Director

Managing Director & CEO

SBAC Bank Investment Limited

Statement of Cash Flows

For the period ended 31 December 2021

Particulars	Amount in Taka 2021
A. Cash flows from operating activities	
Fees and commission from portfolio management service	-
Interest received in cash	10,254,617
Operating expenses	(3,238,399)
Cash generated from operating activities before changes in operating assets and liabilities	7,016,218
Increase/decrease in operating assets and liabilities	
Security deposit	(30,000,000)
	(30,000,000)
Cash generated from operating activities	(22,983,782)
Interest paid	-
Advance income tax	(1,025,462)
Net cash from/ (used in) operating activities	(24,009,244)
B. Cash flows from investing activities	
Payment for investment	-
Proceeds from sale of fixed asset	-
Acquisition of Intangible asset	(10,000,000)
Acquisition of property plant and equipment	-
Net cash from/(used in) investing activities	(10,000,000)
C. Cash flows from financing activities	
Issue of share capital	400,000,000
Net cash from/(used in) financing activities	400,000,000
D. Net changes in cash and cash equivalents (A+B+C)	365,990,756
E. Opening cash and cash equivalents	-
F. Closing cash and cash equivalents	365,990,756

Accompanying notes form an integral part of these financial statements.



Chairman



Director



Director



Managing Director & CEO



SBAC Bank Investment Limited

Notes to the Financial Statements

As at and for the period ended 31 December 2021

01.00 Company and its activities

01.01 Legal status and nature of the company

SBAC Bank Investment Limited (herein after referred to as "the company") is one of the brokerage firms domiciled in Bangladesh which has been constituted as a private limited company incorporated under the Companies Act 1994 incorporation no. C-169950/2021 dated 21 March 2021. SBAC Bank Investment Limited is the TREC holder (Trading Right Entitlement Certificate) of Dhaka Stock Exchange (DSE) bearing TREC No- Niboundhon/DSE/TREC#267/2021/294 dated 01 September 2021. The registered office of the Bank is BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000, Bangladesh. The company is a subsidiary of South Bangla Agriculture & Commerce Bank Limited, a Banking Institution incorporated in Bangladesh under the Bangladesh Bank.

01.02 Principal activities and nature of operation

The principal activities of the company are to act as a TREC holder of Dhaka Stock Exchange Limited and to carry on the business of broker, jobbers or dealers in stocks, shares, securities, bonds, debentures. The Company is also authorized to buy, sell, hold or otherwise acquire or invest the capital of company in shares, stocks and fixed income securities, etc..

02.00 Basis of preparation and significant accounting policies

02.01 Statement of compliance

The financial statements of SBAC Bank Investment Limited have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), The Companies Act 1994 and other applicable laws in Bangladesh.

As required, SBAC Bank Investment Limited also complies with the applicable provisions of the following major laws/ statutes:

- Securities and Exchange Rules, 1987
- Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized representatives) Rules 2000
- Dhaka Stock Exchange Limited (DSE) Rules
- Negotiable Instrument Act, 1881; and Other applicable laws and regulations

02.02 Basis of measurement

These financial statements have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs).

02.03 Components of financial statements

The financial statements comprise of :

- a) Statement of Financial Position as at 31 December 2021;
- b) Statement of Profit or Loss and other Comprehensive Income for the period ended December 31, 2021
- c) Statement of Changes in Equity for the period ended December 31, 2021;
- d) Statement of Cash Flows for the period ended December 31, 2021; and
- e) Notes to the Financial Statements.

02.04 Functional and presentational currency

The financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.) currency, which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

02.05 Use of estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the year end. Provisions and accrued expenses are recognized in the financial statements in line with International Accounting Standard (IAS) 37: "Provisions, Contingent Liabilities and Contingent Assets" when

- i. The Company has a legal or constructive obligation as a result of past event.
- i. It is probable that an outflow of economic benefit will be required to settle the obligation.
- iii. A reliable estimate can be made for the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which from the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

02.06 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, SBAC Bank Investment Ltd. applies the accounting disclosure principles consistently from one Year to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, corrections of errors, the amounts involved are accounted for and retrospectively accordance with the requirement of IAS 8.

02.07 Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern assumption in preparing the financial statements. The current credit facilities and adequate resources of the company provide sufficient funds to meet the present requirements of its existing businesses and operations.

02.08 Date of authorization

These financial statements have been authorized for issue by the Board of Directors on 22 March 2022.

02.09 Reporting period

The financial period of the Company has been determined to be from 01 January to 31 December each year. However, for the first year of operation, these financial statements cover the period from 21 March 2021 to 31 December 2021.

02.10 Statement of cash flows

Cash and cash equivalents consist of cash in hand, bank balances and short-term liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Cash flow statement has been prepared in accordance with the International Accounting Standards (IASs) 7, "Cash flow statement" under direct method.

02.11 Comparative information

The Company incorporated on 21 March 2021 and the financial statement prepared for the first time hence no comparative information has been presented.

02.12 Investment in stock exchanges for membership

In accordance with section 8 of the Exchanges Demutualization Act, 2013, both stock exchange membership have been converted into shares through the issuance of two completely de-linked assets to the former members in the Exchange, namely (a) fully paid-up shares and (b) trading right. Exchanges shall have the authority to issue Trading Right Entitlement Certificate (TREC), as per the Exchanges Demutualization Act, 2013 and as outlined in the scheme, to provide the right to trade any securities enlisted in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) to eligible brokers and dealers. Such TRECs will be totally separated from the ownership of the Exchange as there is no obligation for TREC holders to be or remain shareholders of the exchange.

03.00 Significant accounting policies:

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.





3.01 Property, plant and equipment

3.1.1 Recognition and measurement

These are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is provided at the rearranged/ re-fixed following rates on straight-line IAS is in accordance with IAS 16 over the years appropriate to the estimated useful lives of the different types of assets. The new rate of depreciation considering estimated useful lives of the assets, the shortfall amount if necessary, have been charged during the Year.

3.1.2 Related party disclosure

As per International Accounting Standard (IAS) 24: "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties.

3.1.3 Subsequent costs

The cost of replacing part of an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss account as incurred.

3.1.4 Depreciation & amortization

Depreciation on property, plant and equipment is charged using straight line method on all assets. Depreciation is charged from the date when the asset are ready to use. During the period the company did not charge any depreciation expenses as there are no depreciable assets on balance sheet date.

3.1.5 Disposal of fixed assets

On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.2 Intangible assets

An intangible asset shall only be recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization. The main item included in Intangible assets is investment in DSE for obtaining the TREC license from which the company will receive future economic benefits through use the TREC license.

3.2.1 Recognition and measurement

The intangible assets is measured at cost less accumulated amortization and impairment loss, if any.

3.2.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

3.2.3 Amortization

The company's intangible asset has indefinite useful life. Hence, the asset is not amortise.

3.3 Impairment

The carrying value of the Company's assets other than inventories, are reviewed at closing date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account. The company has no such assets.

3.4 Cash and cash equivalents:

Cash and cash equivalents include cash in hand, cash at bank and fixed deposits which are held and are available for use by the Company without any restriction. There is insignificant risk of change in the value of the above items.

3.5 Receivable

Accounts receivables are stated at nominal values as reduced by the appropriate allowances for estimated doubtful amounts. No such receivables are accounted for if the loans are classified as bad and loss. Receivable include the amount receivable both from DSE and CSE against daily transaction settlement and dividend income from investments and receiveable from FRD etc.

3.6 Provision for tax**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, in accordance with provisions of Income Tax Ordinance, 1984. It is measured using tax rates enacted or substantively enacted at the reporting date. Applicable tax rate for the Company for the year 2021 will be declared by Finance Act 2021.

Deferred tax

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12: "Income Taxes". Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the date of reporting of the financial statements. However, the Company did not acquire any property, plant and equipment during our audit period hence, no temporary differences arises.

3.7 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the International Financial Reporting Standard (IFRS)-15 "Revenue from Contracts with Customers":

3.8 Interest income

Interest income is recognized on the loan balance of portfolio clients on monthly accrual basis and charged to clients' balance on quarterly basis. Interest income on FDR is recognised on accrual basis.

3.9 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting events have been disclosed in the notes when material.

03.10 General:

i) Figures have been rounded off to the nearest integer.





**Amount in Taka
2021**

4 Intangible assets		
A. cost		
Opening balance	-	
Add: Addition during the year	10,000,000	
	10,000,000	
Less: Disposal during the year	-	
Closing balance	10,000,000	
B. Amortization		
A. cost		
Opening balance	-	
Add: Charge during the year	-	
	-	
Less: Adjustment during the year	-	
Closing balance	-	
	10,000,000	
C. Carrying amount (A-B)		10,000,000
This amount represents TREC License fee paid to DSE BDT 10,000,000/- that permits to the entity to perform TREC Business and enable to generate future economic benefits through use of this tracking license.		
5 Security deposit with stock exchange		
Security deposit with DSEL	30,000,000	
	30,000,000	
6 Interest receivable		
Interest receivable from fixed deposits with SBAC Bank Ltd	1,308,545	
	1,308,545	
7 Advances, deposits and prepayments		
Advance income tax	1,025,462	
	1,025,462	
7.01 Advance income tax		
Interest income on bank deposit with SBAC Bank Ltd	35,230	
Interest income on FDR with SBAC Bank Ltd	990,232	
	1,025,462	
8 Cash and cash equivalents		
Bank balance with SBAC Bank Limited (SND Account)	7,118,668	
Fixed deposit receipt with SBAC Bank Ltd	358,872,088	
	365,990,756	
9 Share capital		
Authorised Capital		
50,000,000 ordinary shares of Tk. 10 each	500,000,000	
Issued, Subscribed and Paid-up Capital		
Issued against Cash	400,000,000	

Name of shareholder	No. of shares	% of share holding	Value of Shares
SBAC Bank Limited	39,960,000	99.90	399,600,000
SBAC Bank Foundation	40,000	0.10	400,000
	40,000,000	100	400,000,000

		Amount in Taka 2021
10	Retained earnings	
	Opening Balance	-
	Net profit/(loss) for the year	5,167,039
	Dividend paid	-
		5,167,039
11	Liabilities for expenses	
	Payable-Auditors' Fees	57,500
	Others payable	-
		57,500
12	Provision for taxation	
	Opening balance	-
	Add: Provision made during the year(12.01)	3,100,224
	Less: Adjustment for over provision in prior years	-
		3,100,224
	Less: Paid/Adjustment during the year	-
		3,100,224
12.01	Calculation of current tax	
	Tax to be paid has been calculated as per ITO 1984.	
	Profit before tax	8,267,263
	Add: Admissible expenses	-
	Less: Inadmissible expenses	-
	Taxable income	8,267,263
A.	Tax on total taxable business profit@37.5%	3,100,224
B.	Minimum tax on gross receipts (11563162 * 0.6%)	69,379
C.	Tax deducted on income under 82 (C) income	1,025,462
	Tax payable during the year	3,100,224
	(Higher of minimum tax and regular Tax)	
13	Interest income	
	Interest on margin loan	-
	Interest on fixed deposit	11,210,865
	SND Interest Income	352,297
		11,563,162
14	Stationery, printing and advertising	
	Printing and stationery	5,800
		5,800
15	Audit fee	
	Statutory Audit	57,500
	Special Audit	57,500
		115,000
16	Directors' remuneration	
	Directors' remuneration	192,000
		192,000



17 Legal and professional fees

Legal and professional fees

32,586

32,586

18 Finance Cost

Bank charges (including VAT)

1,380

Excise duty

80,000

81,380

19 Other expenses

RJSC expenses

481,633

Subscription fees- DSE & CSE

200,000

Document Processing fee Stock-Broker, Stock Dealer and others

2,187,500

2,869,133

20 Related parties

Parent company

SBAC Bank Limited owns 99.90% shares of the Company. Thus, SBAC Bank Limited holds the controlling interest in the Company.

21 Related party transactions

Name of the party	Nature of Transaction	Relationship	Amount
SBAC Bank Limited	Issue of share capital	Parent	399,600,000
SBAC Bank Limited	Deposit as FDR	Parent	350,000,000
SBAC Bank Limited	Deposit in SND account	Parent	400,000,000
SBAC Bank Limited	Interest received from FDR and SND	Parent	11,563,162
SBAC Bank Limited	Bank charges	Parent	1,200

Independent Auditor's Report to the Shareholders of SBAC Bank Investment Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SBAC Bank Investment Limited (the "Company") which comprise the statement of financial position as at 31 December 2021 and the statement of profit or loss account and other comprehensive income, statement of changes in equity and statement of cash flow for the period ended 31 December 2021, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respect, of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the period ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and other applicable laws and regulations.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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.

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

Management is responsible for the preparation and fair presentation of financial statements of the Company 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.

In preparing the financial statements, management is responsible for assessing the Company'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 company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 as a whole 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 judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules 1987, 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) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and

Dhaka, 22 March 2022
DVC: 2204071512AS850310



Shaikh Hasibur Rahman FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants



Chapter 11

PRODUCTS, SERVICES & DISTRIBUTION NETWORK



Conventional Banking Products & Services

Wholesale Banking

Term Finance	Working Capital
Term Loan	Secured Over Draft (SOD)- General
Project Finance	Secured Over Draft (SOD)
Lease Finance	Short Term Loan
Home Loan	Time Loan
Term Loan to MFI	Corporate Express Loan
Corporate Express Loan	Cash Credit (Hypo.)

SME Banking

Loan Products		
SME-Term Loan	SBAC Agri. Revolving Loan	Medical and Health Loan
Letter of Credit (Sight/deferred/UPAS)	Personal Loan Scheme	Bank Guarantee
SME- CC(Hypo.)	CMSME Stimulus Loan	Performance Guarantee
SME-SOD (General)	Lease Finance –Commercial Lease	FDBP (EPZ)
SME-SOD(Export)	Lease Finance –for Machineries & Equipment	FDBP
SME-Export Packing Credit (EPC)	Lease Finance For Auto Mobiles	Bid Bond Guarantee
SME-SOD (PO)	PAD	SOD (Work Order)
SBAC Vehicle Financing	Loan against TR	IDBP
SBAC Home Loan	Loan to 10 TK A/C Holders	Furniture and Home Renovation Loan
SBAC CCS-Car Loan	SBAC CCS-Home Appliance	Cash Credit (Hypo.)- Agriculture
H.B.L. -Residential	SOD (Other Bank FO)	Agriculture Term Loan
H.B.L. -Commercial	SOD (FO)	SBAC Commercial Vehicle Financing
Export EDF Loan	SOD(FDR)	SOD (Scheme)

Retail Banking

Deposit Products		
Current Account- (A basic Account which facilitates carrying out day-to day business transactions)	Surokkha Sonchoyi Hisab (SSH)- (A special savings account with higher benefits and with insurance coverage)	Monthly Savings Scheme- (Savings Schemes are monthly installment based deposit schemes for savings purpose and to build up a sizable fund after the contracted period.)
Savings Account- (A basic Account and falls under retail liability product segment which facilitates customers to set aside a portion of their liquid funds while earning a monetary return)	FC Account –USD- (A non interest bearing account in foreign currency)	Lakhopoti Savings Scheme- (Savings Schemes are monthly installment based deposit schemes for savings purpose and to build up a sizable fund after the contracted period.)
SBAC Senior Citizen Savings A/C- (A special savings account with higher benefits for 55 years age customer)	R.F.C.D A/C-USD- (Persons ordinarily resident in Bangladesh may open and maintain RFCDA accounts with foreign exchange brought in at the time of their return from abroad)	Surokkha Millionaire Scheme- (Savings Schemes are monthly installment based deposit schemes for savings purpose and to build up a sizable fund after the contracted period with insurance coverage)
Special Notice Deposit (SND)- (A basic CASA Account and falls under which facilitates carrying out business transactions of large amount)	NRT Account-BDT.	Kotipoti Scheme Deposit- (Savings Schemes are monthly installment based deposit schemes for savings purpose and to build up a sizable fund after the contracted period.)
SBAC Fixed Deposit (A special savings scheme which makes deposit grows over a certain period of time.)	NRFC A –USD	Double Benefit Scheme-DBS (Double Benefit Scheme is a time specified deposit scheme for clients where the deposited money will be double at maturity)



SBAC Monthly Benefit Scheme-MBS (A special deposit scheme which allows interest income on monthly basis and refund the MBS Principal Amount at maturity)	Export Retention Quota (ERQ)	Triple Benefit Scheme-TBS (Triple Benefit Scheme is a time specified deposit scheme for clients where the deposited money will be double at maturity)
Student Savings Account- (A special savings account for students below 18 years)	FCY Held against BTB	SBAC Fast Account- (e-KYC based savings Bank account)
Payroll savings A/C- (A benefit rich payroll account basically a value packed savings account for Employers and Employees)	10/50/100 Privilege Savings Account- (A special savings account with higher benefits to selected customer as per Bangladesh Bank Policy)	

Off-Shore Banking Unit (OBU)

Term Loan
Working Capital
Trade Finance (Local Bill Discounting, Foreign Bill Discounting, UPAS)

Trade Finance

Export Finance	Non-Funded Trade Finance	Import Finance
Back to Back L/C	L/C Opening (Sight/Deferred/UPAS)	Loan against Trust Receipt (LTR)
Export Bill Discounting (FDBP & IDBP)	L/C Advising	EDF Loan
SOD-Export	L/C Transfer	Performance Guarantee
Export Packing Credit	Foreign Bank Guarantee	Bid Bond Guarantee
SOD-General	Shipping Guarantee	Payment Guarantee

SBAC Services

Utility Bills Collection Service : <ul style="list-style-type: none"> - Dhaka Water Supply and Sewerage Authority(WASA) - Titas Gas Transmission and Distribution Company Limited - Bakhrabad Gas Distribution Company Limited - Dhaka Power Distribution Company Ltd. (DPDC) - Dhaka Electric Supply Company Limited (DESCO) - Bangladesh power development board (PalliBidyut) - Northern Electricity Supply Company Limited (NESCO) - Power Development Board (PDB)
BRTA Fees Collection
Govt. Challan Receive by Automated Challan System
e-GP Services
Student File Services
Hajj Pre-Registration Fees Collection

SBAC Alternative Delivery Channel (ADC)

SMS Banking		
Mobile Banking- <i>Banglapay</i>		
SBAC 24/7 ATM		

Islamic Banking Products & Services

Modes of Deposit Collection and Fund Investment

Islamic Banking activities are conducted in Bangladesh in 3 ways; Shari'ah based full-fledged Islamic Banking, Conventional Banking with Islamic Banking Branch and Conventional Banking with Islamic Banking Window.

South Bangla Agriculture and Commerce Bank Limited is providing Islamic banking services mainly through Islamic windows. At the initial stage, Islamic windows have been introduced in 10 branches. In-Sha-Allah, initiatives will be taken to introduce Islamic banking services in more branches in phases.

Deposit Collection method:

Islamic Banking generally collects deposits in two ways. One is the Al-Wadi'ah method and the other is the Mudaraba method. The current accounts of Islamic Banking are run on Al-Wadi'ah method and the different types of savings accounts are run on the basis of Mudaraba principles. The following are the names of the deposit accounts:

- Al-Wadi'ah Current (AWC) Account
- Mudaraba Savings (MS) Account
- Mudaraba Short Notice Deposit (MSND) Account
- Mudaraba Monthly Savings Schemes (MMSS) Account
- Mudaraba Term Deposit Receipt (MTDR) Account
- Mudaraba Hajj Deposit (MHD) Account
- Mudaraba FC Account
- Mudaraba RFCD Account
- Mudaraba NFCD Account

Investment Method:

There are generally three types of investment methods in Islamic banking. One is the buy-sell mechanism, the second is the lease mechanism and the third is the profit-loss sharing mechanism. The major bai mechanism is Bai-Murabaha, Bai-Muajjal, Bai-Salam & Bai-Istisna and Lease mechanism is Ijarah and Hire Purchase under Shirkatul Meelk and Share mechanism is Mudarabah and Musharakah.

From the above investment modes, SBAC Bank is currently investing in two modes through its Islamic Banking windows. These are:

- Bai-Murabaha; and
- Hire Purchase under Shirkatul Meelk.

In-sha-Allah, initiatives will be taken to invest in other modes as required in the future.

Islamic Banking Windows of SBAC Bank:

South Bangla Agriculture and Commerce Bank Limited has started its Islamic Banking through launching of Islamic Banking Windows in its 10 branches on June 30, 2021 and started providing Islamic banking services to its customers from July 05, 2021. The 10 Branches providing Islamic Banking Services through Islamic Banking windows are as follows:

SL. No.	Name of Branch	District	Division
01	Principal Branch	Dhaka	Dhaka
02	Banani Branch	Dhaka	Dhaka
03	Imamgonj Branch	Dhaka	Dhaka
04	Agrabad Branch	Chattogram	Chattogram
05	Khulna Branch	Khulna	Khulna
06	Katakhal Branch	Bagerhat	Khulna
07	Bhomra Branch	Satkhira	Khulna
08	Barishal Branch	Barishal	Barishal
09	Islampur Branch	Sylhet	Sylhet
10	Rajshahi Branch	Rajshahi	Rajshahi





Distribution Network

Branch

01 Principal Branch

Zaman Chamber, 47 Dilkusha C/A, Dhaka- 1000.
Phone: (02)-223357376, (02)-223357347,
(02)-223357348
Routing No: 270275357

02 Hemayetpur Branch

Ashraf Shopping Complex, Jadurchar,
Hemayetpur Bazar, Savar, Dhaka.
Phone: (02) 7724939,
Routing No: 270262052

03 Agrabad Branch

96, Agrabad Ba/A, Agrabad, Chattogram.
Phone: (031) 2516183-85
Routing No: 270150135

04 Bhatiary Branch

Sahab Mia Tower, (Ground Floor) Bhatiary,
Sitakund, Chattogram.
Phone: (037) 2781271,
Routing No: 270151213

05 Khulna Branch

Chamber Building Complex, 05, KDA Avenue,
Khan a Sobur Road, Khulna.
Phone: (041)-733464,733426
Routing No: 270471548

06 Katakhal Branch

Katakhal More, Khulna Mongla Road,
Fakirhat, Bagerhat.
Phone: (046) 6356117
Routing No: 270010059

07 Keranigonj Branch

Aktar Tower, Bridze Road, South Kadam-
toli Aganagar, South Keranigonj, Dhaka.
Phone: (02) 7764456-57
Routing No: 270273641

08 Uttara Branch

Plot-71, Sector-07, Cosmo Shopping Centre,
Azampur, Uttara, Dhaka.
Phone: (02)7911951,7911863, 7911471
Routing No: 270264634

09 Gulshan Branch

Casablanca 114, Gulshan Avenue,
Dhaka-1212.
Phone: (02) 9853091
Routing No: 270261729

10 Velanagar Branch

Mahbub Molla Concord Tower, Jaikhana More,
DC Road, Narshingdi Sadar, Narshingdi.
Phone: (02) 9452487-88
Routing No: 270681396

11 Imamgonj Branch

Crown Bhaban 59, Midford Road,
Imamgonj, Dhaka.
Phone: (02) 7342223
Routing No: 270272800

12 Ashulia Branch

Raj Residency Tower, Bogabari Bazar Bus Stand,
Bogabari, Ashulia, Savar, Dhaka.
Phone: (02) 7789414-15
Routing No: 270260225

13 Dhanmondi Branch

House Number: 55/A, Road Number: 4/A,
(1st Floor), Dhanmondi, Dhaka-1209.
Phone: (02) 9665267 & 9665264
Routing No: 270261187

14 Sylhet Branch

11, Naya Shorok, Sylmart Complex,
East Zinda Bazar, Sylhet.
Phone: (0821)-726297-98
Routing No: 270913556

15 Jubilee Road Branch

Ali Building (2nd Floor), 837, Jubilee Road,
Chattogram.
Phone: (031) 2856695-96
Routing No: 270153640

16 Bogura Branch

Talukdar Ratul Plaza, (2nd and 3rd Floor),
398, Rangpur Road, Borogola, Ward No: 5,
Bogra Sadar, Bogra. Phone: (051) 69727,
62412,62108, Routing No: 270100372

17 Mawna Branch

Hazi Abdul Khaleque Master Super Market,
Mulaid, Telihati, Sreepur, Gazipur.
Phone: (0447) 8984788
Routing No: 270331004

18 Islampur Branch

Siddiquey Mansion, 1st Floor, Majoritla,
Islampur Bazar, Islampur, Sylhet.
Phone: (0821)-762168
Routing No: 270911787

19 Modunaghat Branch

South Madarsha, Rashid Bari, Hathazari,
Chattogram.
Phone: (031) 671552, 671542
Routing No: 270154757

20 Shyamnagar Branch

469, Moti Morol Super Market Badghata,
Shyamnagar, Satkhira.
Phone: (04726)-44182, 44063
Routing No: 270871214

21 Gazipur Branch

Tajpur Tower (2nd Floor), Bhaol College Road,
Chandona Chowrasta, Gazipur.
Phone: (02) 9294506-07
Routing No: 270330526

22 Moynamoti Branch

Mostafa Palace and Hazi Faruk Plaza,
Nischintopur, Moynamoti Cantonment, Cumilla.
Phone: (081) 73740
Routing No: 270192827

23 Bangla Bazar Branch

Patowari Plaza (1st Floor), Nadna, Bangla Bazar,
Sonaimuri, Noakhali.
Phone: 01787-693618
Routing No: 270750193

24 Banani Branch

Suvastu Suraiya Trade Center, (1st & 2nd Floor),
57 Kemal Ataturk Avenue, Block: B, Banani, Dhaka.
Phone: (02) 9822365-68
Routing No: 270260438

Branch

25 Chuknagar Branch

Holding # 240 (1st Floor), Chuknagar, Dumuria, Khulna.
Phone: 01787-693625
Routing No: 270470552

26 Satkhira Branch

Holding # 44/46 (Gr. Floor), Sultanpur, Satkhira Sadar, Satkhira.
Phone: (0471)-63806, 63804, 63810
Routing No: 270871098

27 Barishal Branch

BS Tower (1st Floor), 461 Bir Shreshtha Captain Mohiuddin Jahangir Sarak, Barishal-8200.
Phone: (0431)2177718, 2177714
Routing No: 270060283

28 Sarbolokkhona Branch

Holding #26 (1st Floor), Bagher Bita Bazar, Sarbolokkhona, Manohardi, Narsingdi.
Phone: 01787-693621
Routing No: 270680155

29 Rajshahi Branch

ARC Bijoy Tower, 30 (New), Rani Bazar, Boalia, Rajshahi.
Phone: (0721)-773375, 7 73653, 773395, 773693
Routing No: 270811937

30 Nababpur Branch

Holding:219/220 (Old), 42 (New), Nababpur Road, Sutrapur, Dhaka.
Phone: (02) 9512007, 9512016, 9512047, 9512059
Routing No: 270274729

31 Mirpur Branch

Galaxy Hospital Bhaban, Holding:29 & 30, Section: 6, Main Road:1, Mirpur, Dhaka.
Phone: (02) 48040408-10
Routing No: 270262986

32 Shibu Market Branch

Kutub Ail, Khijirpur, Fatullah, Narayanganj.
Phone: 7635122, 7635123
Routing No: 270671551

33 Ghonapara Branch

Ghonapara, Vate Dour, Gopalganj.
Phone: 01714-747065
Routing No: 270350098

34 Digraj Branch

Shaheen Market, Digraj, Biddar Baon, 2 Burir Danga- Union, Mongla, Bagerhat.
Phone: (0466) 275208, 275209
Routing No: 270010404

35 Baburhat Branch

1st Lane, Manchester City(1st Floor), Shakerchar, Baburhat, Narsingdi.
Phone: 02-9446060
Routing No: 270680100

36 Narayanganj Branch

Building:71, 99 Bangabandu Road, Ukil Para, Narayanganj.
Phone: 02-7647593
Routing No: 270671180

37 Bijoy Nagar Branch

Sky Lark Point (1st Floor), 24/A. Shaheed Nazrul Islam Sarani, Dhaka-1000, Bangladesh.
Phone: 02-8392638-39, 01787693620, 1787693862
Routing No: 270274240

38 Rangpur Branch

Paper Palace Tower(1st Floor), Paira Chattar,Rangpur.
Phone: (0521) 56481-3
Routing No: 270851450

39 Jashore Branch

36 (Old), 84 (New), Rabindranath Road (1st Floor), Jashore.
Phone: 042172124
Routing No: 270410941

40 Takerhat Branch

Takerhat Mor, Takerhat, Madaripur.
Phone: 02-478812091
Routing No: 270540761

41 Fatikchhari Branch

S A Centre (1st Floor), College Road, Bibirhat, Fatikchhari, Chattogram.
Phone: (030) 2256345
Routing No: 270152746

42 Nasirabad Branch

Yakub Trade Centre, 89/304 East Nasirabad, Chattogram.
Phone: (031) 2550321
Routing No: 270155530

43 Bhomra Branch

C&F Association Bhaban, (1st Floor), Bhomra, Satkhira.
Phone: 047181133-35
Routing No: 270871364

44 Morrelganj Branch

Morrelganj Bazar Main Road, Morrelganj Bagerhat.
Phone: 0465-656418
Routing No: 270011032

45 Hasnabad Branch

Shamsu Rani Vila, Hasnabad, Ekuria, South Keranigonj, Dhaka.
Phone: 01787 693 620
Routing No: 270272563

46 Kharabad Baintola Branch

Kharabad Baintola, Amirpur, Botiaghata, Khulna.
Phone: 01711 398 751
Routing No: 270470060

47 Chalakchor Branch

Chalakchor Bazar, Near Chalakchor Bus Stand, Monohordi, Narshingdi.
Phone: 01787693787
Routing No: 270680313

48 Panthapath Branch

Selim Center, 19/2 West Panthapath, Dhaka.
Phone: 01787693600
Routing No: 270263619





Branch

49 Mouchak Branch

Mouchak,
Kaliakair, Gazipur
Phone: 01787 693 645
Routing No: 270330126

50 Maligram Branch

Maligram Bazar,
Vanga, Faridpur.
Phone: 01714 084 822
Routing No: 270291128

51 Chattogram EPZ Branch

Amin Tower, Bondortila,
EPZ, Chattogram.
Phone: 01787 693 604
Routing No: 270156797

52 Dinajpur Branch

Moniza Khatun Complex, Buti Babur More,
South Munchipara, Dinajpur
Phone: 01787 693 643
Routing No: 270280676

53 KDA C/A Branch

A 51, Mojid Avenue, Shib Bari, Khulna.
Phone: 0412830918 & 0412830917
Routing No: 270470086

54 Natore Branch

House: 555 (1st floor), Nahar Market,
Kanaikhali, Natore.
Phone: 0771-67010
Routing No: 270691094

55 Feni Branch

House: 371 (1st floor), Opposite to
Feni Tower, SSK Road, Feni.
Phone: 0331-73144
Routing No: 270300527

56 Kushtia Branch

Nurul Islam Tower, 262/2 (1st floor),
NS Road, Kushtia.
Phone: 071-71920
Routing No: 270500943

57 Labonchora Branch

Madina Tower, Banda Bazar, Labonchora,
Main Road, Khulna.
Phone: 01673-825757
Routing No: 270471814

58 Pragati Sarani Branch

G-99/3/A&B, Manama M.S.Toren,
Pragati Sarani, Middle Badda, Dhaka.
Phone: 02-222298248
Routing No: 270263701

59 Khatungonj Branch

Achiya Manson, 282 Khatungonj,
Kotowali, Chattogram.
Phone: 01787693608
Routing No: 270154278

60 Amin Bazar Branch

Haji Shafiullah Community Center
2nd Floor, Amin Bazar, Savar, Dhaka.
Phone: 01787693713
Routing No: 270260133

61 Banari Para Branch

261, Shanto Shisto Complex, Banari Para,
Barishal.
Phone: 01730704645
Routing No: 270060254

62 Faltita Branch

Battola Bazar, Faltita, Fakirhat,
Bagerhat.
Phone: 01711507244
Routing No: 270010091

63 Addabazar Branch

Adda bazar, union: Adda, Barura, Comilla.
Phone: 01787693714, 01787693715
Routing No: 270190074

64 Jibonnagar Branch

Torofder new market, Jibannagar Bazar,
Chuadanga.
Phone: 01787693716
Routing No: 270180589

65 SBAC Corporate Branch

BSC Tower, (2nd - 3rd Floor), 2-3 Rajuk
Avenue, Motijheel, Dhaka-1000
Phone: 01787693652
Routing No: 270270628

66 Abdullahpur Branch

Anwar Hossain Plaza, (Ground floor), Abdullahpur,
Bus Stand, South Keraniganj, Dhaka.
Phone: 01787693793
Routing No: 270270123

67 Bhulta Branch

Rabet Al Hasan Shopping Center,
(2nd floor), Bhulta Bus Stand, Bhulta.
Phone: 01755619943
Routing No: 270670228

68 Nazipur Branch

Dhamurhat Road, Potnitola, Naogaon.
Phone: 01712436955
Routing No: 270641244

69 Birganj Branch

Datta Plaza, Sujalpur, Birganj, Dinajpur.
Phone: 01787693674
Routing No: 270280371

70 Mehendigonj Branch

Amin Bhabhan (1st Floor), Uttar Bazar, Sarnakar
Potti, Patarhat Bandar, Mehendigonj, Barishal.
Phone: 01711993144
Routing No: 270061361

71 Mymensingh Branch

Akil & Brothers, 19, Borobazar, Mymensingh.
Phone: 01717463869
Routing No: 270611753

72 Cumilla Branch

Ever Green, Khadi Museum (1st floor),
Manoharpur, Cumilla.
Phone: 01787693679
Routing No: 270191152

Branch

73 Bhola Branch

Bangla School Moor, (Opposite of Brac Bank), Sadar Road, Bhola.
Phone: 01770526555
Routing No: 270090103

74 Bashundhara Mohila Branch

Badar Heights (2nd Floor), Plot# 262 & 263, Block#B, Road#1, Sobhan Sarak, Bashundhara R/A, Dhaka.
Phone: 02-8415451-52
Routing No: 270261132

75 Babubazar Branch

A.K. Adil Femus Tower, 2,2/A, KP Gosh Street, Armanitola, Dhaka.
Phone: 01787693998
Routing No: 270270552

76 Ramganj Branch

Anowar Khan Tower (1st & 2nd Floor), Holding No: 283, Hajigonj-Ramgonj Road, Ramgonj Municipality, Lakshmipur.
Phone: 01711116916
Routing No: 270511037

77 Kaliganj Branch

Rahmania Supar Market, Kaliganj Municipality, Kaliganj Upazila, Jhenaidah.
Phone: 01787693614
Routing No: 270440795

78 Palashbari Branch

Zannat Lodge, Kalibari Bazar Road Palashbari, Gaibandha.
Phone: 01737273633
Routing No: 270321098

79 Mohakhali Branch

4 Bir Uttam AK Khondokar Road, (Ground Floor) Mohakhali C/A, Amtoli Dhaka-1212.
Phone: 02-48811526
Routing No: 270263198

80 Bhandaria Branch

N Haque and Sons Market, Shahid Minar Road, (Reserve Pukur Par), Bhandaria, Pirojpur.
Phone: 01712739996
Routing No: 270790137

81 Lohagara Branch

Ice Park (1st Floor), Lohagara, Chattogram.
Phone: 01816554957
Routing No: 270150685

82 Benapole Branch

Rahman Chember, Jessore Benapole highway Road, Word No. 7, Sharsha, Jessore.
Phone: 01912634814
Routing No: 270410288

83 Khan Jahan Ali Mazar Branch

1st Floor, Khan Jahan Ali Mazar Mor, Village: Ron-Bijoypur, Shaat Gambuj, Bagerhat.
Phone: 01787693661
Routing No: 270010141

84 Tejgaon Link Road Branch

Shanta Western Tower, 351, Bir Uttam Mir Shawkat Sarak (Gulshan Avenue) Dhaka - 1208
Phone: 01787693869
Routing No: 270264526

Sub Branch

01 Gopalganj Sub Branch

Munchi Super Market, Jutta Potti Road, Word No. 4, Gopalganj Sadar, Gopalganj.
Phone: 01714747065

02 Jatrabari Sub Branch

99, Shahid Faruk Road, Jatrabari, Dhaka.
Phone: 02-7543452, 02-7543457
Routing No: 270274729

03 Rayenda Bazar Sub Branch

Kapuri Garments Potti, Rayenda Bazar, Sarankhola, Bagerhat.
Phone: 0465-656418
Routing No: 270011032

04 Rupatoli Sub Branch

Sikdar Tower, Rupatoli Sarak, Barisal City Corporation, Barishal.
Phone: (0431)2177718, 2177714
Routing No: 270060283

05 Panchar Sub Branch

Babor Ali Sarker Building, Panchar Girls High School Road, Panchar Bazar, Madbererchar, Shibchar, Madaripur.
Phone: 01717428436, Routing No: 270291128

06 Muladi Sub Branch

Al Amin Tower, Holding no: 2391, Sadar Road, Muladi Pourashava, Muladi, Barishal.
Phone: 01735954471
Routing No: 270060283

07 Hatirpul Sub Branch

Taher Plaza (1st Floor), 158, C· R Dutta Road, Dhaka.
Phone: 01763200100
Routing No: 270263619

08 Yusuf Market Sub Branch

Sarker Shoopng Complex, Yusuf Ali Market (1st Floor), Dhanik, Ashulia, Dhaka.
Phone: 01722801705
Routing No: 270260225

09 Laxmipur Sub Branch

Holding #188; Word # 06; Grater Road; Laxmipur; Rajpara, Rajshahi.
Phone: 01741778042
Routing No: 270811937





10 Dhupchanchia Sub Branch

Dhupchanchia CO Office Road, Walton Plaza (1st Floor), Dhupchanchia, Bogura.
Phone: 01711344240
Routing No: 270100372

11 Gopalpur Sub Branch

Niketon, Holding: 145, Gopalpur Bazar Road, (Beside Railway Station), Gopalpur, Lalpur, Natore.
Phone: 01717854356
Routing No: 270691094

12 Thermax Shilpo Sub Branch

Thermax Yarn Dyed Fabrics Ltd. Compound, Karardi, Putia, Shibpur, Narsingdi.
Phone: 01913335253
Routing No: 270681396

13 Pirganj Sub Branch

Hazi Tower (1st Floor), Holding: 912-16, Shahid Ziaur Rahman Sarak, Word No: 7, Pirganj Pourosova, Pirganj, Thakurgaon.
Phone: 01554528036, Routing No: 270280371

14 Trunk Road Sub Branch

Shiraji Bhaban Holding: 356, Trunk Road, Word No: 10, Feni Pourosova, Feni.
Phone: 01814814076
Routing No: 270300527

15 Borura Sub Branch

Kazi Tower, 502 Borura Uttar Bazar, Barura, Cumilla.
Phone: 01715040018
Routing No: 270190074

16 Madhabdi Sub Branch

Holding No. 209, Bank Road, Madhabdi, Narsingdi.
Phone: 01758282073
Routing No: 270680100

17 Bagerhat Sub Branch

Mitha Pukur Par, Standard Bank Building (1st floor), Bagerhat Sadar, Bagerhat.
Phone: 01916747174
Routing No: 270010141

18 Dania Sub Branch

Sarif Tower, 430, Bornomala Adarsha School Road, Kodomtoli Thana, Dhaka
Phone: 01818687977
Routing No: 270272563

19 Reazuddin Bazar Sub Branch

Abdullah Tower (1st and 2nd Floor), Abdullah Siddiqui Road, Kotowali Chattagram.
Phone: 01787693608
Routing No: 270153640

20 Kalaroa Sub-Branch

Ali Super Market, Shahid Muktijoddha Sarak, Ward no: 02, Pouroshava: Kalaroa, Kalaroa, Satkhira.
Phone: 01711309159
Routing No: 270871098

21 Mongla Sub-Branch

Pouro Market, Sheikh Abdul Hai Shorok, Ward no: 05, Mongla, Bagerhat.
Phone: 01727245155
Routing No: 270010404

22 Indira Road Sub-Branch

Rahaman Plaza, 21 Indira Road, Farmgate Dhaka
Phone: 01755619943
Routing No: 270263619

23 Fokirhat Sub-Branch

Fakirhat Sub Branch Khan Zahid Hasan Market, Fakirhat, Bagerhat

ATM Booth

01 Principal ATM

Zaman chamber, 47 Dilkusha C/A, Dhaka-1000.

02 Velanagor ATM

Thermex Factory Complex, Karardi, Shibpur, Narshingdi Sadar, Narshingdi.

03 Katakhal ATM

Katakhal More, Khulna Mongla Road, Fakirhat, Bagerhat.

04 Gazipur ATM

Ground Floor, Tajpur Tower, Tangail Road, Gazipur City Corporation, Gazipur.

05 Mirpur ATM

Galaxy Hospital Pvt. Ltd. (1st floor), Plot # 29-30, Block # KHA, Section # 06, Mirpur-10.

06 Rajshahi ATM

ARC Bijoy Tower, Holding: 3415 (Old), 30 (New), Rani Bazar, Boalia, Rajshahi.

07 Khulna ATM

Chamber Building, Complex
05, KDA Avenue, Khan a Sobur Road,
Khulna.

08 Moynamoti ATM

Mostafa Palace, and Hazi Faruk Plaza
Nischintopur, Moynamoti Cantonment
Cumilla.

09 Gulshan ATM

Casablanca, 114, Gulshan Avenue
Dhaka-1212.

10 Islampur ATM

Siddik Mansion, Islampur Bazar
Thana-Shahporan.
Sylhet

11 Sarbolokkhona ATM

Holding # 26, (1st Floor), Bagher Bitu Bazar
Sarbolokkhona, Manohardi
Narsingdi.

12 Bhomra ATM

C&F Association, Bhaban (1st Floor)
Bhomra. Satkhira.

13 Satkhira ATM

Holding # 44/46, (Gr. Floor), Sultanpur
Satkhira Sadar
Satkhira

14 Dinajpur ATM

Monija Khatun, Complex (Gr. Floor)
North Munshi Para, Buti Babur Moor
Dinajpur.

15 KDA ATM

Holding # A/51, Ward # 17
Sonadanga Thana, Shib Bari More
(in front of Hotel city inn), Khulna.

16 Uttara ATM

Plot-71, Sector-07, Cosmo Shopping
Centre, Azampur, Uttara, Dhaka.

17 Lobonchora ATM

Modina Tower, Lobonchora bandh bazaar
Main Road, Lobonchora
Khulna City Corporation.

18 Feni ATM

House: 371 (1st floor),
Opposite to Feni Tower
SSK Road, Feni.

19 Khatungonj ATM

Achiya Manson, 282 Khatungonj,
Kotowali, Chattogram.

20 Pragati Sarani ATM

G - 99/3/A&B, Manama M.S.Toren,
Pragati Sarani,
Middle Badda, Dhaka.

21 Mymensingh ATM

Akil & Brothers, 19, Borobazar
Mymensingh.

22 Mahendiganj ATM

Amin Bhabhan, (1st Floor)
Nearest North Bazar Mosque, Sornokar
Porti, Patarhat Bandar, Mahendiganj,
Barishal.

23 Hasnabad ATM

Shamsu Rani Vila, Hasnabad, Ekuria,
South Keraniganj, Dhaka.

24 Abdullahpur ATM

Anwar Hossain Plaza (Ground floor),
Abdullahpur Bus Stand, South Keraniganj,
Dhaka.

25 Maligram ATM

Maligram Bazar
Bhanga, Faridpur.

26 Ramgonj ATM

Anowar Khan Tower, (1st & 2nd Floor)
Holding No: 283, Hajigonj-Ramgonj Road
Ramgonj Municipality, Lakshmpur

27 Rupatoli ATM

Sikdar Tower, Rupatoli Sarak
Barisal City Corporation
Barisal.

28 Bhandaria ATM

N Haque and Sons Market, Shahid Minar
Road, (Reserve Pukur Par), Bhandaria,
Pirojpur

29 Masihata ATM

Masihata Sweaters Ltd,
Masihata Group, South Panishail,
Kashimpur, Gazipur.

30 Panchor ATM

Babor Ali Sarker Building,
Panchar Girls High School Road,
Panchar Bazar, Madbererchar,
Shibchar, Madaripur.





31 Laxmipur ATM

Holding #188; Word # 06;
Grater Road; Laxmipur;
Rajpara, Rajshahi.

32 Yusuf Market ATM

Sarker Shooping Complex,
Yusuf Market (1st Floor),
Dhanik, Ashulia, Dhaka.

33 Bhatiary Branch ATM

Sahab Mia Tower, Bhatiary, Sitakund
Chattogram.

34 Khan Jahan Ali Mazar ATM

1st Floor, Khan Jahan Ali Mazar Mor,
Village: Ron-Bijoypur,
Union: Shaat Gambuj, Bagerhat.

35 Gopalpur ATM

Niketon (Ground Floor), Holding: 145,
Gopalpur Bazar Road, (Beside Railway
Station), Gopalpur, Lalpur, Natore.

36 Corporate ATM

BSC Tower, (2nd - 3rd Floor)
2-3 Rajuk Avenue, Motijheel
Dhaka-1000.

37 Nazipur Branch ATM

Dhamurhat Road, Potnitola
Naogaon.

38 Barisal Branch ATM

BS Tower (1st Floor),
461 Bir Shreshtha Captain
Mohiuddin Jahangir Sarak, Barishal.

39 Thermax Shilpa ATM

Thermax Yarn Dyed Fabrics Ltd.
Compound, Karardi, Putia, Shibpur
Narsingdi.

40 Barura ATM

Kazi Tower, Barura
Uttar Bazar, Barura, Cumilla.

41 Madhabdi ATM

Holding 209, Bank Road, Madhabdi
Pourashava, Madhabdi, Narsingdi City,
Narsingdi

42 Bagerhat ATM

Haider Plaza H # 119/2, K Ali Road,
Word No. # 5, Pourashava # Bagerhat,
Police Station, Bagerhat Sadar,
Bagerhat

43 Palashbari Branch ATM

Zannat Lodge, Kalibari Bazar Road
Palashbari, Gaibandha.

44 Benapole Branch ATM

Rahman Chember, Jessore Benapole
highway Road,
Word No. 7, Sharsha, Jessore.

45 Bogura Branch ATM

Talukdar Ratul Plaza, 398, Rangpur Road,
Borogola, Ward No: 5, Bogra Sadar,
Bogra.

46 Hemayetpur Branch ATM

Ashraf Shoping Complex, Jadurchar,
Hemayetpur Bazar, Savar, Dhaka.

47 Adda Bazar Branch ATM

Adda bazar, union: Adda, Barura, Comilla.

48 Pirganj Sub Branch ATM

Hazi Tower (1st Floor), Holding: 912-16,
Shahid Ziaur Rahman Sarak, Word No: 7,
Pirganj Pourasova, Pirganj, Thakurgaon.

49 Fakirhat Sub Branch ATM Branch

Fakirhat Sub BranchKhan Zahid
HasanMarket, Fakirhat
Bagerhat

এজেন্ট ব্যাংকিং

গায়ে গঞ্জে অবখানে..



গ্রাহকদের সময় উপযোগী উন্নত সকল ব্যাংকিং সুবিধা নিয়ে
এসবিএসি ব্যাংক এখন আপনার দোরগোড়ায়।



Chapter 12

MISCELLANEOUS



Managing Director and Additional Managing Director of National Credit
Mr. Ahmed rendered his amazing services at many diversified banks
with remarkable successes & noteworthy achievements through
service. During his long banking career he has served in specialized C
and Private Commercial Banks. Mr. Ahmed served in Jamuna Bank Ltd
& Deputy Managing Director, in the City Bank Ltd as Senior Executive
He has served in different capacities in the City Bank Ltd, State Bank of B
Leasing Company Limited. He participated at a number of train
and workshops at home and abroad (UK, New Delhi, Netherlands, Malay

and invaluable experience in banking & economics had established him in
several companies as well. Mr. Ahmed had served as Director in the Board
Ltd, Jamuna Bank Merchant Bank Ltd, NCC Bank Securities Limited, NCC B
Limited, Venture Investment Partners Bangladesh Ltd, BDR, Rating Company
Venture Limited. Furthermore, besides his extraordinary knowledge & env
leadership & management he also showed his unparalleled erudition as a drive
and the faculty member of Asian University of Bangladesh, Islamic Univers
Asian University, and Darul Iqbal University in his academic life. Mr. Muzah Uddin Ah
example of diligence and scholar, who achieved his Masters of Business Administ
from the Institute of Business Administration (IBA) of University of Dhaka, which is the r
for Business Studies & Administration in the country. He completed his B.Sc. Engin
and Electronics from Rajshahi University of Engineering & Technology (RUET) and
Diploma in Computer Science. In his Social life, he has a significant involvement with
and welfare activities through different socio-economic organizations, and he also has gather
knowledge on socio-cultural variations & its implications on business and economics through visits
of countries around the globe. He is a life member of Institute of Business Administration (I
association, and member of The Institution of Engineers Bangladesh, and Bangladesh Comp
He visited USA, UK, Netherlands, Italy, Germany, Switzerland, Belgium, France, Philipp
Singapore, Thailand, Qatar, Bahrain, Kuwait, Dubai, Oman, Moscow, Malaysia, Hong Ko
India, Nepal, Shrihar, Maldives, Myanmar, Saudi Arabia. Mr. Muzah Uddin Ahmed is a ma
whom having moral values and unique personality full of strong desire for success at e
ment of life.

Glimpses of Our Major Events



Our Honorable Chairman with the top Management & Others is inaugurating the Agent Banking Operation

Opening Ceremony Dania Sub-branch of the Bank



Our Honorable Directors are Welcoming the newly Appointed Director





SBAC Bank Celebrated
it's Stepping into 10th
Year of Service

A Workshop on
'Manner, Etiquette &
Ethics' Organized by
SBAC Bank Training
Institute



Award giving
Ceremoney for
appreciating the
outstanding
Performance of
employees.



The Orientation Program of SBAC Bank MTO 2nd Batch

The Celebration of New Year by SBAC Bank Ltd.



A Moment of our Business Conference "BIZCON"

Proxy Form & Attendance Slip

South Bangla Agriculture & Commerce Bank Limited

Head Office:
BSC Tower, 05th-16th Floor
2-3 Rajuk Avenue Motijheel C/A, Dhaka-1000, Bangladesh.

PROXY FORM

I / We

Of (Address)

being a Member(s) of South Bangla Agriculture & Commerce Bank Limited and entitled to vote, hereby appoint Mr./Mrs./Ms/Miss

..... Of (Address) as my/our Proxy

to attend and vote on my/our behalf at the 9th AGM of the Company to be held online (virtual platform) at 3:00 PM on Thursday, June 23, 2022 or at any adjournment thereof.

Signed this day of, 2022.

Signature of Proxy

Signature of Member

Folio No. / BO No.

No. of Shares held on Record date

Revenue
Stamp

Tk. 20/-

N.B: This Proxy Form, duly completed (as recorded with the Bank) and signed (in accordance with the specimen signature recorded with Bank), must be sent through email at cs@sbacbank.com / deposited at the Registered Office of the Company no later than 72 (seventy two) hours before commencement of the AGM. Proxy is invalid if not signed and stamped as explained above.

ATTENDANCE SLIP

I hereby record my attendance at the 9th AGM of the Company being held on Thursday, 23rd June, 2022, at 3:00 PM, online (virtual platform), organised from Head office, South Bangla Agriculture and Commerce Bank Limited, BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000.

Name of Member/Proxy (In Block Letters).....

Folio No. / BO No.

No. of Shares held on Record date

Signature of the Member/Proxy

Date



South Bangla Agriculture & Commerce Bank Limited

Head office

BSC Tower, 05th-16th Floor, 2-3 Rajuk Avenue, Motijheel C/A, Dhaka 1000, Bangladesh.

Tel: +8802 223357207-11, Web: sbacbank.com SWIFT: SBACBDDH

