

Chapter 05

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, 2023; 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 (Amendment) Act, 2023. So, in preparing these financial statements, the Directors are required to ensure that:

- The state of affairs as at balance sheet date, i.e., December 31, 2023; 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 (Amendment) Act, 2023. So, in preparing these financial statements, the Directors are required to ensure that: Industry outlook and possible future developments in the industry;

- 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 at 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 SBAC Bank PLC. confirms that Directors' Report together with the Financial Statements in the Annual Report for the year 2023 have been prepared in compliance with laws, rules and regulatory guidelines as per the Companies Act, 1994; The Bank Company (Amendment) Act, 2023, guidelines issued by Bangladesh Bank and BSEC Corporate Governance Code No. BSEC/ CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 and BSEC/CMRRCD/2009 193/66/PRD/148 dated 16 October 2023.

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 2023, twenty 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 PLC. 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 (Amendment) Act, 2023, securities laws, listing regulations-2015, and other prevailing laws and regulations, as applicable for the Bank.

On behalf of the Board,



Abu Zafar Mohammad Shofiuddin MP
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 as well as Notification No. BSEC/CMRRCD/2009-193/66/PRD/148, dated 16 October 2023 of Bangladesh Securities and Exchange Commission).

The Board of Directors of SBAC Bank PLC. has the pleasure and feels honored in welcoming you all to the 11th Annual General Meeting (AGM) and presenting the Annual Report 2023 and Audited Financial Statements for the year 2023 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 2024 have also been provided in this Report.

An Overview on Global and Local economy

Global Economic Outlook:

In 2023, the global economic landscape was marked by a mixture of challenges and opportunities, shaped by various factors including geopolitical tensions, technological advancements, environmental concerns, and the ongoing effects of the COVID-19 pandemic. Global growth, estimated at 3.1 percent in 2023, is projected to remain at 3.1 percent in 2024 before rising modestly to 3.2 percent in 2025. Compared with that in the October 2023 World Economic Outlook (WEO), the forecast for 2024 is about 0.2 percentage point higher, reflecting upgrades for China, the United States, and large emerging market and developing economies. Despite all the setbacks, by 2023, many countries had made significant progress in recovering from the economic impacts of the COVID-19 pandemic. With widespread vaccination campaigns and easing of restrictions, economic activity began to rebound in many parts of the world. However, the pace and extent of recovery varied across regions, with some countries experiencing a faster recovery than others. In emerging market and developing economies, growth is expected to remain at 4.1 percent in 2024 and to rise to 4.2 percent in 2025. An upward revision of 0.1 percentage point for 2024 since October 2023 reflects upgrades for several regions.

One of the dominant themes of 2023 was the resurgence of inflationary pressures in various parts

of the world. Rising prices were driven by a combination of factors, including supply chain disruptions, increased demand as economies reopened, and fiscal stimulus measures implemented by governments. Central banks grappled with the challenge of balancing the need to support economic recovery while keeping inflation in check. As a result, headline inflation continues to decelerate, from 9.2 percent in 2022, on a year-over-year basis, to 5.9 percent this year and 4.8 percent in 2024. Core inflation, excluding food and energy prices, is also projected to decline, albeit more gradually than headline inflation, to 4.5 percent in 2024. To reduce inflation, major central banks raised policy interest rates to restrictive levels in 2023, resulting in high mortgage costs, challenges for firms refinancing their debt, tighter credit availability, and weaker business and residential investment.

Geopolitical tensions continued to pose risks to the global economy in 2023. Trade disputes, geopolitical rivalries, and regional conflicts created uncertainty for businesses and investors, impacting investment decisions and global supply chain. Heightened tensions between major powers, such as the United States, China, and Russia along with turmoil in the Middle East contributed to volatility in financial markets and raised concerns about the stability of the global economic order.

World Economic Outlook Growth Projections

(Real GDP, annual percent change)	2023	PROJECTIONS	
		2024	2025
World Output	3.1	3.1	3.2
Advanced Economies	1.6	1.5	1.8
United States	2.5	2.1	1.7
Euro Area	0.5	0.9	1.7
Germany	-0.3	0.5	1.6
France	0.8	1.0	1.7
Italy	0.7	0.7	1.1
Spain	2.4	1.5	2.1
Japan	1.9	0.9	0.8
United Kingdom	0.5	0.6	1.6
Canada	1.1	1.4	2.3
Other Advanced Economies	1.7	2.1	2.5
Emerging Market and Developing Economies	4.1	4.1	4.2
Emerging and Developing Asia	5.4	5.2	4.8
China	5.2	4.6	4.1
India	6.7	6.5	6.5
Emerging and Developing Europe	2.7	2.8	2.5
Russia	3.0	2.6	1.1
Latin America and the Caribbean	2.5	1.9	2.5
Brazil	3.1	1.7	1.9
Mexico	3.4	2.7	1.5
Middle East and Central Asia	2.0	2.9	4.2
Saudi Arabia	-1.1	2.7	5.5
Sub-Saharan Africa	3.3	3.8	4.1
Nigeria	2.8	3.0	3.1
South Africa	0.6	1.0	1.3
Memorandum			
Emerging Market and Middle-Income Economies	4.2	4.0	4.0
Low-Income Developing Countries	4.0	5.0	5.6

Source: IMF, *World Economic Outlook Update*, January 2024

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2023/2024 (starting in April 2023) shown in the 2023 column. India's growth projections are 5.7 percent in 2024 and 6.8 percent in 2025 based on calendar year.

The year 2023 witnessed accelerated technological transformation across various industries. Advances in artificial intelligence, automation, and digitalization continued to reshape the way businesses operate, driving efficiency gains and innovation. Environmental sustainability emerged as a critical issue for the global economy in 2023. Heightened awareness of climate change and its potential economic consequences led to increased calls for action to address environmental degradation and transition to renewable energy sources. Despite the economic recovery, concerns persisted about high levels of public and private debt in many countries. Years of fiscal stimulus and low interest rates had led to a buildup of debt, raising questions about long-term sustainability and financial stability. Rising interest rates and debt servicing costs posed challenges for heavily indebted countries and corporations, increasing the risk of financial crises in some regions.

In summary, the global economic condition in 2023 was characterized by a complex mix of recovery from the COVID-19 pandemic, inflationary pressures, geopolitical uncertainty, technological transformation, environmental challenges, and debt-related risks. While the world economy showed signs of resilience and adaptability, significant challenges remained that required coordinated action by governments, businesses, and international institutions to address effectively.

Local Economic Outlook

Macroeconomic situation & growth: Bangladesh's economy is showing again an upward trend after the shock it experienced from the covid-19 pandemic and Russia-Ukraine conflict, along with the rest of the world, although the recent slowdown in the global economy has adversely affected the country's economic growth. The economic growth in the pre-COVID-19 fiscal year (FY 2018-19) was 7.88 percent which declined drastically during the pandemic and gradually started to rise again. According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), the GDP growth stood at 6.03 percent in FY 2022-23.

The turbulence in global economy and weakening of taka against US dollar have led to a decay in per capita national income. The per capita national income in dollar terms has declined slightly in FY 2022-23 mainly due to the appreciation of US dollar. However, the per capita national income in terms of Taka increased by about 30 thousand and stood at Tk. 2,70,414.

Inflation: As a result of supply chain disruption caused by covid-19 pandemic and conflicts around the world, since the beginning of 2021, an increase in the prices of all types of products, including energy have been observed in the world market. Like other countries of the world, the upward trend of the price level is being observed in Bangladesh. On a point-to-point basis,

inflation stood at 9.24 percent in April 2023, as against 6.29 percent in April 2022. However, in order to keep inflation at a tolerable level, the government has taken various measures under fiscal and monetary policy. Reduction of duty on import of essential goods and increase of central bank policy interest rate etc. are significant reforms adopted to curb the price hike.

To tame the demand-side pressures without bypassing the required flow of funds to the productive sectors easing supply-side conditions and supporting the country's long-term growth aspirations Bangladesh Bank has adopted a contractionary cautious monetary and credit programme for FY 2022-23 supporting the economic recovery process in the coming days as well as mitigating inflationary and exchange rate pressures.

The recent trends in weighted average lending and deposit rates show upward movement. The weighted average lending rate increased consistently and stood at 7.27 percent at the end of February 2023. At the same time, the weighted average deposit rate although declined a little and stood at 3.97 percent of end June 2022 from 4.02 percent of end February 2022, later it increased much and reached to 4.31 percent at end of February 2023. In enhancement of the market-based interest rate, increasing the policy rate several times by Bangladesh Bank and reduction of excess liquidity in the banking system have played significant role.

Stock Market: Both stock markets, Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange (CSE), noticed some volatility in FY 2022-23 though the market capitalization of all securities increased significantly in both the markets. Compared to June 30, 2022, the market capitalization of DSE and CSE increased by 47.36 percent and 67.15 percent respectively compared to the end of trading on February 28, 2023. During the same period, the DSE Broad Index (DSEX) and CSE Overall Price Index decreased slightly by 2.51 percent and 2.14 percent respectively.

Foreign Exchange: The import showed a negative growth especially caused by the govt. and central bank initiatives which has narrowed down the trade deficit. In addition, remittances increased by 4.79 percent during July-February, 2023. During the time, current account balance deficit decreased to US\$ 4,387 million due to decrease in trade deficit and expansion of remittances. At the same time, the capital and financial account experienced a deficit balance. Foreign exchange reserves stood at US\$ 31 billion as on 2 May 2023. As at the end of February 2023 compared to the end of June of FY 2021-22, the Taka has depreciated by 11.47 percent against the US dollar.

Human Development & Environment: Among all the sectors large and medium manufacturing industries increased significantly during last couple of years.

Government has made massive investment in power generation as it is one of the propelling factors of development of the economy which increased the power generation capacity of the country. Bangladesh is now focused to build a developed and integrated communication and transport infrastructure to assist the ongoing development process. The recently published Human Development Report, 2022/2023 by UNDP also shows some extent of progress where Bangladesh ranked 129th out of 191 countries. According to the latest HIES-2023 data, a decline in the poverty rate is observed to 18.7 percent in 2022. The extreme poverty rate decreased from 12.9 percent in 2016 to 5.6 percent in 2022. Various policies and initiatives are being implemented to encourage private sector expansion and investment in this sector including the establishment of Special Economic Zones, incentive packages for investors and creation of special authorities for investment facilitation. To tackle the climate adversities, the government has submitted the National Adaptation Plan of Bangladesh (NAP) 2023-2050 to the UNFCCC Secretariat on October 31, 2022, with the aim of implementing adaptation activities related to climate change under the UNFCCC with a vision to build a climate resilient nation.

Banking Sector: After frequent setbacks and turmoil in recent days the banking industry has seen some upturns, according to recent trends in banking data. Compared to first quarter of fiscal year 2023-24, the ratio of non-performing loans (NPLs) to total loans decreased in second quarter. At the end of second quarter of the same fiscal year, the non-performing loans (NPLs) in the banking sector exhibited positive developments, with the gross NPLs to total loans ratio declining to 9.00 percent from 9.93 percent at the end of first quarter of fiscal year 2023-24. The banking sector has witnessed a consistent upward trajectory in deposit growth over the past few

quarters, primarily driven by the competitive deposit interest rates offered by commercial banks. Moreover, there was an improvement in the shortfall in provisions kept for bad loans, contributing to greater resilience against credit risks. Although there was a slight decrease in excess liquidity in the banking system, the industry's overall stability remains intact. Aligning with government policy, the banking sector is implementing a comprehensive plan to lower the NPL ratio as per the directions by Bangladesh Bank. The amended Bank Company Act, 2023, and, in line with the act, a roadmap encompassing some critical action measures for ensuring discipline, governance, and credibility provide optimism towards resilience and stability in the banking industry. It is expected that the recent upward trend in deposit growth would alleviate concerns about a persistent liquidity crisis. This trend in deposits may continue as a result of higher deposit rates offered by banks. Recent signs of stability in the foreign exchange markets may bring some relief to domestic liquidity conditions.

In conclusion, the global and Bangladesh economies in 2023 experienced significant challenges and opportunities. While the global economy faced headwinds due to geopolitical tensions, supply chain disruptions, and lingering effects of the pandemic, Bangladesh showcased resilience and adaptability. Through proactive measures, including infrastructural investments, technological advancements, and sustainable development initiatives, Bangladesh navigated through the turbulent economic landscape, demonstrating robust growth and resilience. Looking ahead, fostering continued collaboration, innovation, and inclusive policies will be imperative for both global and Bangladeshi economies to overcome challenges and achieve sustainable prosperity in the years to come.

Review of Performance of SBAC Bank PLC. in 2023

SBAC Bank has been able to record a delighting advancement in almost all the areas of operation in 2023 despite various challenges it faced. The bank earned Tk. 2,198.55 million (solo) & Tk. 2,248.99 (consolidated) operating profit, maintained adequate capital adequacy ratio, established new branches & sub-branches as well as agent banking network, and upheld its asset quality. The Financial performances of the Bank are as follow:

Total Assets

Total assets of the bank stood at Tk. 117,521.67 (solo) & Tk. 117,264.13 million (consolidated) in 2023 as against Tk. 106,626.90 million (solo) & Tk. 106,307.06 million (consolidated) in 2022 registering a growth of 10.22 percent (solo) & 10.31 percent (consolidated). The increase in assets was mainly

driven by diversified investment. The economy witnessed a satisfactory growth scenario in credit and deposits mobilization.

Cash and Balance with Bangladesh Bank & its Agent

The total position of Cash and Balance with Bangladesh Bank & its Agent (including foreign currencies) is Tk. 5,226.78 million (solo) & Tk. 5,226.79 million (consolidated) in 2023 as against Tk. 5,293.18 million & Tk. 5,293.20 million (consolidated) in 2022.

Balance with other banks and financial institutions:

The position of balance with other banks and financial institutions is Tk. 2,952.13 million (solo) & Tk. 2,972.58 million (consolidated) in 2023 of which Tk. 2,471.27 million (solo) & Tk. 2,491.72 million

(consolidated) in Bangladesh and Tk. 480.86 million (solo & consolidated) outside Bangladesh as against Tk. 2,890.80 (solo) & Tk. 2,902.74 million (consolidated) in 2022 of which Tk. 2,612.23 million (solo) & Tk. 2,624.17 million (consolidated) in Bangladesh and Tk. 278.57 million (solo & consolidated) outside Bangladesh.

Investment in Shares & Securities:

The position of Investment of the Bank is Tk. 18,270.16 million (solo) & Tk. 18,507.64 million (consolidated) in 2023 as against Tk. 16,953.34 (solo) & Tk. 17,126.56 million (consolidated) in 2022.

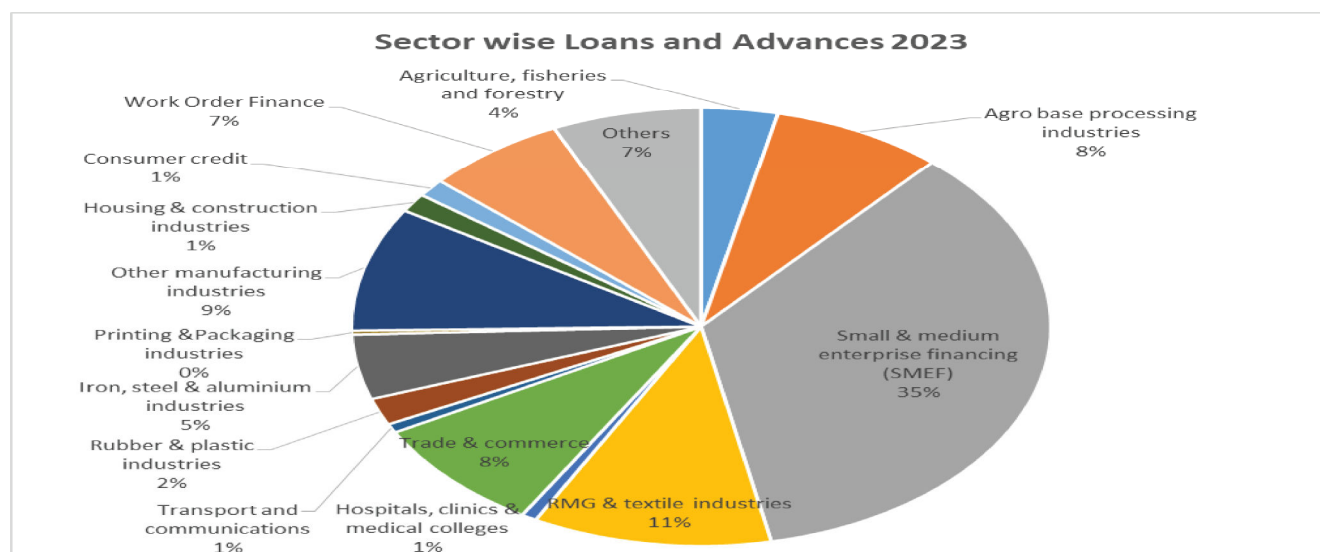
Loans, Advances and Lease/Investments:

The loans and advances stood at Tk. 86,841.61 million (solo) & Tk. 86,644.19 million (consolidated) in 2023 against Tk. 77,992.32 million (solo) & Tk. 77,827.26 million (consolidated) in 2022 registering growth of 11.35 percent (solo) & 11.33 percent (consolidated). This year yield on loans and advances/investments of the Bank increased to 8.90 Percent from the level of 8.08 Percent of previous year due to increase in lending rates.

To minimize risks, the loan and advances has been given to diversified sectors. The sector wise disbursed loan and advances are shown below:

(Fig. in million Taka)

Particular of Sectors	2023	2022	Growth (%)
Agriculture, fisheries and forestry	3,067.31	2,666.82	15.02
Agro base processing industries	6,907.81	6,001.59	15.10
Small & medium enterprise financing (SMEF)	30,654.68	28,371.56	8.05
RMG & textile industries	9,604.30	8,211.60	16.96
Hospitals, clinics & medical colleges	613.77	648.97	(5.42)
Trade & commerce	7,316.40	6,166.43	18.65
Transport and communications	579.69	566.06	2.41
Rubber & plastic industries	1,731.54	1,730.21	0.08
Iron, steel & aluminum industries	4,145.81	3,468.34	19.53
Printing & Packaging industries	254.32	191.58	32.75
Other manufacturing industries	7,960.02	7,165.07	11.09
Housing & construction industries	1,201.41	983.40	22.17
Consumer credit	1,151.67	1,030.99	11.71
Others	11,652.88	10,789.71	8.00
Total	86,841.61	77,992.32	11.35



Liabilities

The liabilities (excluding equity) of the Bank stood at Tk. 106,439.14 million (solo) & Tk. 106,138.78 million (consolidated) in 2023 of which Tk. 93,731.23 million (solo) & Tk. 93,321.58 million (consolidated) (87.92%) was deposit and rest Tk. 12,707.91 million (solo) & Tk. 12,817.20 million (consolidated) (12.08%) was borrowing & other liabilities as against Tk. 95,830.35 million (solo) & Tk. 95,477.42 million (consolidated) in 2022 of which Tk.

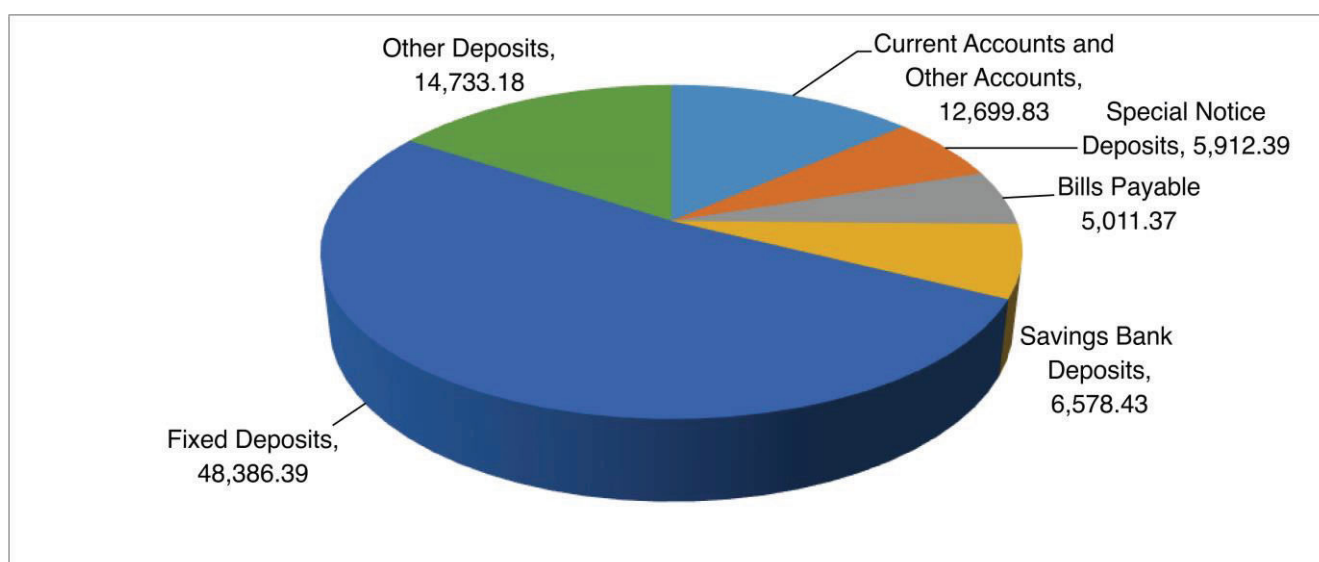
84,599.43 million (solo) & Tk. 84,209.59 million (consolidated) (88.20%) was deposit and rest Tk. 11,230.92 million (solo) & Tk. 11,267.83 million (consolidated) (11.80%) was borrowing & other liabilities. The borrowings from other banks, financial institutions and agents stood at Tk. 3,262.98 million (solo & consolidated) in 2023 as against Tk. 4,031.55 million (solo & consolidated) in 2022 which represents Bank’s borrowing from Bangladesh Bank under various Refinance Scheme & EDF.

Deposits:

The deposits of the Bank stood Tk. 93,731.23 million(solo) & Tk. 93,321.58 million (consolidated) in 2023 as against Tk. 84,599.43 million (solo) & Tk. 84,209.59 million (consolidated) in 2022. Fixed/Mudaraba Term deposits remained the main component of deposits contributing 51.85 percent (consolidated) of the total deposits. The clientele group of the Bank was individuals, corporation, NGO, NBF, government bodies etc.

The Growth and Deposit Mix (consolidated) are as follows:

Types of Deposit	Amount Taka in Million		Growth (%)	Deposit Mix (%)	
	2023	2022		2023	2022
Current/Al-wadeeah current deposits and other accounts	12,699.83	9,236.44	37.50	13.61	10.97
Special notice/ mudaraba special notice deposits	5,912.39	4,370.19	35.29	6.34	5.19
Bills Payable	5,011.37	3,197.41	56.73	5.37	3.80
Savings bank / mudaraba savings deposits	6,578.43	6,920.99	(4.95)	7.05	8.22
Fixed / mudaraba term deposits	48,386.39	45,698.47	5.88	51.85	54.27
Other Deposits	14,733.18	14,786.09	(0.36)	15.79	17.56
Total	93,321.58	84,209.59	100.00	100.00	100.00



Shareholders’ Equity

The shareholders’ equity of the Bank stood Tk. 11,082.53 million (solo) & Tk. 11,125.35 million (consolidated) in 2023 as against Tk. 10,796.55 million (solo) & Tk. 10,829.65 million (consolidated) in 2022 registering growth of 2.65 percent (solo) & 2.73 percent (consolidated). The shareholders’ equity of the Bank consists of Paid-up capital, Statutory Reserve, Revaluation Reserve on Govt. Securities and Retained Earning.

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

(Amount in million Taka)

Particulars	2023	2022	Growth (%)
Cash	5,226.79	5,293.20	(1.25)
Balance with other banks and FIs	2,972.58	2,902.74	2.41
Money at call and short notice	-	-	-
Investments in shares and securities	18,507.64	17,126.56	8.06
Loans, advances and lease / investments	86,644.19	77,827.26	11.33
Fixed & other assets	3,912.92	3,157.31	23.93
TOTAL PROPERTY AND ASSETS	117,264.13	106,307.06	10.31
Deposits	93,321.58	84,209.59	10.82
Borrowings	3,262.98	4,031.55	(19.06)
Other liabilities	9,554.22	7,236.28	32.03
Total Shareholders' equity	11,125.35	10,829.65	2.73
TOTAL LIABILITIES AND CAPITAL	117,264.13	106,307.06	10.31

Interest Income

The interest income stood at Tk. 6,892.33 million (solo) & Tk. 6,900.07 million (Consolidated) in 2023 as against Tk. 5,883.30 million (solo) & Tk. 5,884.35 million (Consolidated) in 2022. Interest income consists of Interest earned from loans & advances/ profit on investments amounting Tk. 6,816.15 million and Interest received from Banks & Financial Institutions amounting Tk. 56.73 million, Interest Income from the Off-shore Banking Unit Tk. 19.45 million, and Income from SBAC Bank Investment Limited (Net) Tk. 7.75 million. Details of Interest Income are as follows:

Types of Interest Income	Amount (Taka in Million)		Growth (%)	Interest Income Mix (%)	
	2023	2022		2023	2022
Interest on loans and advances/profit on investments	6,896.14	5,730.70	19.68	99.94	97.39
Interest received from Banks & Financial Institutions	56.73	156.15	(63.67)	0.82	2.65
Interest Income (Off-shore Banking Unit)	19.45	31.64	(38.53)	0.28	0.54
Inter Company Transaction	(72.24)	(34.15)	111.56	(1.05)	(0.58)
Total Interest Income	6,900.07	5,884.35		100.00	100.00

Interest Expense

The interest expense stood at Tk. 5,266.34 million (solo) & Tk. million 5,244.05 (consolidated) in 2023 as against Tk. 4,627.65 (Solo) & Tk. 4,606.95 million (Consolidated) in 2022. Interest cost of deposits was the main component of interest expenses whereas interest cost of borrowings also had impact in 2023. Details of Interest Expense (consolidated) are as follows:

Types of Interest Expense	Amount (Taka in Million)		Growth (%)	Interest Expense Mix (%)	
	2023	2022		2023	2022
Interest / Profits on Deposits	4,743.76	4,116.80	15.23	90.46	89.36
Interest on Borrowings	500.29	490.15	2.07	9.54	10.64
Total Interest expense	5,244.05	4,606.95		100.00	100.00

Net Interest Income

The net interest income stood at Tk. 1,625.99 million (solo) & Tk. 1,656.02 million (Consolidated) in 2023 as against Tk. 1,255.65 (solo) & Tk. 1,277.40 million (Consolidated) in 2022. Net Interest Income increased due to increase 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. 1,710.63 million (solo) & Tk. 1,733.70 million (consolidated) in 2023 as against Tk. 1,689.15 million (solo) & Tk. 1,705.31 (consolidated) million in 2022.

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. 3,343.50 million (consolidated) in 2023 of which 1,733.70 million was income from investment in shares/securities, Tk. 1,158.34 million was commission, exchange earnings & brokerage and Tk. 451.47 million was other operating income as against Tk. 2,968.78 million (consolidated) in 2022 of which Tk. 1,705.31 million was income from investment in shares/securities, Tk. 1,060.38 million was commission, exchange earnings & brokerage and Tk. 203.09 million was other operating income.

Total Operating Income

The operating income stood at Tk. 4,909.60 million (solo) & Tk. 4,999.52 million (Consolidated) in 2023 as against Tk. 4,182.64 million (solo) & Tk. 4,246.18 million (Consolidated) in 2022. 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. 2,711.05 million (solo) & Tk. 2,750.53 million (Consolidated) in 2023 as against Tk. 2,428.09 million (solo) & Tk. 2,449.61 million (Consolidated) in 2022. 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 2023 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 1,165 (as on December 31, 2023) & the total number of manpower of the Bank was 1149 (as on December 31, 2022). The productivity of the employees is measured in the following ratio:

(Amount in Million Taka)

Particular	2023	2022	Growth (%)
Operating Income per employee	4.29	3.70	16.12
Operating Expense per employee	2.36	2.13	10.74
Profit before provision per employee	1.93	1.56	23.46
Profit before tax per employee	1.23	1.15	6.87
Assets per employee	100.66	92.52	8.79

Provision against Loans and Advances

In 2023, the amount of Non-Performing Loan (NPL) was Tk. 5,149.57 million. Total required specific provision was Tk. 3,171.75 million out of which Tk. 1,855.39 million and Tk. 1,316.36 million were against classified and unclassified loans and advances respectively. On the other hand, total required provision was Tk. 3,820.02 million against which Tk. 3,464.38 million have been kept as general provision leaving a shortfall of Tk. 355.64 million. It is mentionable that the approval for deferral of provision has been taken from Bangladesh Bank in this regard.

Net Profit before Tax

After making required provisions, net profit before tax of SBAC Bank PLC. stood at Tk. 1,410.07 million (solo) & Tk. 1,432.15 million (consolidated) in 2023 as against Tk. 1,287.17 million (solo) & Tk. 1,321.72 million (Consolidated) in 2022.

Provision for Income Tax

Provision against income tax of SBAC Bank PLC. was Tk. 873.46 million (solo) & Tk. 885.78 million (consolidated) in 2023 as against Tk. 725.07 million (Solo) & Tk. 732.08 million (Consolidated) in 2022.

Net Profit after Tax

Net profit after tax stood at Tk. 536.61 million (solo) & Tk. 546.36 million (consolidated) in 2023 as against Tk. 562.10 million (Solo) & Tk. 589.63 million (Consolidated) in 2022. In 2023, Earnings per Share (EPS) stood at Tk. 0.65 (Solo) & Tk. 0.66 (Consolidated), Return on Assets (ROA) stood at 0.48 percent (solo) & 0.49 percent (consolidated), and Return on Equity (ROE) stood at 4.89 percent (solo) & 4.98 percent (Consolidated) as against Tk. 0.68 (solo) & Tk. 0.72 (consolidated), 0.55 percent (solo) & 0.58 percent (consolidated) and 5.24 percent (solo) & 5.50 percent (consolidated) respectively in 2022.

Statutory Reserve

As per Bank Company (Amendment) Act, 2023, 20 percent of profit before tax is required to be transferred to statutory reserve. As such an amount of Tk. 282.01 million has been transferred to statutory reserve in 2023 which was Tk. 257.43 million in 2022. Total statutory reserve stood at Tk. 2,486.94 million as on December 31, 2023 which was Tk. 2,204.93 million as on December 31, 2022.

OPERATING PERFORMANCE OF THE BANK

(Amount in million Taka)

Particulars	2023	2022	2021	2020	2019	Growth (%) [2022 to 2023]
Interest Income / Profit on Investment	6,900.07	5,884.34	5,610.47	5,855.11	7,357.32	17.26
Less: Interest / Profit Paid on Deposit, borrowings etc.	5,244.05	4,606.95	3,955.95	4,750.69	4,847.32	13.83
Net Interest Income	1,656.02	1,277.39	1,654.52	1,104.42	2,510.00	29.64
Investment Income	1,733.70	1,705.31	3,064.16	1,909.92	1,217.52	1.66
Non-Interest Income & Other Operating Income	1,609.80	1,263.47	678.64	552.92	625.19	27.41
Total Operating Income	4,999.52	4,246.18	5,397.32	3,567.27	4,352.72	17.74
Less: Operating Expense	2,750.53	2,449.61	3,401.55	2,109.90	2,083.54	12.28
Profit before provision	2,248.99	1,796.57	1,995.77	1,457.67	2,269.18	25.18
Less: Provision	816.84	474.84	1,025.29	89.88	504.83	72.02
Net Profit before Tax	1,432.15	1,321.73	970.48	1,367.78	1,764.35	8.35
Provision for Income Tax	885.78	732.08	435.76	415.83	796.75	20.99
Net Profit after Tax	546.36	589.63	534.72	951.54	967.60	(7.34)
Less: Statutory Reserve & Start up Fund and Capital Reserve	290.13	263.65	208.96	273.62	352.87	10.04
Profit available to ordinary share holders	256.23	326.00	325.76	677.97	614.73	21.40
Earnings Per Share (EPS)	Tk. 0.66	Tk 0.72	Tk 0.74	Tk. 1.39	Tk. 1.55	(8.33)
Return on Equity (ROE)	4.98%	5.50%	5.36%	10.78%	12.55%	6.55
Return on Assets (ROA)	0.49%	0.58%	0.57%	1.10%	1.25%	0.00

We have a remarkable contribution to the Government Exchequer. We have contributed total Tk. 2,143.85 million in 2023 as Withholding Tax, AIT and VAT & Excise Duty as under:

Deposit to Govt. Exchequer				(Figures in Million Taka)
Year	Withholding Tax	Advance Income Tax	VAT & Excise Duty	Total
2013	16.82	21.08	10.19	48.09
2014	103.61	38.89	40.60	183.10
2015	254.11	146.16	67.14	467.41
2016	296.36	269.89	97.41	663.66
2017	347.20	613.06	155.98	1,116.24
2018	445.95	768.74	185.25	1,399.94
2019	584.99	787.99	198.38	1,571.36
2020	651.09	642.14	227.31	1,520.54
2021	602.75	554.59	270.88	1,428.22
2022	836.54	852.44	324.49	2,013.47
2023	1,098.91	650.16	394.78	2,143.85
Total	5,238.33	5,345.14	1,972.41	12,555.88

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 PLC., 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 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 seven 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. All 89 branches & 31 Sub-Branchees of the bank are doing their Import and Export business for their clients like an AD Branch.

Correspondent Banking:

Correspondent Banking relationship is initial and essential phase for conducting foreign trade business. SBAC Bank PLC. 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 2023, the number of foreign correspondent banks was 207 in 44 countries across the Globe. Bank maintains 16 Nostro Accounts in 6 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.

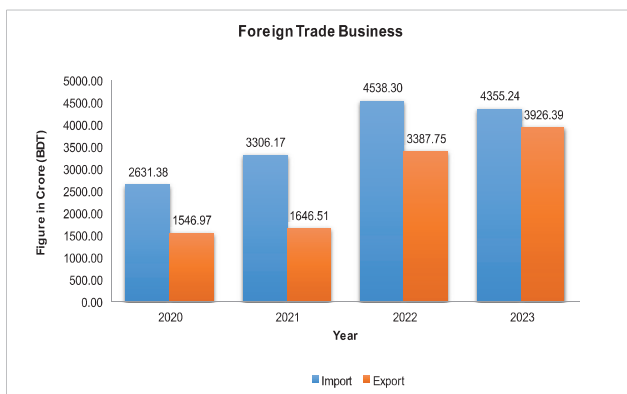
SBAC Bank PLC. adopted the most robust and effective Sanctions Screening system from SWIFT, Belgium for detection, prevention and disruption of financial crime and in particular, sanctions risk. The system screens sanction list of UN, EU, BFIU, OFAC and other significant lists. The Bank has also implemented automated sanction screening system in Core Banking Solution (CBS) level so as to keep the bank free from sanction risk. To Combat Trade Based Money Laundering in the form of Over invoicing/ Under invoicing, SBAC Bank has gone for business tie up with ZEN Innovations AG Switzerland for using their Global Trade Tracker (GTT) platform for checking justification of commodity price in trade transaction. Moreover, to Combat Trade Based Money Laundering in the form Ghost Shipment/ Phantom Shipment as well as for fulfilment of sanction compliance SBAC Bank has gone for business tie up with International Maritime Bureau (IMB) for checking shipment and/or container tracking.

Foreign Trade Business:

Due to adverse impact arising from foreign currency crunch, Russia-Ukraine war and sluggish economic activities during the pandemic affected previous years our foreign trade business was hampered. 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 equipment, electronic goods, food grains, motor vehicles, spare parts, garment fabrics and accessories, sports items, chemicals, baby food etc. In the year 2023 the total import business of SBAC Bank was BDT 43,552.36 million (equivalent USD 397.74 million) against BDT 45,383.04 million (equivalent USD 440 million) in 2022 (Figures may vary slightly due to exchange rate fluctuation of the foreign currencies).

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 lifelines 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 2023 total export business of SBAC Bank was BDT 39,263.90 million (equivalent USD 358.57 million) against BDT 33,877.75 million (equivalent USD 329 million) of the year 2022, with 16% growth YoY (Figures may vary slightly due to exchange rate fluctuation of the foreign currencies).

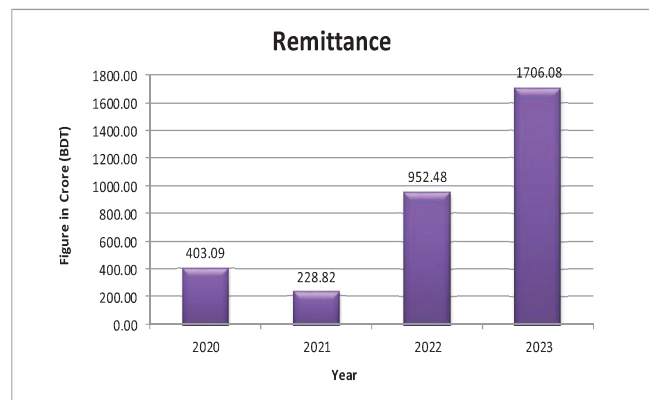


*Figures may vary slightly due to exchange rate fluctuation of the foreign currencies.

Remittance:

SBAC Bank PLC. 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 14 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; NEC Money Transfer, UK; 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 2023, SBAC Bank received BDT 17,060.83 million (equivalent USD 155.81 million) as wage earners remittance. Remittance figure was BDT 9,524.78 million (equivalent USD 92 million) in the year 2022 (Figures may vary slightly due to exchange rate fluctuation of the foreign currencies).



*Figures may vary slightly due to exchange rate fluctuation of the foreign currencies.

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 of 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 3.48 million to our bonafide customers during 2023.

Treasury

The year 2023 presented a series of economic and financial challenges for the Treasury, amidst various ongoing crises. Due to the prolonged Russia-Ukraine war, the country's economic progress suffered a severe setback, especially hyperinflation, resulting in a surge of interest rates. As early as the year started, we anticipated the rise in interest rates and refrained from pursuing extended positions in fixed income securities. Instead, we focused on short-term investments to generate significant returns. We found a scarcity of foreign exchange liquidity in the market, and hence, employed various strategies to combat the situation and ensure the bank's stability.

In banking business, movement or transformation of the components in the balance sheet is an ongoing process which has a resultant effect on the profitability and overall strength of Bank. 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 Markt Desk

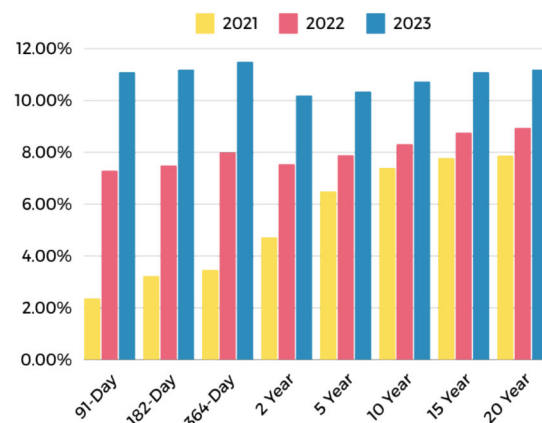
The primary activity of this desk is to manage the liquidity requirements of the Bank through money market products, including Call Money, Notice Money, Term Money, Repo/ Reverse Repo and FX Swaps. Our Treasury has been very active in interbank Money Market through superior forecasting of the market,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



The money market was moderately tight throughout the year. In 2023, 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. In the beginning of 2023 average call money rate was around 6.00% and ended up in December 2023 with 9.00% mainly because of tight liquidity in the market.

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 takes 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.



Yield of Govt. Securities

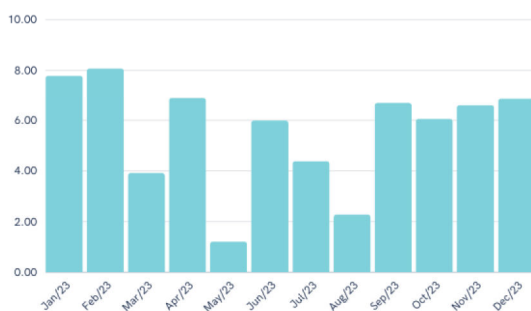
Compared to the previous year, the yield on government securities increased significantly. As an opportunity for investment improved alongside the credit growth, bank's demand for government securities decreased significantly and impacted the yield curve positively. However, in 2023, SBAC Treasury did exceptionally well in both investing and trading of government securities and was able to generate substantial income from Fixed Income 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 9.50 Million.

Even in the dire situations, SBAC treasury managed to keep a positive NOP (Net Open Position) at the end of the year. The significant volume of income contribution from treasury in the form of exchange earning this year was possible because of prudent management of NOP, 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.

NOP



*Figures may vary slightly due to exchange rate fluctuation of the foreign currencies.

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 2023, effective and timely change in rates by ALCO played a vital role in the significant growth of NII (Net Interest Income). 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. Residual risk arises due to improper documentation against the loans & advances 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 PLC. 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 2023. 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 PLC. 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 PLC. 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 PLC. 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:

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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 close monitoring of overdue/classified PIF and submit report to top management as per Bangladesh Bank Circular.
- 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.
- Withdrawal of lien mark upon adjustment of liability.
- 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 issuance of circular from time to time for smooth credit operations.
- 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 by implementation of e-doc management.

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.

The ultimate objective of the government 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 73 ATMs, 2 CDMs (as on 29.05.2024) 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. We have issued 81,000 Debit Cards & approximately 7200 credit cards as on December 31, 2023. As on May 21,

2024, the number of Debit and Credit cards stands on 82,200 and 7,410 respectively.

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 milestones 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): 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 RFCD 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, we are issuing NFC (Near Field Communication) / Contactless Card to our valued Cardholder.

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, Resort, Electronics, Jewelry, Air ticket, and shopping malls, SBAC Bank also providing BALAKA LOUNGE facilities for their platinum credit cardholders.

0% EMI (SIP) 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 (IVR). Our customer service are providing 24 hours support to the cardholder by answering their query and executing the requests. We have dedicated 24/7 Call Center, Hotline -16327. We are also 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.

Inter Bank Internet Banking Fund Transfer (IBFT) Facilities:

National Payment Switch Bangladesh (NPSB) is processing Inter-Bank Internet Banking Fund Transfer (IBFT) transactions facilities since 2019. It is an Online Fund transfer facilities (Receiving & Sending) from Qcash & NPSB member banks through Bangladesh Bank. An account/card holder of an IBFT member Banks can transfer funds (account to account/card to card, Apps to card/account, Card/Account to Apps) to other Banks through Internet Banking (IBFT), we are receiving funds through IBFT in SBAC Cards and sending of fund through IBFT. Real time fund transfer and receiving facilities from account to account, card to card, card to account, account to card.

VMT/Direct Money Transfer, VISA OCT and AFT Facilities:

Visa Money Transfer (VMT) is a convenient service offered which enables its customers to pay for a VISA Credit card bill, by using the Bank's VISA Card Pay service. Such service does not entail any branch queues, any waiting, and any issuing cheques. Visa Direct provides Originators (financial institutions and eligible third parties such as person-to-person payment service providers, merchants, corporations, and other payment service providers) with a way to connect to Visa, get access to information, and push payments directly onto Visa cards.

Money is pulled from the sender's account using an Account Funding Transaction (AFT), then pushed to the recipient's account using an Original Credit Transaction (OCT). On line credit transfer /OCT, AFT /Account Funding Transaction facilities already allowed in SBAC Debit & Credit Cards allow Card to Card, Account to Account, Account to Card, Mobile Apps, MFS through VISA VMT, OCT and AFT [Note: Completely restricted and disallowed for online Gambling (Domestic and Cross Boarder), and Domestic Non Money transfer, Lottery Original Credit transaction.]

An Account Funding Transaction (AFT) is a transaction in which funds are pulled from an account and used to fund a non-merchant account. For example, VISA AFT through SBAC Cards allow to top up a wallet, or fund a person-to-person (P2P) money transfer.

Qpay Apps Facilities:

Qpay Apps Facilities: Qpay Bangladesh application has many use cases such as mobile recharge, fund transfers, credit card bill payment, transfer money to MFS accounts, withdraw Cash from ATM Booths, pay utility (water, gas, electricity, Satellite TV) bills, make QR payments etc. Through Qpay apps, SBAC Cards are allowing the above services.

E-alert: SBAC Bank's credit card offers the convenient feature of E-alert notifications sent via email after every transaction. These E-alert notifications help cardholders protect their cards from unauthorized or fraudulent use.

EMI Facilities: SBAC Bank enables cardholders to enjoy the flexibility of converting their outstanding credit card balances into equated monthly installments (EMIs). The bank offers a maximum tenor of up to 36 months for this facility.

Mobile Top-Up Facilities: SBAC Bank provides the convenience of topping up mobile phones using their own bank's ATM terminals, using a Visa Debit Card. This service allows customers to recharge their mobile phones easily and securely.

We are excited to announce that we will be implementing several new features for our Debit & Credit Card holders. We will be introducing ATM Fund Transfer facilities, allowing cardholders easily transfer funds between accounts. Additionally, we will be introducing Bangla QR Code usage facilities (Bangla pay), making transactions even more convenient. Furthermore, we will be introducing Green PIN usage facilities for added security when using cards. We are also introducing Dual Currency Visa Pre-Paid Card facilities, giving more flexibility with card usage. And finally, we are introducing Instant Visa Debit Cards for a quicker and more seamless account opening process. We are constantly striving to provide our cardholders with the best service possible, and we hope that these new features will enhance overall banking experience. SBAC Bank Cards can understand cardholders financial needs.

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 PLC. 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 PLC. 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 PLC as the best employer of choice in the banking sector by creating an attractive, inclusive and safe environment that recognizes the competencies 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 separation. 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 PLC. 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 89 branches and 26 sub-branches (as on 31.12.2023) & 31 sub-branches (as on 29.05.2024). The bank is a proud employer of a diversified pool of people.

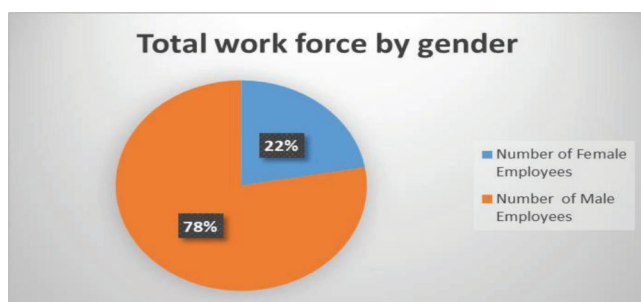
Total Workforce by Age Group (as on 31.12.2023)

Age ranges	Age: Above 50 Years	Age: 30-50 Years	Age: Below 30 Years	Total
Number of employees	38	965	162	1165

Total Workforce by Gender:



Number of Female Employees	259
Number of Male Employees	906
Total	1165



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. 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, SBAC Bank PLC. 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 2023, the Institute arranged training programs/workshops including foundation training for the fresh employees where 2070 employees of different grades of the Bank participated. SBAC Bank Training Institute arranged training programs on a variety of topics through virtual platform and at its institute premises such as Foundation Training Course for the Officer (on probation) and newly joint Trainee Assistant Officer/Assistant Officer (Cash), Internal Control & Compliance, Cash Operation in Banks, Credit Appraisal & Financing, Gender Equality, Foreign Exchange & Foreign Trade, Treasury Challan Received Through Automated Challan System (ICCRS), Prevention of Frauds and Forgeries in Banks, Upcoming Agent Outlets, Reporting of Foreign Exchange Transactions of Freight Forwarders to Bangladesh Bank, Internal Control & Compliance, Implementation of Credit Information System (CIS) as Bangladesh Bank New Guidelines”, Islamic Banking products and operations, NIKASH Operation, Credit Management, Prevention of Money Laundering and Combating Financing of Terrorism, Gender Equality, Banking Laws and Practice, Cyber Security & Awareness, Agent

Banking, Payment & settlement Systems in Bangladesh, Detection and Disposal of Forged and Mutilated Notes, CIB Batch Reporting in Banking, ISS (Integrated Supervision System) reporting, Sustainable Finance and Refinance scheme of Bangladesh Bank, Agent Banking Services.

In addition to Training Institute’s trainings, Human Resources Division nominated employees for training courses, workshops and seminars on different topics in different organizations in 2023. A total of 29 employees of SBAC Bank participated in training in different resourceful professional institutes like BIBM, BAB, BBTA, Bangladesh Bank etc.

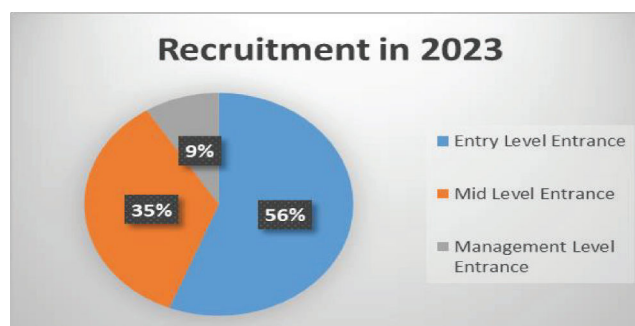
Recruitment and Selection

The recruitment and selection unit of HR Division has carried out a massive talent acquisition during 2023. 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 2023

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 102 employees including both fresh and lateral candidates in 2023.

Particular	2023
Entry Level Entrance	56%
Mid-Level Entrance	35%
Management Level Entrance	9%
Total	100%



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.

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 BB 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.

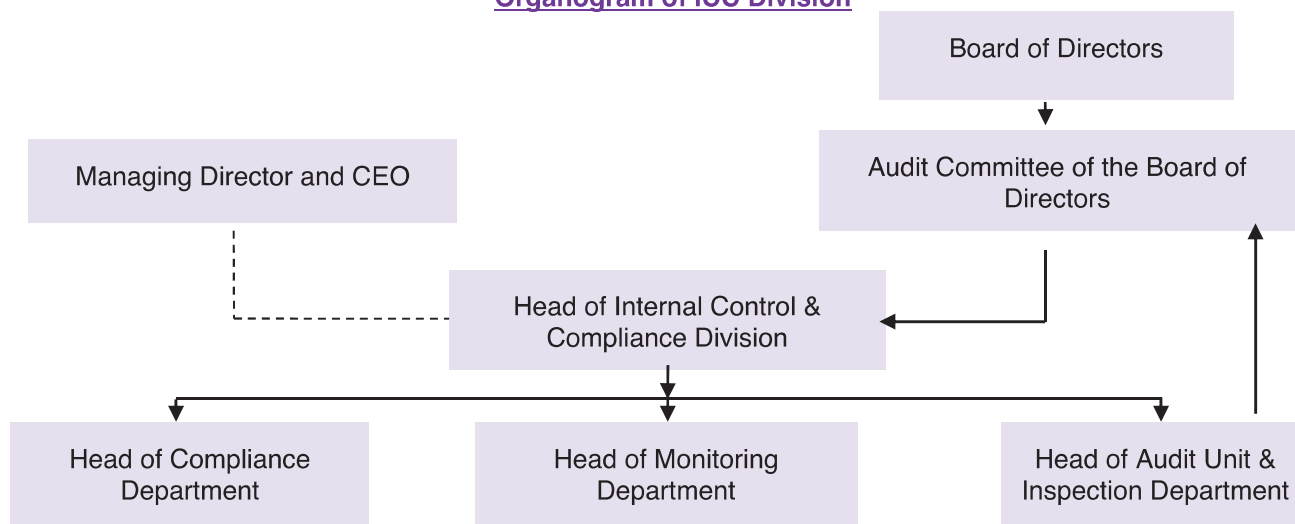
During the audit period, if the present audit team finds any lapse or irregularity which was not detected or identified by the previous auditor then that is also reported to the Audit Committee.

The Bank has established adequate internal control system that provides reasonable assurance towards achieving the Bank's basic mission and vision, safeguards its assets and assures 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 mitigates 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.

Organogram of ICC Division



Anti-Money Laundering & Combating Financing of Terrorism

Money laundering is the process by which proceeds from criminal activities is disguised to conceal their illicit origins which has its tradition of eroding the stability of financial institutions and weakening the role of economic growth in financial sectors of a country. Prevention of Money Laundering (ML) and Terrorist Financing (TF) is one of the key challenges for banks, financial institutions and a country as well since it can potentially damage and pose serious threats to the integrity and stability of a financial system as well country's economy as a whole. Banking sector is one of the most vulnerable sectors for Money Laundering, Terrorist Financing and Proliferation Financing due to its nature of business, types of customers and product, delivery channels, external linkage, technology used and ownership. The process of Money Laundering and Terrorist Financing is ever evolving and new technologies have been used by Money Launderers & Terrorist Financers. SBAC Bank recognizes that prevention of Money Laundering (ML) and Combating Terrorist Financing (TF) is a team effort and to protect the banking industry from these threats, The Bank has been working in partnership with Bangladesh Financial Intelligence Unit (BFIU) to put in place an effective regime to fight against these crimes and protect itself from risks.

Hence, SBAC has its own Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT) Compliance Program. It has been designed considering the range of activities, complexity of operations and the nature & degree of Money Laundering & Terrorist Financing risks faced by the Bank. Certainly, it is designed as per the prevailing laws, Bangladesh Financial Intelligence Unit (BFIU) Guidelines, Circulars & Circular Letters and Instructions. SBAC applies risk sensitive Customer Due Diligence (CDD) measures, Monitors Business Relationships and Suspicious Transactions pursuant to the national regulations and international standards.

SBAC, during the year 2023 has performed following activities for strict adherence of Ant Money Laundering & Combating Financing Terrorism program:

- To facilitate the implementation of the Anti-Money Laundering & Combating Financing of Terrorism Compliance Culture in SBAC, AML & CFT Division of the Bank has updated the Bank's ML & TF Risk Management Guidelines keeping in consistency with BFIU Circulars & Circular Letters, ML & TF Risk Management Guidelines, Guidance Notes on PEPs, IPs, Beneficial Owner, STR, and Countering Terrorist & Proliferation Financing of BFIU.
- Displaying the Banner & festoons at a visible place of the Bank's Head office as well as all Branches Premises containing with different AML & CFT awareness related slogans to aware all officials of the Bank including the customers
- AML & CFT Division conducted inspection on AML & CFT compliance status of selective Branches and conducted Off-Site inspection on few Branches for checking the AML & CFT status of the Branches.
- AML & CFT Division of SBAC arranged 04 (Three) regional Training program on AML & CFT issue in Rajshahi, Rangpur, Cumilla & Narshingdi Region where 162 participants got the training.
- Monitor of customer transactions centrally along with Branches on a regular basis for identifying Suspicious Transaction. The complex transaction, transactions with deviation from normal transaction and the transactions that does not have reasonable purpose or the transaction with unusual pattern are to be more emphasized during our monitoring;
- AML & CFT Division submitted numbers of Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR) to BFIU which is better than the previous year;
- AML & CFT Division communicated with Branches including all business units to improve their AML & CFT compliance culture, identifying needs and directing Branches as needed and responding to queries of branches;
- AML & CFT Division has extended its initiative to create awareness on AML & CFT among the customers by displaying awareness Banner on conspicuous place of the Branches and distributing awareness leaflets among the Customers.
- AML & CFT Division submitted numbers of Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR) to BFIU which is better than the previous year;
- AML & CFT Division communicated with Branches including all business units to improve their AML & CFT compliance culture, identifying needs and directing Branches as needed and responding to queries of branches;
- AML & CFT Division has extended its initiative to create awareness on AML & CFT among the

customers by displaying awareness Banner on conspicuous place of the Branches and distributing awareness leaflets among the Customers.

Main goals of AML & CFT Division for the year 2024 are to strengthen our compliance culture in all units of SBAC. Specific goals are as follows:

- Continuing communication with Branches to improve their AML & CFT compliance culture, identifying needs and directing Branches as and when needed and responding to queries of Branches;
- AML & CFT Division will arrange a day long training program on Trade Based Money Laundering, Credit Backed Money Laundering & Fraud Forgery through Cards to aware all officials of the bank who are working mentioned sectors directly about their duties & responsibilities for the purpose of mitigating ML & TF risk within the Bank;
- AML & CFT Division will arrange regional day long training program on AML & CFT including Credit Backed Money Laundering to aware all officials of the Branches of the Bank and responsibilities for the purpose of mitigating ML & TF risk within the Bank;
- AML & CFT Division with the help of ICT Division of the Bank will develop a e-Learning Platform for assessing the Employees knowledge on AML & CFT issues;
- AML & CFT Division will arrange an awareness program for the senior management of the Bank on AML & CFT issues;
- AML Division has a plan to arrange a BAMLCO conference for all BAMLCO's of the Bank to keep them updated in relating to AML & CFT issues;
- Monitoring of branches shall be robust in 2024 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. We will focus the Branches located in the outside of Dhaka;
- Nominate a Compliance Officer for Trade Service to (1) Conduct Comprehensive Review & Examine the TBML Alerts; (2) Consult TTP if necessary; (3) File STR/SAR where required; (4) Document properly and (5) Disambiguate with proper rationale & Justification;
- take proper measure among the officials of the Bank to conduct Customer Due Diligence (CDD), Enhanced Due Diligence (EDD) and identify Beneficial Ownership of account;
- AML & CFT Division will conduct special inspection on AOF, TP & KYC, and Identification of Beneficial Owner, EDD process for High-Risk Customers, Transaction Monitoring Processing and Identification of STR/SAR.

Annual General Meeting (AGM)

The Financial Statements were reviewed and adopted in the 180th Meeting of the Board of Directors of the Bank held on April 30, 2024 and recommended the same for final approval in the 11th AGM. The Board of Directors in the same meeting has recommended 2.00% Cash Dividend. The Record Date for entitlement of cash dividend and to attend & vote in the AGM is May 29, 2024. However, The Bank has provision deferral as of the Balance Sheet date which has been permitted by Bangladesh Bank through their letter No. DOS(CAMS)1157/41(dividend)/2024-1836 dated 30 April 2024.

Annual General Meeting will be held on June 22, 2024 through Hybrid System in combination of both online (virtual/digital platform Link: <https://sbacbank.bdvirtualagm.com>) and physical presence at Retired Armed Forces Officers' Welfare Association (RAOWA) Club, VIP Road, Mohakhali, Dhaka-1206 as per Directive No. BSEC/CMRRCD/2009 193/08 dated 10 March 2021 and No. BSEC/ICAD/SRIC/2024/318/09 dated 16 January 2024 of Bangladesh Securities and Exchange Commission.

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 11th Annual General Meeting of the Bank to be held on June 22, 2024 but they will be eligible for re-election:

1. Mr. Anwar Hussain
2. Mr. Hafizur Rahman Babu
3. Mst. Nasima Begum
Nominated by: Thermax Textile Mills Ltd.
4. Mr. Mohammed Ayub
5. Mr. Mohammad Nawaz
6. Mr. Shohel Ahmed
Nominated by: Meter D Tech.

To conduct the election of Directors as per Provision of Laws, Mr. Md. Mokaddess Ali FCS was appointed as Chief Election Commissioner (CEC).

Appointment/Re-appointment of Auditor(s): Being eligible for reappointment, MABS & J Partners, Chartered Accountants and M/s G. Kibria & Co., Chartered Accountants were asked to submit their Express of Interest (EOI) to continue as the statutory auditors. But MABS & J Partners, Chartered

Accountants expressed their unwillingness to continue as statutory auditor. Subsequently, the Board of Directors in its 180th Meeting held on April 30, 2024, recommended to re-appoint G. Kibria & Co., Chartered Accountants, as statutory auditor at a remuneration of Tk. 6,00,000.00 (six lac only) until the completion of next Annual General Meeting (AGM) subject to approval of the shareholders in the 11th AGM.

Appoint/Re-appoint Corporate Governance Auditor:

As per the provisions of the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission, M/S. Hoda Vasi Chowdhury and Company, Chartered Accountants, was appointed as Corporate Governance Auditor in 10th Annual General Meeting (AGM) for certification on compliance of the Corporate Governance Code of the Bank for a term until conclusion of the 11th AGM. Subsequently, the Board of Directors in its 180th Meeting held on April 30, 2024 appointed M/S. Hoda Vasi Chowdhury and Company as the Compliance Auditor of Corporate Governance for a term until conclusion of the next AGM at a remuneration of Tk. 40,000.00 (Forty Thousand) Only.

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 180th Meeting held on April 30, 2024 has appointed SATCOM IT Limited (SIL) as Independent Service Provider to establish a Hybrid/digital platform to ensure smooth observation of the 11th Annual General Meeting and online or e-voting platform or system.

Appointment of Scrutinizer:

As per clause 7 of the above Directive, S. Abdur Rashid, FCS, Secretary in Practice, SA Rashid & Associates has been appointed at a fee of Tk. 40,000.00 (forty thousand only) as Independent Scrutinizer by the Board in its 180th Meeting held on April 30, 2024. The aforesaid firm has the experience and qualification of the Chartered Secretary to scrutinize the process of the 11th AGM of the Company.

The Notice of the AGM was issued by Mr. Md. Mokaddess Ali FCS, Company Secretary, as per the decision of the Board and published in this Annual Report on page no. 07 as well circulated as per provision of relevant laws & regulations.

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

Recent trends in banking data indicate improvements within the banking industry. In Q2FY24, there was a decrease in the ratio of non-performing loans (NPLs) to total loans compared to Q1FY24. Additionally, the banking sector witnessed higher growth rates in deposits and bank advances during the same period. Moreover, there was an enhancement in the shortfall in provisions set aside for bad loans, which contributed to greater resilience against credit risks. Although there was a slight decrease in excess liquidity in the banking system, the industry's overall stability remains intact.

By the end of Q2FY24, positive developments were observed in the non-performing loans (NPLs) within the banking sector. The gross NPLs to total loans ratio declined to 9.00 percent from 9.93 percent at the end of Q1FY24. This improvement was primarily driven by significant recoveries in state-owned commercial banks (SCBs) and private commercial banks (PCBs). Both SCBs and PCBs experienced reductions in their gross NPL ratios, with SCBs decreasing to 20.99 percent and PCBs to 5.93 percent at the end of Q2FY24, compared to 21.70 percent and 7.04 percent at the end of Q1FY24, respectively. This reduction indicates a narrowed provision shortfall compared to the previous quarter of Q1FY24.

Deposit and Advance

The banking sector has experienced consistent growth in deposit accumulation over recent quarters, primarily fueled by the competitive interest rates on deposits offered by commercial banks. By December 2023, bank deposits had surged to their highest level in recent memory, marking a growth rate of 10.44 percent, an increase from 9.12 percent recorded at the end of September 2023. Despite the presence of higher lending interest rates, the growth of bank advances saw a slight uptick, reaching 10.24 percent by the end of Q2FY24, as opposed to 9.76 percent at the close of Q1FY24. Consequently, the overall advance-deposit ratio (ADR) experienced an increase, climbing to 80.38 percent by December 2023 from 78.08 percent in September 2023, thus maintaining a stable trend.

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)	
	Dec. 23	Sep. 23	Dec. 23	Sep. 23	Dec. 23	Sep. 23
SCBs	7.91	10.19	12.67	16.09	72.85	69.02
PCBs	11.02	7.92	9.57	7.87	85.73	84.21
FCBs	14.29	22.15	11.37	16.14	50.91	46.19
SBs	12.32	8.78	9.01	8.89	63.94	64.2
All	10.44	9.12	10.24	9.76	80.38	78.08

* Source: Bangladesh Bank *Adjusted deposits growth for calculating ADR.

Asset Quality of Banks:

In Q2FY24, there was a notable decrease in the ratio of non-performing loans (NPLs) to total loans compared to the previous quarter, indicating an improvement in loan quality. Concurrently, there were higher growth rates in deposits and bank advances, suggesting increased confidence in the banking sector. Moreover, enhancements in provisions for bad loans contributed to greater resilience against credit risks. Despite a slight decrease in excess liquidity, the industry's overall stability remained intact. By the end of Q2FY24, significant improvements were observed in the gross NPLs to total loans ratio, primarily driven by recoveries in both state-owned commercial banks (SCBs) and private commercial banks (PCBs). These developments signify a positive trail in the asset quality of the Bangladeshi banking industry, supported by effective risk management practices and regulatory measures.

Liquidity condition in the banking sector

During Q2FY24, the banking sector encountered tightened liquidity conditions, which were partly attributed to a contractionary monetary policy and ongoing interventions by the BB in the foreign exchange market. By the close of Q2FY24, excess liquidity decreased from BDT 1644.40 billion to BDT 1633.05 billion compared to the end of Q1FY24. This decline in excess liquidity, calculated as the surplus of the statutory liquidity ratio (SLR) as a percentage of total demand and time liabilities (TDTL), was modest, dropping to 8.9 percent at the end of Q2FY24 from 9.2 percent in Q1FY24.

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
1	2	3	4	5	6	7
As of end December, 2023						
SCBs	178.2	207.3	29.2	573.9	1094.2	520.2
SBs*	19.4	22.8	3.4	0.00	0.00	0.00
PCBs (other than Islamic)	316.8	387.8	71.6	1038.9	1705.7	666.8
Private Banks (Islamic)	169.8	237.0	67.3	234.8	322.9	88.1
FCBs	37.7	65.6	28.2	128.9	486.9	358.0
All	708.8	768.7	59.9	1976.5	3609.6	1633.1
As of end September, 2023						
SCBs	175.2	184.7	9.5	564.3	1166.7	602.5
SBs*	18.8	18.8	0.0	0.0	0.0	0.0
PCBs (other than Islamic)	309.8	327.7	17.8	1017.3	1681.3	664.0
Private Banks (Islamic)	168.2	177.5	9.3	232.8	254.0	21.2
FCBs	36.8	60.1	23.3	127.4	484.1	356.7
All	708.8	768.7	59.9	1941.8	3586.2	1644.4

Source: **Bangladesh Bank**

* 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 (column 4)

Note: According to the circular No-MPD-02, 2013 with effect from February 01, 2014 SLR has been calculated separately (excluded CRR) as 13% for conventional banks and 5.5% for Islamic banks of the total demand and time liabilities.

According to circular No. MPD-03, April 09, 2020, CRR revised to 4.0 percent from 5.0 percent effective from April 15, 2020.

Remittance

Q2FY24, inward remittances exhibited significant growth, reaching USD 5.89 billion, up by 22.3 percent from USD 4.82 billion in Q2FY23. This growth marked a notable improvement compared to the negative growth of 13.5 percent witnessed in Q1FY24. The positive momentum in remittance inflows was observed across most countries, except Saudi Arabia, Qatar, and the USA. Approximately 47.4 percent of total remittances originated from the Gulf region, contributing to a 16.0 percent positive growth. Notably, the UAE played a substantial role, accounting for 41.2 percent within the Gulf region and experiencing an impressive 110 percent growth, significantly driving the overall increase in inward remittances. However, remittance inflows from Saudi Arabia and the USA declined by 32.9 percent and 36.5 percent, respectively, in Q2FY24. Despite these declines, these two countries still contributed 10.36 percent and 10.41 percent, respectively, to the overall share of total remittances.

(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 withdraw-able 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, Surokkha Sonchoyi Hisab, Short Notice Deposit Account, Student Savings Account, Tk. 10, 50 & 100 Privileged Account, Senior Citizen Account as Checking Accounts, SBAC Pay-roll Account, SBAC Probashi Account, SBAC Uchasha Savings Account, SBAC Fast Account (e-KYC based). There are several types of Term Deposit Products such as Fixed Deposit Accounts (01 month, 03 months, 6 months 12 months 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, Lakhopoti Savings Scheme, Surokkha Millionaire Scheme, Kotipati deposit Scheme. For Business transaction, CD Account (non-interest bearing) & CD Samridhi (lucrative interest bearing).

It is mentionable that Customers can deposit in any branches of SBAC Bank PLC. 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 account holder.

Performance of Deposits:

The deposits of the Bank stood at Tk. 93,731.23 million (solo) & Tk. 93,321.58 million (Consolidated) in 2023 as against Tk. 84,599.43 million (solo) & Tk. 84,209.59 million (Consolidated) in 2022. This growth was supported by branch network and high standard service provided to customers along with concerted and solid efforts of the employees of the Bank. Fixed deposits remained the main component of deposits contributing 51.85 percent of the total deposits. Cost of Fund (including operating cost) increased to 8.26 percent as against 8.10 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 PLC. 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 customers with extensive branch network all over the country to expedite our clients' 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-funded products include bank guarantee, performance guarantees and bid bonds are also supporting the business of our customers.
- Project Finance: SBAC Bank PLC. 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. Apart from trade and commercial finance; SBAC Bank PLC. 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 PLC. is offering short-term & mid-term finance to the customers to meet emergency financial needs of their project/business.
- Trade Finance: In short, Trade Financing of the Bank can be categorized as below:

Import	Export
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.	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 PLC. has been providing lease finance facility to its customers for acquisition of manufacturing and service equipment for all major industrial sectors. The facility helps the customers to have better financial flexibility under budgetary constraints and to enjoy tax benefit. SBAC Bank PLC. 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 PLC. 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 PLC. 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, all of our branches have been brought under the real time online banking system.

SBAC Bank PLC. 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 prefer collateral free loan since normally they cannot offer high value security to cover the exposure.

To facilitate SME sector of the country, SBAC Bank PLC. 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, 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:

- | | |
|--|--|
| <ul style="list-style-type: none"> ▪ Working Capital Loan [CC(Hypo), CC(Pledge)]: ▪ Trade Finance (L/C, LTR, IDBP) ▪ Transport Loan ▪ House Building Loan ▪ Work Order Loan | <ul style="list-style-type: none"> ▪ Bidder's Loan ▪ Project Loan ▪ Women Entrepreneur's Loan ▪ Small Business Loan ▪ Green Financing |
|--|--|

4. Agriculture Credit: 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 PLC. 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 of Loans and Advances:

The loans and advances stood at Tk. 86841.61 million (solo) & Tk. 86644.19 million (consolidated) in 2023 as against Tk. 77,992.32 million (Solo) & Tk. 77,827.26 million (Consolidated) in 2022 registering growth 11.33 percent. The growth of deposits was used for funding growth in credit. Yield on loans and advances of the Bank increased by 17.26 percent from that of previous year due to increase in lending rates.

The detail features of the Advance and deposit are stated in the section 'Review of Performance of SBAC Bank PLC. in 2023'.

(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. 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, ICT and other risks like strategic risk, concentration risk, compliance risk etc. The risk management strategy of SBAC Bank PLC. 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. 75-76, and Details of risk management are given in "Report of the Risk Management Committee (RMC) of the board" in the page no. 183-186.

(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 dated 25 June 2003.

For the year ended 2023, The Bank's Cost of Fund (including operating cost) was 8.26 percent, Interest earning assets was Tk. 100,289.96 million (solo) & Tk. 100,092.55 million (Consolidated). Interest Income/profit on investment was Tk. 6,892.33 million (solo) & Tk. 6,900.07 million (Consolidated); Interest expense was Tk. 5,266.34 million (solo) & Tk. 5,244.05 million (Consolidated), Operating profit was Tk. 2,198.55 million (solo) & Tk. 2,248.99 million (Consolidated), and Net profit after Tax was Tk. 536.61 million (solo) & Tk. 546.36 million (Consolidated).

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

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

Section 18(2) of the Bank Company (Amendment) Act, 2023 and Corporate Governance Guidelines issued 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 the Bank Company (Amendment) Act, 2023 [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

The proceeds of the Initial Public offering (IPO) had been utilized fully as per schedule as published in the prospectus.

(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:**

Earnings Per Share (EPS) decreased in the first and third quarter of 2023 compared to the same periods of previous year due to decrease in net interest income, increase in operating expenses which resulted in decrease in net profit. In the second quarter, EPS increased compared to that of June 30, 2022 due to decrease of provision requirement. EPS has decreased by 4.54% than that of last year due to the requirement of maintaining provision against loans and advances.

Net Asset Value (NAV) increased throughout the year due to increase in EPS in the second quarter and increase in paid up capital through allotment of stock dividend for the year 2021.

Gross revenue increased by about 17% compared to the previous year because of increase in interest income on loans and advances/profit on investments.

Net Profit (after tax) in 2023 decreased by about 7% compared to that of the previous year since a significantly increased amount of provision has been maintained cautiously considering the future challenges and uncertainties.

(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 were eligible for the remuneration of BDT 8,000 only for each meeting attended by them in 2023. [The directors are now eligible for BDT 10,000 (ten thousand only) as meeting remuneration as per BRPD circular letter No. 02 dated February 11, 2024, and each Independent Director shall receive a fixed remuneration of Tk. 50,000.00 (fifty thousand only) per month (subject to deduction of applicable tax) in addition to the remuneration for attending meetings as per BRPD circular No. 03 dated 14 February 2024]. 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 01 (one) meeting of Risk Management Committee (RMC) and Audit Committee (AC) in a month.
- 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 2023:

Figure in Taka

Name	Remuneration	No. of Meeting Attended
Mr. Abu Zafar Mohammad Shofiuddin MP	2,16,000	20 (Board), 06 (EC) & 01 (AC)
Engr. Md. Moklesur Rahman	2,24,000	20 (Board) & 08 (EC)
Mr. Abdul Kadir Molla	1,44,000	18 (Board)
Mr. Mohammed Ayub	1,92,000	20 (Board) & 04 (RMC)
Mr. Mohammad Nawaz	1,92,000	19 (Board), 01 (EC) & 04 (AC)
Mr. Anwar Hussain	2,08,000	20 (Board) & 06 (EC)
Mr. Hafizur Rahman Babu	1,68,000	16 (Board) & 05 (EC)
Mst. Nasima Begum Nominated by: Thermax Textile Mills Ltd.	1,36,000	17 (Board)
Mr. Sk. Shyedujjaman Nominated by: Moonstar Ceramic Industries Ltd.	2,32,000	20 (Board), 08 (EC) & 01 (RMC)
Mr. Mohammad Helal Uddin Nominated by: TBO Trade Ltd.	2,64,000	20 (Board), 08 (EC), 04 (RMC) & 01 (NRC)
Mr. Mushfiqur Rahman Nominated by: M/S. Contech Construction Ltd.	1,92,000	20 (Board) & 04 (RMC)

Name	Remuneration	No. of Meeting Attended
Mr. Mohammad Nazmul Huq Nominated by: Techno Electricals Ltd.	1,92,000	20 (Board) & 04 (RMC)
Mr. Md. Sajidur Rahman	1,92,000	16 (Board), 06 (AC) & 02 (NRC)
Professor Mohammad Moqbul Hossain Bhuiyan	2,00,000	17 (Board), 06 (AC) & 02 (NRC)
Mr. Ziaur Rahman Zia FCA	1,84,000	17 (Board), 05 (AC) & 01 (NRC)
Mr. Mohammad Mahbubor Rahman Nominated by: Intec Solution	1,28,000	12 (Board), 03 (AC) & 01 (NRC)
Mr. Md. Emdadul Hoque Nominated by: T&A International Ltd.	1,28,000	13 (Board) & 03 (RMC)
Mr. Shohel Ahmed* Nominated by: Meter D Tech.	32,000	04 (Board)
Al-Haj Mizanur Rahman**	1,92,000	16 (Board) & 08 (EC)
Total Remuneration	34,16,000	

*Mr. Shohel Ahmed was appointed as a Nominated Director of Meter D Tech Trade Ltd. at 171st meeting of the Board of Directors of the Bank held on September 25, 2023 and approved by Bangladesh Bank on November 02, 2023.

** The directorship of Al-Haj Mizanur Rahman is vacated as per the latest court order dated 13/11/2023

(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(s) 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, 2023 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 2023 and accordingly Opinions of the External Auditors, MABS & J Partners, Chartered Accountants and M/s G. Kibria & Co., Chartered Accountants have 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 MABS & J Partners, Chartered Accountants and G. KIBRIA & CO., Chartered Accountants have 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 2023.

(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 December 31, 2023 have been prepared on going concern basis under historical cost convention and in accordance with the “First Schedule” of the Bank Company (Amendment) Act, 2023 and BRPD Circular No. 14, dated 25 June 2003, other Circulars of Bangladesh Bank, International Financial Reporting Standards (IFRS), International Accounting Standards (IASs), the Companies Act 1994 (amended up to 2020), 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 (Amendment) Act, 2023, and provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and IFRS, the requirements of the Bank Company (Amendment) Act, 2023, 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 PLC. 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 and No. BSEC/CMRRCD/2009-193/66/PRD/148, dated 16 October 2023). 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 PLC.) is a going concern and will continue its operation in the foreseeable future. Hence, it is assumed that SBAC Bank PLC. 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. 110-113.

(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:

Earnings per share (EPS) have decreased by 4.54% compared to last year, due to the need for maintaining provisions against loans and advances. Gross revenue increased by approximately 17% year-over-year, driven by higher interest income on loans and advances, as well as profits from investments. However, net profit after tax in 2023 declined by 7% from the previous year, as a substantial increase in provisions was made to cautiously address future challenges and uncertainties.

(xix) **A statement where key operating and financial data of at least preceding 05 (five) years shall be summarized:**

Key operating and financial data of at least preceding 05 (five) years are as under (as on 31st December).

[Fig. in million Taka where applicable]

Particulars	Growth (%)	2023	2022	2021	2020	2019
Number of Branches	3.49	89	86	84	83	82
Number of Sub Branches	4.17	26	24	21	11	4
Number of ATM Booth	12.73	62	55	48	38	34
Paid-up capital	1.00	8,241.92	8,160.31	7,846.46	6,846.46	6,224.05
Total assets/Total Liabilities	10.31	117,264.13	106,307.06	97,813.75	88,403.45	84,564.01
Interest earning assets	9.65	100,092.55	91,279.89	85,097.31	75,928.42	73,970.20
Non interest earning assets	14.00	17,171.59	15,027.17	12,716.44	12,475.03	10,593.80
Total shareholders' Equity	2.73	11,125.35	10,829.65	10,628.41	9,306.66	8,362.96
Total capital (Tier I +II)	3.90	11,583.20	11,148.58	10,830.03	9,269.90	8,371.06
Surplus/(deficit) capital	6.31	1,102.98	1,037.52	1,097.48	657.41	1,266.76
Capital to Risk Weighted Asset Ratio (CRAR)	0.29	13.82%	13.78%	13.91%	13.45%	14.73%
Total deposits	10.82	93,321.58	84,209.59	72,694.33	71,451.46	71,540.16
Total Loans and Advances	11.33	86,644.19	77,827.26	65,955.68	57,408.83	56,000.74
Total contingent liabilities and commitments	34.78	29,358.94	21,782.44	18,539.78	14,160.08	15,335.40
Advance deposits ratio (%)	-1.31	85.66%	86.80%	83.69%	80.31%	78.21%
Total Interest Income	17.26	6,900.07	5,884.35	5,610.48	5,855.11	7,357.32
Total Non-Interest Income	27.41	1,609.81	1,263.47	678.64	552.92	625.19
Investment Income	1.66	1,733.70	1,705.31	1,847.00	1,909.92	1,217.52
Total Income	15.71	10,243.57	8,853.13	8,136.12	8,317.95	9,200.03
Total Interest Expenses	13.83	5,244.05	4,606.95	3,944.39	4,750.69	4,847.32
Total Administrative Expenses	14.86	1,831.46	1,594.57	1,339.25	1,156.27	1,123.10
Total Other Expenses	7.49	919.07	855.04	848.44	953.33	960.2
Total Expenses	13.29	7,994.59	7,056.56	6,132.08	6,860.29	6,930.86
Profit before tax and provision (Operating Profit)	25.18	2,248.99	1,796.56	2,004.04	1,457.66	2,269.17
Profit after tax and provision (Net Profit)	(7.34)	546.36	589.63	539.89	951.95	967.6
Total Export	15.97	39,263.90	33,877.75	16,465.10	15,469.72	17,060.41
Total Import	(0.39)	43,552.36	45,383.04	33,061.74	26,313.80	28,110.87
Total Remittance	79.12	17,060.83	9,524.77	2,288.21	4,030.92	4,563.65
Classified advance	27.74	5,149.57	4,031.22	3,860.90	3,567.96	3,408.95
Classified loans to advance ratio	14.67	5.94%	5.18%	5.85%	6.22%	6.09%
Total Provision kept against Unclassified Loans and Advances including Off Balance Sheet Exposures	19.68	532.00	444.52	369.68	9.51	521.52
Total Provision kept against Classified Loans and Advances	26.88	3,171.68	2,499.77	2,196.16	1,566.77	617.44
Yield on Advance (%)	10.15	8.90%	8.08%	8.31%	9.76%	12.88%
Cost of Deposits (%)	3.38	5.49%	5.32%	5.58%	6.95%	7.76%
Return on Assets (ROA) (%)	(15.52)	0.49%	0.58%	0.58%	1.10%	1.25%
Return on Equity (ROE) (%)	(9.45)	4.98%	5.50%	5.42%	10.78%	12.25%
Earnings per share (EPS)	(8.33)	0.66	0.72	0.66	1.39	1.55
Net Asset Value Per Share	2.74	13.50	13.14	13.02	13.59	13.44
Number of Employees	1.39	1165	1149	997	886	869

Particulars	Growth (%)	2023	2022	2021	2020	2019
Number of Profit Earning Branch	27.42	79	62	59	50	67
Number of Deposit Accounts	12.25	371,980	331,391	304,851	279,949	240,343
Number of Loan Accounts	38.89	18,831	13,558	11,316	10,730	9,253
Number of Debit Card	18.97	77,732	65,338	52,982	41,814	28,884
Number of Credit Card	35.27	6,808	5,033	3,639	2,856	2,416

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

Not Applicable (The Board of Directors recommended 2.00% Cash Dividend for the year 2023 in its 180th meeting held on April 30, 2024. The recommended dividend shall be finally approved in the 11th Annual General Meeting to be held on June 22, 2024.)

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

No bonus shares or stock dividend has been declared in 2023 as interim dividend or shall be declared as interim dividend for the 2024.

**(xxii) The total number of Board meetings held during the year and attendance by each director:
Meetings in 2023:**

During the year 2023, 20 Board Meetings, 08 Executive Committee Meetings, 06 Audit Committee Meetings, 04 Risk Management Committee Meeting, and 02 NRC Meeting were held. Details of the participants are as follows:

Sl. No.	Name of Directors	Meeting (2023)														
		Board			EC			AC			RMC			NRC		
		Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent
1	Mr. Abu Zafar Mohammad Shofiuddin MP*	20	20	0	8	6	1	6	1	0	-	-	-	-	-	-
2	Engr. Md. Moklesur Rahman	20	20	0	8	8	0	-	-	-	-	-	-	-	-	-
3	Mr. Abdul Kadir Molla*	20	18	1	-	-	-	-	-	-	-	-	-	-	-	-
4	Mr. Mohammed Ayub	20	20	0	-	-	-	-	-	-	4	4	0	-	-	-
5	Mr. Mohammad Nawaz*	20	19	1	8	1	0	6	4	1	-	-	-	-	-	-
6	Mr. Anwar Hussain	20	20	0	8	6	2	-	-	-	-	-	-	-	-	-
7	Mr. Hafizur Rahman Babu	20	16	4	8	5	3	-	-	-	-	-	-	-	-	-
8	Mst. Nasima Begum Nominated by: Thermax Textile Mills Ltd.	20	17	3	-	-	-	-	-	-	-	-	-	-	-	-
9	Mr. Sk. Shyedujjaman* Nominated by: Moonstar Ceramic Industries Ltd.	20	20	0	8	8	0	-	-	-	4	1	0	2	0	1
10	Mr. Mohammad Helal Uddin Nominated by: TBO Trade Ltd.	20	20	0	8	8	0	-	-	-	4	4	0	2	1	0

Sl. No.	Name of Directors	Meeting (2023)														
		Board			EC			AC			RMC			NRC		
		Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent
11	Mr. Mushfiqur Rahman Nominated by: M/S. Contech Construction Ltd.	20	20	0	-	-	-	-	-	-	4	4	0	-	-	-
12	Mr. Mohammad Nazmul Huq Nominated by: Techno Electricals Ltd.	20	20	0	-	-	-	-	-	-	4	4	0	-	-	-
13	Mr. Md. Sajidur Rahman	20	16	4	-	-	-	6	6	0	-	-	-	2	2	0
14	Professor Mohammad Moqbul Hossain Bhuiyan	20	17	3	-	-	-	6	6	0	-	-	-	2	2	0
15	Mr. Ziaur Rahman Zia FCA	20	17	3	-	-	-	6	5	1	-	-	-	2	1	1
16	Mr. Mohammad Mahbubor Rahman* Nominated by: Intec Solution	20	12	2	-	-	-	6	3	0	-	-	-	2	1	0
17	Mr. Md. Emdadul Hoque* Nominated by: T&A International Ltd.	20	13	1	-	-	-	-	-	-	4	3	0	-	-	-
18	Mr. Shohel Ahmed Nominated by: Meter D Tech.	20	4	0	-	-	-	-	-	-	-	-	-	-	-	-
19	Al-Haj Mizanur Rahman**	20	16	0	8	8	0	-	-	-	-	-	-	-	-	-

* Not being a member of the Board of Directors/Committees, so the respective person did not attend few of the meetings.

** The directorship of Al-Haj Mizanur Rahman is vacated as per the latest court order dated 13/11/2023.

(xxiii) A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details 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	SBAC Bank PLC.	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 as on 31.12.2023 (name-wise details):

Sl. No.	Name	Status	No. of Shares	Spouse & Minor Children	No. of Shares
1	Mr. Abu Zafar Mohammad Shofiuddin MP	Chairman	35169778	Mrs. Afroza Sultana	Nil
2	Engr. Md. Moklesur Rahman	Vice-chairman	35169778	Mrs. Quamrun Nahar	Nil
3	Mr. Abdul Kadir Molla	Director	35169778	Mst. Nasima Begum	Nil
4	Mr. Mohammed Ayub	Director	29399511	Mrs. Shalina Islam Chowdhury	Nil
5	Mr. Mohammad Nawaz	Director	21528316	Ms. Sufia Begum	9421086

Sl. No.	Name	Status	No. of Shares	Spouse & Minor Children	No. of Shares
				Sanowara Saudah	Nil
				Sanowara Siddiqa	
				Mohammad Farook Nawaz	
6	Mr. Anwar Hussain	Director	16580861	Mrs. Fadia Naz	Nil
7	Mr. Hafizur Rahman Babu	Director	26377333	Mrs. Nasima Rahman Nipa	Nil
				Nusaiba Rahman Raita	
8	Mst. Nasima Begum Nominated by: Thermax Textile Mills Ltd.	Director	Nil	Mr. Abdul Kadir Molla	35169778
9	Mr. Sk. Shyedujjaman Nominated by: Moonstar Ceramic Industries Ltd.	Director	2885133	Sadnam Sadiana	1442566
				Suhain Maisah Zaman	Nil
				Mashiyat Safeerah Shiza	
10	Mr. Mohammad Helal Uddin Nominated by: TBO Trade Ltd.	Director	Nil	Rafia Akhter	Nil
11	Mr. Mushfiqur Rahman Nominated by: M/S. Contech Construction Ltd.	Director	Nil	Yousuf	Nil
12	Mr. Mohammad Nazmul Huq Nominated by: Techno Electricals Ltd.	Director	Nil	Hafiza Huq	Nil
13	Mr. Md. Sajidur Rahman	Independent Director	Nil	Ms. Humaira Ayesha Khan	Nil
				Irvan Kaiser Rahman	Nil
14	Professor Mohammad Moqbul Hossain Bhuiyan	Independent Director	Nil	Ayesha Khatun	Nil
				Anupama Hossain	Nil
15	Mr. Ziaur Rahman Zia FCA	Independent Director	Nil	Nazma Khatun	Nil
				Aryan Rahman Ayan	Nil
16	Mr. Mohammad Mahbubor Rahman Nominated by: Intec Solution	Director	Nil	Nurun Nahar Sumi	Nil
17	Mr. Md. Emdadul Hoque Nominated by: T&A International Ltd.	Director	Nil	Ferdousi Haque Reba	Nil
18	Mr. Shohel Ahmed Nominated by: Meter D Tech.	Director	Nil	Mahbuba Begum	Nil
19	Mr. Habibur Rahman	Managing Director & CEO	Nil	Mrs. Tahmeda Akhtar	Nil
				Alayna Ayesha	Nil
				Sameer Sulayman	Nil
20	Mr. Md. Mokaddess Ali FCS	EVP & Company Secretary	Nil	Mrs. Hasna Hena	Nil
				Hasnine Farhad	Nil
21	Mr. AHM Masud Murshed	EVP & Head of ICCD	Nil	Rebeka Rahman	Nil
				Tahani Tabassum	
22	Mr. Mannan Bapari (FCMA)	SVP & CFO	Nil	Shamima Islam	Nil
				Tafida Tasnuva	
				Mahbeer Bin Mannan	

- (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. Md. Nurul Azim	Additional Managing Director	Nil
2	Mr. Md. Altaf Hossain Bhuyan	Deputy Managing Director	Nil
3	Mr. Moinul Islam	Senior Executive Vice President	Nil
4	Mr. Mohammad Asadul Haque	Senior Executive Vice President	Nil
5	Mr. Faisal Ahmed	Executive Vice President	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 ‘Profile of the Directors’. (Page No. 26-39)

(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 as "Review of the Managing Director & CEO" 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. 48-51 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. 48-96, those shall be explained to the shareholders.

(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** in page no. 223.

(xxvii) The report as well as certificate regarding compliance of conditions of this Code (corporate governance code of BSEC) 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. 120 & 138-152.

Information To The Stakeholders

Distribution of Shareholdings in 2023

Shareholders' Group	No. of Shares Held	(%) of Shareholding	Value of Shares Held (BDT)
Sponsors/ Directors	63,99,58,247	77.64%	639,95,82,470
General Shareholders	12,38,48,786	15.03%	123,84,87,860
Financial Institutions	5,93,12,620	7.20%	59,31,26,200
Non-resident Bangladeshi	10,66,745	0.13%	1,06,67,450
Foreign Investors	5,252	0.00%	52,520
Government	Nil	Nil	Nil
Total	82,41,91,650	100.00%	824,19,16,500

Information Sensitive to Share Price

Particulars	Disclosure
Adoption of Financial Statements-2023	Date of Adoption: 30/04/2024 at 180 th Board Meeting
Recommendation of Dividend	2.00% (Cash) [Recommended at 180 th Board Meeting]
Record Date	29/05/2024 (for Dividend entitlement & Vote in the AGM)
Date of Holding AGM	Date of AGM: 22/06/2024 at 11:00 AM.
Adoption of Quarterly Financial Statement (Q1) of the Bank as on 31/03/2024	Date of Adoption: 11/05/2024 at 181 st Meeting
Key Financial Disclosures	Net Asset Value (NAV): Tk. 1,140.28 Crore (Consolidated) & Tk. 1,135.46 Crore (Solo).
	NAV per share: Tk. 13.84 (Consolidated) & Tk. 13.78 (Solo).
	Earnings Per Share (EPS): Tk. 0.242 (Consolidated) & Tk. 0.235 (Solo).
	Net Operating Cash Flow per Share (NOCFPS): Tk. (1.72) (Consolidated), Tk. (1.68) (Solo).

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:

1.1. Manner and procedures of Cash dividend payment:

- i) 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);
- ii) Through bank transfer or any electronic payment system as recognized by the Bangladesh Bank (if not possible through BEFTIN);
- iii) 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;

1.2. 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.

1.3. 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.

1.4. 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.

1.5. 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.

1.6. 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.

1.7. Tax matters:

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

1.8. 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.

1.9. 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.

Dividend & Stock Details

DIVIDENDS-2022

Particulars		Date
10 th Annual General Meeting	Notice Date	May 25, 2023
	Record Date	May 21, 2023
Holding of 10 th Annual General Meeting	Held on	June 18, 2023
Cash Dividend (At 3.50%)	Date of Disbursement Notice Date	June 19, 2023 to July 12, 2023

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 28.12.2023)	Tk. 10.50 (Per share)	Tk. 10.60 (Per share)

SUMMARY OF UNCLAIMED DIVIDEND

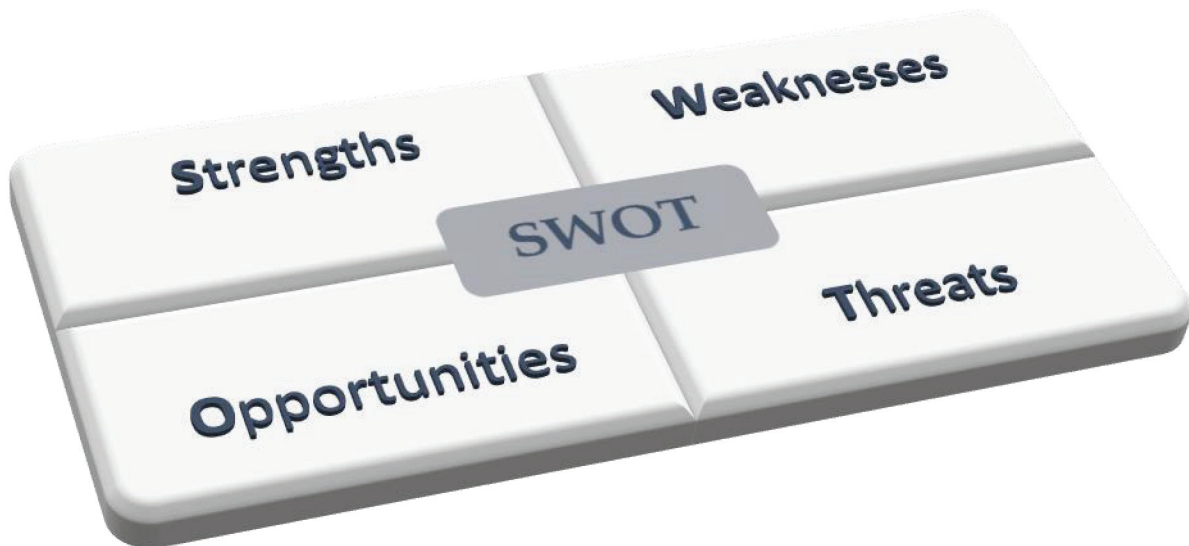
As of 31.12.2023 there is an unclaimed/undistributed dividend of Tk. 8,60,96,763 (Eight crore sixty lac ninety six thousand seven hundred sixty three). A complete detail of unclaimed/undistributed dividend has been disclosed in our website at <https://www.sbacbank.com/investors-relations>

FINANCIAL CALENDAR-2023

Quarterly Results	As of	Earnings Per Share (EPS)
Unaudited result for 1 st quarter	31.03.2023	Tk. 0.17 (conso) & Tk. 0.16 (solo)
Unaudited result for 2 nd quarter	30.06.2023	Tk. 0.41 (conso) & Tk. 0.39 (solo)
Unaudited result for 3 rd quarter	30.09.2023	Tk. 0.60 (conso) & Tk. 0.56 (solo)

SWOT Analysis

SWOT analysis is a cumulative strategic technique used usually to help an organization in identifying strengths, weaknesses, opportunities, and threats related to the day to day operation of the organization. This technique has been developed to be used at the preliminary stages of decision-making processes as a tool of evaluating the strategic position of a business organization. In banking business, SWOT analysis examines the strengths of the bank that gives it an advantage over others; weaknesses of the bank at a disadvantage position relative to others; opportunities of it that could exploit to its advantage and threats that could create problem.



Strengths:

- Good Asset quality and Strong Capital Base. The Bank started its journey with an Authorized Capital of Tk. 10,000.00 million that has been increased to Tk. 20,000.00 million recently. The paid-up capital of the bank has been reached at tk. 8,241.92 million (as on 31-12-2023) and the CRAR of 13.71 percent (solo) & 13.82 percent (consolidated) is maintained successfully.
- The fully professional Board of Directors consisting of the visionary Business individuals having long professional experiences, and pioneer of prominent corporate houses of the country.
- The highly experienced management team that consists of seasoned bankers who has served in diversified capacities in the recognized financial organizations 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 PLC. had been awarded "The Golden Globe Tigers Award 2018" for Excellence and Leadership in Branding and Marketing.
- Satisfactory & steady Credit Rating of 'A' for long term and 'ST-2' for short term.
- The steady Return on Asset (ROA) and Return on Equity (ROE) growth of the Bank, which are 0.48 percent (solo) & 0.49 percent (consolidated), and 4.89 percent (solo) & 4.98 percent (consolidated) respectively in 2023.
- 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 89 branches, 31 sub-branches, 73 ATMs & 31 (Active) agent banking outlets (as on 29.05.2024), 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.
- Having an App-based mobile banking application naming 'BanglaPay' that has been rendering a wide range of services with great ease & promptness.
- Having a subsidiary company i.e. SBAC Bank Investment Limited enhances the revenue and diversifies the capital base further.
- Strictness in practicing good corporate governance and ensuring full regulatory compliance.

- Ample opportunity of Off-shore banking as the bank has a distinctive Trade Processing Unit (TPU) for off-shore banking related staffs.

Weaknesses

- 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 in-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 a desired 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.
- Digital Transformation that includes embracing digitalization and investing in innovative technologies can open up new channels for customer acquisition and improve operational efficiency.
- The country is on its recovery phase from a global economic setback which would require amplified economic participation. Banks can grab this opportunity.
- Remittance inflow in the country is almost steady, and because of the 2.50% incentive given by the government on using legal channel to send remittance, banks are being preferred now as a legal channel of remittance flow.

- 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.
- The adaptive and digitally synchronized products can meet up the unique needs of ever-changing customers and also widens the avenue of conglomeration with other corporate organizations and culture.

Threats

- The players of the banking industry are offering diversified financial products and services which may create unhealthy competitions among the banks.
- Intense competition in lending is offering the borrowers an increased bargaining power unreasonably and creating an opportunity for the borrowers to abuse the bank and increase bad loans.
- Since Bangladesh Bank has increased the policy rate and withdrawn the single digit interest rate the banking industry is now facing crisis in meeting the liquidity requirements of the customers.
- An alarming amount of non-performing loan impacts 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.
- To control the existing inflationary pressure Bangladesh has adopted some policy change which might create instability in the short run until full adjustment of the banking sector.

Our Business Model

SBAC Bank PLC. with 11 years of promising banking services & progressive experience has designed its business model for meeting diversified customer needs and fulfilling their growth expectations on the basis of trust, respect and confidence. 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.

Key Partners	Value Proposition	Customer Segments
<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

Key Resources	Key Activities	Delivery Channels
<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 ▪ Agent Banking ▪ Call Center ▪ Digital Platforms (BanglaPay) ▪ Internet Banking (SBAC Click) ▪ Automated Teller Machines ▪ Subsidiary Company
Customer Relationships	Cost Structure	Revenue Streams
<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

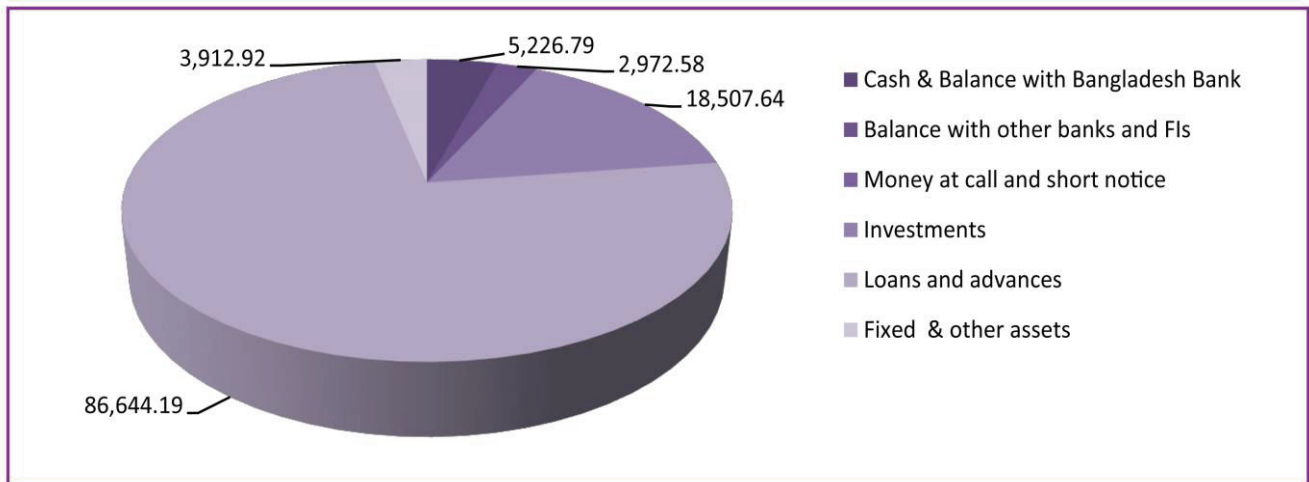
Graphical Presentation of Financial Performance

Total Assets

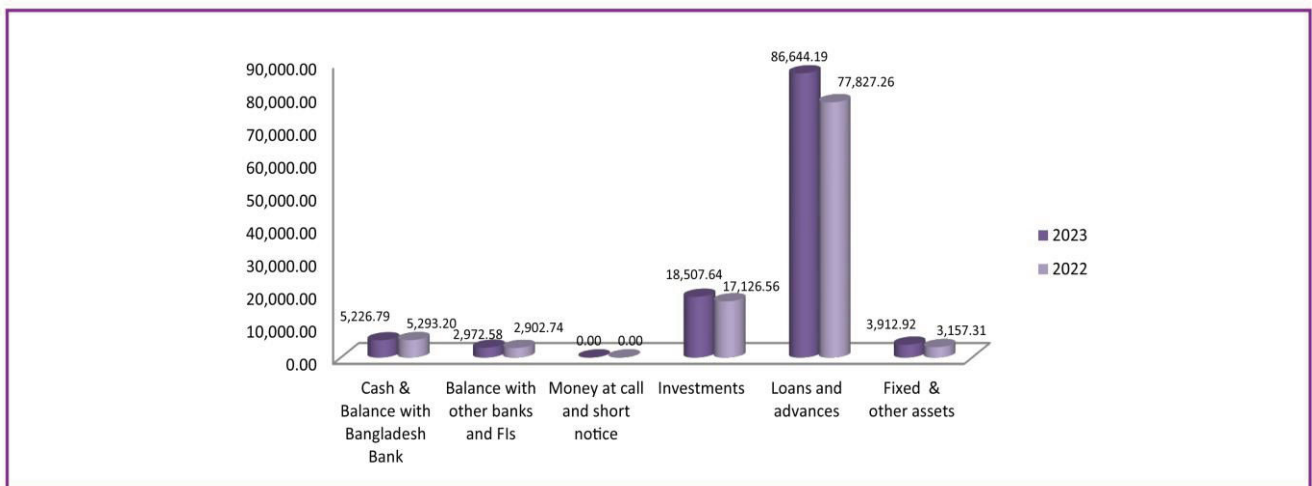
(Fig. Million Taka)

Particulars	2023	2022	Growth (%)
Cash & Balance with Bangladesh Bank	5,226.79	5,293.20	-1.25%
Balance with other banks and FIs	2,972.58	2,902.74	2.41%
Money at call and short notice	0.00	0.00	
Investments	18,507.64	17,126.56	8.06%
Loans and advances	86,644.19	77,827.26	11.33%
Fixed & other assets	3,912.92	3,157.31	23.93%
Total Assets	117,264.13	106,307.06	10.31%

Total Assets as on 31.12.2023



Comparison of Assets in 2023 & 2022



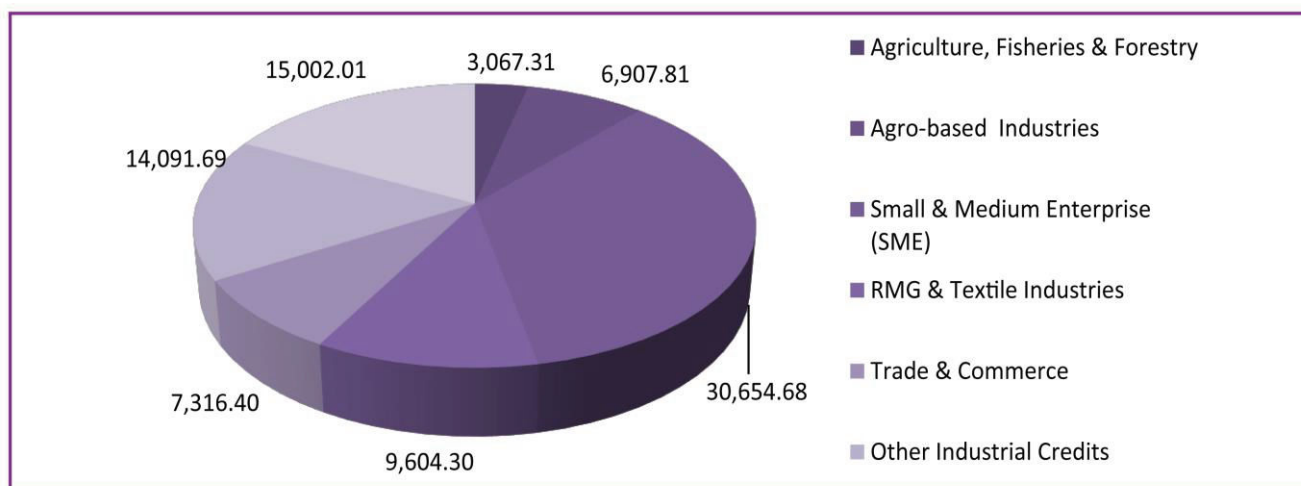
Loans and Advances

i) Sector wise Loans and Advances

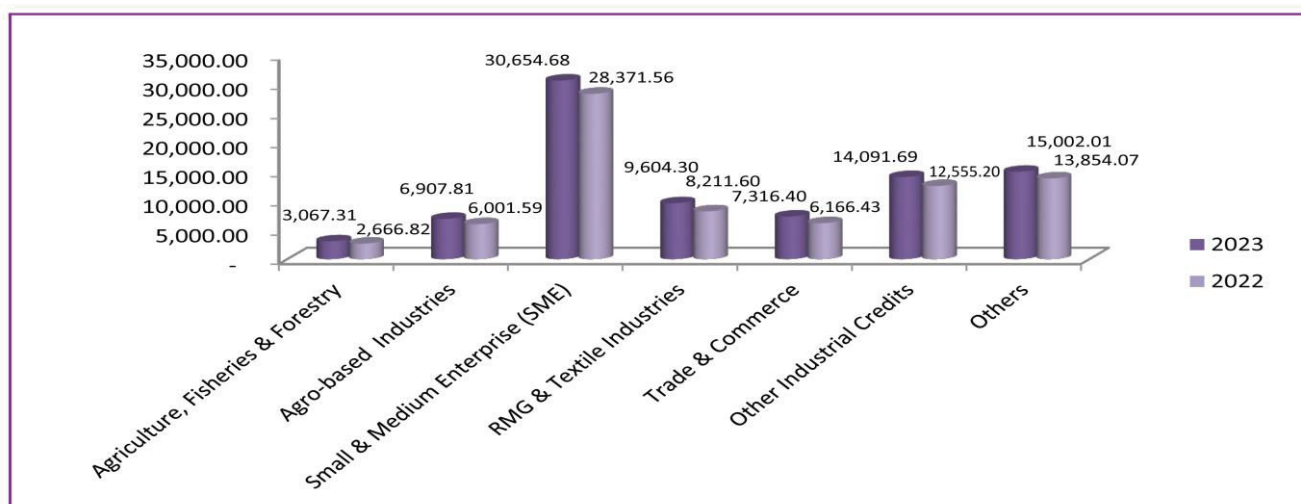
(Fig. Million Taka)

Particular of Sectors	2023	2022	Growth (%)
Agriculture, Fisheries & Forestry	3,067.31	2,666.82	15.02%
Agro-based Industries	6,907.81	6,001.59	15.10%
Small & Medium Enterprise (SME)	30,654.68	28,371.56	8.05%
RMG & Textile Industries	9,604.30	8,211.60	16.96%
Trade & Commerce	7,316.40	6,166.43	18.65%
Other Industrial Credits	14,091.69	12,555.20	12.24%
Others	15,002.01	13,854.07	8.29%
Total	86,644.19	77,827.26	11.33%

Sector wise Loans and Advances as on 31.12.2023



Comparison of Sector wise Loans and Advances in 2023 & 2022

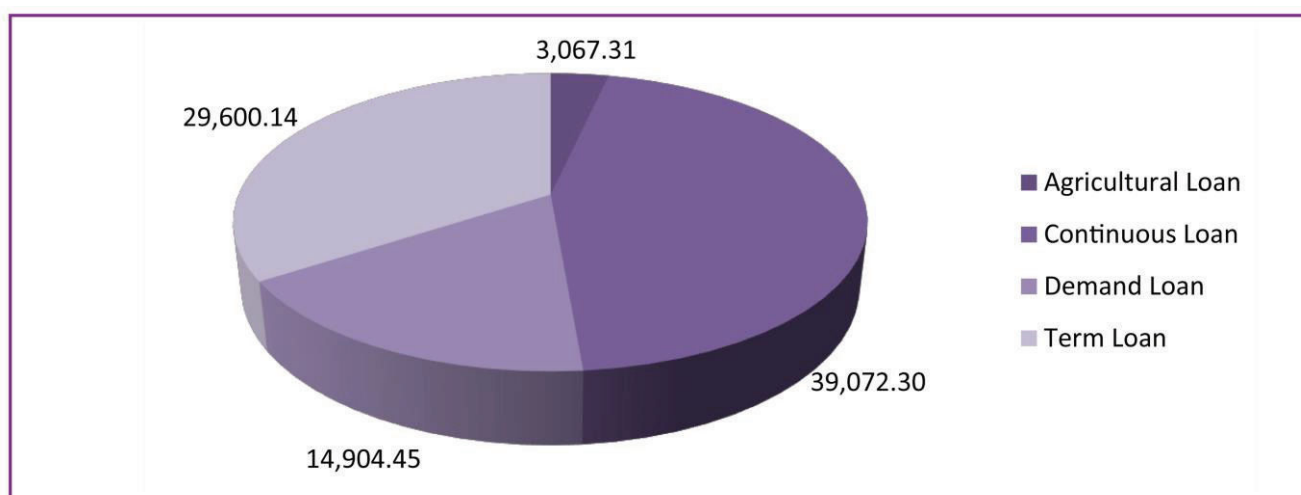


ii) Category wise Loans and Advances

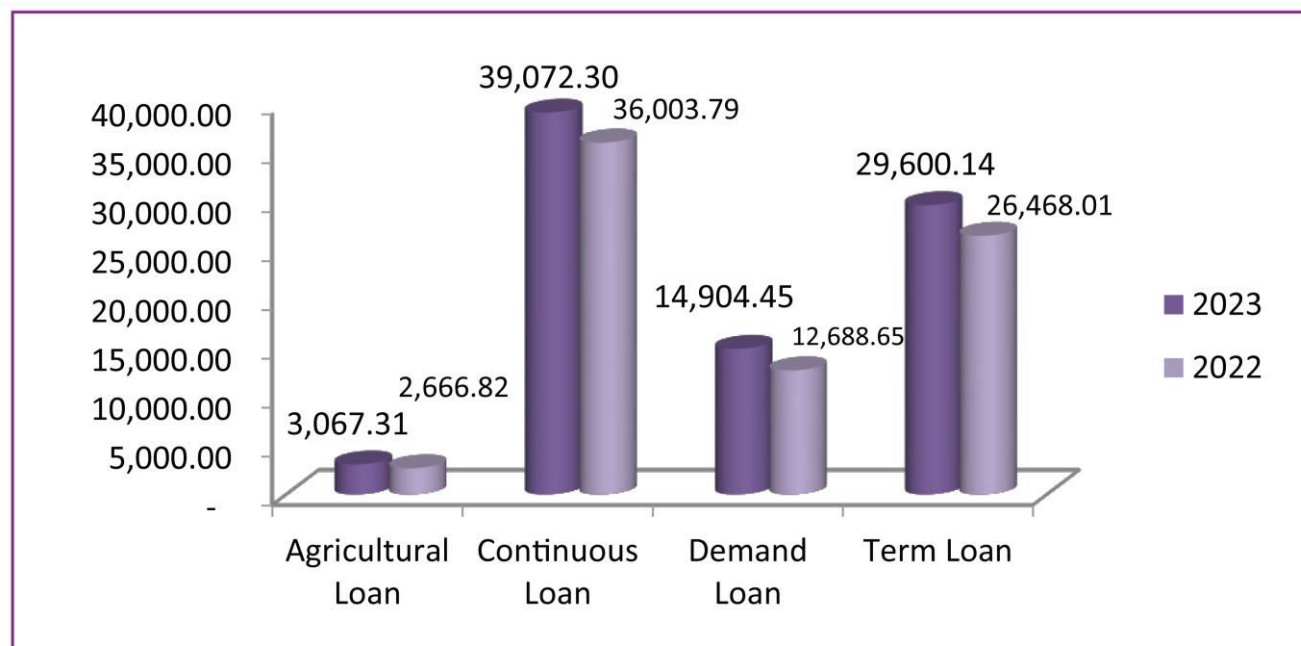
(Fig. Million Taka)

Category of Loans and Advances	2023	2022	Growth (%)
Agricultural Loan	3,067.31	2,666.82	15.02%
Continuous Loan	39,072.30	36,003.79	8.52%
Demand Loan	14,904.45	12,688.65	17.46%
Term Loan	29,600.14	26,468.01	11.83%
Total	86,644.19	77,827.26	11.33%

Category wise Loans and Advances as on 31.12.2023



Comparison of Category wise Loans and Advances in 2023 & 2022

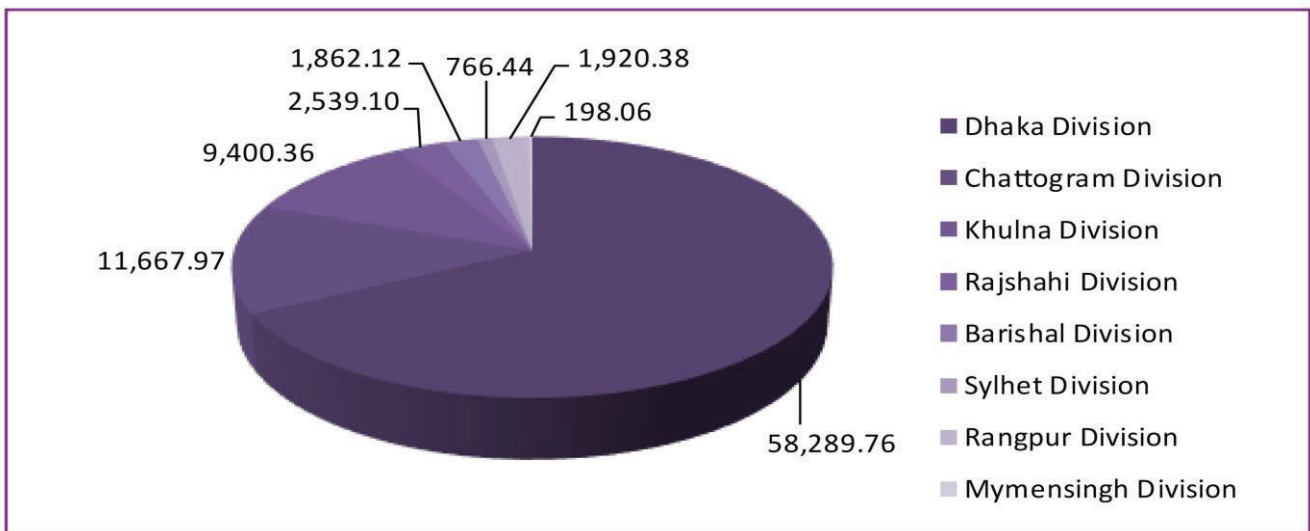


iii) Division wise Loans and Advances

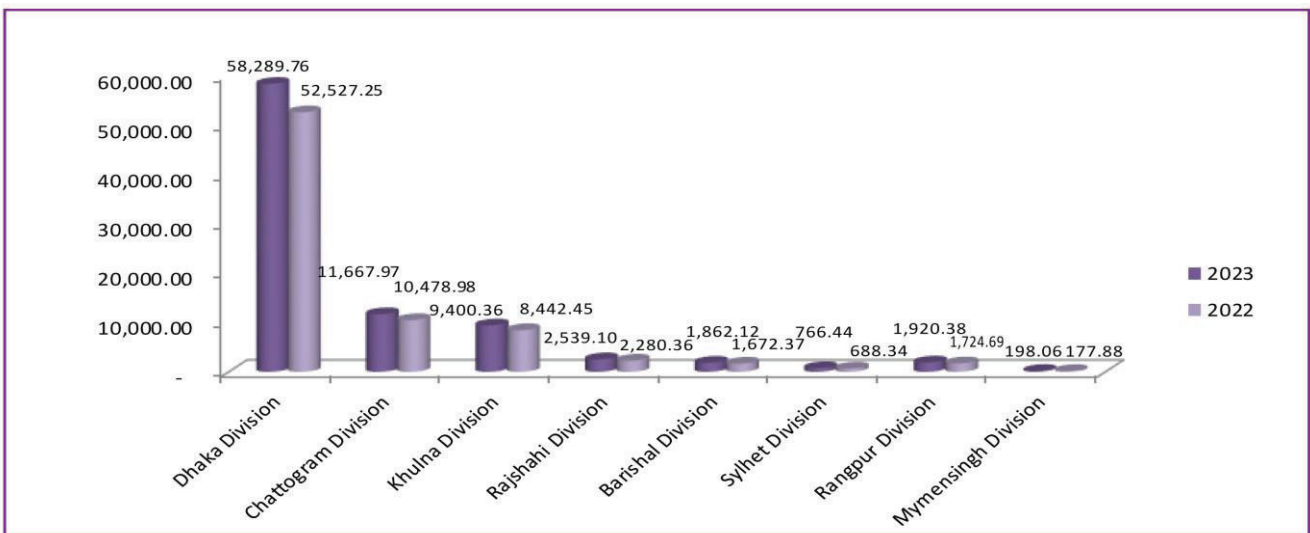
(Fig. Million Taka)

Name of Division	2023	2022	Growth (%)
Dhaka Division	58,289.76	52,527.25	11
Chattogram Division	11,667.97	10,478.98	11
Khulna Division	9,400.36	8,442.45	11
Rajshahi Division	2,539.10	2,280.36	11
Barishal Division	1,862.12	1,672.37	11
Sylhet Division	766.44	688.34	11
Rangpur Division	1,920.38	1,724.69	11
Mymensingh Division	198.06	177.88	11
Total	86,644.19	77,827.26	11.33

Division wise Loans and Advances as on 31.12.2023



Comparison of Division wise Loans and Advances in 2023 & 2022

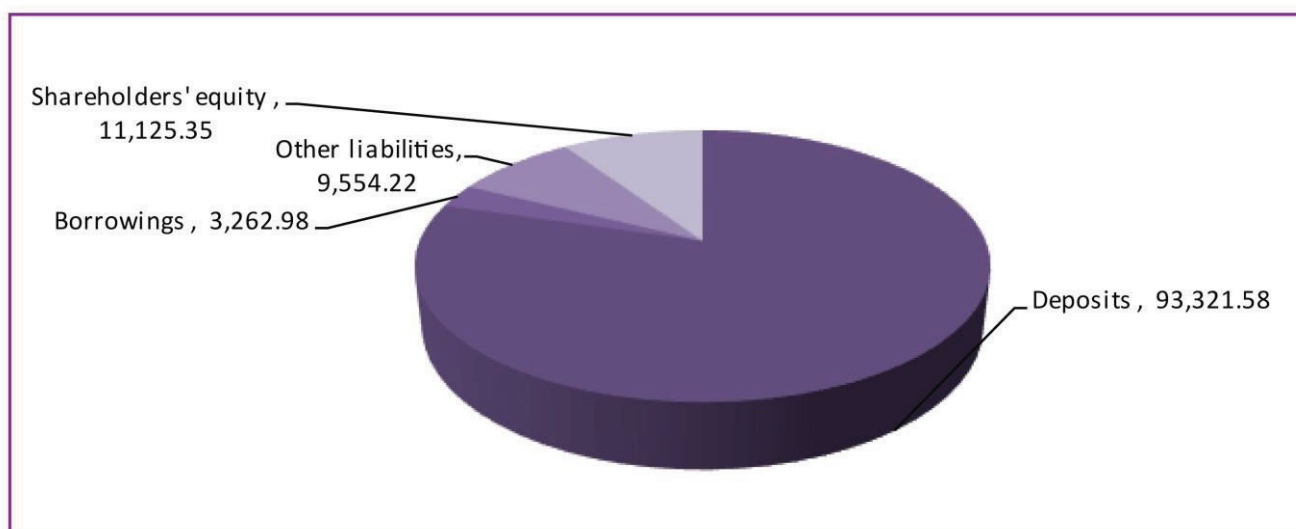


Total Liabilities

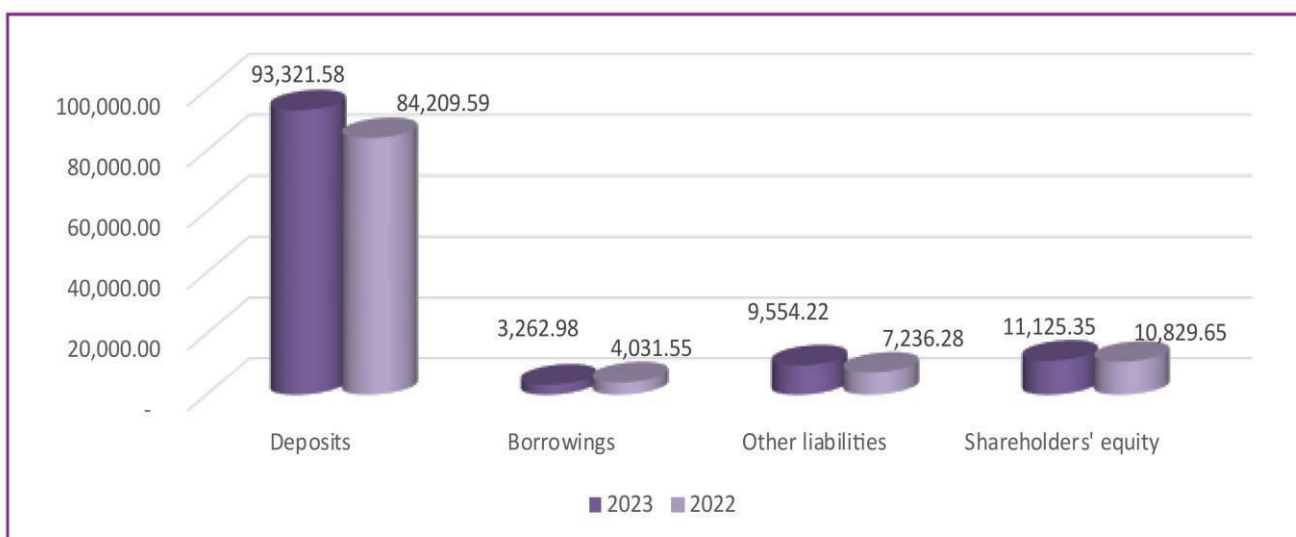
(Fig. Million Taka)

Particulars	2023	2022	Growth (%)
Deposits	93,321.58	84,209.59	10.82%
Borrowings	3,262.98	4,031.55	-19.06%
Other liabilities	9,554.22	7,236.28	32.03%
Shareholders' equity	11,125.35	10,829.65	2.73%
Total liabilities	117,264.13	106,307.06	10.31%

Total Liabilities as on 31.12.2023



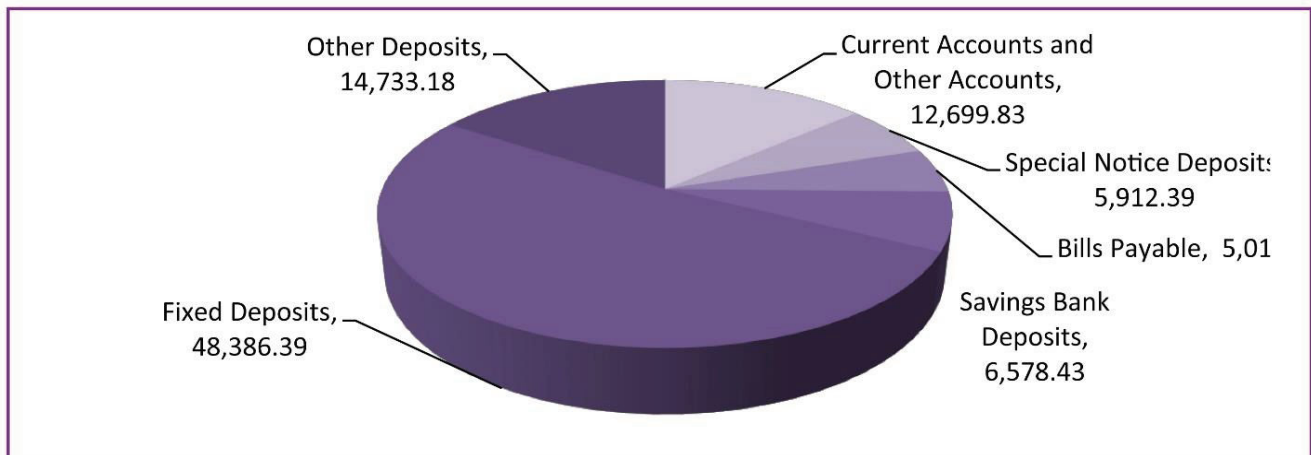
Comparison of Liabilities in 2023 & 2022



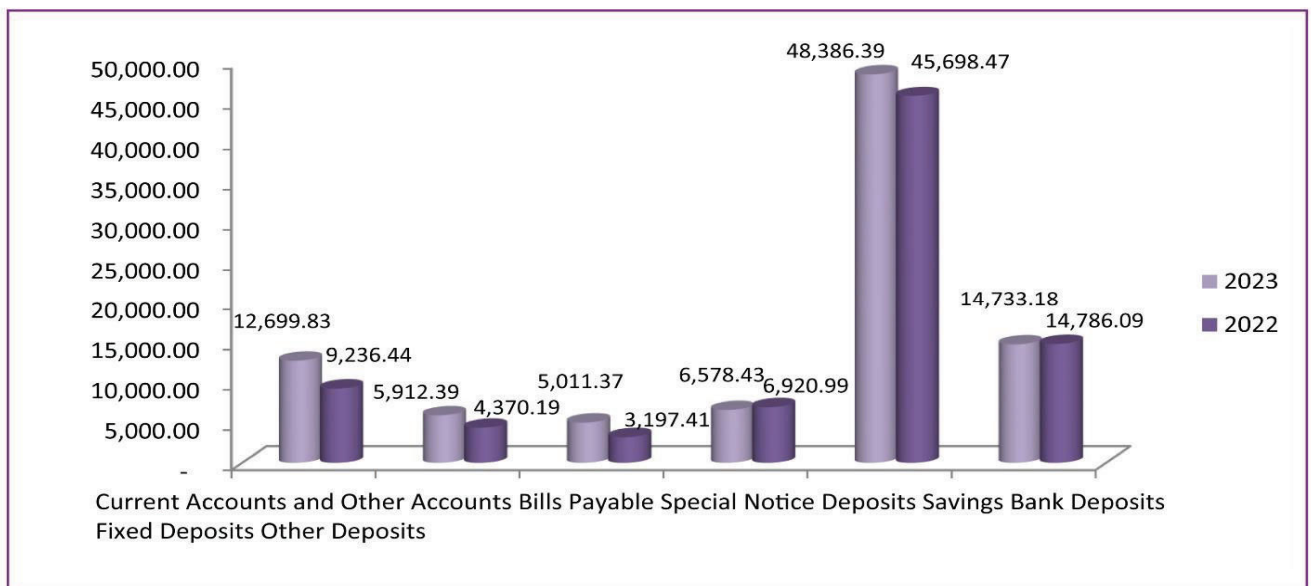
Deposits

Types of Deposit	Outstanding Taka in Million		Growth (%)	Deposit Mix (%)	
	2023	2022		2023	2022
Current Accounts and Other Accounts	12,699.83	9,236.44	37.50%	13.61%	10.97%
Special Notice Deposits	5,912.39	4,370.19	35.29%	6.34%	5.19%
Bills Payable	5,011.37	3,197.41	56.73%	5.37%	3.80%
Savings Bank Deposits	6,578.43	6,920.99	-4.95%	7.05%	8.22%
Fixed Deposits	48,386.39	45,698.47	5.88%	51.85%	54.27%
Other Deposits	14,733.18	14,786.09	-0.36%	15.79%	17.56%
Total	93,321.58	84,209.59	10.82%	100.00%	100.00%

Deposit Mix as on 31.12.2023



Comparison of Deposit Mix in 2023 & 2022

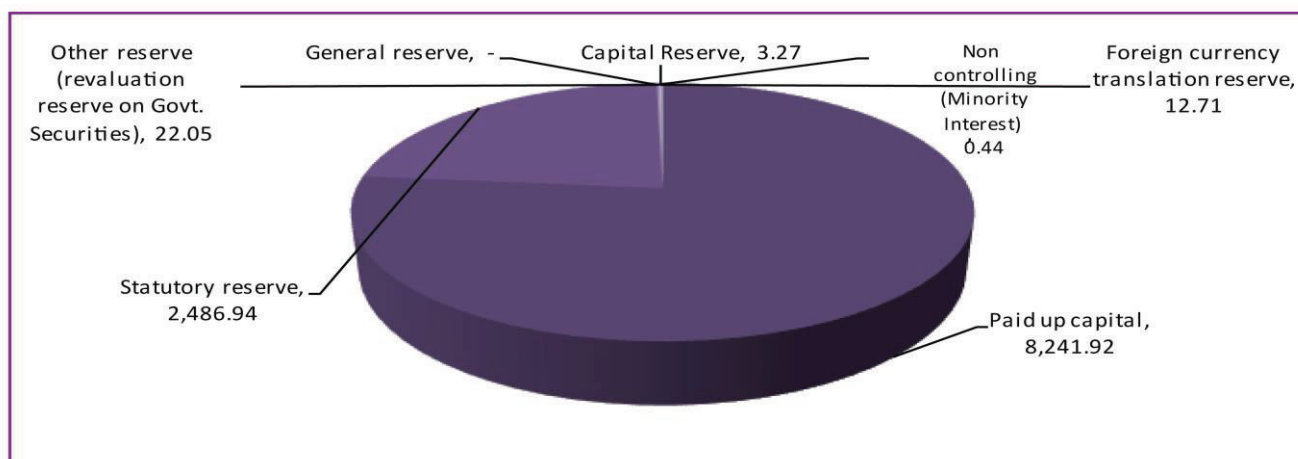


Shareholders' Equity

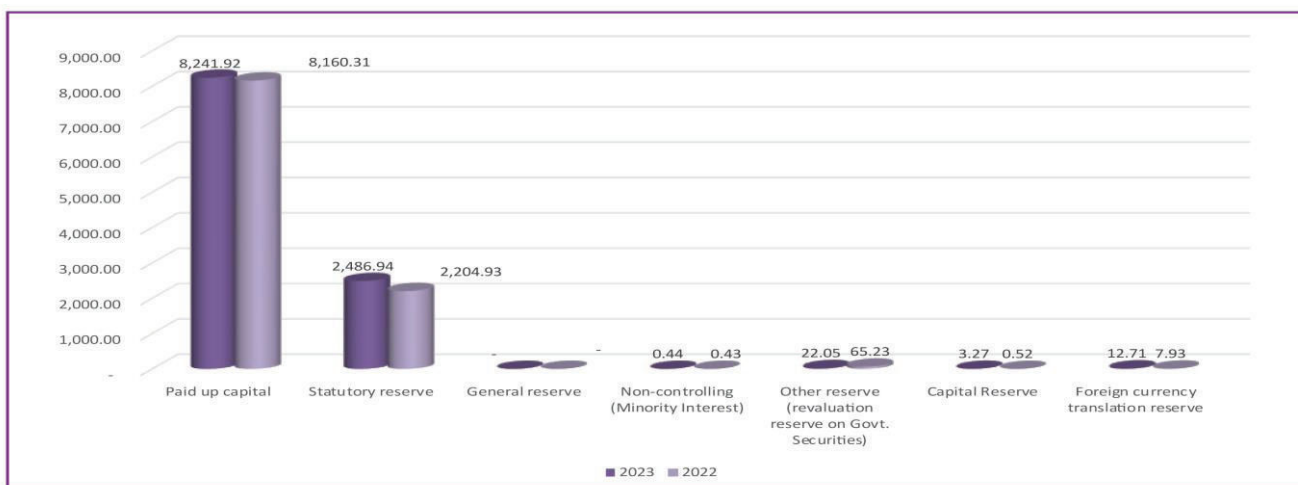
(Fig. Million Taka)

Particulars	2023	2022	Growth (%)
Paid up capital	8,241.92	8,160.31	1.00%
Statutory reserve	2,486.94	2,204.93	12.79%
General reserve	-	-	#DIV/0!
Non-controlling (Minority Interest)	0.44	0.43	0.68%
Other reserve (revaluation reserve on Govt. Securities)	22.05	65.23	-66.20%
Capital Reserve	3.27	0.52	532.84%
Foreign currency translation reserve	12.71	7.93	60.21%
Surplus in profit and loss account	358.03	390.29	-8.27%
Total Shareholders' equity	11,125.35	10,829.65	2.73%

Shareholders' Equity as on 31.12.2023



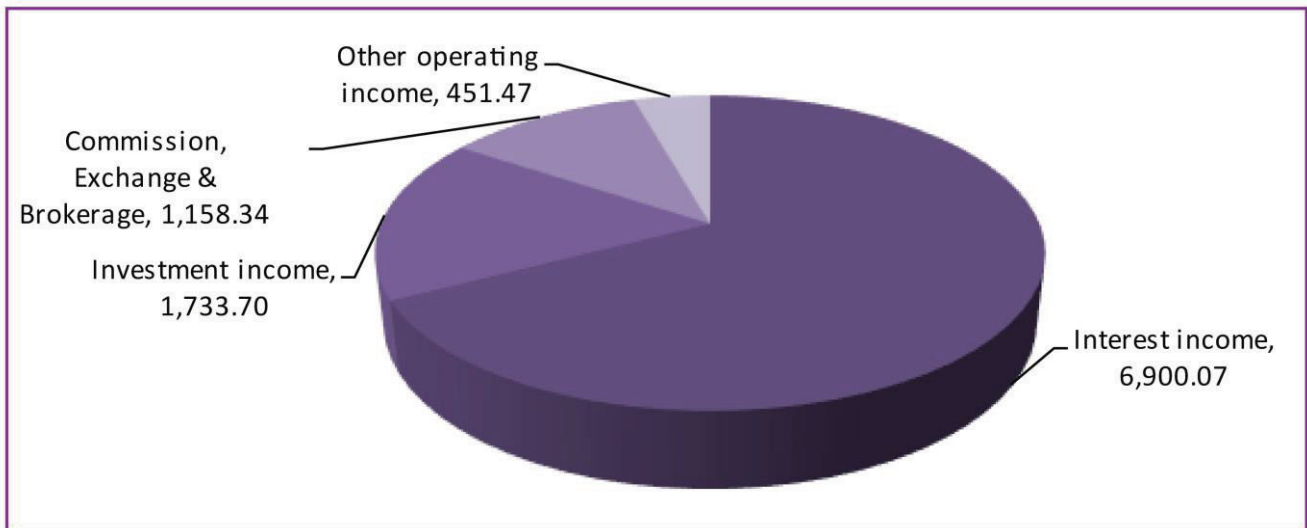
Comparison of Shareholders' Equity in 2023 & 2022



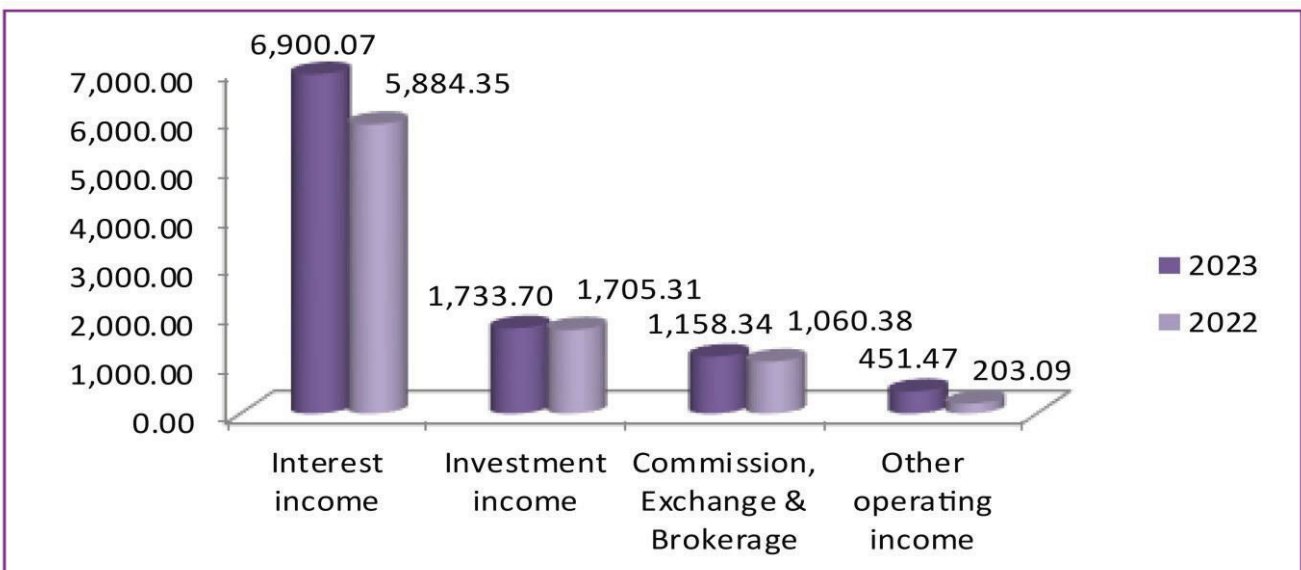
Total Income:

Types of Income	Amount in Million Taka		Growth (%)	Income Mix (%)	
	2023	2022		2023	2022
Interest income	6,900.07	5,884.35	17.26%	67.36%	66.47%
Investment income	1,733.70	1,705.31	1.66%	16.92%	19.26%
Commission, Exchange & Brokerage	1,158.34	1,060.38	9.24%	11.31%	11.98%
Other operating income	451.47	203.09	122.30%	4.41%	2.29%
Total income	10,243.57	8,853.13	15.71%	100.00%	100.00%

Total Income as on 31.12.2023



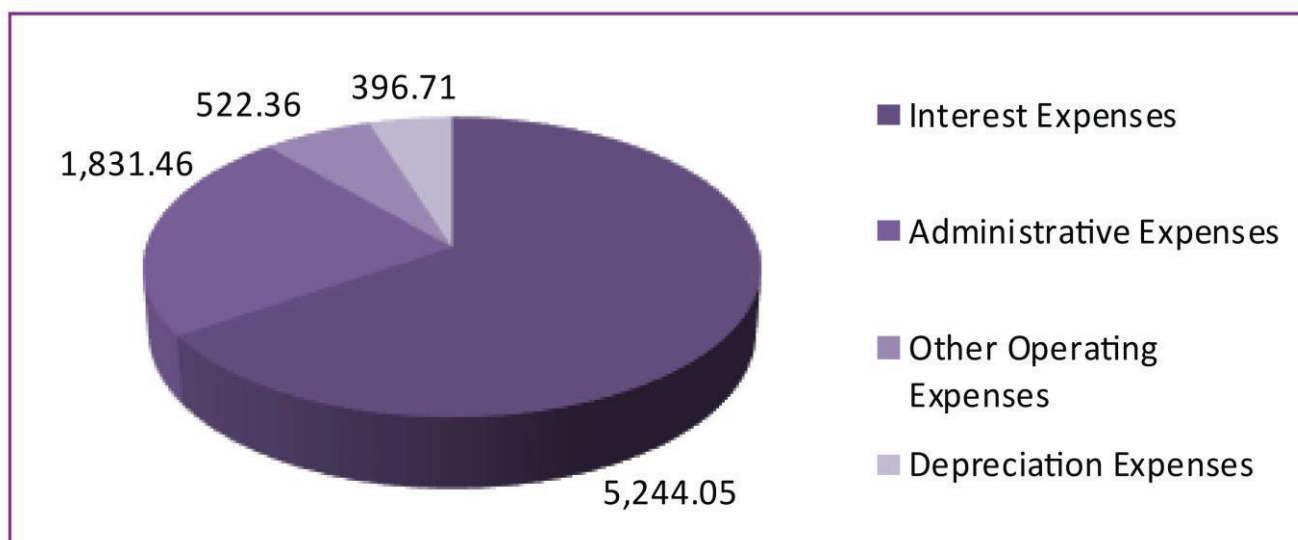
Comparison of Total Income in 2023 & 2022



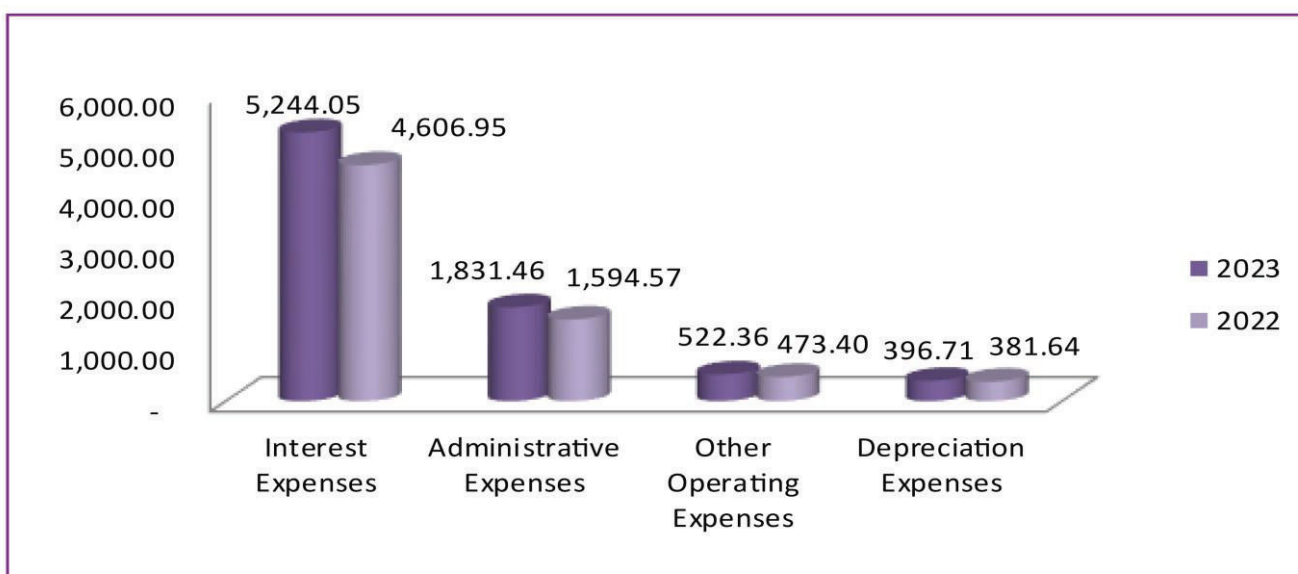
Total Expenses:

Types of Expense	Amount in Million Taka		Growth (%)	Expense Mix (%)	
	2023	2022		2023	2022
Interest Expenses	5,244.05	4,606.95	13.83%	65.60%	65.29%
Administrative Expenses	1,831.46	1,594.57	14.86%	22.91%	22.60%
Other Operating Expenses	522.36	473.40	10.34%	6.53%	6.71%
Depreciation Expenses	396.71	381.64	3.95%	4.96%	5.41%
Total Expenses	7,994.59	7,056.56	13.29%	100.00%	100.00%

Total Expenses as on 31.12.2023



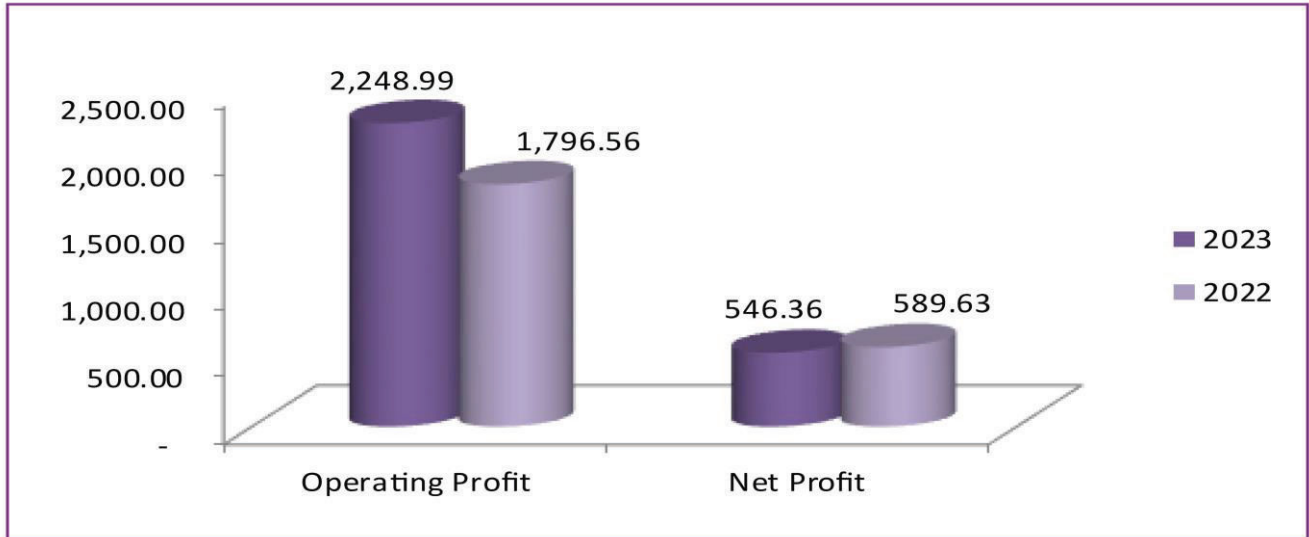
Comparison of Expenses in 2023 & 2022



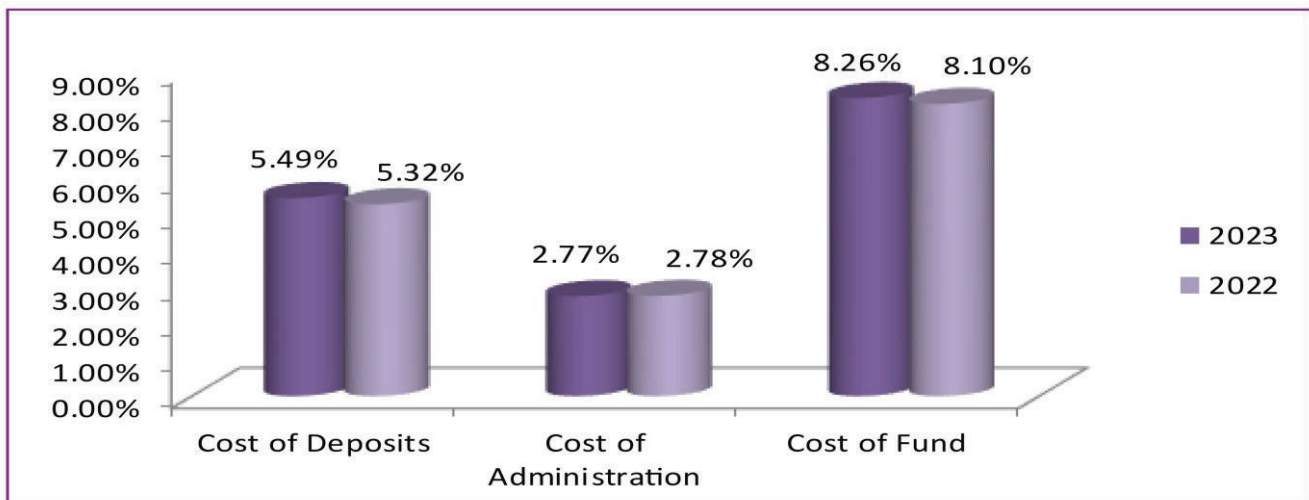
Profitability:

(Fig. Million Taka)

Particulars	2023	2022	Growth (%)
Operating Profit	2,248.99	1,796.56	25.18%
Net Profit	546.36	589.63	-7.34%

Comparison of Profitability in 2023 & 2022

Average Cost of Funds:

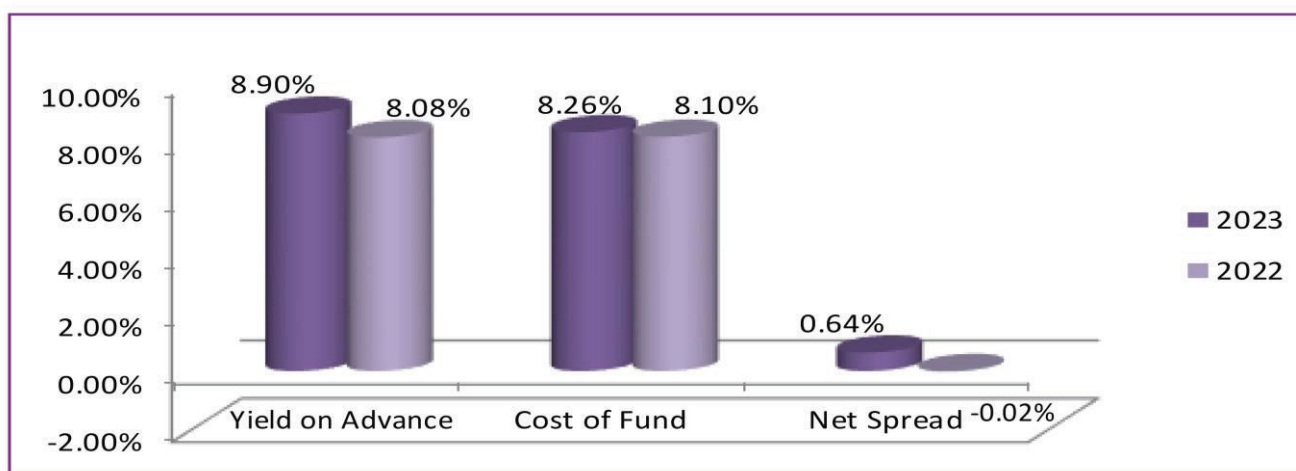
Particulars	2023	2022	Changes (%)
Cost of Deposits	5.49%	5.32%	0.17%
Cost of Administration	2.77%	2.78%	-0.01%
Cost of Fund	8.26%	8.10%	0.16%

Comparison of Cost of Deposits, Cost of Administration & Cost of Fund in 2023 & 2022


Net Spread:

Particulars	2023	2022
Yield on Advance	8.90%	8.08%
Cost of Fund	8.26%	8.10%
Net Spread	0.64%	-0.02%

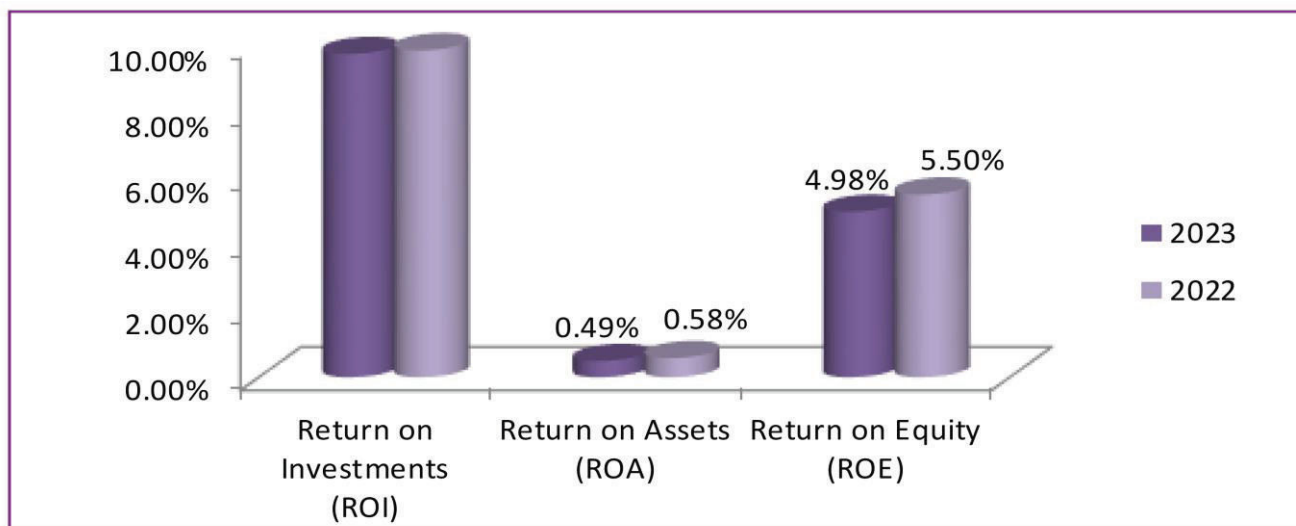
Comparison of Yield on Advances, Cost of Funds & Net Spread in 2023 & 2022



Rate of Returns:

Particulars	2023	2022
Return on Investments (ROI)	9.73%	9.84%
Return on Assets (ROA)	0.49%	0.58%
Return on Equity (ROE)	4.98%	5.50%

Comparison of Returns in 2023 & 2022

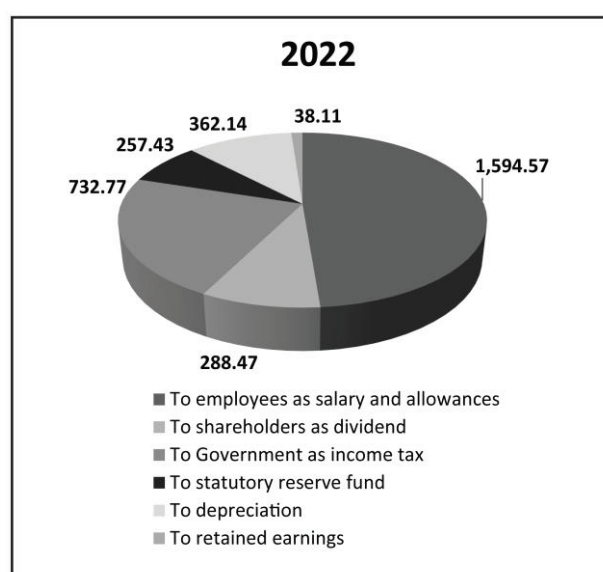
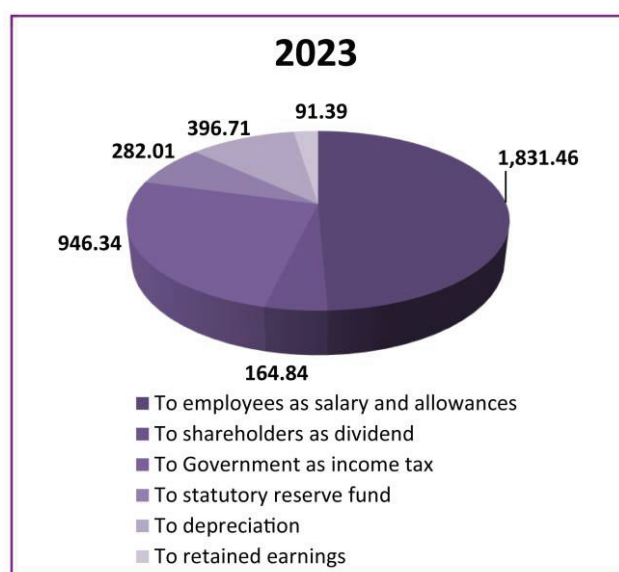


Value Added Statement

Value added is the wealth accretion made by SBAC Bank PLC. 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 2023 is given below:

Fig. in million

	2023	%	2022	%
	<u>Taka</u>		<u>Taka</u>	
Value Created				
Income from Banking Services	10,243.57		8,853.13	
Less: Cost of services & Supplies	5,766.41		5,099.86	
Value added by banking service	4,477.16		3,753.27	
Provision for deferred tax	60.56		0.69	
Provision for loans & other assets	(824.97)		(480.47)	
	3,712.75		3,273.49	
Value distributed				
To employees as salaries & allowances	1,831.46	49.33%	1,594.57	48.71%
To shareholders as dividend (Proposed)	164.84	4.44%	288.47	8.81%
To Government as income tax	946.34	25.49%	732.77	22.39%
	2,942.64	79.26%	2,615.81	79.91%
Value retained				
(to maintain and continue operations)				
Statutory reserve	282.01	7.60%	257.43	7.86%
Depreciation	396.71	10.69%	362.14	11.06%
Retained earnings	91.39	2.46%	38.11	1.16%
	770.11	20.74%	657.68	20.09%
	3,712.75	100.00%	3,273.49	100.00%



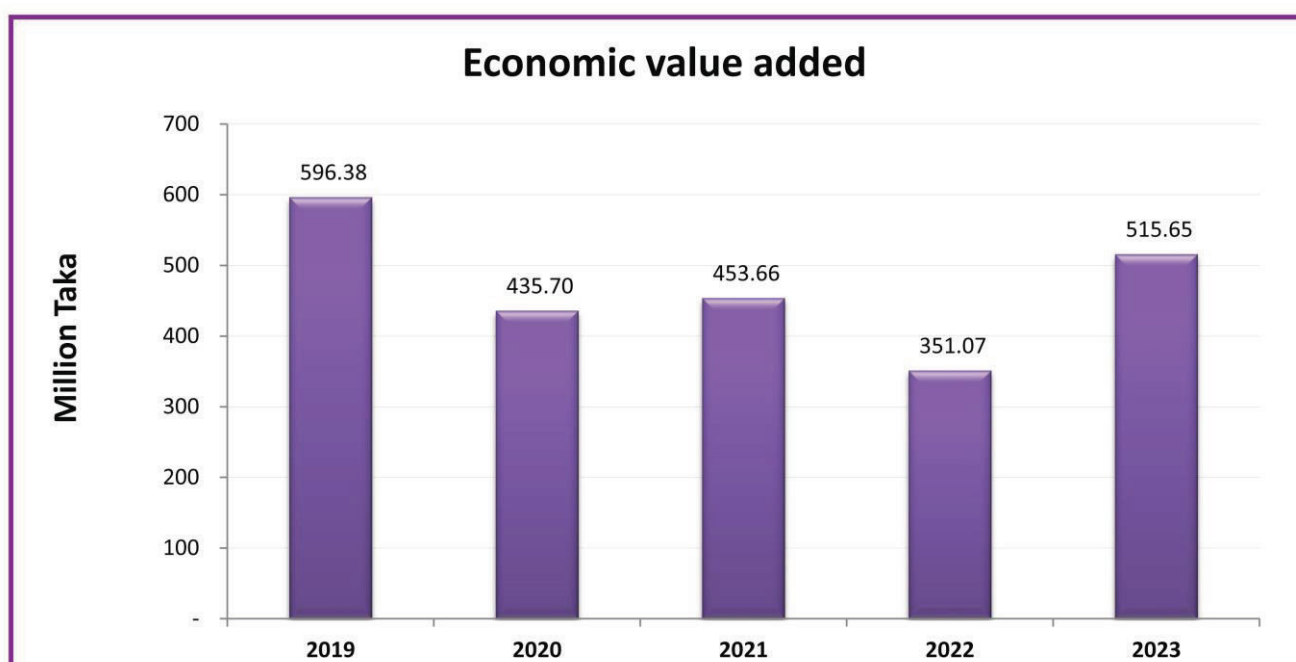
Economic Value Added (EVA) Statement

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 2023 this cost of equity is calculated on the basis of the return on 5 years Treasury Bonds.

Fig. in million

	2019	2020	2021	2022	2023
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Shareholders' equity	8,362.96	9,306.66	10,622.84	10,829.21	11,124.92
Add: Provision for loans & advances	517.58	9.51	359.49	478.82	535.71
Closing Shareholders' equity	8,880.54	9,316.17	10,982.33	11,308.03	11,660.63
Opening shareholders' equity	7,054.71	8,880.54	9,316.17	10,982.33	11,308.03
Average shareholder's equity	7,967.62	9,098.36	10,149.25	11,145.18	11,484.33
Earnings					
Profit after taxation	967.60	951.95	534.72	589.61	546.36
Add: Provision for loans & advances	502.83	87.88	629.39	596.24	762.85
	1,470.43	1,039.83	1,164.11	1,185.84	1,309.21
Average cost of equity	10.97%	6.64%	7.00%	7.49%	6.91%
Cost of average equity	874.05	604.13	710.45	834.77	793.57
Economic value added	596.38	435.70	453.66	351.07	515.65



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	2023
(a) Face value per share (BDT)	10.00
(b) Market value per share (BDT)	10.50
(c) Number of shares outstanding	82,41,91,650
(d) Market capitalization (BDT in million) [(c) × (b)]	8,654.01
(e) Book value of paid-up capital (BDT in million) [(c) × (a)]	8,241.92
(f) Market value added (BDT in million) [(d)-(e)]	412.09

* Closing Price of shares on 28.12.2023 at DSE has been taken as Market value per share & the Number of shares outstanding is based on 28.12.2023 also.

Report on Going Concern

We have assessed the financial and operational strength of SBAC Bank PLC. to determine if there is any significant uncertainty that may cast doubt on its ability to continue operating as a going concern. After conducting appropriate investigations, analyses, reviews, and assessments, we have concluded that the bank can operate as a going concern for the foreseeable future. The bank has prepared its financial statements on this basis, and all key indicators of the bank are favorable. The bank's financial performance has been robust, with consistent growth over the years. Therefore, stakeholders can be reasonably assured that we (the Bank) can continue operating successfully.

- 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
- Excellent Credit Rating

Major Financial Indicators

Particulars	2023	2022	2021	2020	2019
Net Asset Value (NAV) Per Share	13.50 (Consolidated)	13.14 (Consolidated)	13.02	13.59	13.44
	13.45 (Solo)	13.10 (Solo)			
Net Operating Cash Flow Per Share	3.51 (Consolidated)	2.99 (Consolidated)	(4.38)	0.73	12.79
	3.45 (Solo)	2.95 (Solo)			
Return on Equity (ROE)	4.98% (Consolidated)	5.50% (Consolidated)	5.42%	10.78%	12.25%
	4.89% (Solo)	5.24% (Solo)	5.36%		
Capital to Risk-weighted Assets Ratio (CRAR)	13.82% (Consolidated)	13.78% (Consolidated)	13.91%	13.45%	14.73%
	13.71% (Solo)	13.72% (Solo)	13.94%		
NPL Ratio	5.94% (Consolidated)	5.18% (Consolidated)	5.85%	6.22%	6.09%
	5.93% (Solo)	5.17% (Solo)			
Earnings Per Share (EPS)	0.66 (Consolidated)	0.72 (Consolidated)	0.66	1.39	1.55
	0.65 (Solo)	0.68 (Solo)			

Financial Indications

Key financial ratios & Performance growth:

During the year 2023, SBAC Bank PLC. had considerable stability in its operating performance. Its total asset has increased from Tk. 106,307.06 million (Consolidated) of 2022 to Tk. 117,264.13 million (Consolidated) in 2023 indicating a growth of 10.31 percent. Besides, Advances and Lease/Investment has increased by 11.35 percent (solo) & 11.33 percent (Consolidated) i.e. Advances and Lease/Investment has increased to Tk. 86,841.61 million (Solo) and Tk. 86,644.19 million (Consolidated) in 2023. Shareholders' Equity has increased by 2.65 percent (solo), and 2.73 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. 2,839.91 million (solo) and Tk. 2,893.21 million (consolidated) in 2023.

Maintenance of sufficient Capital:

As on 31 December 2023, Bank's total equity stands at Tk. 11,082.53 million (Solo) as against Tk. 10,796.55 million (Solo) of 31 December 2022 (whereas it was Tk. 11,125.35 million in 2023 as against Tk. 10,829.65 million of 2023 on a consolidated basis). On the other hand, the paid-up capital of the Bank stands at Tk. 8,241.92 million in 2023. Moreover, as on 31 December 2023 Bank's CRAR is 13.82 percent (Consolidated) whereas the solo CRAR of the Bank was 13.71 percent; and maintained total regulatory capital of Tk. 11,583.20 million (Consolidated) & Tk. 11,546.96 million (Solo). The entire situation also indicates to its ability and intention to continue for the predictable future.

Particulars	2023	2022
Minimum Capital Requirement (including buffer)	Tk. 10,480.23 million	Tk. 10,111.06 million
Capital Maintained	Tk. 11,583.20 million	Tk. 11,148.58 million
Surplus	Tk. 1102.97 million	Tk. 1,037.52 million
CRAR	13.82%	13.78%

Consistent payment of dividends:

Protecting interest of the shareholders is one of the top priorities of SBAC Bank PLC. We have

maintained consistency regarding dividend disbursement to our shareholders over the years, which reflects our commitment to the shareholders.

Particulars	2023	2022	2021	2020	2019	2018	2017	2016
Dividend:								
Stock	Nil	Nil	1%	4%	10%	10%	13.50%	15%
Cash	2% (Board Recommended)	3.50%	3%	4%	Nil	Nil	Nil	Nil

Non-financial Indications

Credibility in payment of obligations:

SBAC 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:

SBAC Bank PLC. 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	25 June 2023
Validity of Rating	24 June 2024

Customer service excellence

We prioritize innovation and customer satisfaction by implementing new strategies and launching innovative products regularly, as well as incorporating customer feedback to improve service quality.

Brand image

We are committed to establishing trust with our stakeholders, consistently meeting their expectations through the combined efforts of our highly motivated employees, experienced Management and Board, and the loyal customer base, which has contributed to our recognition as a reputable financial services brand.

Good governance

The Board of Directors, and experienced Management team prioritize good governance structures and practices to ensure regulatory compliance. Since its inception, the bank has adhered to all regulatory requirements.

Expansion of Coverage

SBAC Bank has expanded quickly across the country, taking into account the financial considerations. As on 29.05.2024, we have 89 branches, 31 sub-branches and 31 agent banking outlets (active) at different locations. We have installed 68 ATM booths (73 ATMs) and 02 CDMs (as on 29.05.2024) at various places to enhance convenience through service digitization.

Internal environment and employee satisfaction

We promote a positive and supportive workplace through prioritizing fairness, equal opportunities, and employee engagement. Our compensation packages and a range of benefits, such as provident fund, gratuity fund, health benefits, incentive bonuses, LFA, and regularly revised pay scales, contribute to employee confidence and satisfaction at SBAC Bank.

Risk Absorption & Adoption to Changes

Profit Rate & Foreign Currency Risks:

Bank installs measures to mitigate negative consequences arising from money market volatility, increased investment demand, increased import &

decreased export, and slow remittance flow. We deploy strategies to revise profit rates for any unusual and abrupt change as and when required to manage profit rate risks. 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 position in such a way that minimizes risk and maximizes return. These tactics strengthen our ability to operate as a going concern.

Non-Payment Risk:

SBAC Bank has a strong financial base with no history of non-payment, a solid ADR policy, and efficient liquidity management. There is no foreseeable risk of non-payment as we respond promptly to changes in global financial policies to safeguard the interests of our stakeholders.

Management Risk:

The bank has well-defined codes of conduct, vastly experienced management team, and highly qualified Board of Directors to minimize the risk of management-related issues affecting our ongoing operations.

Operational Risk:

The Board of Directors regularly reviews policies and procedures to ensure risk-free operations. The Internal Control and Compliance Division (ICCD) conducts regular and special audits on branches and departments, and the Audit Committee recommends necessary actions to the board. We have confidence on our operation as a going concern.

Business Risk:

We have a good track record of profitability, and our experienced management team is watchful of potential business risk i.e. the possibility of experiencing losses or uncertainty in profits due to unexpected events. We are expanding our services into new areas by offering Islamic Banking windows and agent banking services. SBAC Bank Investment Limited, Our subsidiary company offers a wide range of investment banking services. The risk management division works to identify and mitigate various types of risks, including business risk.

Portfolio Management Risk:

The members of management team of our Bank carefully evaluate every project, identifies associated risk factors, and closely monitors performance with great accuracy using their vast experience, unparalleled skills and capabilities. Moreover, the continuous supervision and timely guidance of the Board ensure that the portfolio management risks are minimized to a significant extent.

Credit/Investment Risk:

Our profitability shall decrease if the borrowers fail to meet their obligations. Considering the risk we have subdivided the credit division to better serve corporate, SME, and retail segments, analyze credit risk factors, and prioritize customer relationship management. Our asset liability management, credit administration, and legal & recovery division work together to minimize risk and maximize profitability by ensuring better investments and timely loan recovery.

Existing and Potential Regulations

Banks in Bangladesh operate under regulations set by regulatory bodies such as the Bangladesh Bank, and Bangladesh Securities and Exchange Commission (BSEC). The Bank Company Act, Companies Act, Income Tax Ordinance, and other relevant regulations govern the activities banks. Changes in the related policies, regulations & laws may impact the banking industry as a whole. We

believe our operations and performance shall not be affected significantly unless there is a major regulatory change that affects the entire industry.

Response to National/ Global Policy Changes

Government monetary and fiscal policy changes can affect our company's planning, strategies, and profitability. We closely monitor these policy changes both in national level & global scale and act promptly to adapt with them to safeguard the interests of the bank.

History of non-operation (Not Applicable)

The Bank has no history of non-operation since it started its operation on February 20, 2013 as one of the fourth-generation banks and has completed 11 years of uninterrupted banking operations. A highly qualified & well-experienced Board of Directors along with an extraordinarily skilled management team performing their responsibilities to strengthen the financial base of the bank, and making it efficient and strong enough for commercial operations. So, the likelihood of becoming non-operative is minimal.

Based on the above discussion, it is believed that there is no significant doubt about the bank's ability to continue as a going concern. The bank's board of directors has decided to adopt going concern assumptions, and the financial statements have been prepared accordingly as the bank has no intention or need to liquidate or limit its operations.

Management of Non-Performing Loan (NPL)

1. Introduction:

Bank collects fund from different sources and invests 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 loans are not performed properly i.e., due interest, installments and other payments are not paid by the borrower is called Non- Performing Loan (NPL). Bangladesh Bank has specific guidelines for classification of NPL into different categories based on overdue period.

The Banking Sector of Bangladesh has encountered numerous challenges over an extended period. High loan default rates threaten the health of the country's financial system. NPL has been a major crisis to the banks in Bangladesh over the years creating a shocking impact on profitability of a bank. So, management is very much concern on efficient management of NPL. SBAC Bank PLC., a fourth-generation bank, is no exception to this hazard. SBAC Bank is managing its NPL under Legal Affairs and Recovery Division (LARD).

2. Major causes of NPL:

- Inaccurate selection of good borrowers as well as actual requirements.
- Inaccurate assessment of creditworthiness of potential borrowers.
- Failure to identify capacity of the borrower to run the business successfully.
- Failure to assess inherent risks (Financial, business, management & security risk) in the business and its mitigating factors.
- Lack of proper utilization use of bank loan(s)/fund(s) for the stated purpose mentioned in the sanction letter.
- Diversion of fund.
- Lack of supervision, follow-up and monitoring process.
- 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.

3. Effective measures to manage NPL:

3.1. Preventive measures:

- Proper selection of borrowers as well as actual requirements.
- Proper assessment on Creditworthiness of potential Borrowers.
- Properly identify the capacity of the borrower to run the business successfully.
- Proper working capital assessment.
- Properly assess inherent risks (Financial, business, management & security risk) in the business and its mitigating factors.
- Ensure proper utilization of fund as per stated purpose of the loan mentioned in the sanction letter.
- Protect diversion of fund.
- Close supervision, monitoring and follow up of business and borrowers.
- Proper Loan Documentations.
- 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 and collects information.

3.2. Corrective measures:

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

4. Rescheduling:

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

5. Legal:

Refers to NI Act Suit filling under Section 138 of the NI Act 1881, Auction and finally filling suit under the Artha Rin Adalat Ain, 2003.

6. Write Off (WO):

Write Off is a process by which ledger outstanding of a classified liability is reduced or shown nil without absolving the borrower from paying off the entire bank's dues i.e., the Loan amount is removed from the asset portion of a balance sheet by debiting interest suspense against the loan, provision kept/ Current year's Income A/c. The claim of the Bank will remain in force after written off a loan and all legal proceeding will be continued to recover Written Off Loan.

7. Loan 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) as per Bangladesh Bank Circulars.

8. Impact of NPL on Bank:

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

9. Functions of LARD:

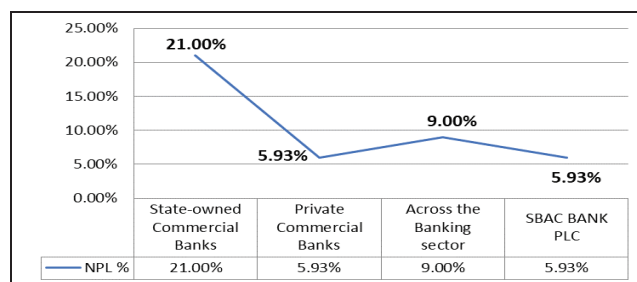
Legal Affairs and Recovery Division is a dedicated division in managing NPL's. LARD has reconstituted Task Force (TF) with senior management team. Legal Affairs and Recovery Division of SBAC Bank aims to ensure regulatory compliance with all laws and regulations related to the bank's business. With the support of a specialized team, the division intends to provide business support through effective case management of default clients and recovery, thus ensuring a reduced recovery period and enhanced profitability. Functions of LARD is as follows:

- In-depth analysis of all NPLs and pursue all options to maximize recovery.
- Ensure effective Communication, follow-up, monitoring of defaulter borrower(s)/ guarantor(s)/ mortgagors for recovering stuck-up loans.
- Interaction with defaulted borrowers, Negotiation with the borrowers to recovery of NPLs.

- Alternative Dispute Resolution (ADR) approach to recovery of NPLs
- Initiate legal actions against defaulted borrowers and provide support to the branches in this respect.
- Maintenance of database of defaulted and slow-moving accounts of the branches, and providing assistance to 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.
- Liaison with different departments (CAD, Legal Division, ICCD etc.).
- Ensure adequate and timely loan loss provisions are made based on actual and expected losses.

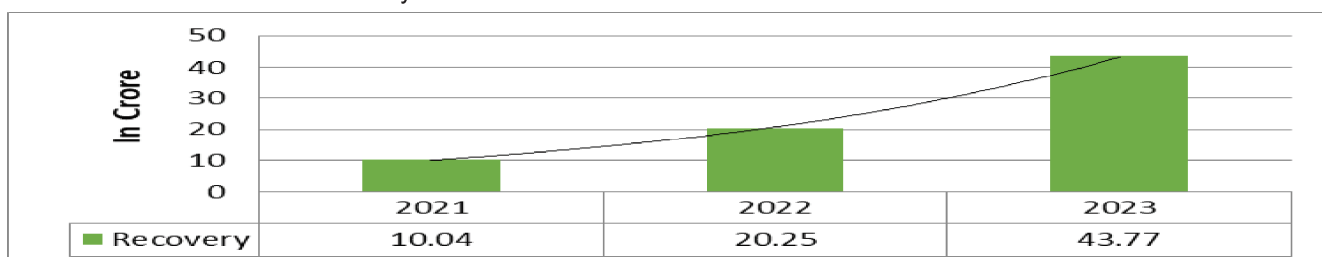
10. Comparative study of NPL scenario:

A comparative study of NPL scenario of overall banking sector with our SBAC Bank shows that our relentless efforts have brought fruitful results as we successfully maintained our NPL ratio below **6%**, i.e. **5.93%** of total outstanding loans as on 31-12-2023. Total loan as on 31-12-2023 is Tk. 8684.16 Cr. and Classified Loan is Tk.514.96 Cr., i.e. Classified Loan Rate is 5.93 % of Total Loan of SBAC Bank PLC. Here, SBAC team has done a tremendous job maintaining the numbers well below the industry average.



11. Recovery performances of Last three years:

Year	Recovery from CL	Recovery in %
2021	10.04 crore	2.81%
2022	20.25 crore	5.24%
2023	43.77 crore	10.86%



Here, due to relentless efforts of SBAC team, our recovery from NPL is increasing gradually.

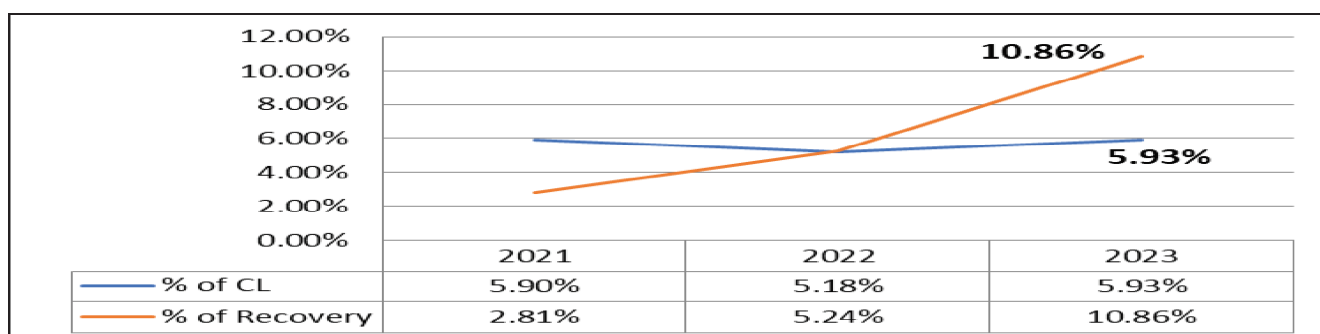
12. NPL position at SBAC Bank for last three years:

Year	Total CL Amount	CL %
2021	386.09 crore	5.90%
2022	403.12 crore	5.18%
2023	514.96 crore	5.93%

Gross NPL is Tk.514.96 crore as on 31.12.2023. Here, Net NPL as on 31.12.2023 is Tk.274.20 crore, in percentage 3.16%.

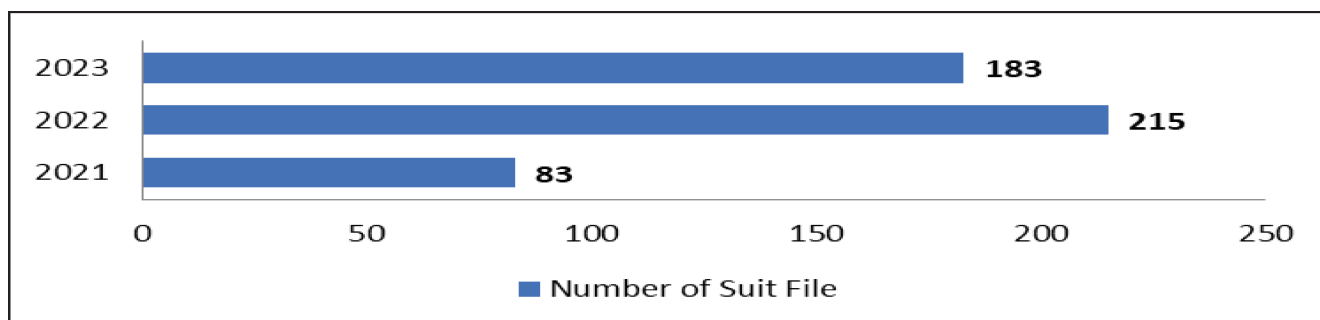
* Net NPL = Total CL amount – Interest Suspense – Required Provision.

13. Year wise % of CL and % of CL Recovery:



14. Lawsuit information:

14.1. Year-wise Suit file:



14.2 Present Suit Position:

Particulars	Pending suit in 2022	Suit file in 2023	Disposal in 2022	Disposal in 2023	Recovery in 2022	Recovery in 2023
N.I. Act	380	100	15	19	29.61 Crore	43.79 Crore
Artha Rin & Artha Jari	69	49	-	2		
Against Bank	9	8	-	2		
H.C/Others	24	26	9	16		
Total=	482	183	24	39		
Total Suit: 665						

Conclusion:

SBAC Bank is constantly trying to reduce its NPL in their portfolio. We continuously working on realistic approach and detailed plan for different strategies for different cases. We know prevention is better than corrective measures. So, now SBAC Bank is practicing all out preventive measures at the time of selection and assessment of borrower, sanctioning loans, close monitoring and follow up of business and borrowers. Hopefully, as an outcome of collective effort of branches and LARD, Legal steps and Negotiations, and with proper guidelines of Board and Top Management, NPL size of the bank will gradually be reduced. Team SBAC is always committed to protect the interest of our all Stakeholders specially Depositors and Shareholders. We are poised for sustainable growth and increased profitability, promising excellent returns for our valued shareholders and to keep our asset quality better.

STRATEGIC PLAN FOR 2024

Economy of Bangladesh is passing through a challenging phase so is the Banking Sector of the country. A number of issues such as liquidity crisis, dollar shortage, financial scams, increased non-performing loan etc. have been negative catalysts for the lack of trust and confidence of the customers on Banks with their asset. Strengthening the financial base achieving sustainable growth through gaining deeper trust & confidence of the stakeholders, ensuring further corporate governance, and wide service-coverage with extensive service-digitalization is the utmost priority of the bank at present. Considering the current situation we have set our strategic priorities and action plan for 2024 as under:

- To maintain better asset quality through reduced loan concentration, enhanced portfolio diversification, prioritizing investment in Government securities/other High-Quality Liquid Investments.
- To initiate vigorous recovery drive through legal & non-legal measures under the Legal and Recover Division (LARD) for the recovery of problematic loans, and install continued administering and monitoring by the recovery team so that no more loans & advances turn into non-performing. Keeping up rigorous supervision on the recovery performance of branches and frequently reviewing their achievement by the Board has been prioritized.
- Utmost importance is given on installing effective risk management system at every level of operation and ensuring best corporate governance practices those confirm thorough compliance of each and every policy/procedure/rules/regulations/circular of regulatory authorities and confirm sustainable business growth.
- To achieve sustainable growth through dexterous asset-liability management, conservative advance-deposit ratio, proper fund management, efficient deposit management, enhanced operational efficiency, reduced operational cost, increased fee & commission-based income, and transforming all loss-incurring branches into profitable one.
- To upgrade customer service ensuring uniform, polite and caring responses from every employee specially the front-line officers arranging regular customer feedback programs for identification of action areas to monitor and improve service level.
- To earn customer delight & trust through delivery of greatly convenient, customized & reliable services by our highly professional human resources, installation of more innovative products & solutions, and utilizing alternative service delivery channels basing on upgraded digitalization.
- To prioritize further updating of policies & programs to upgrade the skill of our employees to meet the challenges of modern day banking and ever-changing customer demands and attitudes.
- To put highest, emphasize on mobilizing low-cost, no-cost fund through launching special campaigns for school banking account, CASA deposit such as senior citizen saving deposit, 10/50/100 privilege savings account, SBAC probashi account etc., collection of tuition fees, utility bill collection of TITAS, WASA, DESCO, BRTA, REB, etc., Corporate Salary Account, etc.
- To boost financial inclusion through Internet banking (i.e. SBAC Click), App-based banking (i.e. BanglaPay), upgraded technology-driven more branches, sub-branches and agent outlets.
- Expansion of foreign exchange business through increasing non-funded business mostly export LC, providing priority service to remittance clients by special remittance collection team.
- To become further conservative on loan appraisal, approval, disbursement and be extremely watchful in monitoring, administration and recovery effort.
- Minimization of Cost through reduction of cost of deposit maintaining a sustainable deposit mix, reduction of capital expenditure, Maximization of Profit through putting budgetary control at every level of operation is one of our prime focuses for 2024.
- To keep focusing on our effort of enhancement of the brand identity of the bank through material & virtual branding programmers such as digital branding, e-marketing, social media marketing, website, etc.

On behalf of the Board of Directors



Abu Zafar Mohammad Shofiuddin MP
Chairman