



ANNUAL REPORT 2020

সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিঃ



8th

*Annual General Meeting (AGM)
of South Bangla Agriculture and
Commerce Bank Limited will be
held on October 21, 2021,
online (virtual platform),
organised from Head office of
the Bank, BSC Tower, 2-3
Rajuk Avenue, Motijheel,
Dhaka-1000.*

South Bangla Agriculture and Commerce (SBAC) Bank Limited started its journey in 2013 with a vision to be customer-friendly and trustworthy. The journey with a uniquely qualified leadership and a firm capital base of BDT 4089.6 million alongwith timeless service excellence elevated us to a capital position of BDT 6,846.46 million. Basing on a rock-solid capital foundation, our highly talented workforce has enabled us to offer our customers a wide array of differentiated financial solutions. Our unparalleled leadership, remarkable client-base and hard working workforce have led us to achieve a robust business growth with a balance sheet size of BDT 88,403.45 million, operating profit of BDT 1,457.67 million and extensive branch network of 83 branches & 15 Sub-branches. To boost up our financial strength further, we already have completed our Initial Public Offering (IPO) for Tk. 1000.00 million and have started our operations as a publicly listed company being listed at Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). We, together with our vastly experienced leaders are firmly committed to uphold the stakeholders' interests protected. As one of this country's new generation and fastest growing banks, we offer our customers innovative financial solutions, modern technology based products and services for businesses as well as individuals. We are striving to keep our customers' stake protected by leading-edge security protocols and practices. All our efforts to ensure a continuous and steady growth has borne a series of successes which include deploying a world class Core Banking System and implementing all Central Bank initiated projects (BACPS, BEFTN, Online CIB, go AML etc.) within the shortest time. To run with the pace of financial digitalization we have already launched our apps-based digital wallet "Banglapay" with some unique features. We are here to deliver the latest as well as diversified financial services at the doorstep of the customers. As part of our service diversification efforts, we have opened 10 nos. of islamic banking windows at selective branches alongside our conventional banking to exploit the opportunity offered by the enormous popularity of shariah-based banking around the country. Moreover, the bank has established a subsidiary naming 'SBAC Bank Investment Limited' as a market intermediary to harvest the opportunity from booming capital market. We have a concrete plan to reach the remotest corner with our banking services to achieve the financial inclusion goal, so we already have taken initiatives to start our agent banking wing. Furthermore, the bank has commenced it's off-shore banking operations through an well-functioning off-shore banking unit (OBU). We have set up a goal of steady expansion ensuring the best customer services with reliable financial offerings and accordingly have drawn the strategic plan to achieve that goal. We are committed to the highest level of ethical standard, where top priority is given in ensuring the best product diversification and rendering the most delightful service as a team with state of the art technology.

Chapter -1	05-08	PRELIMINARY
	06	▪ Letter of Transmittal
	07	▪ Notice of the 8th Annual General Meeting
	08	▪ Highlights of previous Annual General Meetings
Chapter -2	09-18	ABOUT US
	10	▪ Corporate Information
	11	▪ Our Vision & Mission
	12	▪ Commitments
	13	▪ Management Philosophy
	14	▪ Milestones
	15	▪ Unique Achievements
	16	▪ Organogram
	17	▪ Credit Rating Report of the Bank
Chapter -3	19-40	ORGANIZATION AND LEADERSHIP
	20	▪ Board of Directors
	22	▪ Committees
	24	▪ List of Honorable Sponsor Shareholders
	26	▪ Profile of The Directors
	36	▪ The Management Committee (ManCom)
	37	▪ Our Management Team
	39	▪ List of Executives of the Bank
Chapter -4	41-48	MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR & CEO
	42	▪ Review from the office of the Chairman
	45	▪ Review of the Managing Director & CEO
Chapter -5	49-64	INTEGRATED REPORTING
	50	▪ MD & CEO's message on Integrated Reporting
	52	▪ Discussion on Integrated Reporting
	56	▪ SWOT Analysis
	59	▪ DuPont Analysis
	60	▪ PESTEL Analysis
	64	▪ Our Business Model
Chapter -6	65-134	DIRECTORS' REPORT
	66	▪ Directors Responsibility Statement
	68	▪ Report of the Directors
	68	▪ An Overview on Global and Local economy
	73	▪ Review of Performance of SBAC Bank Ltd. in 2020
	97	▪ Disclosures under Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018 of BSEC
	111	▪ Information To The Stakeholders
	111	▪ Dividend Distribution Policy
	112	▪ Dividend & Stock Details
	112	▪ Financial Calendar-2020
	113	▪ Graphical Presentation of Financial Performance
	124	▪ Value Added Statement
	125	▪ Economic Value Added (EVA) Statement
	126	▪ Report on Going Concern
	131	▪ Management of Non-Performing Asset (NPA)

CHAPTER NO.	PAGE NO.	CONTENTS
Chapter -7	135-234	GOVERNANCE REPORTS
	136	▪ Certification on Corporate Governance Code
	137	▪ Corporate Governance Report
	154	▪ Compliance Report on Corporate Governance Code of BSEC
	167	▪ Compliance Status on Circulars issued by Bangladesh Bank to ensure Good Governance
	182	▪ Statement of Appointment, Reappointment, Employment, & Other Engagements of the Directors
	185	▪ Report of the Nomination and Remuneration Committee (NRC)
	187	▪ Report of the Audit Committee (AC) of the Board
	190	▪ Report of the Risk Management Committee (RMC) of the Board
	204	▪ Disclosure on Risk Based Capital under Basel-III
	232	▪ Report of the Shariah Supervisory Committee
	233	▪ Report of the Asset Liability Committee
Chapter -8	235-246	SUSTAINABILITY ANALYSIS
	236	▪ Message from the Managing Director & CEO on Sustainability
	238	▪ Sustainability Report of SBAC Bank Ltd.
	243	▪ South Bangla Agriculture and Commerce Bank Foundation
	244	▪ Financial Inclusion
	244	▪ Responses to COVID-19 Challenges
Chapter -9	247-256	SUBSIDIARY OVERVIEW
	248	▪ SBAC Bank Investment Limited
Chapter -10	257-326	FINANCIAL INFORMATION
	258	▪ Statement on the Integrity of Financial Statements
	259	▪ Independent Auditor's Report to the Shareholders of South Bangla Agriculture and Commerce Bank Limited
	264	▪ Balance Sheet
	266	▪ Profit and Loss Account
	267	▪ Cash Flow Statement
	268	▪ Statement of Changes in Equity
	269	▪ Liquidity Statement (asset and liabilities maturity analysis)
	270	▪ Balance Sheet (Main Operation)
	272	▪ Profit and Loss Account (Main Operation)
	273	▪ Cash Flow Statement (Main Operation)
	274	▪ Statement of Changes in Equity (Main Operation)
	275	▪ Liquidity Statement (asset and liabilities maturity analysis) (Main Operation)
	276	▪ Notes to the Financial Statements
	320	▪ Balance Sheet (Off-Shore Banking Unit)
	322	▪ Profit and Loss Account (Off-shore Banking Unit)
	323	▪ Cash Flow Statement (Off-shore Banking Unit)
	324	▪ Notes to the Financial Statements (Off-shore Banking Unit)
Chapter -11	327-336	PRODUCTS, SERVICES & DISTRIBUTION NETWORK
	328	▪ Conventional Banking Products & Services
	330	▪ Islamic Banking Products & Services
	331	▪ Distribution Network
Chapter-12	337-343	MISCELLANEOUS
	338	▪ Glimpses of our major events
	341	▪ Glimpses of our Financing Activities
	343	▪ Proxy Form & Attendance Slip



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

এসবিএসি ইসলামিক ব্যাংকিং

সেবায় আপনাকে স্বাগতম

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



প্রিন্সিপাল শাখা
জামান চেম্বার, ৪৭ দিলকুশা,
মতিঝিল বা/এ, ঢাকা-১০০০
ফোন: (০২) ৯৫৮৭৩৪৬-৪৮

বনানী শাখা
সুভাস্ত সুরাইয়া ট্রেড সেন্টার (দ্বিতীয় ও তৃতীয় তলা)
৫৭ কামাল আতাতুর্ক এভিনিউ, ব্লক-বি, বনানী, ঢাকা।
ফোন: (০২) ৯৮২২৩৬৫-৬৮

ইমামগঞ্জ শাখা
ক্রাউন ভবন, ৫৯, মিটফোর্ড রোড
ইমামগঞ্জ, ঢাকা। ফোন: (০২) ৭৩৪২২২৩

রাজশাহী শাখা
এআরসি বিজয় টাওয়ার
৩০ (নতুন), রানীবাজার, বোয়ালিয়া, রাজশাহী।
ফোন: (০৭২১)-৭৭৩৩৭৫, ৭৭৩৬৫৩, ৭৭৩৩৯৫, ৭৭৩৬৯৩

ইসলামপুর শাখা, সিলেট
সিদ্দিকী ম্যানশন (দ্বিতীয় তলা), মেজরটিল্লা
ইসলামপুর বাজার, ইসলামপুর, সিলেট।
ফোন: (০৮২১)-৭৬২১৬৮

খুলনা শাখা
চেম্বার বিল্ডিং কমপ্লেক্স, ৫ কেডিএ এভিনিউ
খান-এ-সবুর রোড, খুলনা।
ফোন: (০৪১)-৭৩৩৪৬৪, ৭৩৩৪২৬

আছাবাদ শাখা
৯৬, আছাবাদ বা/এ, আছাবাদ, চট্টগ্রাম।
ফোন: (০৩১) ২৫১৬১৮৩-৮৫

কাটাখালী শাখা, বাগেরহাট
কাটাখালী মোড়, খুলনা-মংলা মহাসড়ক
ফকিরহাট, বাগেরহাট। ফোন: (০৪৬) ৬৩৫৬১১৭

বরিশাল শাখা
বিএস টাওয়ার (দ্বিতীয় তলা)
৪৬১ বীরশ্রেষ্ঠ ক্যাপ্টেন মইনুদ্দিন জাহাঙ্গীর সড়ক, বরিশাল।
ফোন: (০৪৩১) ২১৭৭৭১৮, ২১৭৭৭১৪

ভোমরা শাখা, সাতক্ষীরা
সিঅ্যান্ডএফ অ্যাসোসিয়েশন ভবন (দ্বিতীয় তলা)
ভোমরা, সাতক্ষীরা। ফোন: ০৪৭১৮১১৩৩-৩৫

ইসলামিক ব্যাংকিং ডিভিশন

সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিঃ
বিএসসি টাওয়ার (১১তলা), ২-৩ রাজউক এভিনিউ, মতিঝিল বা/এ, ঢাকা-১০০০

- (1) Letter of Transmittal;
- (2) Notice of the 8th Annual General Meeting;
- (3) Highlights of previous Annual General Meeting.



PRELIMINARY



Letter of Transmittal

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

Subject: Annual Report 2020 of South Bangla Agriculture & Commerce Bank Ltd.

Dear Sir/Madam (s),

Reference to the above, we enclose herewith copy of Annual Report 2020 of South Bangla Agriculture & Commerce Bank Limited along with the Audited Financial Statements as on 31st December 2020. This report includes Balance Sheet, Income Statement, Cash Flow Statement, Liquidity Statement, Statement of Changes in Equity and Notes to the Financial Statements thereon and other disclosures of South Bangla Agriculture & Commerce Bank Limited as per provision of laws of the country.

This is for your kind information and ready reference.



Md. Mokaddess Ali ACS
Senior Vice President &
Company Secretary

- (1) Letter of Transmittal;
- (2) Notice of the 8th Annual General Meeting;
- (3) Highlights of previous Annual General Meeting.



Notice of the 8th Annual General Meeting


Notice is hereby given to all Members of South Bangla Agriculture & Commerce Bank Limited (the "Company") that the 8th Annual General Meeting of the Members of the Company will be held at 3:30 PM on Thursday, October 21, 2021, online (virtual platform), organised from Head office, South Bangla Agriculture and Commerce Bank Limited, BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000, to transact the following business and adopt necessary resolutions:

AGENDA:

1. To receive, consider and adopt Directors' Report, Auditor's Report and the Audited Financial Statements of the Company for the year ended December 31, 2020.
2. To declare dividend out of the Profits for the year ended December 31, 2020.
3. To appoint Auditors of the Company for the term until the conclusion of the next Annual General Meeting and to fix their remuneration.
4. To elect Directors in place of those who shall retire in accordance with the provisions of the laws and the Articles of Association of the company.
5. To appoint practicing Professional Accountant or Secretary for certification on compliance of the Corporate Governance Code.
6. To approve the appointment of Independent Director.
7. To intimate expenditure regarding vehicles of Bank's pool.

Dhaka
Date: 30.09.2021

By order of the Board


Md. Mokaddess Ali ACS
Senior Vice President &
Company Secretary

NOTES:

- The 'Record Date' in lieu of Book Closure: **September 28, 2021**. The Shareholders whose names appear in the Members Register of the Company under CDS on Record Date (September 28, 2021) will be eligible to attend the 8th AGM and would be qualified to receive Dividend (if any).
- A member entitled to attend and vote at the AGM may appoint a proxy to attend the meeting and take part in the proceedings thereof on his/her behalf. The scanned copy of "Proxy Form", duly signed and affixed with BDT 20 revenue stamp must be sent through email to Bank's board division at cs@sbacbank.com / deposited at the Registered Office of the Bank no later than 72 hours before commencement of the AGM.
- The meeting will be held online through digital platform as per Notification No. BSEC/CMRRCD/2009-193/08, dated: March 10, 2021 of BSEC. The shareholders will join the virtual AGM through the link <https://sbacbank.bdvirtualagm.com> which will be conducted using digital platform. In order to login into the system, the shareholders need to put their 16-digit Beneficial Owner (BO) Number and other credentials as a proof of their identity. The shareholders will be able to submit their questions/comments electronically before 24(twenty-four) hours of commencement of the AGM through above link and also during the Annual General Meeting. Link of the meeting and login details will be notified to the respective Member's email address and by SMS. Full login/participation process for the Digital Platform meeting will also be available in the Bank's website: <http://www.sbacbank.com>.
- The Online (real time) or e-voting option shall be opened before 25 hours prior to start of general meeting and shall remain open up to the closure of general meeting.
- Members whose email addresses have been updated/changed in the meantime, are requested to email us at cs@sbacbank.com mentioning their full name, BO ID, email address and mobile number to get the digital platform meeting invitation.
- Pursuant to the Bangladesh Securities & Exchange Commission Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, we have already sent the Annual Report-2020 of the Bank, Proxy Form and Notice of the 8th AGM in soft form to the e-mail of the shareholders available in their Beneficial Owners (BO) accounts maintained with the Depository. Shareholders may also collect the printed copy of the Annual Report-2020 from the registered address of the Bank. Soft copy of the Annual Report-2020, Notice of 8th AGM and Proxy Form will also be available at the website of the Bank: <http://www.sbacbank.com>.
- Concerned Depository participants (DP)/Merchant Banks are requested to provide us with a list of their margin loan holders who hold SBAC Bank shares, as on record date with the details of Shareholders' name, BO ID, shareholding position, cash dividend receivable, tax rate etc. (in MS Excel format), within **October 14, 2021**, along with the name of the contact person to the Share Department of the company and also soft copy of the same cs@sbacbank.com for facilitating payment of Cash Dividend. The DP/ Stock Brokers are requested to provide us with their Bank Account name & number, routing number etc. for receiving the dividends of their margin loan holders.

Highlights of previous Annual General Meetings



7 th Annual General Meeting		6 th Annual General Meeting		5 th Annual General Meeting	
Time	11:00 AM	Time	4:00 PM	Time	11:30 AM
Date	18-08-2020	Date	23-05-2019	Date	10-05-2018
Place	Online (virtual platform), organized from Head office, SBAC Bank Ltd.	Place	The Sky Ballroom, Le Meridian Dhaka, Dhaka.	Place	Antara Hall, Radisson Blu Dhaka Water Garden, Dhaka.
Participants	38	Participants	41	Participants	43
Agenda Type	Ordinary	Agenda Type	Ordinary	Agenda Type	Ordinary

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

(1) Corporate Information; (2) Our Vision & Mission; (3) Commitments;
(4) Management Philosophy; (5) Milestones; (6) Unique Achievements;
(7) Organogram; (8) Credit Rating of the Bank.



ABOUT US



Corporate Information

Name of the Company	South Bangla Agriculture and Commerce Bank Limited.
Legal Form	A public limited (Publicly Listed) company incorporated in Bangladesh on 20th February 2013 under the Companies Act 1994.
Date of incorporation	20th February 2013.
Date of Commencement of Business	20th February 2013.
Nature of Business	Banking, a Scheduled Private Commercial Bank licensed under Bank Company Act 1991 (amended up to 2018)
Head Office (Registered)	BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000
Phone	+88 02 223357207-11
Routing No	270270002
Fax No.	+88 02 223357212
SWIFT	SBACBDDH
Website	www.sbacbank.com
Chairman	Mr. Abdul Kadir Molla
Managing Director & CEO	Mr. Mosleh Uddin Ahmed
Company Secretary	Mr. Md. Mokaddess Ali ACS
Auditors	Hoda Vasi Chowdhury & Co., Chartered Accountants
Tax Consultants	Islam and Co., Chartered Accountants
Legal Consultant	Bhuiyan Islam and Zaidi.
No. of Branches	83
No. of Sub Branches	15
No. of Authorised Dealer	07
No. of Offshore Bank	01
No. of ATM Booth	40
No. of Employees	943

Stock Summary

Authorized Capital	Tk. 10,000 million
Paid up Capital	Tk. 6,846.46 million (as on 31-12-2020)
Face Value per Share	Tk. 10



Our Vision & Mission



Our Vision

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

Our Mission

Ensure the best-run, customer-focused, integrated financial environment with a unique and inclusive employee culture.



- Ensure work efficiency, capital adequacy, asset quality and sound management.
- Deliver service excellence to all segments of customer.
- Provide personalized services to women entrepreneurs, agro, SME & MSMEs for sustainable growth.
- Protect the interest of the society by fulfilling corporate social responsibilities.

Commitments



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

Compliance Culture:

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

Client Focus:

Bank is mainly a service oriented organization. To meet the need of customer with satisfactory service, we adopted modern technology based Core Banking Solution. Our clients are at the center of our activities and their satisfaction is our ultimate objective.

Our success is dependent on our ability to provide the best products and services to our clients; we are committed to help our clients achieve their goals.

Hard Work:

Discipline and perseverance govern our actions so as to achieve outstanding results for our clients and outstanding returns for our stakeholders.

Service excellence guides our commitment to our clients.

We work with our clients to reach their current goals while anticipating and planning for their future objectives.

Transparency:

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

Integrity:

We believe in the highest standards of personal and professional ethics in all aspects of our business.

We comply fully with the letter and spirit of the laws, rules and practices that govern SBAC Bank's business.

We say what we do and do what we say.

Innovation:

Since our inception, the Bank believes innovation is a core competitive advantage and promotes it accordingly.

We strive to lead the financial services industry to a higher level of performance in serving the millions of our people who are still under privileged or unbanked.

Teamwork:

We ensure access to information openly within the stakeholders of the Bank.

We believe in Total Quality Management (TQM) within the Bank.

We value and respect one another's cultural backgrounds and unique perspectives.

Respect to the Individual:

We respect the individual whether an employee, a client, a shareholder or a member of the communities in which we live and operate.

We treat one another with dignity and respect and take time to answer questions and respond to concerns.

We firmly believe that each individual must feel free to make suggestions and offer constructive criticism.

SBAC Bank is a meritocracy, where all employees have equal opportunity for development and advancement based only on their merits.



Management Philosophy

1. Growing Together with Our Customers:

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

2. Contribute to the national and global community through our business:

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

3. Develop human resources for creative and challenging activities:

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

4. Maintain sound Corporate Culture based on high ethics and fairness:

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

5. Take good care of people and the Planet:

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

Milestones

SL.	Event Issue	Date
1	Letter of Intent	17/04/2012
2	Certificate of Incorporation	20/02/2013
3	Certificate for Commencement of Business	20/02/2013
4	License Issued by Bangladesh Bank favoring South Bangla Agriculture & Commerce Bank Ltd.	25/03/2013
5	Inclusion of SBAC Bank in Bangladesh Gazette	31/03/2013
6	Enlistment as Scheduled Bank	01/04/2013
7	Inauguration of Head Office	03/04/2013
8	Inauguration of Principal Branch	28/04/2013
9	Obtaining Foreign Currency Transactions License (Head Office & Principal Branch)	13/05/2013
10	Inauguration of SWIFT Operation	04/08/2013
11	Inauguration of BACPS & BEFTN Operation	20/11/2013
12	Opening of First Nostro Account	22/05/2013
13	Live ATM and Card Operation	09/03/2014
14	1st AGM held on	31/03/2014
15	Establishment of Trade Processing Unit	01/07/2014
16	Obtained Agent Banking License from Bangladesh Bank	24/07/2014
17	Joining the National Payment Switch Bangladesh (NPSB)	01/10/2014
18	Commencement of wage earners' Foreign Remittance Services	20/07/2014
19	Obtained Letter of Appreciation, awarded by Bangladesh Bank	4/12/2016
20	Obtained Patel Award of Sardar Patel Trust, Gujrat India	23/09/2016
21	Agreement on Green Transformation Fund for Export oriented Textile & Textile Products, Leather manufacturing industries and Jute products	09/02/2017
22	The Bank has achieved "Grade A" for Successful implementation of National Integrity Strategy Action plan for the Quarter April-June, 2017	30/06/2017
23	Establishment of South Bangla Agriculture and Commerce Bank Foundation	26/11/2017
24	Signing Agreement with JICA for "Two Step Fund of Foreign Direct Investment Promotion Project (FDIPP) BD-P86"	14/02/2018
25	Inauguration of App-based Banking 'Banglapay'	16/12/2018
26	Obtained License of Off-shore banking Unit (OBU) from Bangladesh Bank	15/07/2020
27	Commencement of operation of the Off-Shore Banking Units (OBU)	22/10/2020
28	Obtained License from Bangladesh Bank for Opening the Islamic Banking window of SBAC Bank Limited	26/07/2020
29	Obtained Letter of Consent from the BSEC to go public through Initial Public Offering (IPO)	01/06/2021
30	Approval of the Application for obtaining a new Trading Right Entitlement Certificate (TREC) of Dhaka Stock Exchange	30/05/2021
31	The Opening of subscription of our IPO	05/07/2021
32	The Closing of subscription of our IPO	12/07/2021
33	Listing of SBAC Bank Ltd. in the Stock markets	11/08/2021

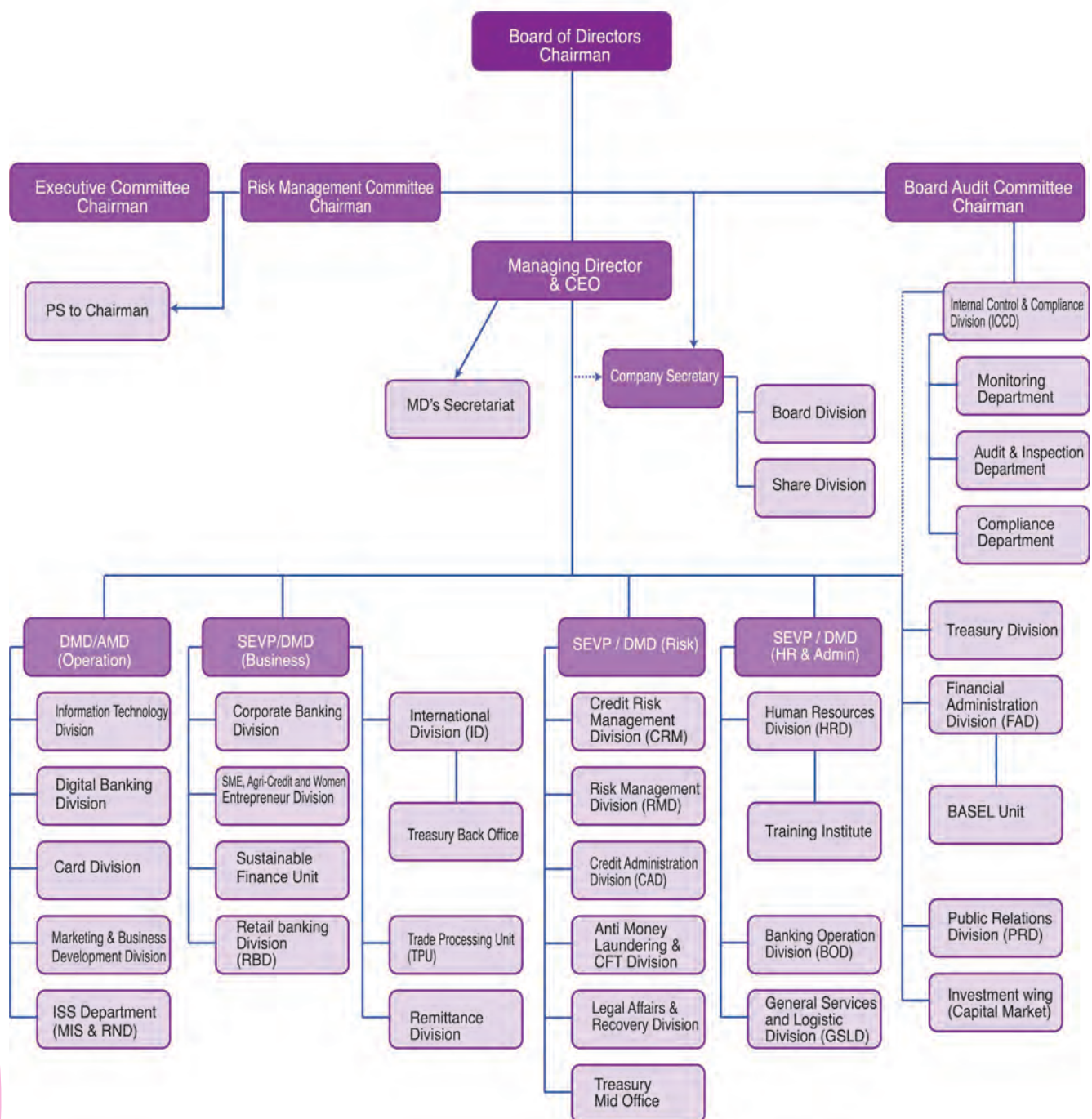


Unique Achievements

1. Presently the bank is a publicly listed company having listed in Dhaka Stock Exchange Ltd. And Chittagong Stock Exchange Ltd. since August 11, 2021.
2. The Bank has started shariah-based banking operations through opening 10 nos. of Islami Banking Windows at selective branches.
3. We have established a subsidiary naming 'SBAC Bank Investment Limited' as a market intermediary to harvest the opportunity from booming capital market.
4. The Bank has commenced its off-shore banking operations through an well-functioning off-shore banking unit (OBU) at head office.
5. South Bangla Agriculture & Commerce Bank Limited and Bangladesh Bank signed an agreement on Automated Challan System (ACS), under which all the branches and sub-branches of SBAC Bank will collect Passport Fees, VAT, Tax and other Govt. Fees.
6. The Bank was rated 'A' (long term) for the year 2020, and 'A3' (long term) for three consecutive years 2019, 2018, 2017; and ST-2 (short term) for four consecutive years 2020, 2019, 2018 & 2017.
7. SBAC Bank achieved "The Golden Globe Tigers Award 2018" (for Excellence and Leadership in Branding and Marketing) in the individual and Organization Category of Service Excellence as a recognition of our good governance and brand image.
8. The bank has opened 98 branches & Sub-branches so far during a short span of time.
9. At the end of December 2020, Balance Sheet size of the bank reached to Tk. 88,403.45 million.
10. The Bank earns a net profit of Tk. 951.95 million in 2020, which is a sign of steady growth taking into account the impact of COVID-19 in business & economy.
11. Among the new banks, SBAC Bank Ltd. was first to go on live with SWIFT and open USD Nostro Account with Correspondent Banks in the USA, gets Credit Line Arrangement with foreign bank for LC confirmation and discounting thereof to facilitate foreign trade business.
12. The Bank has made Drawing Arrangements with Wall Street Finance LLC, USA and Aman Exchange Company WLL, Kuwait. Remittance through Instant Cash and Account Credit has also been started with Transfast Remittance LLC, Placid NK Corporation, Xpress Money Services Ltd., Western Union Network, Ria Financial services and Turbo Cash under arrangement of Sub-agency/associate member.
13. In order to support the Non-AD (Non-Authorized Dealer) branches, the bank established Central Trade Processing Unit (TPU) at Head Office.
14. To transform the human resources into human asset, the bank established its Training institute at the beginning of 2014.
15. The Bank launched Online Banking Service from the 1st day of its operation.
16. Among the new generation banks, our Bank was the first to commence BACPS Operation, Inaugurate EFTN/ RTGS Operation and State of the Art Data Centre.
17. To foster inclusive growth, the bank has introduced Tk. 10 privileged savings account, senior citizen savings account and students savings account. Besides, the bank has obtained "AGENT BANKING" operation approval from Bangladesh Bank which will come into operation soon.
18. To fulfill the target of Green Finance at least 3% of total loan disbursed, The Bank has already formulated "Green Finance Policy" incorporating Bangladesh Bank approved green products duly approved by the Board. Under this policy the loan will be disbursed at flexible terms and subsidized interest rate.
19. To strengthen the organizational capability and human resources base, the bank has recruited 100 talented, meritorious and deserving candidates as MTO (Management Trainee Officer) who had come out successful after rigorous selection procedures of which 75 joined the bank.
20. The Bank got "Letter of Appreciation" for achieving agriculture finance target in 2016.
21. As an international recognition, the Bank achieved "Sardar Patel Award 2016" for the contribution in socio-economic development of our country.
22. Agreement on Foreign currency loan from 'Long Term Financing Facility' under their financing agreement with International Development Association (IDA) of World Bank (WB)' On August 04, 2016.
23. Agreement on 'Green Transformation Fund for Export oriented Textile & Textile Products, Leather manufacturing industries and Jute products' On 09 February, 2017.
24. The Bank has achieved "Grade A" for Successful implementation of National integrity strategy Action plan for the Quarter April-June, 2017.
25. Agreement with JICA on 'Two Step Fund of Foreign Direct Investment Promotion Project (FDIPP) BD-P86' On 14 February 2018.
26. We have introduced SBAC Digital Wallet "Banglapay" on 16th December 2018 to offer digital financial services through mobile phones, QR based point-of-sale and networks of small-scale agents.
27. Agreement with Bangladesh Bank on "Automated Challan System" to collect passport and other government fees alongside VAT and Tax through our Branches & Sub-branches.

Organogram

Organogram of South Bangla Agriculture and Commerce Bank Limited
(Head Office)





Credit Rating Report of the Bank



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

Long Term : **A**

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

A₃

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

BBB₁

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

Short Term : **ST-2**

High Grade: High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Outlook : **Stable**

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



ভাড়ার টাকায় নিজের স্থায়ী ঠিকানা গড়ার এখনই সময়!

বৈশিষ্ট্য:

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

ইসলামিক ব্যাংকিং উইন্ডোতেও
বিনিয়োগ করা হয়।

ব্যাংকের যেকোনো শাখা/উপশাখায় যোগাযোগ করুন।



এসবিএসি ইসলামিক ব্যাংকিং

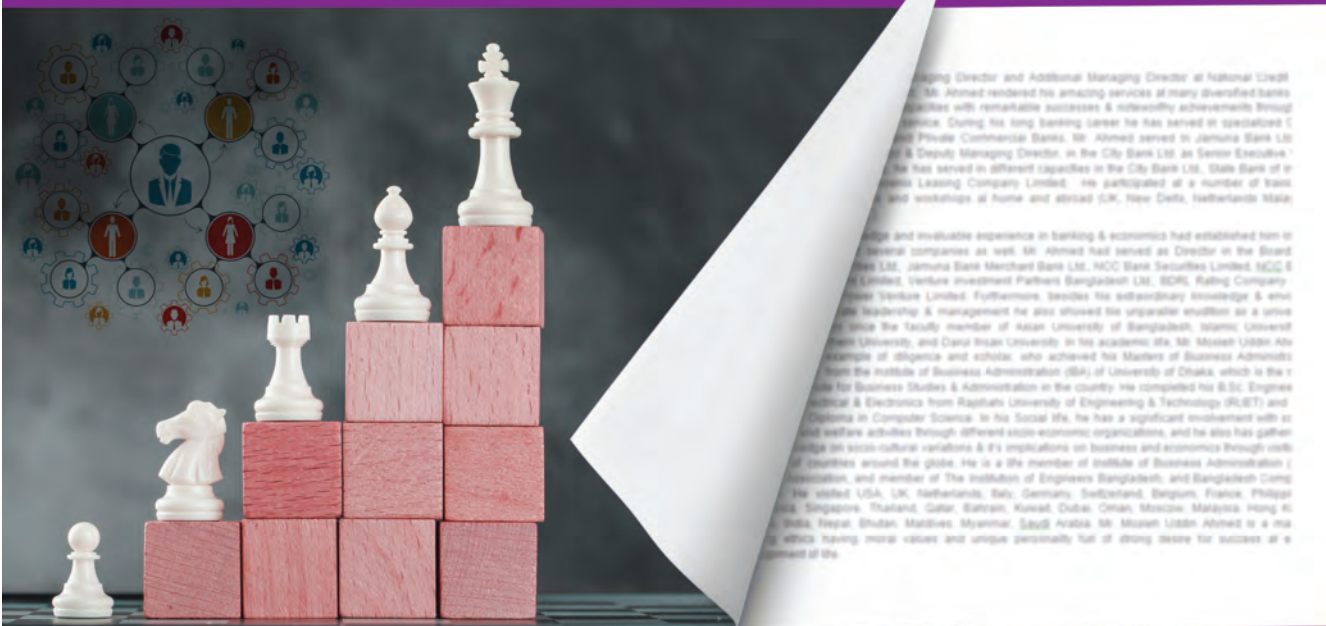
সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিমিটেড
South Bangla Agriculture and Commerce Bank Limited.



(1) Board of Directors; (2) Committees; (3) List of Honorable Sponsor Shareholders;
(4) Profile of The Directors; (5) The Management Committee (ManCom);
(6) Our Management Team; (7) List of Executives of the Bank



ORGANIZATION AND LEADERSHIP



Board of Directors



Abdul Kadir Molla
Chairman



Abu Zafar Mohammad Shofiuddin
Director



Al-haj Mizanur Rahman
Director



S.M. Amzad Hossain
Director



Begum Sufia Amjad
Director



Captain M. Moazzam Hossain
Director & Chairman
Risk Management Committee



Engr. Md. Moklesur Rahman
Director



Hafizur Rahman Babu
Director



Anwar Hussain
Director

(1) Board of Directors; (2) Committees; (3) List of Honorable Sponsor Shareholders;
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Tahmina Afroz
Director



Sk. Shyedujaman
Director
Nominated by:
Moonstar ceramic industries Ltd.



Mohammad Nawaz
Director & Chairman
Executive Committee



Mohammed Ayub
Director



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



Sakhawat Hussain
Director
Nominated by:
Haji Shakhawat Anwara Eye Hospital Ltd



Dr. Syed Hafizur Rahman
Independent Director



Md. Sajidur Rahman
Independent Director & Chairman
Audit Committee.



Mohammad Moqbul Hossain Bhuiyan
Independent Director



Mosleh Uddin Ahmed
Managing Director & CEO

Committees (as on 31-12-2020)

COMMITTEES OF THE BOARD

Executive Committee

Chairman	Mr. Talukder Abdul Khaleque
Members	Mr. Anwar Hussain
Members	Engr. Md. Moklesur Rahman
Members	Mr. Mohammad Nawaz
Members	Mr. Sk. Shyedujjaman

Audit Committee

Chairman	Mr. Md. Sajidur Rahman
Members	Al-Haj Mizanur Rahman
Members	Mr. Sakhawat Hussain
Members	Mr. Abu Zafar Mohammad Shofiuddin
Members	Dr. Syed Hafizur Rahman

Risk Management Committee

Chairman	Captain M. Moazzam Hossain
Members	Dr. Syed Hafizur Rahman
Members	Mr. Mohammad Nawaz
Members	Mr. Mohammed Ayub

Nomination & Remuneration Committee

Chairman	Mr. Md. Sajidur Rahman
Members	Mr. Talukder Abdul Khaleque
Members	Engr. Md. Moklesur Rahman
Members	Captain M. Moazzam Hossain
Members	Mr. Sk. Shyedujjaman

The Secretary to The Committees

	Mr. Md. Mokaddess Ali ACS
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(1) Board of Directors; (2) Committees; (3) List of Honorable Sponsor Shareholders;
(4) Profile of The Directors; (5) The Management Committee (ManCom);
(6) Our Management Team; (7) List of Executives of the Bank



SHARIAH SUPERVISORY COMMITTEE

Chairman	Moulana Md. Abdur Razzaque
Members	Mr. Md. Fariduddin Ahmed
Members	Mr. Mohammad Sadequl Islam
Members	Professor Dr. Md. Abdul Kadir
Members	Dr. Md. Ruhul Amin Rabbani
Members	Dr. Zubair Mohammad Ehsanul Hoque
Members	Dr. Muhammad Zahirul Islam
Members	Dr. M. Mahabbat Hossain
Members	Mr. Md. Din Islam Miah FCA
Member Secretary	Mr. Md. Mokaddress Ali ACS

List of Honorable Sponsor Shareholders



Maksudur Rahman



Kamrun Nahar



Motiur Rahman



Tajori



Mysha Khabir



Mohammed Hasan



Md. Yakub



Iqbal Haider Chowdhury



Mohammed Nazrul Islam



A.K. Mizanur Rahman, FCA



Mainul Huq Khan
Representing
Padma Lamitube Ltd.



Mozaharul Haque Shahid



Md. Emdadul Haque



Md. Eathashamul Haque



Kafil Uddin Bhuiyan



Shahab Uddin Khan



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



Mohammad Imran



Shamima Hossain



Sadnam Sadiana

(1) Board of Directors; (2) Committees; (3) List of Honorable Sponsor Shareholders;
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Md. Mizanur Rahman



Shamsun Nahar Rahman



Mohammed Ilias



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



Ayaz Waris Khan Warisi



Mohammad Abdul Hye



Md. Toyamur Islam Rasel



Barrister Ehsan-E-Moazzam
Representing
Agrovita Ltd.



Goutam Kumar Kundu
Representing
Southern Foods Ltd.



Md. Mahin



Tabassum Arifin Rahman



Eshmam Arifin Rahman.



Mahia Binte Mizan



Mohammed Belal



Shirin Akter
Representing
Techno Electricals Ltd.



Khan Habibur Rahman
Representing
Moonstar Ceramic Industries Ltd.



A B M Ruhul Amin Howlader



Halima Khatun



Abdullah Jamil Matin



Sufia Begum

Profile of The Directors



Abdul Kadir Molla

Chairman

Abdul Kadir Molla, a renowned business person of the country, is the Chairman of the Board of Directors of South Bangla Agriculture and Commerce Bank Limited. He obtained his MBA degree from American World University. Mr. Molla is one of the successful ones having huge conglomerates in the spinning, dyeing and knitting industries. He started his business in 1997 and established Thermax Group Ltd. Currently, he is the Chairman & Managing Director of Thermax Textile Mills Ltd., Thermax Melange Spinning Mills Ltd., Thermax Knit Yarn Ltd., Thermax Spinning Ltd., Thermax Blended Yarn Ltd., Thermax Yarn Dyeing Ltd., Thermax Woven Dyeing Ltd., Thermax Yarn Dyed Fabrics Ltd., Thermax Check Fabrics Ltd., Sister Denim Composite Ltd., Indigo Spinning Ltd., Thermax Colour Cotton Ltd., Sister Garments Ltd., Adury Knit Composite Ltd., Adury Apparels Ltd., Adury Fashion & Print Ltd., Adury Ring Denim Spun Ltd., Kadir Molla Medical College & Hospital Ltd., Sultana Enterprise, Sultana Filling Point Ltd., and Sister Denim Composite (Unit-2) Ltd. Mr. Molla is very much fond of education. He is the founder of Panch Kandi Degree College, Monohardi, Narsingdi. He has own educational institutes like as Abdul Kadir Molla City College, N.K.M. High School & Homes, Abdul Kadir Molla International School. Abdul Kadir Molla City College secured the second best result in Dhaka Board for last few years. He visited most of the countries in the world. He has a good reputation in overseas business. All the industries and institutes of Thermax Group Ltd. are in "State of the Art" under the dynamic leadership of Mr. Abdul Kadir Molla. He was honored as Commercially Important Person (CIP) in 2012 and as the highest individual tax payer for AY2012-13 for the country and the highest tax payer in Dhaka City Corporation for AY2013-14.



S.M. Amzad Hossain

Director

S. M. Amzad Hossain, an eminent business personage of the country. He is one of the directors of the bank. A post-graduate from the University of Dhaka, Mr. Hossain traversed a long path of business which for himself ramified into trade and other parts of commerce. More than three decades ago Mr. Hossain, in his early twenties, started a humble business in a hinterland at Bagerhat. By dint of all human qualities to the level of excellence his Shrimp cultivation very soon turned him an exporter. In quick succession he established the Lockpur Group which currently comprises corporate independent units named: Lockpur Fish Processing Co. Ltd., Khulna Printing & Packaging Ltd., Bagerhat Seafood Ind. Ltd., Shampa Ice & Cold Storage Ltd., Western Inn International Ltd., Metro Bricks Ltd., Moon Star Jute Mills Ltd., Khulna Builders Ltd., Bangladesh Poly Printing Int'l Ltd., Rupsha Fish & Allied Industries Ltd., Ideal Polymer Export Ltd., Eastern Polymer Ltd., Moon Star Fish Ltd., Ocean Trade International, Khulna Apparels Ltd, Women Wears Ltd, Moon Star Polymer Export Ltd. His business acumen and personal salesmanship are behind the national and international prize-winning successes of the concerns of the group which he leads as its Chairman and CEO. As a philanthropist Mr. Hossain has established several schools, colleges, mosques and other socio-religious institutions. He was honored as Commercially Important Person (CIP) in export & in trade in 2015 and 2016 consecutively.



Abu Zafar Mohammad Shofiuddin

Director

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



Al-Haj Mizanur Rahman

Director

Al-haj Mizanur Rahman is one of the Sponsor Directors of the Bank. Mr. Rahman is a prominent business personage having huge conglomerates in the Real estate, Construction, Housing and Print media sector. Al-haj Mizanur Rahman, by dint of his dynamic leadership founded Moon Group of Industries Limited in 1989. Today, Moon Group of Industries Ltd, most commonly known as Moon Group, is one of the largest and leading business conglomerates of Bangladesh. Presently, Mr. Al-Haj Mizanur Rahman has a major involvement with M R Trading Co., and Moon Bangladesh Ltd. He is remarkably involved in different socio-economic activities. Moreover, Mr. Rahman has a great reputation for his benevolence & philanthropic nature.



Engr. Md. Moklesur Rahman

Director

Engineer Mohammad Moklesur Rahman is one of the visionary industrialists in Bangladesh. He is one of the Directors of South Bangla Agriculture and Commerce Bank Limited. He obtained his B.Sc. Civil Engineering degree from Chittagong University of Engineering and Technology (former Chittagong Engineering College), one of the top universities in Bangladesh. He has always been a dreamer and wanted to run his own business since the early age, after gaining experience while working in Gemcon Group. On 29 May, 2001, he finally realized his dream and started Contech Construction Ltd., one of the most highly respected SPC Piles & Poles suppliers in Bangladesh. He is a self made man, and did not inherit his business from anyone but founded Contech Construction Ltd. with the sweat of his brow. His amazing track record did not stop there. Later on 09 February, 2004 he founded Pre Stressed Poles Ltd., to meet the exceptional demand for SPC Poles. He has always been forward thinking and wanted to diversify his business into other sectors. His largest start up to date has been B&T Cables Ltd. established on 11 January, 2005 to supply electrical wires and is the largest income generator in the B&T Group. Mr. Rahman is a hard working man and had still not quenched his thirst for running new businesses and helping the economy of Bangladesh to grow. He also founded B&T Cold Storage Ltd., providing affordable perishable storage facilities to the mass of Bangladeshi farmers. He has always been a civil engineer at heart and founded B&T Development Ltd., building apartments in prestigious locations in Dhaka such as Lalmatia, Banani, Gulshan & Khilgaon as well as providing affordable housing solutions elsewhere in Bangladesh. Presently, Engr. Md. Moklesur Rahman is involved with B&T Distribution, B&T Meter Ltd., Nexus Securities Ltd., Pre Stressed Pole Ltd., Tushar Ceramics Ltd., B&T Transformers Ltd., BD Game Studio Ltd., and Smart Meter also. From his humble beginnings, he has come a long way to be one of the founding sponsor directors of South Bangla Agriculture and Commerce Bank Ltd. Since then, Mr. Moklesur Rahman has set his sights on giving back to the community of Bangladesh, the very same people who helped him reach where he is right now. He has donated generously to a number of educational and religious institutions, providing for the underprivileged people of Bangladesh with basic amenities such as food, clothing and shelter.



Begum Sufia Amjad

Director

Begum Sufia Amjad is one of the Sponsor Directors of South Bangla Agriculture and Commerce Bank Limited. She is also associated with several business firms of Lockpur Group. She is a successful entrepreneur in frozen fish industry. She is the wife of Mr. S. M. Amzad Hossain and a decision maker in Lockpur Group. Besides, she holds a significant number of shares as a Director of Lockpur Fish Processing Co. Ltd., Bagerhat Sea Food Ind. Ltd., Shampa Ice & Cold Storage Ltd., Rupsha Fish & Allied Ind. Ltd., Moon Star Polymer Export Ltd, Eastern Polymer Ltd, Women Wears Ltd, Khulna Apparels Ltd. ,Metro Bricks Ltd., Moon Star Jute Mills Ltd., Moon Star Fish Ltd., Western Inn International Ltd., Khulna Builders Ltd., Khulna Printing & Packaging Ltd. She has a remarkable contribution in socio economic activities in her local area.



Tahmina Afroz

Director

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

Haji Shakhawat Anwara Eye Hospital Ltd. She is a member of Board of Governor of of Anwer Khan Modern University and of Anwer Khan Modern Medical College.



Captain M. Moazzam Hossain

Director & Chairman, Risk Management Committee of the Board.

Captain Mohammed Moazzam Hossain, F.C.I.T., is a Sponsor Director of the Bank. He is also the Chairman of Risk Management Committee of the Board and a member of Nomination and Remuneration Committee. He was born on 01 June 1961 in Bangladesh. He obtained his M.Sc. Degree from Bundeswehr University, Germany in 1986. He also qualified Master Class I from Australian Maritime Safety Authority and is a Fellow of Chartered

Institute of Transport (FCIT), UK. His student life was full of brilliant academic achievements. He started his career in Bangladesh Navy as a Commissioned Officer in 1980 and later on joined Merchant Fleet and commanded ocean going large ships/vessels as Captain and continued till 1995. Mr. Hossain is a successful entrepreneur, industrialist and a businessman of Bangladesh having diversified experience in the business of Bank, Financial Industries, Stock Brokerage and Investment Banking. Initially, he started his business focusing in Shipping, Ship Chartering and ocean going ship operation but presently he has extended his business and association with Agro based farming & fisheries, Land Developer and Real Estate, Retail chain super shops, River, Seaport and Bay dredging, Insurance, Venture capital, Private Universities and College etc. Captain M. Moazzam Hossain is the Chairman of E-Securities Ltd. & Agrovita Ltd. At the same time, He is involved with Admiral Trading Corp., Ekushey Homes Ltd., Masters Ocean Voyage, Radiant Dredging Ltd., Canadian Trillinium School, Fareast International University.



Sakhawat Hussain

Director

Nominated by: Hajji Shakhawat Anwara Eye Hospital Ltd.

Sakhawat Hussain is one of the directors of the Bank nominated by Hajji Shakhawat Anwara Eye Hospital Ltd. He is a former banker. He obtained his post graduate degree from Rajshahi University in 1966. He had worked in Janata Bank Limited for about 30 years. Mr. Hussain is also associated with Modern Group of Company. He is the General Manager of Anwer Khan Modern Hospital Ltd. & Diagnostic Centre.



Anwar Hussain

Director

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

bring in new innovation and dynamism in his company.



Hafizur Rahman Babu

Director

Hafizur Rahman Babu is one of the prominent business persons and renowned entrepreneurs of the country. He is a sponsor director of South Bangla Agriculture and Commerce Bank Ltd. and the Chairman of S.B. Group, a leading group of companies in Bangladesh which was established in the year 1990. The S.B. Group of companies is working in wide range of

business activities with different subsidiary companies like S.B. Agro Fertilizer Industries Limited, Sheikh Jute Mills Limited, Sheikh Cement Mills Limited, Joytun Securities International Limited, Joytun Developers Limited, Gold Hill Properties Limited, Sheikh Agro Food Industries, Sheikh Shipping Lines Ltd., M/S. Sheikh Brothers, M/S. Hafizur Rahman Babu and Arising Trade International. He is also the member of Dhaka Stock Exchange Limited representing Joytun Securities International Limited. He participated in various professional workshops and seminars at home and abroad and is also associated with many social, cultural and charitable organizations.



Mohammad Nawaz

Director & Chairman, Executive Committee of the Board

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



Sk. Shyedujjaman

Director

Nominated by: Moonstar Ceramic Industries Ltd.

Sk. Shyedujjaman is one of the directors of South Bangla Agriculture and Commerce Bank Limited, nominated by Moonstar Ceramic Industries Ltd. He obtained BBA and MBA (Marketing) degree from AMC College, Bangalore in 2001 & 2003 respectively. He is a successful businessman in the frozen food industry. Mr. Sk. Shyedujjaman is involved with South East

Union Ceramic Industries Ltd. He is the Proprietor of Mashiyat Fish Farm and AB Siddique & Co. He is a man of strong moral values and believes in ethical investment.



Mohammed Ayub

Director

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



Dr. Syed Hafizur Rahman

Independent Director

Dr. Syed Hafizur Rahman is an Independent Director of South Bangla Agriculture and Commerce Bank Limited. He obtained his Masters (Economics) Degree from Rajshahi University in 1982 and achieved the Ph.D. in Economics from Ochanomizu University, Japan in 1990. As a Scholar of Economics Dr. Rahman has contributed to the Knowledge through his publications such as 'Economics Development and To be Done' and 'Sankita Sankalpa'. Immediately after completing his Academic as well as professional education, Dr. Rahman started to implement his theoretical knowledge at Business Sector as an Entrepreneur and Established Bagerhat Poultry & Fisheries, Coal Mark and Alliums Trade Associate. Presently, Dr. Rahman has a notable Contribution to the frozen food, coal marketing and Packaging Accessories sector of Southern zone. He is highly respected for his contribution to the society through his numerous welfare works and well recognized for his involvement with various socio-economic organizations such as, Bangladesh Economic Association, Bangladesh Red Crescent Society, Bangladesh Human Rights Commission, Bangladesh Debating Society, Khulna University & Rotary District Hospital, Umesh Chandra Public Library, Rajshahi University Alumni Association and Sonali Otis Club, Khulna. He is also the Chairman of SEED (Autistic Child Care Organization) and Trustee Board Member of BNSB Eye Hospital, Khulna.



Mst. Nasima Begum

Director

Nominated by: Thermax Textile Mills Ltd.

Mst. Nasima Begum is one of the Directors of South Bangla Agriculture and Commerce Bank Limited nominated by Thermax Textile Mills Ltd. She is a notable business person in the country particularly in the Garments sector. She is a director of Thermax Textile Mills Ltd., Thermax Knit Yarn Ltd., Thermax Blended Yarn Ltd., Thermax Spinning Ltd., Thermax Melange Spinning Mills Ltd., Adury Knit Composite Ltd., Adury Apparels Ltd., Thermax Yarn Dyeing Ltd., Thermax Woven Dyeing Ltd., Thermax Yarn Dyed Fabrics Ltd., Indigo Spinning Ltd., Sister Denim Composite Ltd., Thermax Check Fabrics Ltd, Sister Garments Ltd, Adury Ring Denim Spun Ltd, Kadir Molla Medical College & Hospital, Thermax Colour Cotton Ltd., Sultana Filling Point Ltd. and Adury Fashion and Print Ltd. Besides her praiseworthy contribution to the economy, she has a remarkable contribution to the social development through her involvement with numerous Social Organizations and Educational institutes. Mst. Nasima Begum is the founder of N.K.M. High School & Homes, She is one of the members of governing body of Abdul Kadir Molla City College and also a member of Mazid Molla Foundation.



Md. Sajidur Rahman

Independent Director & Chairman, Audit Committee

Md. Sajidur Rahman is one of the independent directors of SBAC Bank Ltd. He is the Chairman of Audit Committee and Nomination and Remuneration Committee of the Board. He is a Strong Corporate leader in a multicultural and complex environment and impressive communicator with a passion for strategy, numbers, a keen eye for detail, and the ability to build and coach high performance teams. Mr. Md. Sajidur Rahman is the CEO of Telenor Health. He is at the advisory board of a number of companies in financial services, energy and technology. These companies include Oddup (from Hong Kong), Xendit (from Indonesia) and Coders Trust (from Denmark). He is also a director of US-DK Green energy (building the largest wind power plant in Bangladesh), Founder Institute and SD Asia & has an involvement with Indo-Bangla Trading, Nitex Ltd., Lenden Ltd., and JoBike Prior to his present position, Mr. Rahman was the Managing Director (Consumer Banking) of Standard Chartered Bank in Indonesia, Nigeria and Bangladesh. He was also a board member of Standard Chartered Gambia. It is also notable that, Mr. Rahman had exhibited his luminosity during the academic life. He completed his Master of Commerce (Marketing) & Bachelor of Commerce degree as First Class First from University of Dhaka. He also studied at London Business School and Oxford University. He is a regular speaker on topics of banking, financial services, health services and different technology trends. He is regularly invited to speak at different prominent forums including Financial Times of London, Bloomberg, Mobile World Congress, World IOT conference, Royal School of Medicine etc. His writings have been published in different journals including Tech In Asia.



Mohammad Moqbul Hossain Bhuiyan

Independent Director

Mohammad Moqbul Hossain Bhuiyan is one of the independent directors of South Bangla Agriculture and Commerce Bank Limited. He is the Professor of Department of Management Information Systems (MIS) of University of Dhaka, who also served as a visiting Professor at number of renowned public and private universities of the country. Mr. Bhuiyan as a university intellect has acquired broad spectrum of expertise in the field of Strategic Management, Management Information Systems (MIS), Total Quality Management, Organizational Behavior, and Business Communication. He has an unparalleled fame & recognition at home and abroad as a researcher in related fields, a good number of whose articles have been published in different national and international journals. Mr. Mohammad Moqbul Hossain Bhuiyan is definitely one of the successful administrators in the faculty of business studies; he has showed his administrative charisma as the Chairman of Management Information Systems (MIS) Department, Director of MBA (Evening) Program of the same Department, Provost of Masterda Surjasen Hall, and Assistant House Tutor & House Tutor in Masterda Surja Sen Hall and Sergeant Zohurul Hoque Hall. Mr. Bhuiyan has demonstrated his exemplary brilliance in his Academic life also. He has completed his M.Com. & B.Com. (Hons.) Degree from the Department of Management of Dhaka University with the first Class first Position in both, and MBA Degree from Otaru University of Commerce, Hokkaido, Japan under 'Monbusho Scholarship' of Japan Government with an outstanding CGPA of 4.0 Out of 4.00 scale. He also has a Diploma in Japanese Language and Culture from Mara Foundation College, Malaysia. It is worth mentioning here that, Professor Mr. Mohammad Moqbul Hossain Bhuiyan has a strong affiliation with numerous publications of the university, he served as the Chief Editor of the Editorial Board of Bangladesh Journal of MIS, a member of the Editorial Board of the Dhaka University Journal of Business Studies, and served as Associate Editor of Bangladesh Journal of MIS also. He has a strong socio-organizational engagement as former general secretary of Dhaka University Teachers' Club, Secretary of Dhaka University Teachers' Cooperative Society, member of Japanese University Alumni Association, and life time member of Registered Graduate, Dhaka University. Mr. Bhuiyan comes from a respected Muslim family of Laxmipur.



Mosleh Uddin Ahmed

Managing Director & CEO

Mosleh Uddin Ahmed is the Managing Director and Chief Executive Officer (CEO) of South Bangla Agriculture and Commerce Bank Limited. He has a wide area of experience in the avenues of banking business, financial operations, risk and compliance management, capital market, money market, forecasting and operations with deep insight in the Banking Industry. Prior to his present appointment as Managing Director & CEO of SBAC Bank Ltd., Mr. Ahmed enlightened the position of Managing Director and Additional Managing Director at National Credit and Commerce (NCC) Bank Limited. Mr. Ahmed rendered his amazing services at many diversified banks and financial institute in various capacities with remarkable successes & noteworthy achievements throughout his long glorious phases of service. During his long banking career he has served in specialized Govt. Bank, NBFI, Foreign Bank and Private Commercial Banks. Mr. Ahmed served in Jamuna Bank Ltd. as Additional Managing Director & Deputy Managing Director, in the City Bank Ltd. as Senior Executive Vice President (SEVP). Besides, he has served in different capacities in the City Bank Ltd., State Bank of India, Prime Bank Ltd. and Phoenix Leasing Company Limited. He participated at a number of trainings, seminars & symposiums and workshops at home and abroad (UK, New Delhi, Netherlands Malaysia, Thailand, Singapore etc.).

His ocean-deep knowledge and invaluable experience in banking & economics had established him in the Board of directors of several companies as well. Mr. Ahmed had served as Director in the Boards of Jamuna Bank Securities Ltd., Jamuna Bank Merchant Bank Ltd., NCC Bank Securities Limited, NCC Bank Capital Management Limited, Venture investment Partners Bangladesh Ltd., BDRL Rating Company Ltd., and Energypack Power Venture Limited. Furthermore, besides his extraordinary knowledge & enviable success in corporate leadership & management he also showed his unparallel erudition as a university teacher, who was once the faculty member of Asian University of Bangladesh, Islamic University of Chittagong, Northern University, and Darul Ihsan University. In his academic life, Mr. Mosleh Uddin Ahmed was a glaring example of diligence and scholar, who achieved his Masters of Business Administration (MBA) Degree from the Institute of Business Administration (IBA) of University of Dhaka, which is the most admired Institute for Business Studies & Administration in the country. He completed his B.Sc. Engineering degree in Electrical & Electronics from Rajshahi University of Engineering & Technology (RUET) and also achieved a Diploma in Computer Science. In his Social life, he has a significant involvement with socio-economic and welfare activities through different socio-economic organizations, and he also has gathered a vast knowledge on socio-cultural variations & it's implications on business and economics through visiting a number of countries around the globe. He is a life member of Institute of Business Administration (IBA) Alumni Association, and member of The Institution of Engineers Bangladesh, and Bangladesh Computer Society. He visited USA, UK, Netherlands, Italy, Germany, Switzerland, Belgium, France, Philippines, Indonesia, Singapore, Thailand, Qatar, Bahrain, Kuwait, Dubai, Oman, Moscow, Malaysia, Hong Kong, China, India, Nepal, Bhutan, Maldives, Myanmar, Saudi Arabia. Mr. Mosleh Uddin Ahmed is a man of strong ethics having moral values and unique personality full of strong desire for success at every assignment of life.

The Management Committee (ManCom)

SL. No.	Name	Designation	Position in the Committee
1	Mr. Mosleh Uddin Ahmed	MD & CEO	Chairman
2	Mr. M Shamsul Arefin	AMD	Member
3	Mr. Shafiuddin Ahmed	DMD	Member
4	Mr. Md. Altaf Hossain Bhuyan	DMD	Member
5	Mr. Md. Kamal Uddin	DMD	Member
6	Mr. Md. Mizanur Rahman	SEVP	Member
7	Mr. Md. Nurul Azim	SEVP	Member
8	Md. Md. Abdullah	SEVP	Member
9	Mr. Salahuddin Ahmed	EVP	Member
10	Mr. Mohammad Asadul Haque	EVP	Member
11	Mr. Md. Masoodur Rahman FCA	EVP	Member
12	Mr. S. M. Iqbal Mehedi	EVP	Member
13	Mr. Abu Bayazid SK	SVP	Member
14	Mr. Md. Mokaddess Ali ACS	SVP	Member Secretary
15	Mr. Md. Abdul Mannan	SVP	Member
16	Mr. A. N. M. Moyeej Ahmed	VP	Member
17	Mr. Mohammad Shafiul Azam	VP	Member
18	Mr. ASM Hojaiffa Noman	VP	Member



Our Management Team



Mosleh Uddin Ahmed
MD & CEO



M Shamsul Arefin
AMD



Mohammed Salim Chowdhury
DMD



Md. Mamunur Rashid Molla
DMD



Shafiuddin Ahmed
DMD



Md. Altaf Hossain Bhuyan
DMD



Md. Kamal Uddin
DMD



Md. Mizanur Rahman
SEVP



Md. Nurul Azim
SEVP



Md. Abdullah
SEVP



Salahuddin Ahmed
EVP



Mohammad Asadul Haque
EVP



Md. Masoodur Rahman FCA
EVP



S. M. Iqbal Mehedi
EVP



Abu Bayazid SK
SVP



Md. Mokaddess Ali ACS
SVP



Md. Abdul Mannan
SVP



A.N.M. Moyeej Ahmed
VP



Mohammad Shafiul Azam
VP



ASM Hojaiffa Noman
VP

(1) Board of Directors; (2) Committees & Sub-committees; (3) List of Honorable Sponsor Shareholders; (4) Profile of The Directors; (5) The Management Committee (ManCom); (6) Our Management Team; (7) List of Executives of the Bank



List of Executives of the Bank

SL. No.	Name of Executive	Position
1	Mr. Mosleh Uddin Ahmed	MD
2	Mr. Md. Shamsul Arefin	AMD
3	Mr. Mohammed Salim Chowdhury	DMD
4	Mr. Md. Mamunur Rashid Molla	DMD
5	Mr. Shafiuddin Ahmed	DMD
6	Mr. Md. Altaf Hossain Bhuyan	DMD
7	Mr. Md. Kamal Uddin	DMD
8	Mr. Md. Mizanur Rahman	SEVP
9	Mr. Md. Nurul Azim	SEVP
10	Mr. Manzurul Karim	SEVP
11	Mr. Md. Abdullah	SEVP
12	Mr. Md. Saiful Islam	EVP
13	Mr. Salahuddin Ahmed	EVP
14	Mr. Mohammad Asadul Haque	EVP
15	Mr. Md. Masoodur Rahman FCA	EVP
16	Mr. S. M. Iqbal Mehedi	EVP
17	Mr. Md. Sajedul Alam Khan	SVP
18	Mr. Md. Majibur Rahman	SVP
19	Mr. Asirul Haque	SVP
20	Mr. Mohammed Imtiaz	SVP
21	Mr. Abu Bayazid Sk	SVP
22	Mr. Md. Mokaddess Ali ACS	SVP
23	Mr. Md. Abul Kalam Azad	SVP
24	Mr. Md. Abdul Mannan	SVP
25	Mr. Md. Rashed Mahbub Rabban	SVP
26	Mr. Mohammed Anwarul Kabir	SVP
27	Mr. Emdad Haider	VP
28	Mr. Md. Zakir Hossain	VP
29	Mr. Sahab Uddin	VP
30	Mr. Md. Ziaul Latif	VP
31	Mr. Mannan Bapari FCMA, CERM	VP
32	Mr. Md. Mostafizur Rahman	VP
33	Mr. A. N. M. Moyeej Ahmed	VP
34	Mr. Mohammad Shafiul Azam	VP
35	Mr. Abu Salem Mohammad Hojaiffa Noman	VP
36	Mr. Md. Fakhru Islam	VP
37	Mr. Sheikh Sharfuddin	VP
38	Mr. Dewan Arifur Rahman	VP
39	Mr. Md. Raisul Alam	VP
40	Mr. Md. Mahbubur Rahman	FVP
41	Mr. A. N. M. Mejbahul Hasan	FVP
42	Ms. Sultana Razia	FVP
43	Mr. Md. Delowar Hossain Mondol	FVP
44	Mr. Mohammad Yousuf Chowdhury	FVP
45	Mr. Md. Shahidur Rahman	FVP
46	Mr. Bidhan Kumar Saha	FVP
47	Mr. Md. Mazharul Hasan	FVP
48	Mr. Md. Khalequzzaman	FVP
49	Mr. Md. Sayeed Bin Islam	FVP
50	Mr. Md. Kamal Hosen	FVP
51	Mr. Syed Hafij Ahmed	FVP

SL. No.	Name of Executive	Position
52	Mr. Mohammed Rofiqul Islam	FVP
53	Mr. Md. Islamul Haque	FVP
54	Mr. Mohammed Gias Uddin	FVP
55	Mr. A B M Muhibbur Rahman	FVP
56	Mr. Mohammad Mahbubul Alam Biswas	FVP
57	Mr. Md. Delowar Hossain	FVP
58	Mr. Sankar Kumar Ghosh	AVP
59	Mr. Salil Kumar Dutta	AVP
60	Mr. Khondokar Noory Imam	AVP
61	Mr. Md. Manirul Islam	AVP
62	Mr. Imtiaz Rahman	AVP
63	Mr. Abdul Kadir	AVP
64	Mr. Mohammed Rafiqul Hasan	AVP
65	Mr. K. M. Shamsul Bari	AVP
66	Mr. Md. Yasin Huda	AVP
67	Mr. Mohd. Monjurul Alam	AVP
68	Mr. Zabed Emdad Chowdhury	AVP
69	Mr. Kaji Jasim Uddin	AVP
70	Mr. Md. Mahasin Sarder	AVP
71	Mr. Md. Shakibul Alam	AVP
72	Mr. Razwanul Huq	AVP
73	Mr. Mohammad Shah Kamal Sarkar	AVP
74	Mr. Muhammad Akhteruzzaman	AVP
75	Mr. Syed Shahjahan Sagar	AVP
76	Mr. Mohammed Ikram Pasha	AVP
77	Mr. Md. Abdur Rashid	AVP
78	Mr. A. T. M. Noor Nabi Sarker	AVP
79	Mr. Mohammad Abdul Basit	AVP
80	Mr. Md. Abu Naser Chowdhury	AVP
81	Mr. Md. Feroj Kabir	AVP
82	Mr. Shovan Barai	AVP
83	Mr. Mohammad Jasim Uddin	AVP
84	Mr. Md. Masud Kabir	AVP
85	Mr. A. K. M. Asaduzzaman Talukder	AVP
86	Mr. Zia Uddin Rony	AVP
87	Mr. Ahmed Ismail	AVP
88	Mr. Md. Kamruzzaman	AVP
89	Mr. Mridha Nazmul Ahasan	AVP
90	Mr. A. B. M. Shohel Pervez	AVP
91	Mr. Muhammad Ali Yousuf	AVP
92	Mr. Abdul Alim	AVP
93	Mr. Md. Bellal Hossain	AVP
94	Mr. Md. Saifur Rahman	AVP
95	Mr. Md. Rajib Ahmed	AVP
96	Mr. Md. Shoeb	AVP
97	Mr. Md. Shamim Hossain	AVP
98	Mr. Ahammed Mehedi Imam	AVP
99	Mr. Mohammad Monwar Hossain	AVP
100	Mr. Md. Shahed Hossain	AVP
101	Mr. Md. Shariar Hassan Siddiquee	AVP
102	Mr. Md. Abdul Aziz	AVP
103	Mr. Md. Abul Kalam Azad	AVP
104	Mr. Mohammad Khabirul Islam	AVP

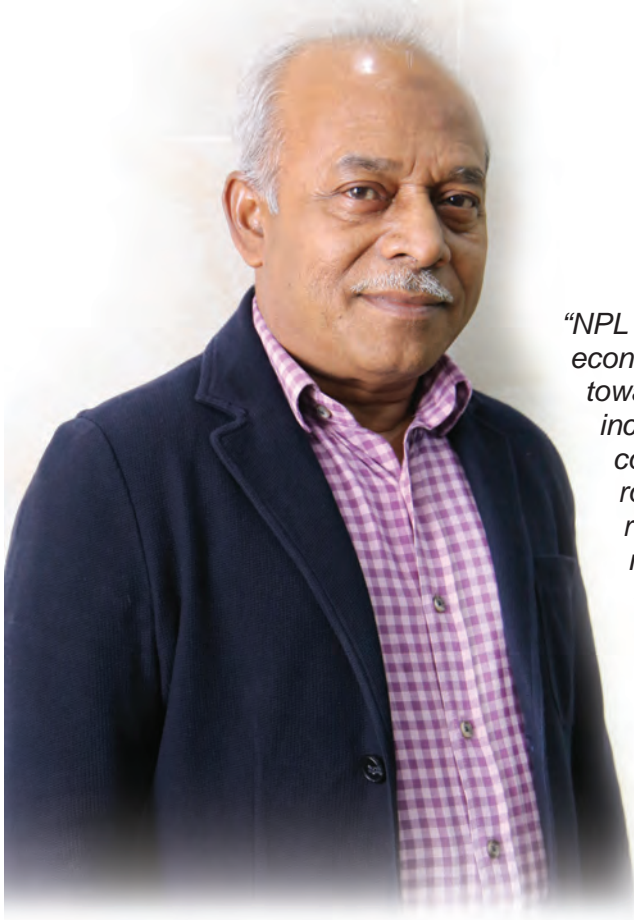
- (1) Review from the office of the Chairman;
(2) Review of the Managing Director & CEO.



MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR & CEO



Review from the office of the Chairman



“NPL in Bangladesh is a major hindrance to boost our economy and GDP growth. We are taking strong steps towards reduction of NPL, building our capital base, increase SME and retail business, building a strong corporate culture, good corporate governance and robust risk management frameworks and a highly revamped and dedicated management team. As we move towards success we remain absolutely committed to adding value to our clients, shareholders and stakeholders. The Board of Directors of the bank is responsible to formulate policy guidelines and supervise business activity of the bank without any intervention in the roll of management as it is essential to earn and maintain the confidence of the depositors, who are the prime financiers.”

Bismillahir Rahmanir Rahim
Assalamu Alaikum.

Distinguished Shareholders,

It is my immense pleasure and honour to welcome you at the 8th Annual General Meeting of South Bangla Agriculture and Commerce Bank Ltd. On behalf of the Board of Directors and from myself, I would like to express my sincere gratitude to all of you for your active support and cooperation for which it was easier for us to take your Bank to a prestigious position.

It is my privilege to place before you, the Annual Report-2020 and the financial statements of the Bank for the year ended 31st December 2020. By the grace of almighty Allah, this year our bank has completed 8 years of journey and is marching with a momentum of growth by accumulating a series of successes which includes deployment of state-of-the-art Core Banking Solution and implementing all Central Bank initiated projects within shortest time, expanding branch network, launching innovative products & services, achieving remarkable position in the bottom line.

Honourable fellow shareholders,

If we look at the world economic features, following a collapse in the last year caused by the COVID-19

pandemic, global economic output is expected to expand at 4 percent in 2021 but still remains more than 5 percent below the position that of pre-pandemic era. Global growth is projected to be at the rate of 3.8 percent in 2022. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in emerging market and developing economies (EMDEs) and set back key development goals. The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption, and trade are gradually improves, supported by ongoing vaccination.

Bangladesh economy faced COVID-19 pandemic-induced challenges in all economic sectors, but managed a 5.24 percent real GDP growth rate in FY20, though significantly lower than a record high of 8.15 percent growth rate in FY19. The economy of Bangladesh witnessed an impressive GDP growth trend in last decade, maintaining more than 7.0 percent yearly growth during FY16-FY19, breaking the phase of yearly 7.0 percent growth mark in FY16.



Bangladesh economy has maintained sustainable growth and achieved GDP growth at more than 6 percent on an average during the last decade. Due to COVID-19 the GDP growth stood at 5.24 percent in FY2019-20 which was 8.15 percent in FY2018-19.

Dear Colleagues,

We have delivered another good year despite the uncertain and challenging economic environment and crisis in the banking industry. The banking sector, which dominates the financial sector in Bangladesh, has continued to struggle. Some banks failed to maintain the regulatory capital requirement. The indicators of the banking sector showed some improvements at the end of Q1 FY-21, as reflected by a fall in non-performing loans (NPLs), a rise in capital adequacy, an improvement in liquidity condition, and better position of provision maintaining. The volume of Non-Performing Loans (NPLs) declined by 0.28% percent or Tk. 1680 crores in September 2020 compared to June 2020. However, the amount of NPLs in June 2020 and September 2020 were Tk. 96,120 crore and Tk. 94,440 crore respectively. The overall capitalization in the banking sector edged up and remained stable at the end of Q1 FY21 owing to the improvement in NPLs and provision maintained. The capital to risk-weighted asset ratio (CRAR) grew to 11.94 percent in Q1 FY21 from that of 11.63 percent in Q4 FY20.

In spite of the crisis, our Bank has expanded its business significantly during the year 2020: deposits were Tk. 7,145.15 crore while loans and advances Tk. 5,740.88 crore and net profit Tk. 95.20 crore. The bank maintained loan-deposit ratio of 80.31% during the year. The Bank has ensured its presence in 98 (Ninety Eight) different locations of the country i.e. the Bank now has 83 (Eighty Three) branches, 15 (Fifteen) sub-branches across Bangladesh and 01 (One) Off-shore banking unit in head office. All Branches are equipped with modern technology and highly skill human resources. Currently our HR pool consists of 943 employees. Our lending book expanded in the areas of manufacturing, trading, import and export, infrastructure, services and agriculture credit, ranging from corporate clients to small and medium enterprises and retail clients.

As the Government has embarked on strengthening the rural economy of Bangladesh, the Bank has opened a number of rural branches to boost up rural economy by offering specialized product like Agriculture Loan, SME Loan and Women Entrepreneurs Loan. Our Retail Banking and SME - units are extending various need based credits facilities to cater to the demand of retail customers as well as small and medium enterprises. It is my strongest belief that it will be promoting self-employment in the economy, and contributing towards creation of new job opportunities.

The year 2020 was very challenging for the Banking sector in Bangladesh. As a new Bank, we had to continue deposits with higher rates and lend funds at

lower rate due to implementation of single digit interest rate banking. Despite, our Bank was able to maintain its corporate asset portfolio at Tk. 8,840.34 crore. During this period Government declared various stimulus packages for supporting business houses that were affected due to Covid-19 disruption. Bangladesh Bank also extended various policy supports as well as refinancing against different stimulus loans. Our Bank actively materialised all stimulus and policies schedules. In 2020, our operating income stood at Tk. 356.73 crore. Our loans and advances stood at Tk. 5,740.88 Crore. During the year our total deposits was Tk. 7,145.15 crore and Our Net Profit after Taxation was Tk. 95.20 crore. Our Capital and Statutory Reserve stood at Tk. 684.65 crore and Tk. 175.34 crore.

Dear Members,

The Bank has been operating the foreign trade business through 7 (seven) Authorized Dealer (AD) branches located at important commercial hubs of the country including a centralized Trade Processing Unit at Head Office to handle the trade transactions of Non-AD branches using state-of-the-art technology. The Bank has been maintaining fervent correspondent banking relationship with internationally reputed banks to facilitate foreign trade and other international transactions. As on 31st December 2020, the number of foreign correspondents Bank was 208 covering 52 countries. Our Bank maintains 13 Nostro Accounts in 4 major currencies with reputed international banks located at the most important financial hubs are located in all the important global financial centers. The bank is also enjoying credit lines of a good number of well reputed banks worldwide, which is facilitating our international trade transaction smoothly.

In the year 2020, SBAC Bank Ltd. handled import business for total Tk. 2,631.38 crore while it handled export business for total Tk. 1,546.97 crore. We have also a remarkable achievement in Remittance business. In the year 2020, SBAC Bank Ltd. received Tk. 403.09 crore as wage earners remittance.

Our Bank has successfully managed the liquidity risk, interest rate risk and foreign currency risk within the laid down policies and guidelines of Bangladesh Bank. The Bank successfully maintained all statutory requirements viz CRR, SLR, ADR, LCR, NSFR, Commitment, Wholesale Borrowing and NOP limits has. Despite the challenges of 2020, our Treasury has done considerably well by exercising diligence and proper execution of its strategies.

The Bank has separate AML Desk under Treasury, which supplies economic, market and Bank information and analysis to Asset Liability Management Committee (ALCO) for taking strategic decision. ALCO, which meets at least once in a month, is responsible for managing balance sheet compositions, determining interest rates, managing liquidity and interest rate risks and maximizing returns. A new AML policy has been formulated by AML Desk keeping BASEL III liquidity

ratios (LCR & NSFR) in mind and central bank's AML guidelines into active consideration.

The Bank has undertaken various technology enabled business initiatives to realize the vision of customers' centrality and to respond to customers demand in real time by knowing its customers and their behaviour. The bank is leveraging implementation of Digital Banking Apps, Mobile Wallet and automation of technology, which will enable us to be nimbler, more FinTech-like and faster to market in delivering cutting-edge solutions.

For the Core Banking System, new enhancements were implemented to improve operational efficiencies and provide better control and monitoring capabilities. Our Bank has best of technology infrastructure where state-of-the-art Data Centre and Disaster Recovery Site have been built in different seismic zone in order to avoid single point of failure and ensure uninterrupted banking service delivery to customers. In addition to the Disaster Recovery Centre, Bank has also implemented the Near Disaster Recovery Centre to ensure Near Zero Data Loss as part of its Business Continuity Planning and Disaster Recovery strategy. Over the years, Bank has built a strong foundation of cyber security comprising a comprehensive set of information security measures to counter against cyber-attacks.

Our Bank has a well equipped Card Division capable to achieve the vision and commitment & for providing the customer an uninterrupted round the clock transaction facilities having ATM/CDM services along with Debit card operations. The bank deployed 43 ATMs and 2 CDMs in different branch locations of the country and more ATMs are yet to be set up with new and existing branches soon. We have issued 45,000 Debit Cards & approximately 4,000 credit cards already with Implementation of EMV Chip Card.

Our Bank has a strong operating platform and a clear, well defined strategy. Sound management of risks, capital and costs will continue to be a priority. While continuing to pursue business targets, our Bank is committed to maintaining a high standard of Corporate Governance in the operations of the Bank. The Risk Weighted Assets of the Bank stood at Tk. 6,889.99 crore based on 31.12.2020. So, the minimum capital was required Tk. 861.25 crore whereas the bank maintained Tk. 926.99 crore i.e. surplus capital stood at BDT 65.74 crore. As per directives of Bangladesh Bank, every bank is required to maintain minimum capital plus capital conservation buffer at 12.50% for the year 2020 whereas SBAC Bank maintained capital plus capital conservation buffer at 13.45% i.e. excess 0.95%. In accordance with Bangladesh Bank guidelines, we are happy to inform you that our present Capital Adequacy Ratio is 13.45% of Risk weighted Assets (RWA).

The Bank is a socially responsible corporate citizen and we are engaged in various social activities like

education, healthcare, culture and others show our interest in wider social issues. We are committed to work for the people and are actively engaged in social projects throughout. The Board of SBAC Bank Ltd. has approved a policy for Corporate Social Responsibility (CSR). Under the CSR program, the Bank has a remarkable contribution towards Education, Preventive and Curative Healthcare, Emergency Disaster Relief, Financial Inclusion, Community Investments by way of donations etc. Under CSR Program we have distributed Tk. 8.20 crore only among the areas mentioned above including Education Tk. 1.24 crore, Healthcare Tk. 0.17 crore, Prime Minister's Relief Fund Tk. 0.45 crore, Bangabandhu Memorial Trust Tk. 1.00 crore, Donation to COVID affected people Tk. 3.47 crore, Distribution of Blankets worth Tk. 1.05 crore for the cold-bitten people, and others Tk. 0.82 crore only.

We strongly believe in good governance. The bank is governed with the set of rules and procedures that ensure the principles of value based management. Our Bank is founded on four "pillars" – Responsibility, Accountability, Fairness and Transparency (RAFT). The Board of Directors of the Bank is responsible to formulate policy-guidelines, supervising business activities of the bank efficiently without any intervention in the role of Management as it is essential to earn and maintain confidence of the depositors, who are the prime financiers. To accomplish the organizational goal, we are committed to establish good corporate governance.

I have had the privilege to express my gratitude to the Government of Bangladesh, the Bangladesh Bank, the Bangladesh Securities and Exchange Commission, the Registrar of Joint Stock Companies & Firms, and other regulatory bodies for all their extended support during this year.

At the end I would like to express my heartfelt gratitude to all the directors, shareholders, clients, patrons, well-wishers and all employees for their constant support and trust which were the key driving forces behind all of our initiative. I hope you will continue to keep faith on us which will enable us to regain our lost glory. On behalf of the Board I would like to take this opportunity for your cooperation, patience and inclusive understanding about the challenging business position.

May Allah help, guide and shower unending blessings upon us.

Allah Hafiz.



Abdul Kadir Molla
Chairman



Review of the Managing Director & CEO



I extend you all a very warm welcome to the 8th Annual General Meeting of our Bank, and express my gratitude for presenting the Annual Report and Audited Financial statements for the year 2020. I wish you all good health and safety from illness, particularly from the COVID-19, by the grace of Almighty Allah. I would take the opportunity to express my sincere gratitude to our frontline members of the bank, who have shown immense strength during the pandemic and helped to sustain our growth trajectory. Even though the COVID-19 pandemic has disrupted our lives, livelihood and business, we will continue to demonstrate our resilience and re-emerge as strong as ever Insha Allah.

Global Economy

The impact of the COVID-19 outbreak in 2020 was insurmountable, in terms of lives lost, stalled economic activities and destruction of livelihood. World Bank termed the crisis unfolded by the pandemic as the deepest global recession following the World War II, even surpassing the 2009 recession triggered by the 2007-08 financial crisis. The pandemic has claimed millions of lives and plunged vulnerable economies into further uncertainties. According to the International Monetary Fund (IMF), global economic output (GDP) experienced a 3.3 per cent contraction in 2020, while an estimated 95 million people have additionally entered into extreme poverty threshold. The pandemic-induced economic shock and social distancing efforts have caused irreparable damage to economic sectors like tourism & hospitality, commodities, service, and supply-chain. Deploying both fiscal and monetary tools, advanced economies were able to weather the economic and health crisis. However, emerging and low-income economies had borne the worst of the pandemic, because of their limited fiscal and monetary space, economic vulnerabilities and reliance on few sectors for growth.

As the transmission of COVID-19 eased, economies started to resume economic activities while maintaining health guidelines. Although China resumed economic activities albeit at a tepid level, followed by few other emerging economies (e.g. Vietnam, Taiwan and Bangladesh), the recovery process had been largely uneven across countries. As a result, IMF's projection for 2020 GDP growth improved by 0.3 percentage points compared to its Apr'20 projection. During the second half of 2020, the gradual easing of lockdown helped to resume economic activities and contributed to a gradual pick up in aggregate demand. This has led to a sudden rise in demand for commodities and raw materials, pushing prices upwards drastically. During 2QCY20, the World Bank Energy price index was down by 64.1% on a quarter-over-quarter (QoQ) basis during 2QCY20, which improved by 34.0% QoQ in 3QCY20. Similarly, food prices declined 4.7% QoQ during 2QCY20 and experienced a 5.2% increase by 3QCY20.

The global economic recovery has been uneven and tilted heavily towards advanced economies and some

of the emerging economies. In addition, the supply chain bottlenecks and relatively lower food production in 2021 could induce inflation through upward pressure on the prices of essential commodities and raw materials. IMF forecasts global GDP growth in 2021 would reach 5.3 per cent owing to the base effect, and 3.8 per cent in 2022.

Bangladesh Economy

As Bangladesh was poised to close yet another successful year of economic growth, the threat of the COVID-19 pandemic materialized. To curb the transmission of COVID-19, the government declared national general holiday from 26 March 2020 to 30 May 2020. Economic activities were severely disrupted, forcing numerous people to lose their jobs, particularly in the informal sector. Despite the reopening of the economy, the large scale industries delivered some growth in 2020, while the small-scale industries demonstrated a feeble growth in 2020.

The government was prompt to roll out 23 recovery packages worth BDT 1.28 trillion (tn) in total, including BDT 50.0bn salary support fund for export-oriented industries, BDT 400.0bn subsidized working capital loan package, BDT 200.0bn subsidized working capital loan designated for the Cottage, Micro, Small and Medium Enterprises (CMSMEs), Agriculture Refinance Scheme of BDT 50.0bn, and BDT 200.0bn interest subsidy package for commercial loans taken out by various affected businesses. In addition, the government also increased its allocation to the social safety expenditures in FY21 budget to prevent the vulnerable population from falling into extreme poverty. Meanwhile, the Bangladesh Bank (BB) flexed its monetary arsenal to execute an expansionary monetary policy in tandem with the government's stimulus and fiscal measures. In order to support the rapid recovery of economic growth and recover the livelihood of the people, BB boosted the money supply in the economy, aided by the surge in remittance inflows.

According to the Bangladesh Bureau of Statistics (BBS), the economy of Bangladesh grew 3.51 per cent in FY20, a notable drop compared to 8.15 per cent growth in FY19. The industry sector experienced a 3.25 per cent growth in FY20 (FY19: 12.67 per cent) at constant prices, while the manufacturing sub-sector clocked a 1.80 per cent growth in FY20 (FY19: 14.2 per cent). Meanwhile, the services sector achieved 4.16 per cent growth in FY20 (FY19: 6.78 per cent), and the agriculture sector achieved a 4.59 per cent increase in FY20 (FY19: 3.92 per cent). Per capita income increased to USD 2,024 in FY20 (FY19: USD 1,909), while the twelve-month average inflation rate stood at 5.56 per cent in FY20 (FY19: 5.65 per cent).

Foreign trade activities (export-import) took a severe hit during the 4QFY20, which resulted in a 16.9 per cent contraction in export and an 8.6 per cent contraction in imports during FY20. Although total remittance in FY20 experienced a decent 10.9 per

cent growth, the pandemic helped to channel a large inflow of remittances through the banking channel. A 37.6 per cent year-over-year (YoY) growth in remittance inflows in 2020 (calendar year) helped to increase our foreign exchange reserve to USD 43.2 billion in 2020 (CY19: USD 32.7bn).

The Banking Sector in 2020

The banking sector was already plagued by a higher volume of non-performing loans (NPL), and the pandemic-induced shock threatened the overall financial stability of the banking sector. In order to increase the availability of credit for the private sector, the Bangladesh Bank started off reducing the bi-weekly cash reserve ratio (CRR) to 4.0 per cent for banks, 2.0 per cent for OBUs, and 1.5 per cent for NBFIs. In addition, the advance-deposit ratio (ADR) has been increased by two percentage points for both Conventional and Islamic banks, which helped to inject fresh funds into the economy by an estimated BDT 227.0bn at that time. The bank rate dropped to 4.0 per cent from the previous 5.0 per cent, Repo rate was reduced twice to 4.75 per cent, while the Reverse repo rate was also reduced to 4.0 per cent.

To address the repayment capacity of affected borrowers, Bangladesh Bank had asked the banks and NBFIs to stop downgrading loans with effect from 1 January 2020. Coupled with loan classification deferral, both policies were extended till 31 December 2020. Among other policies formulated by BB include loan rescheduling, one-time exit for the distressed borrowers, transfer of interest to non-interest-bearing blocked account, deferral of instalments for Long Term Financing Facility (LTFF) borrowers throughout 2020, and relaxing terms and conditions of revolving loan renewal for NBFIs. BB enhanced the size of the export development fund (EDF) to USD 5.0bn, increased the loan repayment period to 180 days from 90 days, and the individual EDF loan limit for member mills of BGMEA and BTMA was increased to USD 30 million until 31 December 2020.

BB also rolled out a BDT 20.0bn Credit Guarantee Scheme (CGS) for banks and NBFIs to induce them to increase their lending towards credit guarantee facilities for Cottage, Micro and Small (CMS) entrepreneurs. BB also introduced several schemes, notably BDT 50.0bn refinancing fund for pre-shipment credit, BDT 150.0bn working capital refinancing fund for large industrial and service sector, BDT 50.0bn working capital refinancing scheme for agriculture sector (floriculture, pomiculture, pisciculture, poultry, dairy, and livestock), and BDT 100.0bn working capital refinancing fund for the CMSME sector.

A huge inflow of remittances through legal channels helped total deposits in the economy to reach BDT 12.9 tn in 2020, clocking an 11.62 per cent YoY growth. Meanwhile, cautious lending from the banks and anaemic demand for loans from the private sector have contributed to the decline in total domestic



credit, which stood at 13.6tn in 2020, registering a 9.91 per cent YoY growth. Overall ADR ratio in the banking sector dropped to 72.7 per cent at the end of Dec'20, far below the maximum regulatory ceiling. BB also introduced the lending rate cap at 9.0 per cent and deposit rate cap at 6.0 per cent effective from 01 April 2020, with a view to reducing the cost of financing for the borrowers. However, the excess liquidity in the banking sector reached BDT 2.05tn at the end of Dec'20, prompting the banks to naturally reduce both lending rates and deposit rates. The weighted average lending rate stood at 7.62 per cent in Dec'20 (Dec'19: 9.68 per cent), while the weighted average deposit rate stood at 4.56 per cent (Dec'19: 5.70 per cent).

Gross non-performing loan (NPL) stood at BDT 882.8bn in CY20, while gross NPL ratio clocked 8.1 per cent during the period (CY19: 9.3 per cent). Overall provision shortfall of the commercial banks stood at BDT 1.30bn in 2020, while the total provision-to-NPL ratio improved from 57.9 per cent at the end of 2019 to 72.2 per cent at the end of 2020.

Financial Performance

Despite the pandemic situation of COVID-19 and the challenging economic environment, our Bank has delivered another good year and expects to perform well in the coming days. SBAC Bank took the opportunity to improve the quality of our balance sheet, particularly in terms of improving capital base and increasing the share of low-cost funds.

The ramification of the COVID-19 pandemic had affected the overall profitability of the banking sector. Despite the challenges stemming from the fallout, SBAC Bank demonstrated prudence and agility to maximize value for the shareholders. SBAC Bank has a relatively high cost of funds similar to other fourth-generation banks, which drastically narrowed our lending spread to 0.31 per cent in 2020. Despite such obstacles, the SBAC Bank delivered an impressive EPS of BDT 1.39 in 2020 (2019: BDT 1.55).

Even during the pandemic, total deposits experienced a nominal 0.12 per cent de-growth in 2020, while the total loan portfolio experienced a 2.51 per cent growth. Our emphasis on increasing loanable fund utilization helped to post AD ratio of 80.31 per cent in 2020 (2019: 78.21 per cent). To address the higher cost of funds, SBAC Bank has also improved its share of current account and savings account deposits (CASA ratio) to 15.6 per cent in 2020, up from 13.7 per cent in 2019. Our return on investment (ROI) stood at 13.64 per cent in 2020 (2019: 11.03 per cent), while our return on equity dropped to 10.78 per cent in 2020, owing to a higher equity base. As we have improved our capital base in 2020, the capital adequacy ratio (CRAR) stood at 13.45 per cent, higher than the regulatory requirement of 12.50 per cent. SBAC Bank was also successful in restricting the NPL ratio to 6.22 per cent in 2020 (2019: 6.09 per cent).

Business strategies for coming year

SBAC Bank's Agent banking footsteps

A very effective tool for enhancing financial inclusion and materializing the dream of a poverty-free Bangladesh through different financial services, Agent Banking is at the top-most encouragement by Bangladesh Bank to all commercial banks. Here, I am very pleased to inform you that the SBAC Bank Agent Banking operation will start its journey from 1st January 2022. It will open up economic opportunities, created employment and invigorated the local economy in remote areas. From 2022 and the next, SBAC Bank plans on establishing significant number of agent outlets with the strong commitment of bringing unbanked people within the fold of the banking system.

Islamic Banking

In view of the spectacular contribution of the Islamic banks to the country's socio-economic development and their continued growth as a sustainable, modern and humane bank, SBAC Bank has also launched Islamic banking wing in 2021 with 10 branches. We are very much attentive to proper compliance with Islamic legal principles of 'halal-haram' while providing Islamic banking services and thereby welcoming the Muslims of the country (more than 90% of the population) as a safer platform of banking to enjoy. We will have more focus on this banking wing in the coming days.

Off-shore banking

SBAC Bank received permission from Bangladesh Bank to establish Off-shore banking Unit on 15 July 2020, with a view to fulfill the banking requirement of Foreign Nationals/Firms/ Companies, resident/non-resident individuals/ enterprises, customers in EPZs, PEPZs, EZs and Hi-tech Parks in Bangladesh. Currently, the OBU has been providing offshore banking services to our existing tested customers of our AD Branches under UPAS discounting facility/export bill discounting and our OBU is fully ready to serve any other eligible customers. SBAC Bank has garnered attraction from prospective clients within a short period of time, offering attractive prices of its offshore banking products, improving visibility and marketing strategies, providing excellent customer services, and above all maintaining the highest level of professionalism. OBU invested around USD 0.807 million (as on 31.12.2020) in the offshore market to support our bonafide customers.

Investment in Retail and SME

With a view to minimizing risks within the next two years, SBAC Bank has decided to enhance its exposure in Retail and SME financing. SBAC Bank would enhance portfolio allocation of Retail & SME to 50 per cent by 2023 from the current 30 per cent level. This would also contribute to lowering general provision requirements, while also diversifying the concentration risks of the portfolio.

Human Resources Development

We sincerely believe that it is actually the workforce that matters at the end of the day and nursing them bring about quality result for any organization. We have a plan to introduce e-Learning , an online learning platform for the employees of the bank so that they can live in learning process during their stay at the workplace or from home and enrich and enlighten themselves with the up to date knowledge of the banking .

The following are some of our priorities for 2021 –

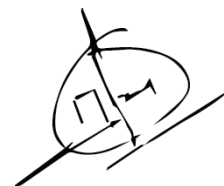
- SBAC Bank has obtained TREC License from DSE with a view to expanding our footprint in the capital market. This would contribute to our operating income through brokerage commission and interest from margin loans.
- In order to avail more of the zero cost deposits and enhance our non-funded business portfolio, SBAC Bank would emphasize Electronic Government Procurement (e-GP) that is expected to boost our commissions and fees income.
- SBAC Bank aims at positioning itself as a digital-savvy bank, and has developed strategies to explore diverse digital product offerings in Fintech solutions and Digital marketing for our esteemed clients. In addition, the bank plans on gradual adoption of a digital banking ecosystem instead of

aggressively setting up brick-and-mortar branches. This would SBAC Bank to offer customers world-class services at relatively fractional operating costs.

- SBAC Bank would increase its activities under Special Asset Management Unit (SAMU) to improve loan recovery, and has set a target to maintain the gross NPL rate at the lower level range (below 5.0 per cent).

Acknowledgement and appreciation

I would like to express my sincere appreciation to our clients, honourable shareholders, stakeholders and well-wishers for entrusting us, which had been our greatest motivation at all times. The Management is privileged to have the support and prudent guidance from the Board of Directors. We would also like to extend our gratitude to the regulatory authorities, especially Bangladesh Bank, for their cooperation, guidance and feedback, which have contributed to the development of the bank. I would particularly express my utmost gratitude to my colleagues of the bank, who had been enduring, dedicated and resilient in providing phenomenal performances. Even during such a stressful period, their contribution to our valued clients is something that the bank can boast about. May the Almighty Allah bestows His blessings upon us during this hardship, and hopefully brings in a new era.



Mosleh Uddin Ahmed
Managing Director & CEO

(1) MD & CEO's message on Integrated Reporting; (2) Discussion on Integrated Reporting; (3) SWOT Analysis; (4) DuPont Analysis; (5) PESTEL Analysis; (6) Our Business Model



INTEGRATED REPORTING



MD & CEO's message on Integrated Reporting

Welcome to our Integrated Reporting

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

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

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

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

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

Reporting scope and boundary

This Annual Report covers our financial and nonfinancial performance during the period 1st January 2020 to 31st December 2020. Throughout this report, it has been our sincere effort to keep our

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

Materiality and material matters

This Annual Report presents a fair & brief appraisal of our performance, prospects, governance, strategies and sustainability which are easily demonstrable in nature. The Bank has always been watchful in dealing with the material issues which have substantial impact on the strategic directions and operations of its business. All those bona fide interests of our key stakeholders have been taken into account in determining information that is considered to be material for insertion in this report. The various matters and developments of both quantitative and qualitative criteria included here in this report were determined by a number of considerations, for instance, issues those may impact our deployment of strategies and creation of values, challenges those might frustrate our ability to sustain, material matters placed to our Board of Directors, risks identified by our management and the interests of our key stakeholders.



Assurance Model

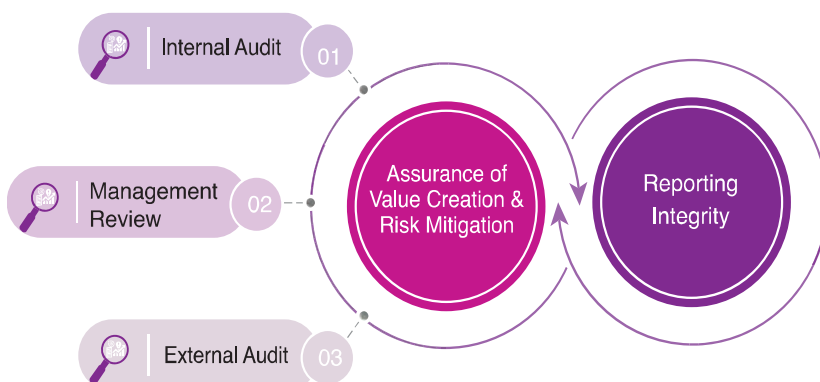
The Bank has a combined assurance model comprising of different independent and responsible authorities. These assurance providers ensure that effective risk management is implanted in the organization. Though the Board of Directors, with the support of the Audit and Risk Management

Committee, is mainly responsible for combined assurance by setting the direction but we confidently believe that our combined assurance model plays a vital role in ensuring assurance of value creation & risk mitigation in every aspect of our business. We have appointed different external assurers and auditors to ensure the credibility of the report.

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

Responsibility over the Integrity of the Integrated Report

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



Combined Assurance Model of Integrated Reporting

Mosleh Uddin Ahmed
Managing Director & CEO

Discussion on Integrated Reporting

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

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

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

Competitive Intensity and our response

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

- PEST Analysis; and
- SWOT analysis.

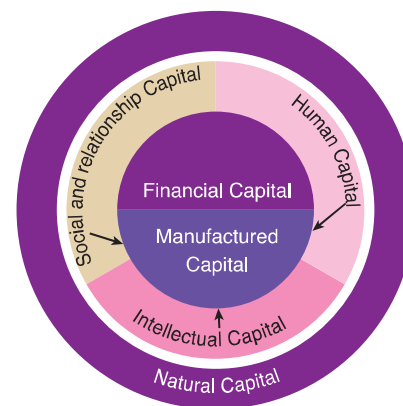
The Capitals Report

The Five Capitals Model provides a basis for understanding sustainability in terms of the economic concept of wealth creation or 'capital'. The model allows business to broaden its understanding of financial sustainability by allowing business to consider how wider environmental and social issues can affect long-term profitability. This Model can be used to allow organizations to develop a vision of what sustainability looks like for its own operations, products and services. The vision is developed by considering what an organization needs to do in order to maximize the value of each capital. However, an organization needs to consider the impact of its activities on each of the capitals in an integrated way in order to avoid 'trade-offs'. Using the model in this way for decision-making can lead to more sustainable outcomes. Sustainable development is the best way to manage these capital assets in the long-term.

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

Financial Capital

Financial capital includes shareholders' equity, debt and reinvested capital and is a critical input in executing our business activities. For a Bank, financial capital is a core element in enabling the



balance of interests of both deposit customers and borrowers. Also, returns generated by our business enhance our financial capital, which in turn is used to repay our investors in the form of dividend payments and the rest is retained to aid business operations and growth through enhancing other capitals. The Bank currently uses the following major financial capitals to create value in different time horizon:

Paid-up Capital

The paid-up capital refers to the amount that has been received by the company through the issue of shares to the shareholders. We have started in 2013 with a paid-up capital of Tk. 4,089.6 million which has raised to Tk. 6,846.46 million as on 31st December, 2020. This continuous increase of paid-up capital as a result of a handsome stock dividend paid to the shareholders signifies that the Bank is playing a substantial role in creating value for the stakeholders.



Statutory Reserve

As per, a Bank requires to transfer a sum equivalent to not less than 20% of its current year's profit before tax to the reserve fund until such reserve equals to its paid up capital as per the section 24(1) of Bank Company Act. The Bank does comply with this requirement of law every year and up to 31st December 2020, the statutory reserve of the Bank stood at Tk. 1,753.40 million.

Retained Earnings

Retained earnings refer to a portion of a company's profit that is held or retained from net income at the end of a reporting period to reinvest in its core business, or for any other purposes instead of paying out as dividends to shareholders. The retained earnings position of the Bank was Tk. 687.47 million as on 31 December 2020.

Deposits

Deposit is the lifeblood of a Bank. Without deposit no Bank can run. It is the key source of finance that plays crucial role in value creation process of the Bank. Currently a range of attractive products and services have been offered by the Bank. The major types of deposits are current deposits, bills payable, short notice deposits (SNDs), savings bank deposits, term deposits etc. Total amount of deposits of the Bank was Tk. 71,451.46 million as on 31 December, 2020.

Manufactured Capital

Manufactured capital is physical assets that are generated by applying human productive activities to natural capital, material goods and infrastructure owned, leased or controlled by an organization that contribute to production and delivery of goods or services. This type of capital is seen as human-created, production-oriented equipment and tools. In case of financial institutions, manufactured capital refers to the resources, media and channels used in providing financial services to the customers and for reporting to regulatory bodies and other users. All the physical objects ranging from our branches, sub-branch & ATM booth units to the network and IT infrastructure such as the computers, equipment and supplies that we use to render services to our clients are part of manufactured capital of SBAC Bank Limited.

The Bank has established 98 branches & sub-branches and 40 ATM booths already at vital business hubs across the country. The Bank is continuously investing in technological advancement through the installation of state of the art banking technology with an objective of delivering superior customer experience than that of the competitors. Further, the Bank is very conscious in maintaining a sound work environment within the Bank premises.

Human Capital

Human capital is generally consists of the capabilities & knowledge, skills & experience of the employees of a company. It incorporates the health, knowledge, skills, intellectual outputs, motivation and capacity for relationships of the individual. Human Capital is also about joy, passion, empathy and spirituality. SBAC Bank believes that human resource is it's most valuable asset which will be the strongest competitive advantage in a fiercely competitive banking environment. Our human capital consisting of 943 employees who are creating value continually through their skills, knowledge, expertise, passion, dedication and commitment in achieving the objective of the bank. The human resources division emphasizes in appointing the right employee at right position for playing the right role. Our HR aims at providing an effective environment for the employees and focuses on giving the extensive training and experience. Moreover, the Bank prioritizes on retaining and motivating the brilliant performers through providing them a handsome remuneration and rewarding bonuses and incentives.

Intellectual Capital

Intellectual capital is the result of mental processes those form a set of intangible objects that can be used in economic activity and bring income to its owner (organization), covering the competencies of its people (human capital), the value relating to its relationships (social & relational capital), and everything that is left when the employees go home (manufactured capital). It refers to the value of a company's collective knowledge and resources that can provide it with some form of economic benefit. It's also used to identify a firm's intangible assets and divide them into meaningful categories. Our intellectual capital consists of knowledge-based assets such as licenses, software, copyrights, policies, and procedures etc. This capital creates value for the bank through gaining competitive advantages in the market, ensuring superior customer experience and building strong image in conformance with it's business goals. Here is a list of some intellectual capitals of the Bank:

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

Social and Relationship Capital

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

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

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

Natural Capital

Natural capital (also sometimes referred to as environmental or ecological capital) is the natural resources (energy and matter) and processes needed by organizations to produce their products and deliver their services. This includes sinks that absorb, neutralize or recycle wastes (e.g. forests, oceans); resources, some of which are renewable (timber, grain, fish and water), whilst others are not (fossil fuels); and processes, such as climate regulation and the carbon cycle, that enable life to continue in a balanced way. People require natural capital (such as land and energy) to deploy and operate their manufactured capital. Our Bank always emphasizes on efficient use of Natural capital and we all are committed to take energy-efficiency such initiatives those will protect our nature & environmental resources.

Value Creating Business Model

KEY DRIVERS THAT CREATE VALUE



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

Strategy and Resource Allocation

To create value for our shareholders by attaining our goals, the management reviews strategies from time to time and the Bank has already chosen a set of strategic priorities for the year 2021. The implementation of these strategies will require proper allocation of resources for the development of our capitals. The strategic priorities will be achieved by doing following things:

- Nurture such culture that values excellent client experiences, ethical and fair conduct with integrity;
- Install a "customer first" mindset in all employees while improving service standards further;



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

Resource allocation strategies to meet objectives

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

Factors providing competitive advantage to create value

South Bangla Agriculture and Commerce Bank Limited believes that the human resource with proper skills & right attitudes is the most valuable assets for a Bank facilitating the gain of competitive advantage which no competitor can duplicate. Since inception, SBAC Bank has been working consistently with a view to transform it's workforce into human capital to

achieve competitive advantage through appropriate training courses and development programs. Moreover, the pleasant working environment of the bank helps in bringing out the best output from the employees who enjoy working here. We see technology as a key competitive factor for success and we invest a handsome amount in building and upgradation of our tech-infrastructure to transform continually.

During it's short journey, SBAC Bank Limited has established its Social and Relationship Capital as one of its core competences. Positive reputation and quality relationship with customers, regulators, investors, suppliers of capital and communities is the foundation of our ability to generate revenue and profits.

Challenges in Executing our Strategy

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

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

- Fiercely competitive banking sector with an interest rate capping will aggravate the competition further that may in some point of time disturb the stability of the money market through provoking unhealthy competition among financial institutions;
- Banks and NBFIs are giving their all out effort in targeting and capturing the markets for corporate loans as well as SMEs and retail loans, so it is near to impossible for a 4th generation bank to survive in the competition implementing cost minimization strategy;
- Non-Performing Loan (NPL) is a major challenge for the banking industry. The banking system is still burdened with huge amount of NPL that make funds costlier;
- An under-developed bond market and limited availability of other long-term funding create an excessive pressure on banking sector of the country;
- Rules & regulations in the Banking industry are becoming stricter as the non-compliance & crime in this sector is increasing. The number of new financial services regulations continues to grow. The ways in which new regulations are circulated country can lead to complexity and uncertainty further;

- More complex & sophisticated cyber-attack has become a common phenomenon recently. Technological advancement has introduced such challenge globally for the financial institutions in a severe extent;
- The rapidly changing customer expectations for highly customized but affordable products and services as a result of fast advancement of technology pose a big challenge while meeting up those customer expectations through delivering new product and service.

Managing Related Risks

SBAC Bank actively manages its risks through revising the mitigation plan regularly paying attention to the prevailing macroeconomic and geopolitical environments. Fierce competition from traditional and non-traditional competitors (mainly fintech) has become a big concern for the Bank. At SBAC Bank,

we believe to overcome all our risks & competitions through strengthening corporate governance in operations and invention of superior service experiences for our clients. To ensure better corporate governance, regular review of policies is conducted so that the company stays compliant to current standards while also anticipating possible ways of breach in the future. Besides, as the risks to which financial institutions are exposed are becoming more complex and diverse, so the importance of risk management growing everyday. The Bank is working to strengthen the risk management functions by establishing a proper risk management framework to maintain the soundness of management.

SWOT Analysis

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

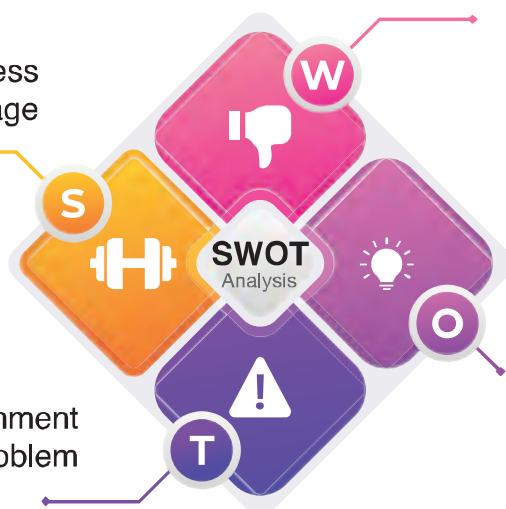
SWOT assumes that strengths and weaknesses are frequently internal, while opportunities and threats are more commonly external. The name is an acronym for the four parameters the technique examines:

STRENGTHS

features of the business that give it an advantage over others.

THREATS

elements in the environment that could create problem for the business.



WEAKNESSES

features that place the business at a disadvantage position relative to others.

OPPORTUNITIES

elements in the environment that the business could exploit to its advantage.



Strengths:

- Good Asset quality and Strong Capital Base. The Bank started its journey with an Authorized Capital of Tk. 10,000.00 million and its paid-up capital has stood at Tk. 6,846.46 million already. It has been successful in maintaining the CRAR of 13.45 per cent.
- The fully professional Board of Directors consisting of the visionary Business individuals having long professional experiences, and prominent corporate houses of the country.
- The highly experienced management team that consists of seasoned bankers who has served in diversified capacities so far.
- The competent, skilled, highly experienced workforce that is self-driven and fully dedicated to achieve service excellence.
- The remarkable Brand image of the Bank in the market created by competing its contemporary Banks. Despite being a comparatively new Bank, it has earned a good trust among the People. SBAC Bank had been awarded "The Golden Globe Tigers Award 2018" for Excellence and Leadership in Branding and Marketing.
- State of the Art Banking technology that facilitates innovation and digitalization in new product development & promptness of services.
- Satisfactory & steady Credit Rating of 'A' for long term and 'ST-2' for short term.
- The comparatively lower Non-performing Loan (NPL) ratio. The Bank is maintaining an NPL of 6.22 per cent at the end of 2020 which indicates good asset quality of the bank.
- The steady Return on Asset (ROA) and Return on Equity (ROE) growth of the Bank, which are 1.10 per cent and 10.78 per cent in 2020 respectively.
- Diversified credit portfolio of the Bank that prevents the loans & advances from being concentrated on a fewer sectors thus protects the Bank from the concentration risk as well.
- An extensive service coverage through branches, sub-branches & ATMs and strong presence in international trade through foreign correspondent Banks.
- Diversification of service through opening of Islamic Banking windows to provide shariah-based banking services and establishment of subsidiary companies naming SBAC Bank Investment Limited to offer a broad range of investment banking services as well as dealing in stocks, shares, bonds, debentures, commercial papers or any instrument floated in the stock markets.

- Inauguration of Apps-based Banking 'Banglapay' that renders a wide range of services with great ease & promptness.
- Strictness in practicing good corporate governance and ensuring full regulatory compliance..
- A culture of fast adaptability to changes.

Weaknesses

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

Opportunity

- Continuous GDP growth of the country and rising of Income level of the people indicate that demand for financial services would increase in the near future among all classes in the society.
- Remittance inflow in the country is almost steady, and because of the 2.00% incentive given by the government on using legal channel to send remittance, banks are being preferred now as a legal channel of remittance flow.
- Opening of SBAC Bank Investment Limited, a subsidiary of the bank as capital market intermediary would diversify the operation & income base.
- Reduction in Repo Rate and CRR by the Bangladesh Bank will increase the money supply in the market which in turn creates more investment opportunities.
- Increase in ADR and IDR to release funds to invest more by the banks that will give some positive energy to the economy in facing challenges created by the COVID-19.

- Besides posing an unprecedented stalemate the COVID-19 pandemic has offered a unique opportunity to the banking industry too in transforming to Digitalization for meeting the demand of the customer during a period of physical distancing and complete lockdown.
- 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.
- Building of funds and formulation of refinance schemes by the government may help to flourish the agricultural and CMSME Sector.

Capitalizing on Opportunities

- The Management is continuing with R&D activities and more new products and services would be introduced.
- The Management is continuing with plan to grab market share through channeling remittances by Agent Banking operation as well as branches.
- The Board of Directors has already decided in principle to establish a subsidiary to operate as 'Fund Manager' and 'Asset Management Company'.
- The Bank is pursuing foreign fund managers to avail low cost foreign fund. The Bank has already availed USD 5.5 million for its Off shore Banking Unit from Symbiotics SA.

Threats

- The industry is flooded with existing competitors already and new banks and NBFIs are only adding the severity with the existing competition.
- Intense competition in lending is offering the borrowers an increased bargaining power unreasonably and creating an opportunity for the

borrowers with ill-motif to abuse the bank loan thus endangering a bank to face the consequences of more default loan.

- The loanable fund may shrink in future as a consequence of implementation of single digit interest rate as the depositors may choose government savings tools because of their higher yield, that in turn will reduce the profitability of the bank.
- Increasing amount of non-performing loan impact the profitability negatively creating challenges of maintaining more provision.
- Digitalization of the banking and financial sector has been posing a higher risk for cyber-attack as most of the banks have no preparation to protest against such attack on their data security.
- The economic crisis induced by Covid-19 pandemic has affected the foreign trade business of banks negatively by a large margin as the supply chain around the world was interrupted badly.
- The single digit lending rates mounted additional pressures on the banking sector during Covid-19 pandemic in view of the cost of funds, classified loans, overhead cost, regulatory issue, etc. as procuring deposit at a reduced rate around the inflation rate is really challenging.
- Inflationary pressure may increase further since the government has taken expansionary monetary policy again to tackle the adverse impact of the pandemic, which may raise a serious risk to the microeconomic stability of Bangladesh.
- A decline in Foreign Direct Investment (FDI) Inflow of the country may impact the employment generation and production capacity negatively, that is the economy as a whole may experience a decrease in growth.

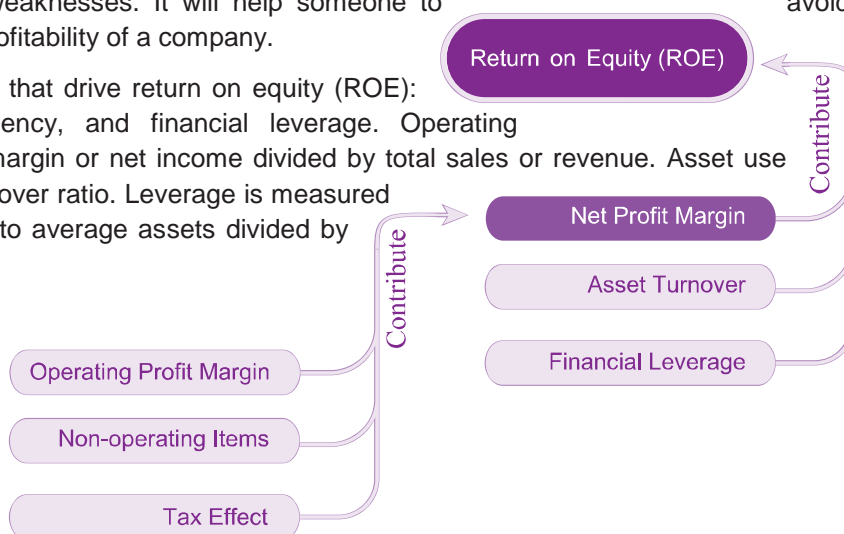


DuPont Analysis

Five factors Model

The DuPont analysis or DuPont model is a framework for analyzing fundamental performance of an organization. DuPont analysis is a useful technique used to decompose the different drivers of return on equity (ROE). The decomposition of ROE allows stakeholders to focus on the key metrics of financial performance individually to identify strengths and weaknesses. It will help someone to avoid misleading conclusions regarding the profitability of a company.

There are three major financial metrics that drive return on equity (ROE): operating efficiency, asset use efficiency, and financial leverage. Operating efficiency is represented by net profit margin or net income divided by total sales or revenue. Asset use efficiency is measured by the asset turnover ratio. Leverage is measured by the equity multiplier, which is equal to average assets divided by average equity.



Particulars	2020	2019
Return on Equity (ROE)	10.78%	12.25%
Net Profit Margin	11.44%	10.52%
Contribution on Net Profit Margin:		
(a) Operating Profit Margin	17.52%	24.66%
(b) Non-operating Items	1.08%	5.49%
(c) Tax Effect	5.00%	8.66%
Asset Turnover (times)	0.10	0.12
Financial Leverage (times)	9.79	9.83

The combined effects of these three components resulted in increases of Net Profit Margin to 11.44% in 2020 compared to 10.52% of the year 2019.

Profit margin is a measure of profitability. It is an indicator of a company's pricing strategies and how well the company controls costs. The Operating Profit Margin of 2020 decreases to 17.52% compared to that of 24.66% in 2019 because of the negative growth of net interest income. Negative shift in operating profit margin is mainly responsible for lower ROE in 2020 compared to the previous year.

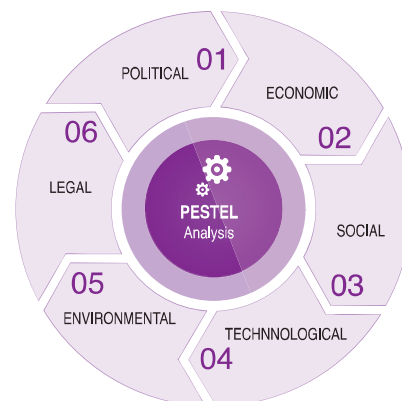
The effect of Non-operating items which include loan loss and other provision decreased to 1.08% from

5.49% due to lower Provision required during the year. The Tax Effect decreased to 5.00% from 8.66% in 2019.

Efficiency of utilization of assets as implied by average total assets turnover was reduced to 0.10 from 0.12 of the previous year, which was resulted from repricing of loans and advances. The Financial Leverage decreased to 9.79 from 9.83 of the last year because of the lower growth of assets.

PESTEL Analysis

A PESTEL analysis is a framework or tool used to analyze and monitor the macro-environmental factors that may have a profound impact on an organization's performance. It is a strategic framework used to evaluate the external environment of a business by breaking down the opportunities and risks into Political, Economic, Social, Technological, Environmental, and Legal factors. PESTEL Analysis can be an effective framework to use in Corporate Strategy Planning and for identifying the pros and cons of a Business Strategy.



Political Factors:

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

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

Economic Factors:

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

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

Social Factors:

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

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

Technological Factors:

These factors pertain to innovations in technology that may affect the operations of the industry and the

market favorably or unfavorably. Technological factors affect in three distinct ways those are: new ways of producing goods & services, new ways of distributing goods & services, and new ways of communicating with target markets. Technological factors include the following:

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

Environmental Factors:

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

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

Legal Factors

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

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



Analysis of Impact on the Industry& Response from our End

Political Factors:

Macroeconomic Factors	Impact on Industry	Our Response
<p>Bangladesh is enjoying a notable stability in the political front for last few years, that is why the political stability ranking of Bangladesh is getting higher ranks. Moreover, there is no real threat of instability in the near future as the present government is taking all sorts of steps to ensure a stable environment that prioritize zero tolerance to any politically motivated chaos and terrorism. A number of favourable business policies such as business oriented tax policy, positive foreign trade policy and investment friendly foreign direct investment (FDI) policy etc. have already been undertaken and the country has a tremendous bureaucratic success in capturing more export markets as well as attracting huge FDI in recent years. As a result a so many non-resident Bangladeshi people and foreign investors as well are very much interested to invest in Bangladesh. All these positivity in Political factors will create a massive demand of fund in future to meet the requirement of investment.</p>	<p>Though there is a complete stagnation in the economies at all corners of the world created by the covid-19 pandemic and Bangladesh is no exception, but here there is strong sign of early recovery. It is expected that, once the economy comes out of the onslaught of corona virus to it's pre-pandemic level the entrepreneurs will start investment in a greater pace again. The demand of loans and advances will increase putting pressure on liquidity. The pressure on liquidity may also come from the public sector through accomplishment of mega projects.</p>	<p>The management along with board of directors is assessing the political factors continuously to adapt it's business strategies accordingly. The Bank assigns the utmost priority controlling NPL besides ensuring expected growth of the credit portfolio. The required due diligence will be deployed more vigorously for loan proposals from PEPs (Politically Exposed Person).</p>

Economic Factors:

Macroeconomic Factors	Impact on Industry	Our Response
<p>Bangladesh's economic growth exceeded 7.00 per cent for four years in a row in the pre-pandemic period. Even in fiscal year (FY) 2019-2020, when most global economies (except only 21) were in the negative trajectory under devastating impact of the Covid-19 pandemic, Bangladesh had entered into the 21-lucky club with its 3.51 per cent growth. The country had been able to achieve a real GDP growth of 5.2 per cent, which was the highest in Asia, in the fiscal year (FY) 2020-2021. Moreover, Bangladesh's GDP expected to grow by 6.8 per cent in 2021 and 7.2 per cent in 2022 (according to ADB) which is an indication of some sort of recovery from the contraction of the country's total economic output caused by the unprecedented coronavirus pandemic.</p> <p>Interest rate is likely to decline as there is an excess liquidity of fund because of the low private sector credit growth. Whereas, inflation is in a slightly rising trend.</p> <p>Per capita income of Bangladesh is increasing in a remarkable pace and Disposable Personal Income in Bangladesh is expected to reach Tk. 68280.00 by the end of 2021, Tk. 71694.00 in 2022, and Tk. 75996.00 in 2023 (according to Trading Economics global macro models and analysts expectations).</p> <p>The exchange rate is in a fairly stable position for an extensive period.</p>	<p>Though there is a sharp shrinkage in the private investment which is caused by prevailing the stalemate created by covid-19, it is expected that private sector credit growth will regain it's previous pace once the pandemic is over.</p> <p>Rising trend of disposable income will definitely increase the demand of consumer goods & service products.</p> <p>Banks need to be ready for meeting up the demand of enhanced consumer loans when the pandemic is ended.</p> <p>There is every chance that interest rate spread may decline further as the demand for credit is very low and the central Bank is pretty concern on the interest rate spread to keep it as low as possible.</p>	<p>The Bank is concentrating on achieving a favorable CASA ratio through mobilizing low-cost or no-cost fund. Management will continue it's drive to diversify the loan and advance portfolio through disbursing a significant portion to SME and Retail & consumer sectors.</p>

Social Factors:

Macroeconomic Factors	Impact on Industry	Our Response
<p>The lifestyles of the citizens improved a lot as per capita income is now approximately USD 2,227. But still a village farmer earn much lower than the per capita income, which indicates irrational distribution of income and wealth also.</p> <p>As the literacy rate is going up, recently the lifestyle & career attitude of young people have changed significantly. Customers now-a-days are more tech-savvy than they are ever before. They prefer ease & automation, cutting-edge technology-based services and products. Many of the young generation people are being interested to be engaged in new start-ups and entrepreneurial ventures for their own rather than seeking jobs to others. Health Consciousness & Safety Emphasis has gained further importance among the people here. Population Growth Rate has decreased sharply which is definitely a great positive sign for the holistic progression of the country.</p>	<p>The use of financial services is increasing day by day as the income level of the citizen is increasing continuously. On the other hand, the persisting disparity of income and inequality in wealth distribution is signifying that the concept of 'inclusive banking' and 'financial inclusion' will get the utmost importance in coming days. Customers desire for a seamless banking has been evidenced by the boom of Mobile Financial Services.</p>	<p>SBAC Bank in its effort to reach the unbanked people of the country is vigorously pursuing branch & Sub-branch Banking Operations by the way of setting up more physical network. The Bank is determined to introduce high-end technology to improve the customers' experience further through rendering better-quality service.</p> <p>The management as already formulated a plan to introduce technology-driven customer friendly products more and more for capitalizing the preferences of the new generation customers who demand ease of services and more automation with increased value addition.</p>

Technological Factors:

Macroeconomic Factors	Impact on Industry	Our Response
<p>The ongoing technological advancements and awareness among people on technology have made customers more sophisticated and changed their expectation levels. Furthermore, our government is investing a lot of fund to build a world class IT infrastructure in the country as a result the rate of change in technology has accelerated dramatically, level of innovation has advanced further and automation has been achieved at a significant height.</p>	<p>Now-a-days Technological advancement has become a decisive factor in business and commerce. Installation of better technology ensures gaining of competitive advantage over business rivals. So banks are required to further investment in competitive technological development for serving their customers with better products & services and with improved operational efficiency following the rules and regulations.</p> <p>With the advancement of information technology and it's extensive use in the banking sector, there is an enormous threat of Cyber security or data security in the industry which is becoming a matter of big concern.</p>	<p>The core banking software of SBAC Bank is well updated to ensure smooth day to day operation. Moreover, the Bank is committed to ensure updated service through internet banking, SMS banking, BACH (Bangladesh Automated Clearing House), Electronic Fund Transfer (EFT), RTGS (Real Time Gross Settlement) etc.</p> <p>The Bank has introduced the Apps-based banking service "Banglapay" which is an extraordinary initiative full of diversified banking & financial services to convenience-lover customers.</p> <p>In terms of Cyber security, we are well protected as the security system is updated continually and the IT team is fully vigilant on the issue.</p>



Environmental Factors:

Macroeconomic Factors	Impact on Industry	Our Response
<p>The attention over preservation of environment through anti-pollution movement is increasing all over the world day by day. There is a growing concentration on green financing, more broadly sustainable finance, both in financial markets and in the international political arena.</p>	<p>Bangladesh Bank has established a separate department namely Sustainable Finance Department with a view to develop sustainable banking (i.e. Green Banking and CSR) framework and to integrate it into core business operation of banks and FIs through efficient and effective implementation of Green Banking and corporate social responsibility (CSR). The department is engaging and encouraging all banks and FIs to step-up their green banking initiatives and standards as well as ensuring proper implementation of CSR fund.</p> <p>Regulatory monitoring has also been strengthened on green financing and CSR activity. It has formulated policies on different aspects of green banking (green finance, environmental risk management, in house environmental management, climate risk fund, green marketing, online banking, green branch, green product innovation, green strategic planning etc.) and CSR activities for banks & FIs.</p>	<p>South Bangla Agriculture and Commerce Bank Limited is always committed to the sustainable development through the creation of long-term value with respect to the environment, stakeholders and the community. The Bank strictly complies with the green finance, environmental risk management, in-house environmental management, climate risk management, green marketing, online banking, green branch, green product innovation, green strategic planning etc. and CSR Policies of the central bank always. We have a firm commitment to invest in such CSR activities and social initiatives those are ensuring long term sustainability of environment and society.</p>

Legal Factors:

Macroeconomic Factors	Impact on Industry	Our Response
<p>Regulatory compliance is the most important issue in the banking industry. Perhaps, banking industry is the most regulated industry of the country. The Industry is now facing with tighter rules and regulations and application of those are considerably more standardized and stringent than ever before.</p>	<p>The banking industry is regulated under the Bank Company Act 1991(Amended up to 2018), guided by the circulars and guidelines of Bangladesh Bank, and the listing regulations and securities laws of BSEC. The compliance of Companies Act-1994, Income Tax Ordinance and Rules 1984, Value Added Tax (VAT) Act and Rules etc. is also mandatory for a Bank.</p>	<p>Since the inception, SBAC Bank has established a culture of complete regulatory compliance. it has been able to attain a good image among all the stakeholders by complying all the applicable rules and regulations. The Bank always gives utmost value to rules and regulations, and conduct business operations accordingly for a sustainable growth in terms of asset and profitability.</p>

Our Business

South Bangla Agriculture and Commerce Bank Limited with 08 years of promising banking services & progressive experience in the marketplace has designed its business model for meeting customer needs both on the investment and deposit front and fulfilling their growth expectations on the basis of trust and respect. We are continuously adapting the business model to sustain competitive pressures and absorb shocks, whereas we are careful to ensure a balance between different stakeholder objectives to create maximum contributions across the value chain. With the advancement of technology and change in influential factors our management team is striving to make the best use of available resources according to the Business Model.

<u>Key Partners</u> <ul style="list-style-type: none"> Customers Shareholders Investors Employees Regulators Other Banks and NBFIs Surplus Economic Units Foreign Correspondents 	<u>Value Proposition</u> <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 	<u>Customer Segments</u> <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
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BUSINESS MODEL		
<u>Key Resources</u> <ul style="list-style-type: none"> Vastly Experienced & Highly Professional Board Profoundly Skilled Workforce Devoted Service Attitude Wide Range of Products & Services Strong Capital Base Wide Distribution Network Vast Correspondent Network Upgraded IT Infrastructure 	<u>Key Activities</u> <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 	<u>Delivery Channels</u> <ul style="list-style-type: none"> Branches & Sub-Branches Direct Selling Call Center Digital Platforms (Banglapay) Automated Teller Machines Subsidiary Company
<u>Customer Relationships</u> <ul style="list-style-type: none"> Identify customer needs Individual Solutions Continuous customer Engagement Receiving Feedback Continual Review Research & Development Special Campaign Loyalty Programs Advisory Roles Relationship Management based business model 	<u>Cost Structure</u> <ul style="list-style-type: none"> Interest Expense Salary and Allowances Administrative Expense IT and Infrastructure Expense Capital Expenditure Other Operating Expenses 	<u>Revenue Streams</u> <ul style="list-style-type: none"> Interest Income Investment Income Income from commission, fees etc. Exchange and Brokerage gain Other Operating Income



DIRECTORS' REPORT



Directors Responsibility Statement

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 Disclosure dated June 20, 2018.

The Financial Statements are prepared in accordance with provision of laws, 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, 2020; 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 its Financial Statements comply with the Companies Act, 1994 and Bank Company Act, 1991 (as amendment up to 2018). So, in preparing these financial statements, the Directors are required to ensure that:

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

The Directors are also required to declare the following matters in their report as per Bangladesh Securities & Exchange Commission (BSEC)'s notification no.

BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 as applicable for Bank:

- Industry outlook and possible future developments in the industry;
- Segment-wise or product-wise performance with relevant risks;
- Extraordinary gain or loss;
- Related party transactions- a statement of all related party transactions;
- Utilization of proceeds from public issues, rights issues and/or through any other instruments;
- Significant variance between quarterly financial performance and annual financial statements;
- Remuneration to directors Including independent directors;
- Preparation of the financial statements and any departure thereof, has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Bank's ability to continue as a going concern;
- Significant deviations from the last year's operating results;
- Key operating and financial data of a least preceding 05 (five) years;
- If no dividend (cash or stock) has been declared for the year, the reasons thereof shall be given;
- The number of Board meetings held during The year and attendance by each director;
- The pattern of shareholding structure; and
- In case of the appointment/reappointment of a director, the following information to be disclosed to the shareholders:
 - a. A brief resume of the director;
 - b. Nature of his/her expertise in specific functional areas;
 - c. Names of companies in which the person also holds the directorship and the membership of committees of the board.

The Directors' report of South Bangla Agriculture and Commerce Bank Limited confirms that Directors' Report together with the Financial Statements in the Annual Report for the year 2020 have been prepared in compliance with laws, rules and regulatory guidelines as per the Companies Act, 1994; The Bank Company Act, 1991 (as amendment up to 2018),



guidelines issued by Bangladesh Bank and BSEC Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.

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

Board of Directors of SBAC Bank holds its meeting regularly. During 2020, thirteen Board meetings were took place to consider Bank's policies, procedures, risk management, business and various strategic & tactical plans.

This report should be read simultaneously with Auditor's Report to the Shareholders of SBAC Bank Limited. Compliances of BSEC Corporate

Governance Code, 2018 are given separately. Some of the information may contain projections or forward-looking statements based on our assumptions and expectations, which must not be interpreted as guarantee of future performance.

The Directors believe that they have performed their responsibilities as set out in the Companies Act-1994, the Bank Company Act-1991 (amended up to 2013 and 2018), securities laws, listing regulations-2015, and other prevailing laws and regulations, as applicable for the Bank.

On Behalf of the Board,



Mr. S. M. Amzad Hossain
Chairman

Report of the Directors

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

The Board of Directors of South Bangla Agriculture & Commerce (SBAC) Bank Limited has the pleasure and feels honored in welcoming you all to the Annual General Meeting (AGM) and presenting the Annual Report 2020 and Audited Financial Statements for the year 2020 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 2021 have also been provided in this Report.

An Overview on Global and Local economy

Global Outlook:

More than one million lives have been lost to COVID-19 since the start of the year and the toll continues to rise. Many more have suffered serious illness. Close to 90 million people are expected to fall into extreme deprivation this year. These are difficult times, yet there are some reasons to be hopeful. Testing has been ramped up, treatments are improving, and vaccine trials have proceeded at an unprecedented pace, with some now in the final stage of testing. International solidarity has strengthened along some dimensions, from rolling back trade restrictions on medical equipment to enhancing financial assistance for vulnerable countries. And recent data suggest that many economies have started to recover at a faster pace than anticipated after reopening from the Great Lockdown.

Following a collapse last year caused by the COVID-19 pandemic, global economic output is expected to expand 4 percent in 2021 but still remain more than 5 percent below pre-pandemic projections. Global growth is projected to moderate to 3.8 percent in 2022, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in emerging market and developing economies (EMDEs) and set back key development goals. The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption, and trade gradually improve, supported by ongoing vaccination. Downside risks to this baseline predominate, including the possibility of a further increase in the spread of the virus, delays in vaccine procurement and distribution, more severe

and longer-lasting effects on potential output from the pandemic, and financial stress triggered by high debt levels and weak growth. Limiting the spread of the virus, providing relief for vulnerable populations, and overcoming vaccine-related challenges are key immediate policy priorities. As the crisis abates, policy makers need to balance the risks from large and growing debt loads with those from slowing the economy through premature fiscal tightening. To confront the adverse legacies of the pandemic, it will be critical to foster resilience by safeguarding health and education, prioritizing investments in digital technologies and green infrastructure, improving governance, and enhancing debt transparency. Global cooperation will be key in addressing many of these challenges.

COVID-19 has continued to spread around the world, resulting in the re-imposition of lockdown measures and a slowdown in the pace of the recovery. Although global trade in goods has largely rebounded, trade in services remains feeble. Global financial conditions are being supported by monetary policy accommodation, but financial systems in many countries are showing signs of underlying strain. Whereas most commodity prices, particularly those of metals, rebounded in the second half of the year as demand firmed, the recovery in oil prices has been more modest.

In all, the global economy is estimated to have contracted 4.3 percent in 2020—a 0.9 percentage point smaller collapse than was expected in June forecasts (figure 1.1.D). In advanced economies, the initial contraction was less severe than anticipated, but the ensuing recovery has been dampened by a substantial resurgence of COVID-19 cases. Meanwhile, output in China is estimated to have rebounded last year at a faster-than



expected clip, with particular support from infrastructure spending. China's strength was an exception, however, and disruptions from the pandemic in the majority of other EMDEs were

more severe than previously envisioned, resulting in deeper recessions and slower recoveries, especially in countries with recent large COVID-19 outbreaks.

Real GDP in World Economy:

Real GDP growth (%)	2018	2019	2020e	2021f	2022f
World	3.0	2.3	-4.3	4.0	3.8
Advanced Economies	2.2	1.6	-5.4	3.3	3.5
Emerging market and developing economies	4.3	3.6	-2.6	5.0	4.2
East Asia and Pacific (EAP)	6.3	5.8	0.9	7.4	5.2
Europe and Central Asia (ECA)	3.4	2.3	-2.9	3.3	3.9
Latin America and the Caribbean (LAC)	1.9	1.0	-6.9	3.7	2.8
Middle East and North Africa (MNA)	0.5	0.1	-5.0	2.1	3.1
South Asia (SA)	6.5	4.4	-6.7	3.3	3.8
Sub-Saharan Africa (SSA)	2.6	2.4	-3.7	2.7	3.3

Source: Global Economic Prospects, January 2021; World Bank Group

Real GDP in South Asian country:

Name of the country	2018	2019	2020e	2021f	2022f
India	6.1	4.2	-9.6	5.4	5.2
Pakistan	5.5	1.9	-1.5	0.5	2.0
Bangladesh	7.9	8.2	2.0	1.6	3.4
Maldives	8.1	7.0	-21.5	9.5	11.5
Sri Lanka	3.3	2.3	-6.7	3.3	2.0
Bhutan	3.8	4.3	0.7	-0.7	2.3
Nepal	6.7	7.0	0.2	0.6	2.5
Afghanistan	1.2	3.9	-5.5	2.5	3.3

Sources: Global Economic prospect, January 2021, World Bank Group

Economic and Financial Developments of Bangladesh

Economic activity and growth outlook

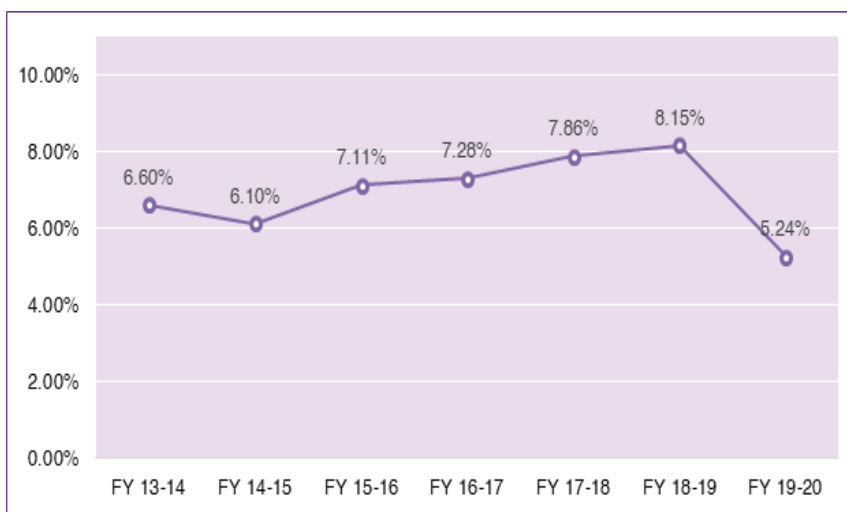
Bangladesh economy faced COVID-19 pandemic-induced challenges in all economic sectors, but managed a 5.24 percent real GDP growth rate in FY20, though significantly lower than a record high of 8.15 percent growth rate in FY19. The economy of Bangladesh witnessed an impressive GDP growth trend in last decade, maintaining more than 7.0 percent yearly growth during FY16-FY19, breaking the phase of yearly 7.0 percent growth mark in FY16.

The contraction in GDP for FY20 stemmed mostly from the supply-side shocks, suffered mainly by pandemic induced disturbances in the industry sector, particularly by substantial production loss in large and medium scale manufacturing output. While the industry sector had been contributing to GDP with double-digit growth rates since FY16, the growth rate in this sector sharply came down to 6.48 percent in FY20. The industry sector decelerated to low but positive growth rates during the first three quarters of FY20, while the growth of the

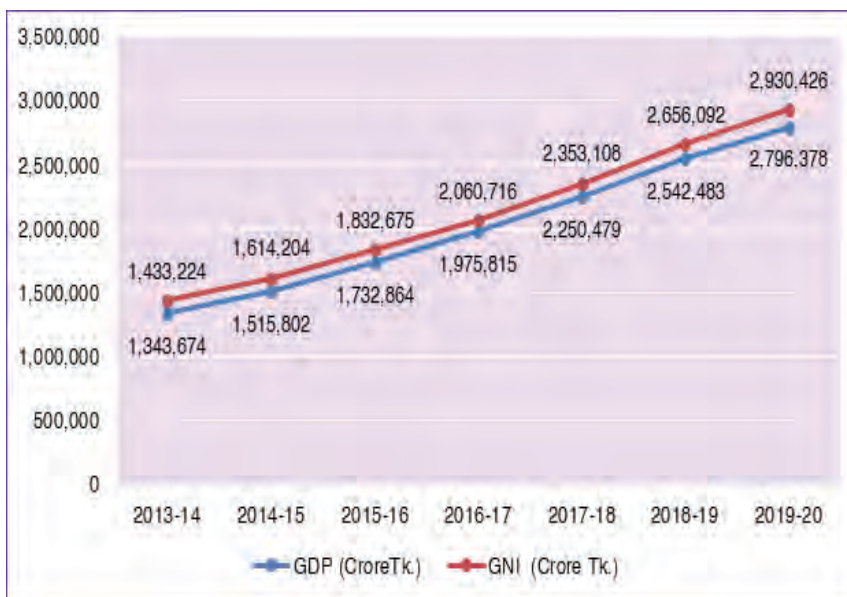
industry sector fell to a negative territory reflected in the growth of Quantum Index of Industrial Production (-14.98 percent) during Q4FY20.

In the backdrop of the COVID-19 pandemic, the government of Bangladesh and BB took a series of timely and appropriate initiatives such as stimulus packages of more than BDT 1.21 trillion, policy relaxations, low cost refinance schemes, etc., among others, to support weaker segments of the economy and to ensure sufficient liquidity in the banking system. Aided by those prompt policy initiatives, the economic recovery of Bangladesh remained at the forefront among the neighboring South Asian economies and attained a 5.2 percent growth rate in FY20 while growth rates of India, Pakistan, and Sri-Lanka are expected to be negative in 2020.

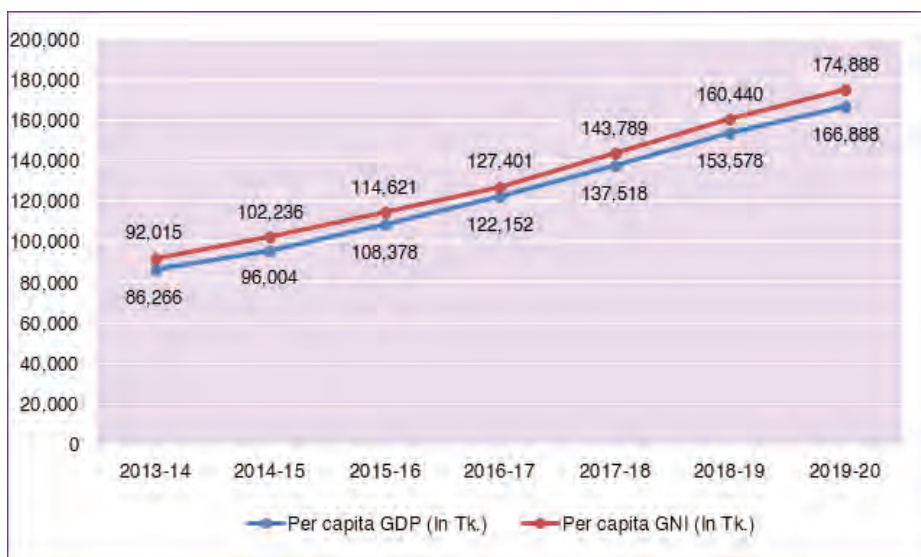
Bangladesh economy has maintained sustainable growth and achieved GDP growth at more than 6 percent on an average during the last decade. Due to COVID-19 the GDP growth stood at 5.24 percent in FY2019-20 which was 8.15 percent in FY2018-19.



Gross Domestic Product (GDP) at current market prices stood at Tk. 27,96,378 crore in FY2019-20 which was Tk. 25,42,483 crore in FY2018-19.



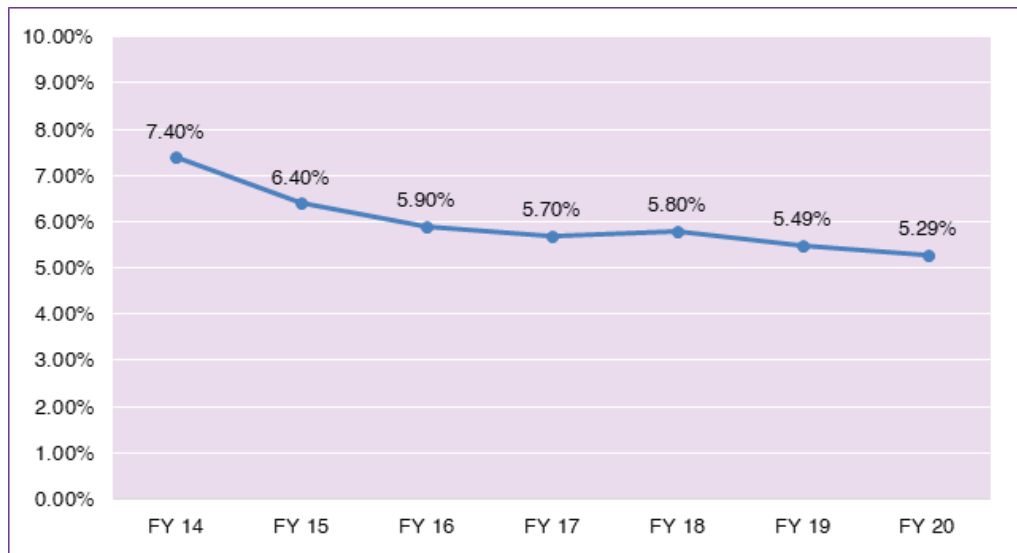
On the other hand, per capita national income in FY2019-20 stood at Tk.17,4888 which was Tk.1,60,440 in the FY2018-19. In US dollar, per capita national income stood at USD 1,909 and USD 2,064 in FY2018-19 and FY2019-20 respectively. Per capita GDP and national income during the period from FY2013-14 to FY2019-20 are shown in the following Graph:



Inflation trend and outlook

Headline CPI inflation (point to point) remained broadly stable over the last three years hovering around 5.60 percent on average till March 2020, while it crossed the 6.0 percent level in November 2019 when the outbreak of coronavirus came to light. Later on CPI inflation became some sort of unstable after the detection of the first COVID patient in Bangladesh in March 2020 and gradually increased to 6.44 percent in October 2020, but then started to decrease to 5.52 percent in November 2020 which came down further to 5.29 percent in December 2020. The recent increase in inflation until October 2020 was mainly driven by an increase in food inflation. Despite the bumper crop production in the last two quarters of FY20, both cereal and non-cereal food items especially rice and pulses prices remained elevated in recent months because of some non-cereal crop loss and supply chain disruptions due to recent monsoon floods and COVID-19 related lockdowns. On the other hand, non-food inflation remained low during the coronavirus pandemic due mainly to subdued domestic demand. Twelve-month average CPI inflation continued its upward trajectory during July - October 2020 and later decreased in November and December 2020, reflecting a noticeable fall in food inflation. Average food inflation, which remained on the rising trend during May - October 2020, declined in November and December 2020.

Trend in CPI Inflation



Source: Monetary
Policy Review
December 2020,
Bangladesh Bank

Development of policy rates and interest rates

While sufficient liquidity in the banking system to be aligned with the government's effort of implementing stimulus packages to revive the economy from the COVID-19 fallout is critical, the BB cut its cash reserve ratio (CRR) by 150 basis points from 5.50 to 4.00 percent in two steps during March – April 2020. Moreover, BB reduced the bank rate from 5.00 to 4.00 percent in July 2020, which had been remained unchanged at 5.00 percent since 2003, rationalizing it with the current interest rate regime.

The BB also slashed its repo from 6.00 to 4.75 percent in three steps during March – July 2020, aiming at easy access for the banks to lend more credit to the priority sectors during the pandemic period (Chart 16). Consequently, the interest rate in the call money market and interbank repo rate continued to decline from 5.14 and 5.96 percent in March 2020 to 2.00 and 0.70 percent in November 2020, respectively, reflecting an expansionary monetary policy stance.

Capital Market Developments and Prospects

The downward movements of share prices and trade volume with some degrees of volatility continued in the capital market during FY20 compared to FY19 due to investors' disquiet stemmed mainly from the Covid-19 pandemic. However, the country's capital market experienced some improvements during the first half of FY21 by the favorable policy supports of BB and related regulatory bodies as reflected in increased price indices, turnover, and market capitalization.

The key indicators of the capital market, the DSEX dropped by 26.9 percent (y/y) in June 2020 as the investors feared during the last quarter of FY20 that the economy may worsen further by the COVID-19

pandemic. Thereafter, the DSE broad index (DSEX) grew by 21.31 percent (y/y) in December 2020, where the daily average turnover picked up significantly to BDT 8.2 billion at the end of December 2020 from BDT 3.8 billion at the end of June 2020.

External Sector Developments

Bangladesh's external sector bounced back from the pandemic induced supply disruptions in the first quarter of FY21 in tandem with recovery of global trade. On year-on-year (y/y) basis, a strong growth in remittance inflows (48.6%), a rebound in export growth (3%) from a negative growth in the previous quarter and a negative import growth (-11%) resulted in a current account surplus of USD 3534 million in Q1FY21, compared with a current account deficit of USD 2439 million in Q4FY20. Conversely, with negative growth in FDI inflows (-24%) and other investment (-198%), the financial account (FA) turned into a significant deficit of USD 799 million, after posting four years of surplus, though medium and long-term (MLT) loans rose by 54 percent during the period under review. However, the strong surplus in CAB was sufficiently outweighing the deficit in FA during Q1FY21, resulting in an overall BOP surplus of USD 3098 million compared with an overall deficit of USD 204 million in Q1FY20.

Money and Credit Market Developments

To accommodate the government's supportive policies and implement stimulus packages in view of cushioning the economy against the adversities of COVID-19 pandemic, Bangladesh Bank (BB) set an expansionary monetary policy for FY21. BB made the policy relaxations through slashing the policy rates including repo rate, reverse repo rate, cash reserve ratio (CRR), and bank rate to ensure adequate finance at a lower



cost to the priority and productive sectors, particularly in agriculture; cottage, micro, small and medium enterprises (CMSMEs), and manufacturing industries, among others, without impairing price stability. The expansionary policy stance set broad money (M2) growth target at 14.00 and 15.60 percent for December 2020 and June 2021 respectively.

Broad money (M2) growth was closely in line with the program path at the end of Q1 FY21, supported by a strong pickup in the net foreign asset (NFA). M2 grew by 13.92 percent (y/y) at the end of September 2020, which is considerably higher than 11.89 percent growth at the end of September 2019 and 12.64 percent at the end of June 2020. Amid the COVID-19 pandemic induced global economic slowdown, net foreign asset (NFA) registered 22.07 percent growth (y/y) in Q1FY21, aided mostly by a strong surge of inflows of remittance by 48.54 percent and foreign loans by 53.72. Despite a high growth of credit to the public sector, the slower growth of credit to the private credit pulled down the growth of net domestic asset (NDA) to 11.67 percent at the end of September 2020 from 14.87 percent at the end of September 2019 and 13.20 percent at the end of June 2020. On the back of a large inflow of foreign loans and a rise in the borrowing through selling of national saving

certificates, the growth of credit to the public sector moderated somewhat; nonetheless it remained as high as 32.02 percent at the end of Q1FY21, reflecting government's lower than expected revenue collection in the pandemic period. Although the growth of credit to the private sector started picking up with BB's policy supports and implementing government's stimulus package aimed at faster growth recovery of the economy, it still remained as low as 9.48 percent at the end of September 2020 against the target of 11.50 percent and 14.80 percent for December 2020 and June 2021, respectively. In the period ahead, the growth path of credit to the private sector will recover with an expectation that intensity of the effects COVID-19 would be lesser in the second wave and the vaccine would be available soon.

Sources:

1. *Global Economic prospect, January 2021, World Bank Group*
2. *Bangladesh Bank Website*
3. *Global Financial Stability Report, IMF*
4. *Wikipedia*
5. *Bangladesh Bank quarterly, September-2020*
6. *Bangladesh Economic Review 2020, Ministry of Finance*

Review of Performance of SBAC Bank Ltd. in 2020

South Bangla Agriculture and Commerce Bank Limited along with eight other new Banks started its journey in 2013 which heightened the competition in the Banking arena. Despite various challenges, the Bank has been able to record progress in almost all the areas of operation in 2020. The bank earned Tk. 1,457.67 million operating profit, maintained adequate capital adequacy ratio, established branch network, upheld asset qualities. The Financial performances of the Bank are as follow:

Total Assets

Total assets of the bank stood at Tk. 88,403.45 million in 2020 as against Tk. 84,564.01 million in 2019 registering a growth of 4.54 percent. The increase in assets was mainly driven by other investment. The economy witnessed a satisfactory growth scenario in credit and deposits mobilization.

Cash and Balance with Bangladesh Bank & its Agent:

The position of Cash and Balance with Bangladesh Bank & its Agent of the bank is Tk 4,173.17 million in 2020 of which Tk. 652.71 million in the form of cash and rest of Tk. 3,520.46 million held with Bangladesh Bank & its Agent as against Tk. 4,436.60 million in 2019 of which Tk. 759.25 million in the form of cash and rest of Tk. 3,677.35 million held with Bangladesh Bank & its Agent.

Balance with other banks and financial institutions:

The position of balance with other banks and financial institutions is Tk. 9,630.16 million in 2020 of which Tk. 9,153.68 million in Bangladesh and Tk. 476.48 million outside Bangladesh as against Tk. 7,016.90 million in 2019 of which Tk. 6,414.43 million in Bangladesh and Tk. 602.46 million outside Bangladesh.

Investment

The position of Investment of the Bank is Tk 12,976.89 million in 2020 as against Tk. 15,034.61 million in 2019. The investment decreased during the year 2020 by Tk. 2,057.72 million.

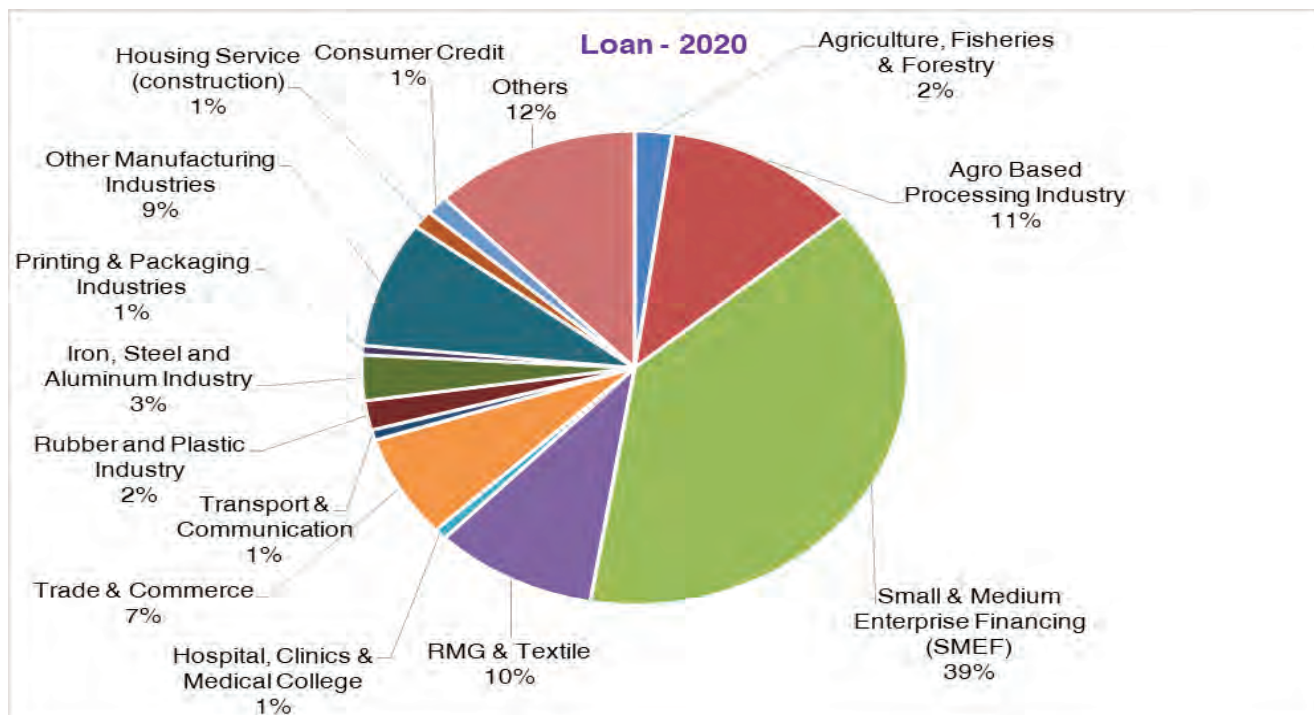
Loans and Advances:

The SBAC Bank Limited since its inauguration has been trying to select good borrowers/projects by offering its better customer services to finance and came out successful in 2020. The loans and advances stood at 57,408.83 million in 2020 against Tk. 56,000.74 million in 2019 registering growth of 2.51 percent. Yield on loans and advances of the Bank decreased to 9.76 percent from the level of 12.88 percent of previous year due to decrease of 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:

(Amount in million Taka)

Particular of Sectors	2020	2019	Growth%
Agriculture, Fisheries & Forestry	1,291.30	889.38	45.19%
Agro Based Processing Industry	6,653.00	5,522.33	20.47%
Small & Medium Enterprise Financing (SMEF)	22,256.58	22,598.46	-1.51%
RMG & Textile	5,531.78	5,668.95	-2.42%
Hospital, Clinics & Medical College	430.47	431.07	-0.14%
Trade & Commerce	1,776.15	4,059.93	-0.14%
Transport & Communication	407.64	408.21	-0.14%
Rubber and Plastic Industry	1,158.08	1,159.70	-0.14%
Iron, Steel and Aluminum Industry	1,729.87	1,732.30	2.53 %
Printing & Packaging Industries	370.29	370.81	-0.14%
Other Manufacturing Industries	4,976.26	4,983.24	-0.14%
Housing Service (construction)	702.64	596.62	17.77%
Consumer Credit	753.15	692.91	8.69%
Others	7,047.23	6,886.83	2.33%
Total	57,408.83	56,000.74	2.51%



Liabilities

The liabilities (excluding equity) of the Bank stood at Tk. 79,096.79 million in 2020 of which Tk. 71,451.46 million (90.33%) was deposit and rest Tk. 7,645.33 million (9.67%) was borrowing & other liabilities as against Tk. 76,201.04 million in 2019 of which Tk. 71,540.16million (93.88%) was deposit and rest Tk. 4,660.88 million (6.12%) was borrowing & other liabilities. The borrowings from other banks, financial institutions and agents stood at Tk 2,391.44 million in 2020 which represents Bank's borrowing from Bangladesh Bank under various Refinance Scheme & EDF.

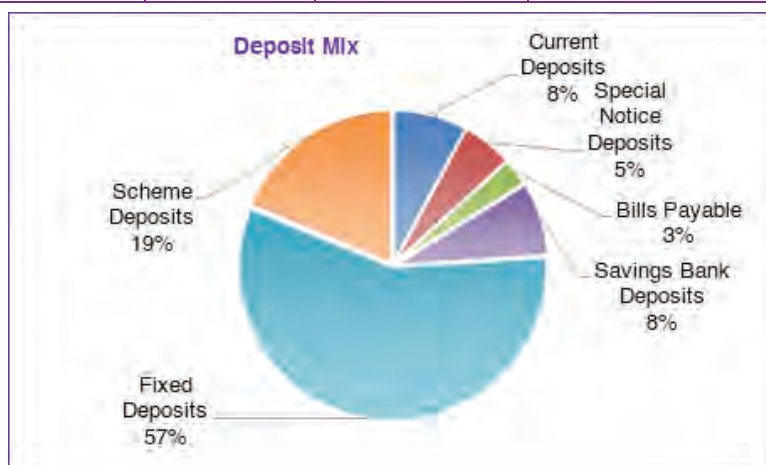


Deposits

The deposits of the Bank stood Tk. 71,451.46 million in 2020 as against Tk. 71,540.16 million in 2019. Fixed deposits remained the main component of deposits contributing 57.27 percent of the total deposits. The clientele group of the Bank was individuals, corporation, NGO, NBFI, government bodies etc.

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

Types of Deposit	Amount Taka in Million		Growth (%)	Deposit Mix (%)	
	2020	2019		2020	2019
Current Deposits	5,613.08	5,502.07	2.02%	7.86%	7.69%
Special Notice Deposits	3,881.69	3,026.64	28.25%	5.43%	4.23%
Bills Payable	2,055.47	2,420.68	-15.09%	2.88%	3.38%
Savings Bank Deposits	5,569.06	4,329.31	28.64%	7.79%	6.05%
Fixed Deposits	40,922.21	45,341.90	-9.75%	57.27%	63.38%
Scheme Deposits	13,409.95	10,919.56	22.81%	18.77%	15.26%
Total	71,451.46	71,540.16	-0.12%	100%	100%



Shareholders' Equity

The shareholders' equity of the Bank stood Tk. 9,306.66 million in 2020 as against Tk. 8,362.96 million in 2019 registering growth of 11.28%. The shareholders' equity of the Bank consists of Paid-up capital, Statutory Reserve, Revaluation Reserve on Govt. Securities and Retained Earning. The strong growth in shareholders' equity will help the bank to expand its business.

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

Amount in million Taka

Particulars	2020	2019	Growth (%)
Cash	4,173.17	4,436.60	-5.94%
Balance with other banks and FIs	9,630.16	7,016.90	37.24%
Money at call and short notice	0	0	-
Investments	12,976.89	15,034.61	-13.69%
Loans and advances	57,408.83	56,000.74	2.51%
Fixed & other assets	4,214.40	2,075.16	103.09%
TOTAL PROPERTY AND ASSETS	88,403.45	84,564.01	4.54%
Deposits	71,451.46	71,540.16	-0.12%
Borrowings	2,391.44	1,117.04	114.09%
Other liabilities	5,253.89	3,543.84	48.25%
Total Shareholders' equity	9,306.66	8,362.96	11.28%
TOTAL LIABILITIES AND CAPITAL	88,403.45	84,564.01	4.54%

Interest Income

The interest income stood at Tk. 5,855.11 million in 2020 as against Tk. 7,357.32 million in 2019. Interest income consists of Interest earned from loans & advances amounting Tk. 5,491.31 million and Interest received on FDR & SND account kept with other banks and financial institutions amounting Tk. 363.80 million. Details of Interest Income are as follows:

Types of Interest Income	Amount (Taka in Million)		Growth (%)	Interest Income Mix (%)	
	2020	2019		2020	2019
Interest earned from loans & advances	5,491.31	6,691.66	-17.94%	93.79	90.95
Interest received from Banks & Financial Institutions	363.80	665.66	-45.29%	6.21	9.05
Total Interest Income	5,855.11	7,357.32	-8.80%	100	100

Interest Expense

The interest expense stood at Tk. 4,750.69 million in 2020 as against Tk. 4,847.32 million in 2019. Interest cost of deposits was the main component of interest expenses whereas interest cost of borrowings also had impact in 2020. Interest cost of deposits decreased to 6.95 percent in 2020 from 7.76 percent in the previous year due to decrease in rates of interest on deposits arising from high liquidity in the market. Moreover, high liquidity in the market induced the bank, a Primary Dealer, to go for mobilization of deposits at low cost. Details of Interest Expense are as follows:

Types of Interest Expense	Amount (Taka in Million)		Growth (%)	Interest Expense Mix (%)	
	2020	2019		2020	2019
Interest on Deposits	4,602.65	4,783.08	-3.77	96.88	98.67
Interest on Borrowings	148.04	64.24	130.45	3.12	1.33
Total Interest expense	4,750.69	4,847.32	-1.99	100	100

Net Interest Income

The net interest income stood at Tk.1,104.42 million in 2020 as against Tk. 2,510.00 million in 2019. Net Interest Income decreased due to increase of cost of deposits and decrease in yield on loans and advances.

Investment Income:

The investment income of the bank consists of interest / discount earned on treasury bills / bonds, gain on government security trading, dividend received on shares and capital gain from sale of securities of listed companies. The investment income stood at Tk.1909.92 million in 2020 as against Tk. 1,217.52 million in 2019. Net Interest Income increase due to increase in Investment in Government Securities and capital gain on sale of shares of listed companies.

Non-Interest Income

Non-interest income consists of Commission, Exchange earnings, Brokerage etc and other operating income consists of appraisal fees, accounts maintenance charge, postage & SWIFT recovery charge etc. The Non-Interest Income stood at Tk.552.92 million in 2020 of which Tk. 428.05 million was commission, exchange earnings & brokerage and Tk. 120.80 million was other operating income as against Tk.625.19 million in 2019 of which commission, exchange earnings & brokerage income was Tk. 504.39 million and other operating income was Tk.120.80 million.

Total Operating Income

The operating income stood at Tk. 3,567.27 million in 2020 as against Tk. 4,352.72 million in 2019. The operating income decreased due to decrease 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. 2,109.60 million in 2020 as against Tk. 2,083.54 million in 2019. 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 2020 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 886 (as on December 31, 2020) & the total number of manpower of the Bank is 943 as on 07.09.2021. The productivity of the employees is measured in the following ratio:

(Amount in Million Taka)

Particular	2020	2019	Growth (%)
Operating Income per employee	4.03	5.01	-19.64
Operating Expense per employee	2.38	2.4	- 0.79
Profit before provision per employee	1.65	2.61	-36.96
Profit before tax per employee	1.54	2.03	-23.95
Assets per employee	99.78	97.31	2.54

Provision against Loans and Advances

In 2020, the amount of Non-Performing Loan (NPL) was Tk. 3,567.96 million. Total required specific provision was Tk. 1,566.77 million out of which Tk. 959.49 million and Tk. 607.28 million were against classified and unclassified loans and advances respectively. On the other hand total required general provision was Tk. 579.45 million against which Tk. 9.51 million have been kept as general provision leaving a shortfall of Tk. 569.94 million. It is mentionable that the approval for deferral of provision shortfall has been taken from Bangladesh Bank in this regard.

Net Profit before Tax

After making required provisions, net profit before tax of SBAC Bank Limited stood at Tk.1,367.78 million in 2020 as against Tk.1,764.35 million in 2019.

Provision for Income Tax

Provision against income tax of SBAC Bank Limited was Tk. 415.83 million in 2020 as against Tk. 796.75 million in 2019.

Net Profit after Tax

Net profit after tax stood at Tk. 951.95 million in 2020 as against Tk.967.60 million in 2019. EPS, ROA and ROE stood at Tk. 1.39, 1.10 percent & 10.78 percent respectively in 2020 as against Tk. 1.41 (re-stated), 1.25 percent and 12.25 percent respectively in 2019.

Statutory Reserve

As per Bank Company Act 1991 (amended in 2013), 20 percent of profit before tax is required to be transferred to statutory reserve. As such an amount of Tk. 273.62 million has been transferred to statutory reserve in 2020 which was Tk. 352.87million in 2019. Total statutory reserve stood at Tk. 1,753.40 million as on December 31, 2020 which was Tk. 1,479.78 million as on December 31, 2019.

OPERATING PERFORMANCE OF THE BANK

Amount in million Taka

Particulars	2020	2019	2018	2017	2016	Growth (%) [2019 to 2020]
Interest Income	5,855.11	7,357.32	6,420.41	4,764.88	3,843.96	-20.42%
Less: Interest Expense	4,750.69	4,847.32	3,869.22	2,802.48	2,307.33	-1.99%
Net Interest Income	1,104.42	2,510.00	2,551.19	1,962.41	1,536.63	-56.00%
Investment Income	1,909.92	1,217.52	917.54	1,006.84	1,143.57	56.87%
Non-Interest Income & Other Operating Income	552.92	625.19	535.20	494.91	281.15	-11.56%
Total Operating Income	3,567.27	4,352.72	4,003.93	3,464.16	2,961.35	-18.05%
Less: Operating Expense	2,109.90	2,083.54	1,970.10	1,644.87	1,441.46	1.27%
Profit before provision	1,457.67	2,269.18	2,033.84	1,819.30	1,519.88	-35.76%
Less: Provision	89.88	504.83	392.62	301.37	74.00	-82.20%
Net Profit before Tax	1,367.78	1,764.35	1,641.22	1,517.93	1,445.88	-22.48%
Provision for Income Tax	415.83	796.75	761.64	535.90	496.43	-47.81%
Net Profit after Tax	951.54	967.60	879.59	982.04	949.46	-1.66%
Less: Statutory Reserve	273.62	352.87	328.24	303.59	289.18	-22.46%
Profit available to ordinary share holders	677.97	614.73	551.34	678.42	660.28	10.29%
Earnings Per Share (EPS)	Tk. 1.39	Tk. 1.55	Tk. 1.55	Tk. 1.97	Tk. 2.19	-10.32%
Return on Equity (ROE)	10.78%	12.55%	12.40%	16.16%	18.09%	-14.10%
Return on Assets (ROA)	1.10%	1.25%	1.36%	1.88%	2.31%	-12.00%

We have a remarkable contribution to the Government Exchequer. We have contributed total 1,527.55 million as Withholding Tax, AIT and VAT & Excise Duty as under:

Particulars	Withholding Tax	Advance Income Tax	VAT and Excise Duty	Total
2020	651.09	642.14	227.31	1527.55
2019	584.99	787.99	198.38	1,571.36
2018	445.95	768.74	185.25	1,399.94
2017	347.20	613.06	155.98	1,010.37
2016	296.36	269.89	97.41	663.66
2015	254.11	146.16	67.14	467.41
2014	103.61	38.89	40.60	183.10
2013	16.82	21.08	10.19	48.09



Foreign Trade Business

International Division (ID) facilitates the trade business of South Bangla Agriculture and Commerce Bank Ltd. and plays a vital role in overall supervision and control of foreign trade and foreign exchange business of the Bank. The division is looking after Correspondent Banking Relationships, Trade Processing Unit (TPU), Treasury Back Office, Trade Settlement & Regulatory Reporting Unit and NRB/Remittance Unit. Foreign Trade Transaction are being accomplished through 7 (Seven) Authorized Dealer (AD) branches including Trade Processing Unit (TPU) at Head office. Trade Processing Unit started its operation at Head Office on July 1, 2014 to support Foreign Exchange businesses of our Non- AD branches. Now all of our 83 branches & 15 Sub-Branches are able to handle Import and Export business of their clients like AD Branches.

Correspondent Banking

Correspondence Banking is inevitable for conducting foreign trade business. SBAC Bank Ltd. has been maintaining correspondent banking relationship with internationally reputed banks to facilitate foreign trade and other international transactions such as LC advising, LC confirmation, reimbursement of L/Cs, discounting of bills, international fund transfers, documentary bills collection, guarantee etc. As on 31st December 2020, the number of foreign correspondents was 208 Banks across 52 countries. Our Bank maintains 13 Nostro Accounts in 4 major currencies with reputed international banks located at the most important financial hub of the world. The Bank is also enjoying credit lines of over USD 100.00 million with more than 22 reputed banks worldwide.

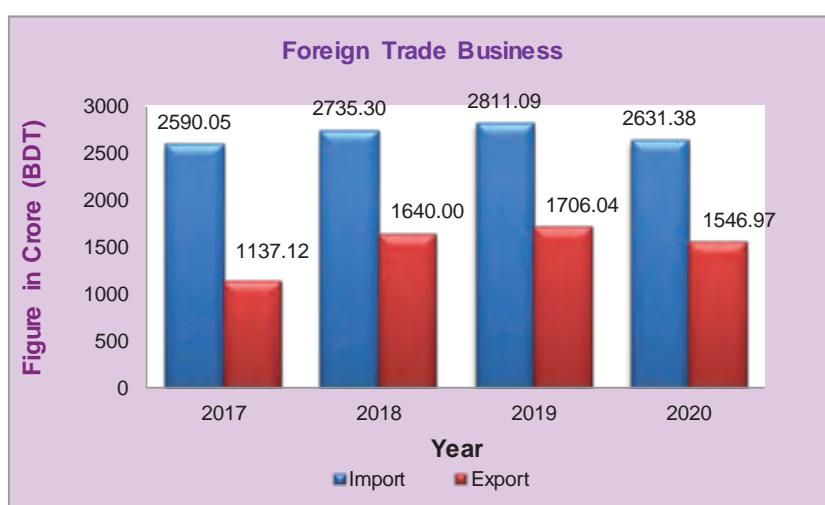
The Bank has implemented fully automated SWIFT affiliated Sanction Screening system at our SWIFT Server to screen all incoming and outgoing messages related to foreign trade. This screening solution has been procured from SWIFT, Belgium and the solution is considered as the most robust and effective sanctions screening system. The solution will scrutinize all the SWIFT messages as per sanctioned list of OFAC, UN, EU, UKHMT, HKMA, AUSTRAC, BFIU etc. our Bank has also introduced Automated Sanction Screening system in Flora Bank CBS for filtering all transactions which help us maintain international standard to ensure strict compliance of Trade Based Money Laundering (TBML) and combating terrorist financing (CFT).

Here is a glimpse of correspondent banking of SBAC Bank Ltd.

Category	Number
Authorized Dealer Branches	7
Relationship Management Application(RMA)	208
Nostro Account	13
Credit Line/ Add Confirmation facilities with foreign Banks	25
Direct Drawing arrangement with Exchange House for Remittance services	5
Indirect (Sub-agent) Drawing arrangement with Exchange House for Remittance services	7

Import

Bangladesh is an Import dependent economy. In order to meet up the requirements of commodities, industrial raw materials, capital machinery, etc of the country, the same are imported from different countries. Like other importers of the country, import customers, both commercial and industrial of SBAC Bank Ltd. are involved in the import of various types of permissible commodities including commercial goods, industrial raw materials, capital machinery, etc. In the year of 2020, SBAC Bank Ltd. handled 5,812 number of Documentary Credit/LCs with a volume of USD 311.59 million equivalent BDT 26,313.80 million. Import volume in the year 2019, 2018 and 2017 was BDT 28,110.90 million (equivalent USD 332.87), BDT 27,353.00 million (equivalent USD 323.89 million), and BDT 25,900.50 million (equivalent USD 306.69 million) respectively.



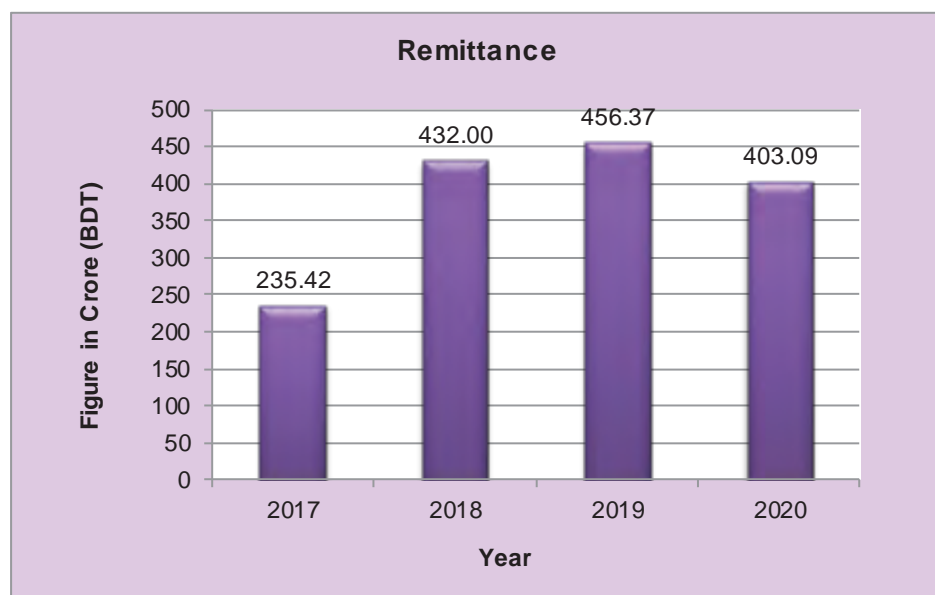
Export

Exports play an important role in any economy which influences the level of economic growth, employment and the balance of payments. Export and economic growth of a country is like a lyric in a thread. If export increases at a faster pace as compared to import, economic development is certain. Lower export contributes lower foreign exchange thus a lower purchasing capacity of a nation. In order to patronize the exporters as well as the economy of the country and also to boost up income from export financing activities, SBAC Bank Ltd. is adopted an export friendly trade policy. Our exporters mainly export their goods to UK, USA, Canada, Hongkong, Germany, Turkey, Poland, Norway, Denmark, Russia, Dubai, Japan, Italy, Switzerland, France, Greece, Netherland, Australia, China, India and many other countries of the world. In the year of 2020 SBAC Bank Ltd. handled 5,153 number of export documents for USD 183.18 million equivalent BDT 15,469.72 million. Export volume in the year 2019, 2018 and 2017 was BDT 17,060.40 million (equivalent USD 202.01), BDT 16,399.66 million (equivalent USD 194.19 million) and BDT 11,710.17 million (equivalent USD 138.66 million) respectively.

Remittance

Remittance is one of the most important sources of foreign exchange earnings for Bangladesh. The Bank has a well linked legal channel for remittance procurement. As Bangladesh Bank always encourages scheduled banks to procure remittance through banking channel, SBAC Bank Ltd. is also committed to bring remittance inflow from the expatriate Bangladeshis through its network. We have direct drawing arrangements with Aman Exchange Company WLL, Kuwait, Wall Street Finance LLC, USA, Al-Ansari Exchange LLC, UAE, Worldwide West 2 East Services Ltd, UK, (A/C: Sha Global), and LCC Trans-sending Ltd, UK (A/C: Small World). We have also arrangements with renowned exchange houses as an associate member such as Transfast Remittance LLC and Placid

NK Corporation, Xpress Money Services Ltd., Western Union Network, Ria Financial services, Turbo Cash and MoneyGram with the help of some other Private Commercial Banks of our Country. In the year 2020, SBAC Bank received BDT 4,030.91 million (equivalent USD 47.73 million) as wage earners remittance. Remittance figure was BDT 4,563.7 million (equivalent USD 54.04 million) in the year 2019, BDT 4,319.98 million (equivalent USD 51.15 million) in the year 2018 and BDT 2,354.22 million (equivalent USD 27.87 million) in the year 2017.



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SBAC Bank Offshore Banking Unit (OBU)

Offshore Banking Unit mainly deals with non-residents customers including NRBs, maintaining exclusively foreign currency transactions, can borrow and lend in Foreign Currency being treated its operation as a country within a country, commissioned by a separate Banking License from Bangladesh Bank.

SBAC Bank Off-shore banking Unit (OBU) is established having license/permission from Bangladesh Bank vide ref. no. BRPD(OB)/744(127)/2020-5140 dated 15/07/2020 and no. BRPD(OB)/744(127)/2020-5141 dated 15/07/2020 with a view to fulfill the banking requirement of Foreign Nationals/Firms/ Companies, resident/non-resident individuals/ enterprises customers in EPZs, PEPZs, EZs and Hi-tech Parks in Bangladesh. SBAC Bank Ltd has commenced the operation of its Off-Shore Banking Units (OBU) located at International Division, Head Office, Dhaka on 22.10.2020.

Off-shore Banking refers to international banking involving non-residents' foreign currency-denominated assets and liabilities. Off-shore Banking Units conduct their deposit taking and lending activities with eligible (both



foreign/local) investors/borrowers free from the domestic fiscal and monetary set up and is independent from the local commercial banking system as set by the regulator.

The concept of offshore banking in Bangladesh is not new and getting popularity among the business people due to its advantages to unlock the international financial settlements.

Offshore banking can play an essential role both in domestic and international territory. The Offshore banking deals with the currency other than the local currency.

We, as a fourth generation private commercial Bank, SBAC Bank Off-shore Banking Unit has already earned satisfactory confidence of the stakeholders/partners/customers due to its strong commitment and dedication. Currently, the Unit has been providing offshore banking services to our existing tested customers of our AD Branches under UPAS discounting facility/export bill discounting and our OBU is fully ready to serve any other eligible customers.

Though the country's offshore banking market is dominated by the Foreign Banks/First-Second Generation Banks, 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 invested around USD 0.807 million (as on 31.12.2020) in offshore market to support our bonafide customers.

Our Off-Shore Banking Unit offers

Deposit Products

- Current FC A/C
- SB FC A/C
- NFCD A/C

Loan/Investment Products

- Bills Purchasing/ Discounting
- UPAS bill Discounting
- Term Loan/ Syndication
- Short Term Loan
- Working Capital Finance

Our OBU may extend the following funded and non-funded facility (ies) to the valued eligible customers:

- EXP Certifying
- LC Advising
- Export Bill Negotiation
- Export Bill Discounting
- LC opening
- LTR Creation
- OD for working capital
- Short Term Loan
- Guarantee
- Miscellaneous

Any other financial services allowed by the Bangladesh Bank from time to time.

N.B.: Subject to obtaining adequate security.

Offshore Banking has been playing a pivotal role in the economic expansion of the country by arranging low cost financing compared to domestic currency lending. As most of the Banks are cutting interest to lure the prime/top rated customers to invest, we, SBAC OBU may take advantage of the situation by being able to low cost lending through sourcing low cost fund while domestic rate is much higher. SBAC OBU is expected to contribute largely to the growth our Bank with the highest level of professionalism and excellent customer services.

Treasury

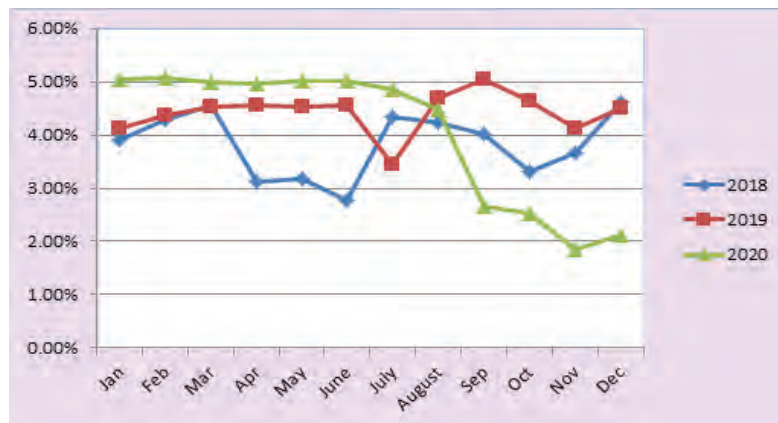
COVID – 19, a virus sizing 0.12 microns, has almost paralyzed the world economy. Bangladesh economy has also not remained immune from this shock. Government of Bangladesh and Bangladesh Bank has taken various initiatives to protect our economy from the damage made by COVID – 19. Accordingly, the banking sector has started to act as the front liner to protect the sector's interest and save the economy.

In the year 2020, despite the unprecedented COVID-19 pandemic, SBAC Bank Treasury Team provided uninterrupted, efficient and unparalleled treasury services to all its customers, interbank participants and corporate clients. 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 to manage its fund efficiently. Treasury

Division manages the Bank's Balance Sheet and ensure regulatory compliance with all regulatory and risk ratios. Treasury 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. Treasury also engage in forecasting market and proper planning, thereby maximizing treasury gains, while minimizing 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:

Average Call Money Rate



Money Market Desk

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

Except for the first few months of 2020, the money market was mostly liquid throughout the year. High remittance inflow, injection of stimulus funds to the economy and downward credit growth boosted the liquidity in the market. To overcome the adverse situation of the economy caused by the COVID-19 pandemic, Bangladesh Bank eased the regulatory requirements of maintaining the Cash Reserve Ratio (CRR) as well as increased the Advance-to-Deposit ratio (ADR) to 87% from 85% for conventional Banks. From January 2020 to December 2020, the average call money rate dropped from 5.04% to 2.12%, mainly because of excess liquidity in the market.

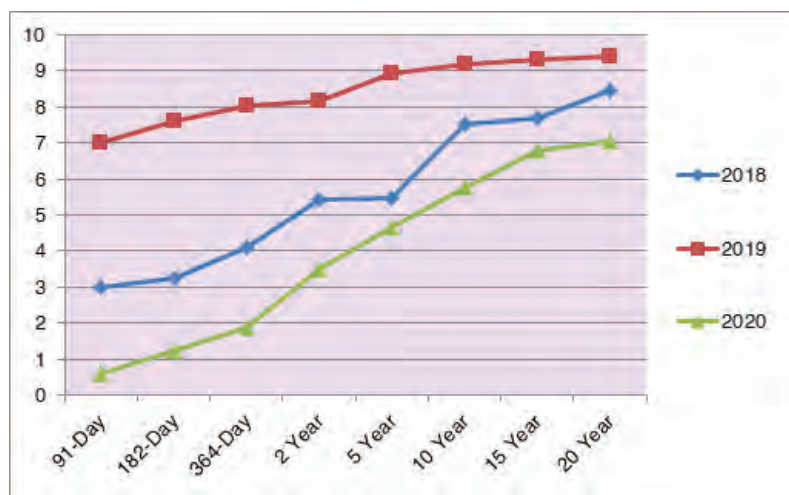


Fixed Income Investment Desk

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

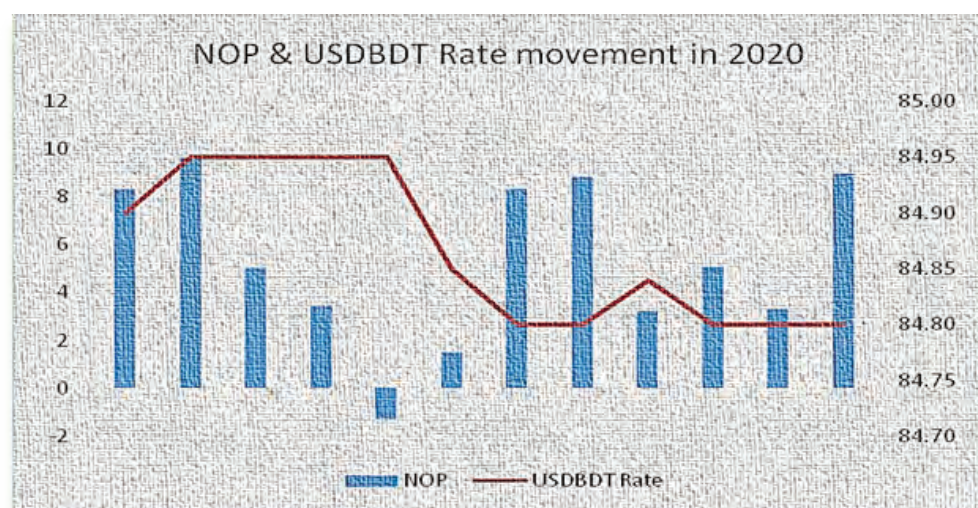
From the second half of the year, the yield on government securities started to fall rapidly. The excessive liquidity caused by heavy remittance inflow, stimulus fund disbursement, and downward credit growth somewhat forced the banks to invest in government securities at a lower yield. As an opportunity for investment shrinks alongside the credit growth, bank's demand for government securities increased significantly and impacted the yield curve negatively. However, in 2020, SBAC Treasury did exceptionally well in both investing and trading of government securities and able to generate substantial income from Fixed Income Securities.

Yield of Govt. Securities



Foreign Exchange Desk

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



In 2020 overall economy faced challenges for the Covid-19 pandemic. As a result total imports of the country took a nosedive due to the economic slowdown caused by depressed demand and consumption. The significant volume of income contribution from treasury in the form of exchange earning in 2020 was possible because of prudent management of NOP (Net Open Position),

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

Asset Liability Management (ALM) Desk

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

ALM Desk official prepare ALCO papers incorporating local and global economic updates, market liquidity forecasts, interest rate projections, balance sheet analysis and proposes it to ALCO. SBAC Treasury has done exceptionally well in this area by keeping management well-informed of crucial changes in the market and pricing techniques of liabilities and assets. In 2020, effective and timely change in rates by ALCO played a vital role in the significant growth of NII. A new ALM policy has been formulated by ALM Desk keeping BASEL III liquidity ratios (LCR & NSFR etc.) in mind and central bank's ALM guidelines into active consideration. Managing balance sheet composition is a vital part for the bank. SBAC Treasury is always learning from the market and getting updated time to time to manage balance sheet composition at optimum level.

Credit Administration

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

A bank mobilizes funds from surplus unit and lends it to the deficit unit. So, lending money is one of the core functions of a bank and banks generate maximum revenue from its credit operations by charging a higher interest rate on loans than the interest they pay on customer deposits. Aiming to this, most of the banks focus on making loans rather than efficiently managing the loans. The function of selecting and vetting borrowers is the role of Credit Division of the bank. Where the functions of Credit Division end with the approval of proposal from the competent authorities there the function of Credit Administration starts. Credit Administration ensures that all security documents are obtained in compliance with the terms and conditions of approval and are legally enforceable.

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

On the other hand, Non-performing loans have become a worrisome issue for Bangladesh. Due to ever-increasing volume of non-performing loans, our banking sector and the economy in general have taken a negative turn. If loan able 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 banks profit. When provisioning amount becomes higher than the profit of a bank, it has to maintain provision amounts from its capital, which can result in capital





shortfalls. By using the credit administration tools, we can reduce this kind of risk to a minimum level. Here the role of credit administration is vital to guide the bank's loan portfolio to desired level in protecting the bank's interest and hard-earned depositors' money.

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

Now to bring all the disbursement of the bank's loans portfolio under one umbrella, for ensuring proper documentation, monitoring of existing credits and maximizing the recovery, this division has been playing a crucial role. Now limit authorization is centralized. All the branches' & sub-branches' disbursement and limit authorization of SBAC Bank Limited under its actual control and monitoring. Now no branch can set up any limit or disburse any loan without the authorization of CAD. But this did not happen overnight. This has been possible for feeling the urgency to establish a centralized CAD for the safety & security of bank loan management and speedy & smooth disbursement. This was done phase by phase from the mid of June 2018 to December 2020. The remarkable achievements of CAD till date, are as follows:

- Successful implementation of centralization of limit authorization.
- Now disbursement of all branches has come under one umbrella without giving any room to any branch/sub-branch to authorize limit by them.
- Our Bank's total loan portfolio has come under its centralized supervision and monitoring.
- Documentation error has significantly been decreased to a minimum level.
- It gives early alerts signals regarding Non-performing loans for information of senior management and suggests necessary measures to keep the disbursed loans performing.
- CAD is discharging its all the defined responsibilities through an efficient team.
- All funded & non-funded facilities are processed through CAD.
- Numbers of accounts having unsatisfactory repayment is significantly lower than that of previous years.
- Number of accounts having excess over limit (EOL)/Overdue have been reduced to a great extent.
- CAD now allows disbursement only after proper documentation by the branches and necessary checking there against.
- CAD works hand to hand with other departments to achieve all credit objectives within a defined timeframe.

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

Major role & responsibilities of CAD:

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

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

However, no division is beyond limitation as such we are not exception to this. With the increasing loan portfolio day by day, unprecedented complexities due to the advent of new technologies, ever increasing business completion 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 -

- Using updated information technology for preserving & managing documentations and securities.
- Adapting Policy for management development for developing greater capacities in all aspects.
- Creating the second line of successors by periodic job rotation within the division.
- Providing required logistics support to carry out its day-to-day operations.
- Deploying required manpower for the smooth & speedy disbursement.
- Improving the record keeping system.

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

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

Information Technology & Digital Financial Inclusion

SBAC Bank has undertaken various technology enabled business initiatives to realize the vision of customer centricity and to respond to customer demand in real time by knowing its customers and their behavior. Over the last few years, we have made significant investments in technology and processes and further strengthened our risk management architecture. As we are adopting sophisticated technology to roll-out the best banking solutions to customers, so SBAC Bank is continuously working to implement appropriate IT risk management strategies to secure its most vital information assets and to ensure that related risk management systems and processes are strengthened for smooth and continuous banking operations. In this regard, recently we have replaced & equipped our Data Center and DR Site/NDC with state of the art Equipments and Technology Solutions to run and maintain a modern network and system infrastructure. We have also ensured high availability and redundancy in case of critical IT Infrastructure, Storage & Connectivity etc.



The trust and confidence of our customers remains our strongest anchor, encouraging us to consistently improve our products and service propositions. We are reaching out to millions of customers in Bangladesh, enriching their lives through our pragmatic products and services. Currently we have 83 branches and 15 Sub-Branches across the country and we are planning to further strengthen our physical presence. At the same time, our digital outreach continues to grow significantly. Since Cyber threats have been increasing drastically throughout the world, so in order to maximize our security measures, we have installed Next Generation Firewalls, Email Security Gateway, Web Application Firewall etc.

With new customers entering formal banking system and the volume of transactions increasing rapidly, the need for robust and dependable technology has increased significantly. The Bank's IT infrastructure was augmented to build these capabilities. SBAC Bank updated and customized its core systems, moved to next versions of applications and adopted modern technology stack for better scalability.

In order to ensure quick service deployment, SBAC bank has developed a virtual and automated environment which is capable to run a new system very quickly and as a result, delivering any new service has been made faster. Besides, for monitoring the environment SBAC Bank installed an effective monitoring and alerting system which can monitor device health, login attempt etc. which can detect suspicious activity and can generate real time alert.

Digital transformation and digitization of the traditional banking activities is rapidly changing the banking landscape. SBAC Bank is continuously investing in digital systems and technologies to ensure a smooth integration between its existing infrastructure and new digital products. The Bank's IT strategy has supported business initiatives by continuously updating technology and processes to meet evolving business requirements. Today, the Bank has a very rich technology framework at the front and back end which caters to all requirements of the retail and corporate customers alike and provides very quick turnaround time.

Digital payments and online consumption of financial services are growing on the back of 'Digital Bangladesh' initiatives. Today, there is an opportunity to ride on the digital infrastructure to strengthen payments, trade and information flow to aid sustainable and inclusive growth. Since the inception, SBAC Bank has always been at the forefront of digitization, contributing actively to the Government's vision of a 'Cashless' economy. Our recently launched Digital Banking APP-BanglaPay has been well received across different segments of customers.

In the endeavor towards providing high availability and continuity of services to our customers, including high availability of customer-facing IT systems, the Bank has a Board-approved Business Contingency Plan which includes plans for recovery of its IT systems in the event of any disaster or contingency.

The Bank has undertaken various technology enabled business initiatives to realize the vision of customer centricity and to respond to customer demand in real time by knowing its customers and their behavior. We are planning to introduce digital onboarding & Account Opening from anywhere using eKYC Solution and a chatbot solution which will be used to offer personalized customer interactions for various products and services, while also reducing costs. When it will be implemented, the knowledge-management systems that staffs currently use to help resolve queries will be faster, convenient and more efficient

ATM, CARDS & Digital Wallet Services:

Stepping in to Digital Financial Services:

Digital Bangladesh is one of the nation's dreams, and so special emphasis is 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. Digital Bangladesh with Vision 2021 is a big impetus for the use of digital technology in the country. Several projects of Government for digitalization have been completed and a big number of projects are under progress.

There are over 17.4 crore mobile subscribers and 11.61 crore Internet subscribers in Bangladesh are enjoying the fruits of digitization in numerous areas of activities. The ultimate objective is to make more and more services available at the doorsteps of the people with increased digitalization where possible. A few examples of available digital services are registration for admission to academic institutions, publication of results of examinations, registration for jobs abroad, registration of pilgrimage, collection of official forms, online submission of tax returns, online tendering, SMS services for lodging complaints to police stations, online bill payments for utility services 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 43 ATMs, 2 CDMs in different branch locations of the country and more ATMs are underway to be set up with new and existing 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 already have issued 45,000 Debit Cards & approximately 4,000 credit cards.

Introducing Digital Wallet “Banglapay”

In Bangladesh, 82% of total population are using popular digital platform “Mobile Phone”. 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 20,000 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:

- Can Operate Bank Account;
- Fund Transfer;
- Utility or Bill Payment;
- Online purchase;
- Shopping/Purchase;
- Hotel Booking (Local);
- Ticket Purchase;
- Card Bill Payment;
- Account to Account transfer;
- Transfer to Wallet;
- Cash out from Branch;
- Cash out from Agent;
- School & Hospital Bill payment;
- Cheque/Pay Order Request;
- Positive Pay;
- Card Block;
- Account/Card Balance Inquiry;
- Mobile Top-up and many more.

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

Introducing VISA Debit & Credit Cards: After having VISA membership licensing we have introduced latest technology based EMV Debit & Credit Cards for our valued customers. We have implemented a full range of Credit products like 1) SBAC VISA Classic Credit Card 2) VISA Gold multi currency Credit Card & 3) VISA Platinum Multi Currency Credit Cards.

We have also customized products for frequent travelers and Businessmen, like International Credit Card against 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, recently VISA worldwide pte. Ltd announced to introduce contactless Card to all its member banks. Meanwhile we have completed necessary certification and testing and we are going to issue Contactless Card to our valued Cardholder soon.

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

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

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

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

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

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

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

Human Resources:

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

Human Resources Division sets its goal to help SBAC Bank Limited achieve its strategic mission, while ensuring employees are engaged and motivated to help the Bank succeed. HR has targeted its operational initiatives to align to the SBAC Strategic Plan by converting human resources into human capital through appropriate knowledge, skills, abilities and personal attribution.

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

attracting, developing, retaining talents with the strategy of the bank.

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

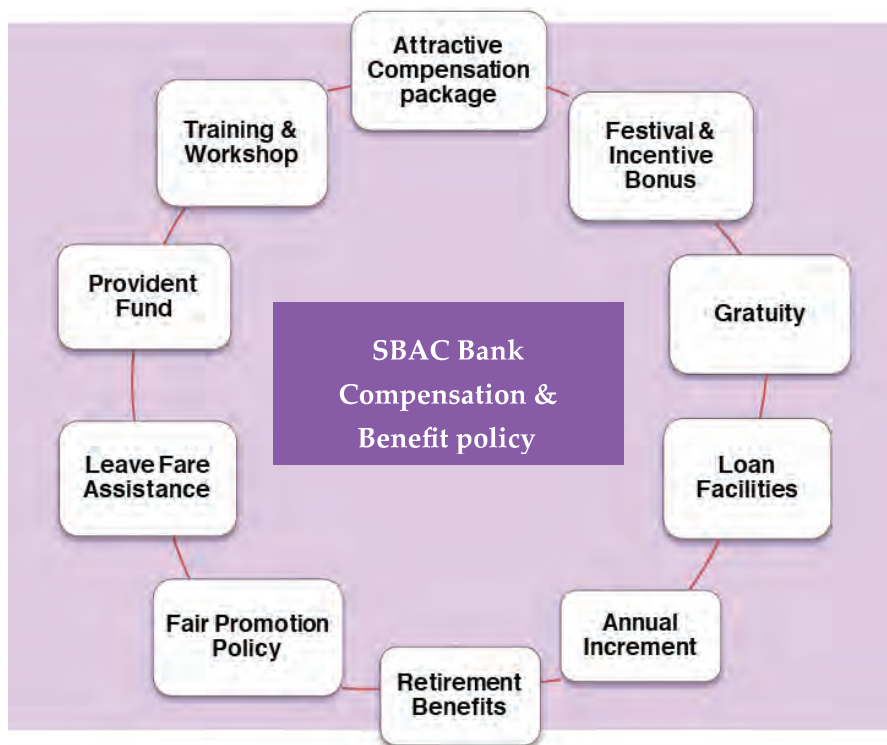
Compensation & Benefit policy

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

Diversity in workforce

Human Resource Division is committed to attracting and retaining a talented and diverse workforce. Therefore, the bank is

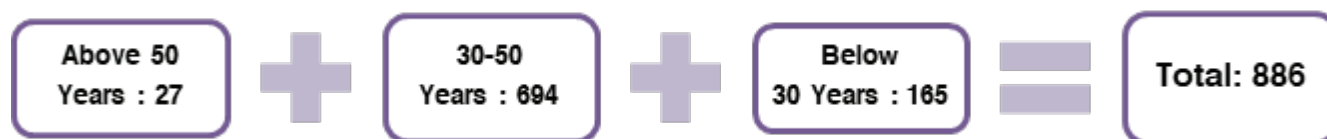
trying to bring diversity in workforce in context of age, gender, ethnicity and locality. There is an increasing trend in workforce along with the business and span of service. With 83 branches and 15 sub-branches, the bank is a proud employer of a diversified pull of people.





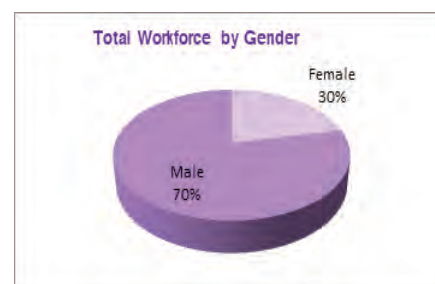
Total Workforce by Age Group (As. On 31.12.2020)

Age ranges	Age: Above 50 Years	Age: 30-50 Years	Age: Below 30 Years	Total
Number of employees	27	694	165	886



Total Workforce by Gender:

Number of Female Employees	206
Number of Male Employees	680
Total	886



▪ Excellent Working environment

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

Quality of working relations:

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

Having a say:

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

▪ Training, Learning and Development

To transform the human resources into human asset, South Bangla Agriculture & Commerce Bank Limited established its Training Institute at the beginning of 2014. Since inception, the Training Institute of the Bank took initiatives for arranging different training programs and workshops to turn the employees into useful and effective workforce. We have a keen interest in Human Resources Development. Every modern management has to develop the organization through human resource development. Employee training is the most important sub-system of Human Resource Development. Training is specialized function and is one of the fundamental operative functions for Human Resource Management. We have modern we equipped Training Institute. During the covid19 pandemic we have continued our training activities through online platform. High profile resource persons from Bangladesh Bank, Bangladesh Institutes of Bank Management (BIBM), Professionals from others Organizations and our internal resource persons have been invited as speakers. In spite of pandemic situation, we have trained a good number of employees of deferent levels.

In 2020, the Institute arranged training programs/workshops including foundation training for the fresh employees where 817 employees of different grades of the Bank participated. Details of the training programs/workshops, no. of participants are as follows:

Details of Training Courses/Workshops (In-house) held in 2020:

SL. No.	Date	Name of the Training	Duration	Number of Participants	Organizer
	January 05- January 23	Foundation Training Course in Banking 14 th Batch for Officers.	15	26	SBAC Bank Training Institute
	February 02 - February 13	Training program on "Credit Management".	10	17	SBAC Bank Training Institute
	February 23 - March 05	Training Program on "Foreign Trade & Foreign Exchange".	10	22	SBAC Bank Training Institute
	March 08 – March 19	Foundation Training Course in Banking 15 th Batch	10	24	SBAC Bank Training Institute
	May 09 - May 23	Leadership Development Program	10	21	SBAC Bank Training Institute
	June 11 - July 09	Foundation Training Course in Banking 16 th Batch	10	26	SBAC Bank Training Institute
	July 11 - July 11	Shariah Based Banking Training Workshop for Officers	01	182	SBAC Bank Training Institute
	July 25- August 29	Skill Development Program on Shariah Banking	08	90	SBAC Bank Training Institute
	August 20 – August 29	Gender Equality	01	90	SBAC Bank Training Institute
	August 22	AML/CFT	01	90	SBAC Bank Training Institute
	14 November	Prevention of Money Laundering and Combating of Terrorist Financing	01	72	SBAC Bank Training Institute
	14 November	Cyber Security and Awareness	01	72	SBAC Bank Training Institute
	12 December - 31 December	Advance Training Program on Shariah Banking	06	85	SBAC Bank Training Institute
Total			84 Days	817	

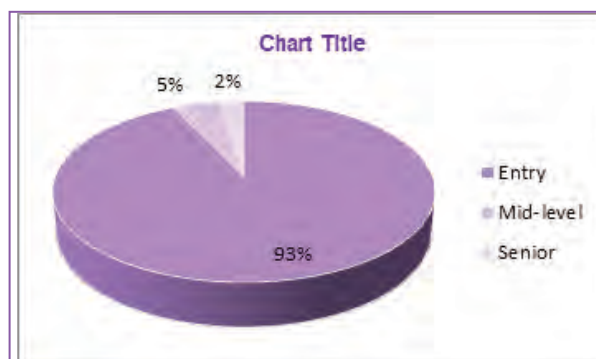
In addition to Training Institute trainings, Human Resources Division nominated employees to training courses, workshops and seminars on different topics in different organizations in 2020. Because of the COVID-19 pandemic, the number of training programs other than the SBAC Bank Training Institute was lower than the other years. A total of 9 employees of SBAC Bank participated in training in different resourceful places like BIBM, ICAB, BAB, BIAC, Bangladesh Bank etc.

■ Recruitment and Selection

The recruitment and selection unit of HR Division has carried out a massive talent acquisition during 2020. 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 2020

Particular	2020
Entry Level Entrance	92.86
Mid Level Entrance	4.76
Management Level Entrance	2.38
Total	100%



Instead of simply filling up the employee gap in certain positions of the bank, the recruitment and selection team emphasized on the "Best Fit" philosophy that can assure placing right people in right place at the right time. For the expansion of Branch Network the HR Division has facilitated the recruitment for a total of 42 including both fresh and lateral candidates in 2020.



Internal Control & Compliance

With the slogan of “Local Bank with global Vision”, South Bangla Agriculture & Commerce Bank Ltd. started its journey on 28 April 2013, with the vision to be the leading commercial bank in the country in terms of efficiency, capital adequacy, sound management and profitability with strong liquidity. As a 4th generation bank, we have already been able to record progress in all areas of operation under the guidance of high profile board of Directors and strong management team. The number of Branches and Sub-Branche of the bank is raised up 93 in the year 2020. Sound corporate governance of a bank depends on strong in built control system. SBAC Bank is committed to maintain high standard of banking practices under sound Internal Control mechanism. The bank has so far successfully and timely implemented all the directives of the regulatory authorities and continues to do so going forward.

As an integral part of the management of six core risks in the banking industry, in compliance with the Bangladesh Bank’s Guidelines South Bangla Agriculture and Commerce Bank Limited introduced “Internal Control and Compliance (ICC) Policy” in 2016 and has been complying with the Bangladesh Bank’s guidelines to manage its internal control and compliance risks. SBAC Bank has adopted the policy to review the ICC Policy of the Bank at least once in two years, and revision will take place, if needed. As such, the consecutive second revision was made and approved by the Board of Directors in its 106th meeting held on June 29, 2020.

In the year 2013, the National Parliament of Bangladesh approved some amendments in the Bank Company Act, 1991 which were circulated by Bangladesh Bank, vide its BRPD Circular Letter No. 15 dated 19 August, 2013, with the directives to comply with the changes/amendments of the Act. The Bank Company Act, 1991 as amended in 2013 requires some changes in the reporting line of the Head of Internal Auditors. Section 15C of the Bank Company Act, 1991 (Amended in 2013) states- that internal audit function shall be dealt with independently from the ambit of management and its report is entitled to be submitted to the Audit Committee of the bank. Also section 15C stipulates the following:

- Internal auditors are entitled to consult with the management authority for discharging their functions, and may collect necessary information and documents for the audit.
- The person responsible for internal audit shall neither be entitled to engage himself/herself in devising any agreement nor is he/she permitted to any transaction or entitled to be represented by the company.

In line with the above changes in the Bank Company Act, 1991 (as amended in 2013), SBAC Bank also reviewed its ICC policy in 2017, which was approved by the Board of Directors in its 60th meeting held on April 02, 2017 & subsequent revision was done in the year 2020.

Bank has established a framework for internal control and compliance throughout the operational activities of the Bank, and to ensure that all the activities of the Bank are being carried out within the ICC framework as follows:

- Established a framework for effective Internal Control and Compliance system;
- Ensure compliance with applicable laws and regulations of the country;
- Ensure efficiency and effectiveness of activities to improve overall performance;
- Provide guidelines for preparation of timely, reliable and relevant reports needed for decision-making;
- Ensure proper information system and effective communication channel;
- Provide tools for risk identification, assessment and management, and
- Provide guidelines for effective monitoring and correcting deficiencies.

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 processes and adopts measures to mitigate or eliminate those risks. Internal Audit, on the other hand, reinforces the control system through regular review of the effectiveness of the controls.

The responsibility of implementing internal controls starts with the business lines, which are the “first lines of defense” against breaches that could cause the bank not to fulfill its objectives, not to report properly, or not to comply with laws and regulations. Beyond that, in any bank, the three important “control functions” are risk management, compliance and internal audit. This triumvirate of key functions is underpinned by, and in turn implements and reinforces, the system of internal controls. The first two of these control functions

constitute the “second lines of defense” against mishaps. The final, or “third line of defense” is the internal audit function

Objectives of Internal Control

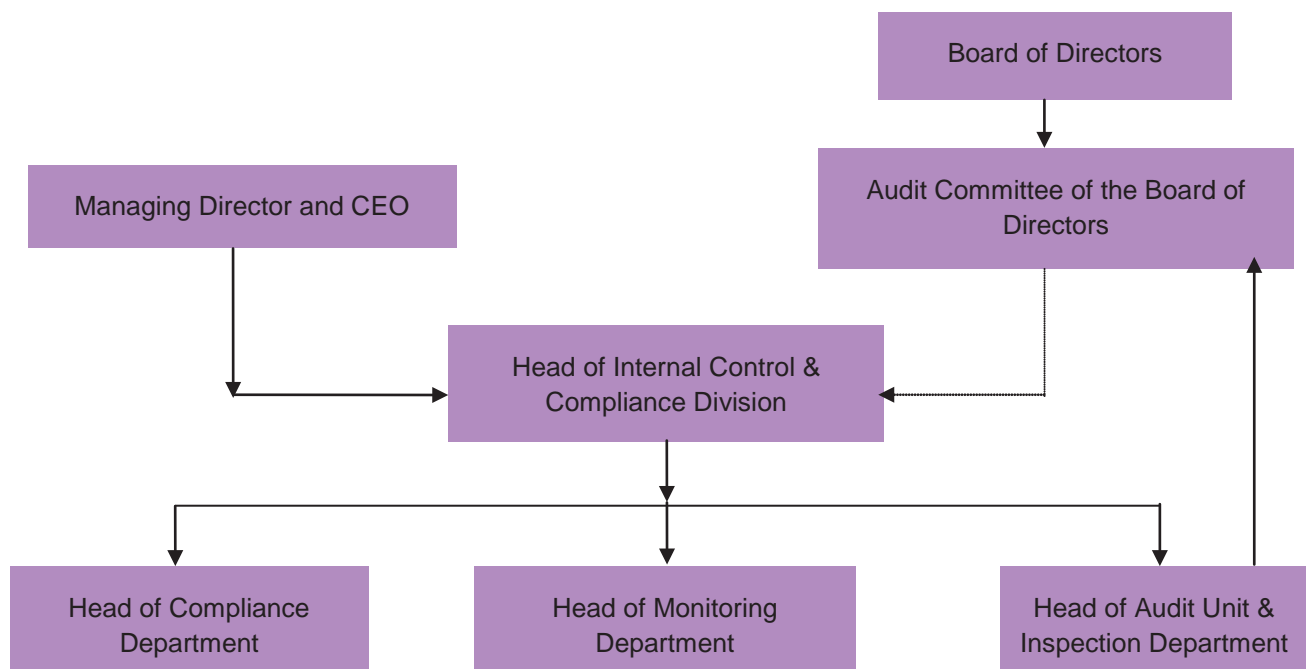
The primary objectives of internal control system bank are to help the bank perform better through the use of its resources, to communicate better internally and with external stakeholders, and to comply with applicable laws and regulations. The main objectives of internal control are as follows:

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

Senior Management Team (SMT):

- Bank's Senior Management Team (SMT) regularly review on a yearly basis the overall effectiveness of the control system of the organization and provide certification on 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 of the Bank 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 auditors, then that will also be reported to the Audit Committee.

Flow Chart of ICC Division





Anti-Money Laundering & Combating Financing of Terrorism:

Anti-Money Laundering & Combating Financing of Terrorism compliance activities of the Bank is run by a separate AML & CFT Division at Head Office. In line with Bangladesh Financial Intelligence Unit (BFIU) directives, the Bank has formed Central Compliance Committee (CCC) comprising Heads from core business units to set out AML & CFT strategies and follow up the progress of implementation. One of the DMDs is assigned as Chief Anti Money Laundering Compliance Officer (CAMLCO) to supervise overall AML & CFT compliance initiatives. The SEVP & Deputy CAMLCO and In charge of AML & CFT Division looks after the day-to-day AML functions of Division and assists the CAMLCO in devising AML goals, policies and programs. As many as 95 BAMLCOs at Branches and Service Centers are deployed to carry out AML & CFT compliance programs of the Bank. The BAMLCOs are mainly responsible for ensuring KYC of customers, risk categorization of business, transaction monitoring, screening of sanction list, arranging AML training for all Branch personnel, record keeping as well as identifying and reporting of suspicious transaction/activity (STR/SAR). The Central Compliance Committee seeks decision and kind guidance from the Managing Director and CEO and the Board of Directors regarding ML & TF issues as and when required. The CCC also provides AML update/progress report to Senior Management/Board at periodic basis.

Activities on Anti-Money Laundering Division during the year 2020 include:

- A message was circulated from the desk of the Managing Director & Chief Executive Officer on January 01, 2020 to all employees of the Bank emphasizing compliance of AML issues;
- They are advised to submit Reports to the Chief Executive Officer on half yearly basis regarding AML/CFT activities;
- Organized quarterly meeting by Central Compliance Committee (CCC) on AML issues and activities;
- Introduction of uniform Account opening form as prescribed by Bangladesh Bank with Bangla version;
- Review and update KYC profile and Transaction Profile on periodical basis;
- Reporting of Cash Transaction Report(CTR) and Suspicious Transactions/Activity Report (STR/SAR) to BFIU;
- Collection and review of the self-assessment and independent testing procedure reports from all of the Branches and took corrective measures as and when required;
- AML Division continuously communicates with branches for improving their AML & CFT compliance culture through identifying needs and directing branches as and when required and responding to queries of branches.
- AML Division through Training Institute has arranged several Training Programs in Dhaka, Barisal and Khulna regions where total 238 participants received day-long training on Prevention of Money Laundering and Combating Terrorist Financing.
- As per requirement of AML& CFT Division, Training Institute has been regularly arranging training programs on AML/CFT for new coming Officers at the time of foundation program.
- Conducting refresher sessions round the year for updating knowledge of the Money Laundering Prevention and Anti-Terrorism with special focus on recent various Circulars of BFIU and current topics of country and world in this regard.
- Internal Audit & Inspection teams have conducted AML Inspection on our Branches to find out lapses in AML/ CFT issues.
- Surprise visits have also been done by AML& CFT Division during this pandemic situation on our 05 Branches to detect & rectify weakness in AML/CFT activities as well as conducted discussion meeting at branch premises to build up awareness among the employees.
- Follow up and monitoring of Audit reports (related to anti-money laundering) as and when received from the Bank's Audit & Inspection Division and external auditors of the Bank.

- Sanction screening system of Flora Bank CBS is in place for checking out the on-board of new customer. The day-to-day transactions are also monitored through sanction screening system of Core Banking software of Flora Bank CBS and report to Bangladesh Bank as per regulations. Moreover to ensure strict compliance of Trade Based Money Laundering and combating terrorist financing, The bank has implemented fully automated SWIFT owned Sanction Screening system at our SWIFT Server to screen all incoming and outgoing transactions related to foreign trade. This screening solution has been procured from SWIFT, Belgium and the solution is considered as the most robust sanctions screening system. The solution will scrutinize all the SWIFT messages as per sanctioned list of OFAC, UN, EU, UK-HMT, HKMA and AUSTRAC.
- Distribute leaflets among customers to make them aware about money laundering and terrorist financing and also arrange to stick posters in every branch at a visible place.

Annual General Meeting (AGM)

Annual General Meeting will be held on 21/10/2021 through virtual platform as per Directive No. BSEC/CMRRCD/2009-193/08- dated the 10 March, 2021 of Bangladesh Securities and Exchange Commission (the Commission). The Financial Statements were reviewed and recommended for final approval of the 8th AGM in the 119th meeting of Board of Directors of the Bank held April 25, 2021 before listing as per Section 40 of Bank Company Act 1991 and subsequent DOS Circular 03/2013, dated 10 October, 2013. Accordingly the same have been submitted to Bangladesh Bank on 29 April, 2021. As per the condition 15, Part-A of the Consent Letter No. Ref. BSEC/CI/IPO-313/2021/407 dated June 1, 2021 the Commission, the company can not hold AGM (before listing). As our listing has been done on August 11, 2021, The Board of Directors in its 125th Meeting has decided to hold AGM on 21/10/2021 and has recommended 8.00% Dividend (4.00% Cash and 4.00% Stock). However the record date for cash dividend and to attend and vote in the AGM is 28-09-2021 and the record date for stock dividend will be notified later.

Appointment of Independent Service Provider: As per clause 7 of the Directive No. BSEC/CMRRCD/2009-193/08- dated the 10 March, 2021 of the Commission the Board of Directors in its 121st Meeting held on May 25, 2021 has appointed Satcom IT Limited as Independent Service Provider to establish a Hybrid/digital platform to ensure smooth observation of the 8th Annual General Meeting and online or e-voting platform or system.

Appointment of Scrutinizer

As per clause 7 of the above Directive SA Rashid & Associates has been appointed as Independent Scrutinizer by the Board in its 125th Meeting held on 07/09/2021. The aforesaid firm has the experience and qualification of the Chartered Secretary to scrutinize the process of the 8th AGM of the Company.

Re-Appointment of Auditors

Hoda Vasi Chowdhury & Co., Chartered Accountants was appointed as external auditors of the bank for the year 2019 in the 6th AGM and subsequently re-appointed for the year 2020 in the 7th AGM held on August 18, 2020. They have completed 02 (two) years as external auditors. They have expressed their willingness to continue as external auditors for the year 2021. As per provision of laws they are eligible for re-appointment.

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 8th Annual General Meeting of the Bank to be held on 21/10/2021 but they will be eligible for re-election:

1. Mrs. Tahmina Afroz
2. Mr. Hafizur Rahman Babu
3. Mr. Anwar Hussain
4. Captain M. Moazzam Hossain
5. Mr. Sakhawat Hussain



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

The indicators of the banking sector showed some improvements at the end of Q1FY21 amid the COVID-19 pandemic, as reflected by a fall in non-performing loans (NPLs), a rise in capital adequacy, an improvement in liquidity condition, and betterment of provision maintaining. During Q1FY21, overall NPL edged down facilitated by both state-owned commercial banks (SCBS) and divate commercial banks (PCBs).

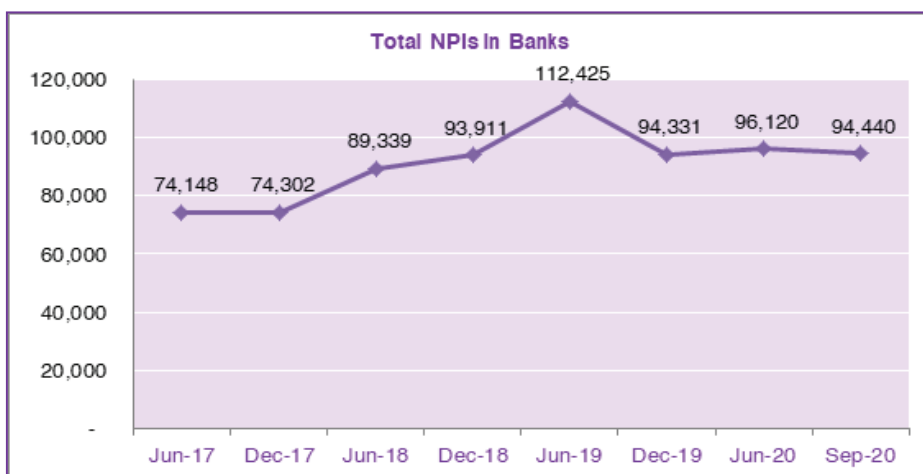
Deposit and Advance Position of Scheduled Banks (In percent)

Bank groups	Year-on- year growth of deposit, % (excluding interbank)*		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Sep. 2020	June 2020	Sep.2020	June 2020	Sep.2020	June 2020
SCBs	10.9	8.2	8.4	10.6	59.1	60.1
PCBs	13.2	11.2	10.3	9.0	80.5	83.3
FCBs	11.0	13.5	-0.2	0.3	53.9	58.2
SBs	8.3	7.5	11.1	7.8	77.0	77.4
All	12.4	10.5	9.6	9.0	74.0	76.2

Sources: Bangladesh Bank Quarterly Report, Sep-2020

Asset Quality

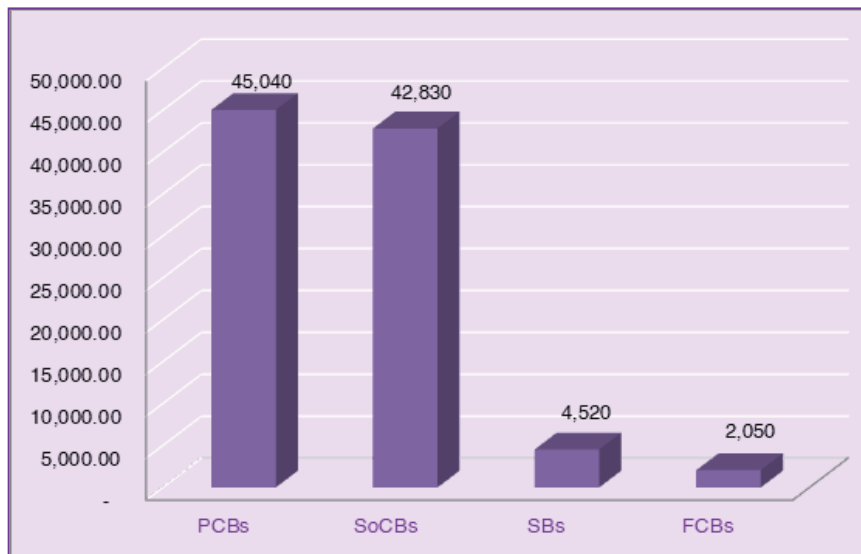
The amount of Non-Performing Loans (NPLs) in the country's banking sector reached an all-time high of Tk.94,440 crore in September 2020 which was 8.88% of total loans and advances of the Banks. The volume of Non-Performing Loans (NPLs) declined by 0.28% percent or Tk. 1680 crores in September 2020 compare to June 2020. However, the amount of NPLs in June 2020 and September 2020 were Tk.96120 crore and Tk.94440 crore respectively.



Sources: Bangladesh Bank Quarterly Report, September-2020

Among the total NPLs in Banking sector, the amount of NPLs with Private Commercial Banks (PCBs) is Tk. 45,040 crore, Six Stated owned Commercial Banks (SoCBs) is Tk.42,830 crore, Nine Foreign Commercial Banks (FCBs) is BDT. 2,050 crore & Two Specialized Banks (SBs) is Tk. 4,520 crore in September-2020.

Share of Non-Performing Loans (NPLs) of Banks on September-2020



Sources: Bangladesh Bank Quarterly Report, Sep-2020

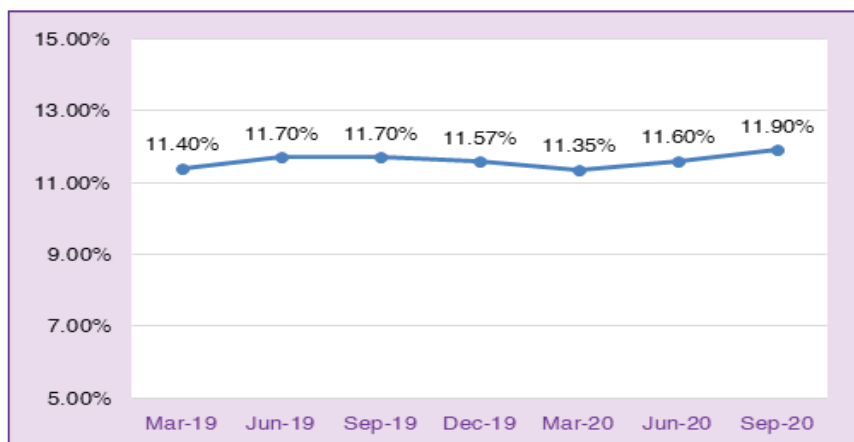
Capital Adequacy

The overall capitalization in the banking sector edged up and remained stable at the end of Q1FY21 owing to the improvement in NPLs and provisioning maintained. The capital to risk-weighted asset ratio (CRAR) grew to 11.94 percent in Q1FY21 from that of 11.63 percent in Q4FY20, attributing mainly from SCBs and FCBs. The CRAR of SCBs went up to 8.25 percent in Q1FY21, from 6.93 percent in Q4FY20. Moreover, the CRAR of FCBs also registered increased growth, rising to 25.59 percent from 24.35 percent in Q4FY20. However, the CRAR of PCBs remained almost unchanged at 13.3 percent in Q1FY21.

Capital to Risk Weighted Asset Ratios (CRAR) by Types of Banks (In percent)

Type of Banks	2019				2020		
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
State Owned Commercial Banks	6.90	8.50	7.70	4.99	4.59	6.90	8.30
Specialized banks	-31.7	-31.2	-31.60	-32.0	-33.50	-36.50	-33.70
Private Commercial Banks	12.70	12.70	12.90	13.62	13.49	13.30	13.30
Foreign Commercial Banks	28.0	28.70	25.10	24.45	24.66	24.4	25.60
All Banks	11.40	11.70	11.70	11.57	11.35	11.60	11.90

Capital to Risk Weighted Asset Ratios (CRAR) of All Banks

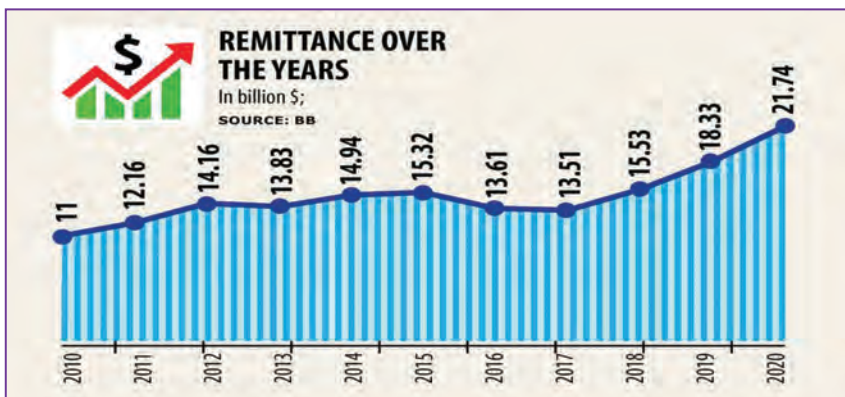


Source: Bangladesh Bank Quarterly Report, September-2020



Remittance:

In the first half of FY21, the inward remittances witnessed a phenomenal growth of 37.6 percent as compared to the same period of FY20, mainly driven by recent policy initiatives of 2 percent cash incentives on inward remittance and relaxation of conditions for incentives including an extension of document submission time to 2 months instead of 15 days. The inflow of remittance in FY20 had also increased by 10.87 percent over the FY19. Strong growth in remittance inflows and positive export



growth together with large financial assistance from multinational international institutions and development partners helped to reach a record foreign exchange reserve of USD 41.08 billion at the end of November 2020 which can approximately meet more than 8 months of import coverage.

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

Banking means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise. Thus the Banking product 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 Term Notice Deposit, Term Notice Deposit, Student Savings Account Tk. 10, 50 & 100 Privileged Account, Senior Citizen Account as Checking Accounts. There are several types of Term Deposit Products such as Fixed Deposit Accounts (01 month, 03 months, 6 months 12 month etc.), Monthly Benefit Scheme (Appropriate for those who want to get a specific monthly return for their deposited amount), Special Benefit Scheme: (Deposited amount will be double/triple at maturity). Monthly Savings Scheme: Lakhopoti Savings Scheme, Surokkha Millennium Scheme.

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

Performance of Deposits:

The deposits of the Bank stood Tk. 71,451.46 million in 2020 as against Tk. 71,540.16 million in 2019. This stability was supported by branch network and high standard service provided to customers along with concerted and unwavering efforts of the employees of the Bank. Fixed deposits remained the main component of deposits contributing 57.27% of the total deposits. Cost of Fund decreased to 9.45% as against 10.47% 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, NBFI, government bodies etc.

Asset Product: The Bank has the following asset products:

1. **Corporate Financing:** SBAC Bank Ltd. is providing a wide range of financial services, offering specialist advice and loan products to corporate clients to meet diverse demands of changing market scenario. We have expertise to customize products & services to meet specific requirements of our clients. We are committed to serve our customer with extensive branch network all over the country to expedite our client's business growth. We facilitate your business to face the challenges and realize opportunities, now and in the future. Our main focus is 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 bank guarantees. Non-fund based products include bank guarantee; performance guarantees and bid bonds are also supporting the business of our customers.
- **Project Finance:** SBAC Bank Ltd. Provides project loan to set up /BMRE of long-term infrastructure and industrial projects/ service unit on the basis of debt and equity rather than the balance sheets of project sponsors. Project financing have been recognized as an important and crucial mode of finance for a financial institution for substantial growth of its industrial credit vis-à-vis managing long term finance. Growth of project finance/Industrial credit of a developing country like Bangladesh is considered as a key parameter for transforming her dream into a mid-income country group. Hence, apart from trade and commercial finance; SBAC Bank Ltd. from the very beginning has been an active partner of the private sector in developing large and medium scale industry of the country. The Bank has been financing Term Loan (Industrial) facility for establishing new project and/or BMRE of various projects in the sectors viz. textile, garments, power, steel, telecom, pharmaceuticals, packaging, consumer products, health, CNG refueling, Real estate.
- **Term Finance:** SBAC Bank Ltd. is offering short term & mid-term finance to the customers to meet emergency financial needs of our project/business.
- **Trade Finance:** In short, Trade Financing of the Bank can be categorized as below:

Import	Export
1. Letter of Credit: Business Enterprises can avail Non-funded facility for import / procurement of raw materials, machinery, equipment, merchandise item.	1. Pre-shipment finance: Back-to-Back L/C, EDF, ECC, SOD (Working Capital Finance), Packing Credit.
2. Loan against Imported Merchandise (LIM) and Trust Receipt (LTR): Business Enterprises engaged in import merchandise can avail working capital for retirement of import documents.	2. Post-shipment finance: Foreign Documentary Bills Purchase, Inward Documentary Bill Purchase.

- **Lease Finance:** Lease financing became a thrust sector for individual and small enterprise besides medium and large enterprises. SBAC Bank Ltd. has been providing lease finance facility to its customer for acquisition of manufacturing and service equipments for all major industrial sectors. The facility helps the customer to have better financial flexibility under budgetary constraints and to enjoy tax benefit. SBAC Bank Ltd. offers financing vehicles/ CNG conversion/ refueling plant/ sea or river transport, capital machinery/ plat/ equipment/ lift / generator/ boiler, construction equipment/ computer for IT education center, medical equipment etc.



- **Syndication Loan:** SBAC Bank Ltd. along with other commercial banks has been financing large scale projects under syndication arrangement to raise and meet huge credit need of a company. This arrangement allows the Banks to share expertise among them and diversify its credit risks. To cater the need of leading corporate house SBAC Bank Ltd. has been raising fund from the banking sector on behalf of the customer through syndication arrangement.

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

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

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

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

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

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

4. Agriculture Credit: Bangladesh is an agro-based country and majority of our population dependent on Agriculture. Although maximum of the total population is dependent on agriculture, its contribution to GDP has gradually come down. Moreover, every year a huge amount of food grain and other agricultural products are imported to meet the demand of the country.

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

- General Agricultural Credit
- 10.00 Taka Account Loan

Performance: Loans and Advances:

The SBAC Bank Limited since its inauguration has been trying to select good borrowers/projects by offering its better customer services to finance and came out successful in 2020. The loans and advances stood at 57,408.83 million in 2020 against Tk. 56,000.74 million in 2019 registering growth 2.51% percent. The growth of deposits was used for funding growth in credit. Yield on loans and advances of the Bank decreased to 9.76 percent from the level of 12.88% percent of previous year due to decrease of lending rates.

The detail features of the Advance and deposit are stated in the section 'Review of Performance of SBAC Bank Ltd. in 2020'.

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

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

We have taken sufficient measures to prevent money laundering and terrorist finance. Details of which is given in the "Anti-Money Laundering & Combating Financing of Terrorism" sub-section of this Annual Report in the page no. 95-96, and Details of risk management are given in "the report of the risk management committee (RMC) of the board" in the page no. 190-203)

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

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

For the year ended 2020, The Bank's Cost of Fund was 9.45%, Interest bearing asset was Tk. 75928.42 million. Interest Income was Tk. 5,855.11 million; Interest expense was Tk. 4,750.69 million, Operating profit was Tk. 1,457.67 million and Net profit was Tk.951.95 million.

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

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

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

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



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

The Company has gone for Initial Public Offer (IPO) for 100,000,000 ordinary shares of Tk. 10.00 each at par from which 40% of securities has been reserved for Eligible Investors (EIs) including Mutual Funds and CIS and the remaining 60% of securities has been offered for General Public including NRB, totaling to Tk. 1,000,000,000/- (taka one hundred crore). The proceeds of the offer indicating the amount has been used for each purpose with head-wise break-up:

Initial Public Offering (IPO) has been used for enhancing the Tier 1 Capital Base of the Bank inter alia proceeds from IPO through issuance of 100,000,000 nos. of ordinary shares at an issue price of Tk. 10.00 each at par totaling Tk. 1,000,000,000.00 as under:

Area of Utilization of IPO Fund	Amount in BDT	Implementation Schedule
Government Securities (20 Years Bond 40% 15 Years Bond 20% 10 Years Bond 20% 05 Years Bond 20%)	95,18,54,136.00	40% of the proceeds has been implemented as per schedule as published in the prospectus.
Estimated IPO Expenses	4,81,45,864.00	
IPO Proceed	100,00,00,000.00	

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

The Bank has gone for the Initial Public Offering (IPO) recently. There is no deteriorating financial result still now after the IPO of the Bank.

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

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

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

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

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

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

Statement of Remuneration to Directors including Independent Directors with Details of Meetings attended by the Board Members during the year 2020:

Name	Remuneration (Taka)	Remarks
Mr. S.M. Amzad Hossain	1,04,000.00	Attended Meetings-13 (Board)
Mr. Talukder Abdul Khaleque	1,84,000.00	Attended Meetings- 11 (Board), 01 (NRC) & 11 (EC)
Mr. Abdul Kadir Molla	1,04,000.00	Attended Meetings- 13 (Board)
Captain M. Moazzam Hossain	1,44,000.00	Attended Meetings- 13 (Board) & 01 (NRC) & 04 (RMC)
Begum Sufia Amjad	1,04,000.00	Attended Meetings- 13 (Board)
Mr. Abu Zafar Mohammad Shofiuddin	1,60,000.00	Attended Meetings- 12 (Board) & 08 (AC)
Engr. Md. Moklesur Rahman	1,68,000.00	Attended Meetings- 13 (Board), 01 (NRC), 07 (EC)
Al-Haj Mizanur Rahman	1,60,000.00	Attended Meetings- 13 (Board) & 07 (AC)
Mr. Hafizur Rahman Babu	80,000.00	Attended Meetings- 10 (Board)
Mr. Anwar Hussain	1,92,000.00	Attended Meetings- 13 (Board), 11 (EC)
Mrs. Tahmina Afroz	56,000.00	Attended Meetings- 07 (Board)
Mr. Sakawat Hussain Nominated by : Haji Shakhawat Anwara Eye Hospital	1,60,000.00	Attended Meetings- 13 (Board) & 07 (AC)
Mr. Sk. Shydujman	2,00,000.00	Attended Meetings- 13 (Board), 01 (NRC), 11(EC)
Mr. Mohammad Nawaz	2,16,000.00	Attended Meetings- 13 (Board) & 10 (EC), 04 (RMC)
Mr. Mohammed Ayub	1,20,000.00	Attended Meetings- 11 (Board) & 04 (RMC)
Mst. Nasima Begum	96,000.00	Attended Meetings- 12 (Board)
Dr. Syed Hafizur Rahman	2,00,000.00	Attended Meetings- 13 (Board) 04 (RMC) & 08 (AC)
Md. Sajidur Rahman	1,52,000.00	Attended Meetings- 10 (Board), 01 (NRC) & 08 (AC)
Ms. Kamrun Nahar	80,000.00	Attended Meetings- 08 (Board) & 02 (RMC) : Vacated by Bangladesh Bank
Total Remuneration	26,80,000.00	

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

The financial statements prepared by the management have presented fairly its state of affairs, the result of its operations, cash flows and changes in equity. Balance Sheet, Income Statement, Cash flow Statement and Statement of Changes in Equity etc. are presented in Annual Report under respective heads.

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

Financial Statements for the year ended on 31 December, 2020 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 2020 and accordingly Opinion of the External Auditor, Hoda Vasi Chowdhury & Co. has been incorporated in the report.

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

The bank is fully complied in keeping the proper books of accounts with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Details are disclosed in the



section 2.0 of notes of Financial Statements in the Auditors Report. In this regards External Auditor Hoda Vasi Chowdhury & Co., Chartered Accountants has provided their positive opinion in their report in the “Opinion Paragraph”.

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

Appropriate accounting policies have been consistently applied in preparation of the financial statements of the Bank and the accounting estimates are based on reasonable and prudent judgment. Estimates and underlying assumptions are reviewed on ongoing basis and any revisions to these are recognized in the period in which the estimate is revised and in any future period affected. The significant accounting policies applied and accounting estimates used for preparation of the financial statements of the Bank have been stated in details in notes of the Financial Statements 2020.

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

The financial statements of the bank as at 31st December, 2020 have been prepared on going concern basis under historical cost convention and in accordance with the “First Schedule” of the Bank Company Act, 1991 (amended up to 2018) and BRPD Circular No. 14, dated: 25th June, 2003, other Circulars of Bangladesh Bank, International Financial Reporting Standards (IFRS), International Accounting Standards (IASs), the Companies Act 1994, the Securities and Exchange Rules 1987, and other laws and rules applicable for Banks in Bangladesh. In case of any requirement of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and IFRS, the requirements of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank will prevail.

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

The bank has Board approved Internal Control and Compliance (ICC) Policy/Guidelines. The ICC Guidelines are being used to an effective internal control mechanism to safeguard shareholders’ investments, the depositors’ assets and other stakeholders’ interest as well. The Board retains the ultimate responsibility for its operations, though has delegated to the Audit Committee for the review of the adequacy and effectiveness of the system of internal controls. The Internal Control and Compliance practices of SBAC Bank Limited include- control environment, risk assessment, control activities, segregation & rotation of duties, accounting information and reconciliation, IT security and self-assessment/monitoring.

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

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

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

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

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

There are no significant doubts upon the Bank's ability to continue as a going concern. The financial statements of the Bank have been prepared on the assumption that the entity (i.e. SBAC Bank Limited) is a going concern and will continue operation in the foreseeable future. Hence, it is assumed that SBAC Bank Limited has neither intention nor the need to liquidate or curtail materially the scale of its operations. In this regard, a report on going concern assumption has been disclosed in page no. 126.

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

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

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

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

(Taka Fig in Million)					
Particulars	2020	2019	2018	2017	2016
1	2	3	4	5	6
Number of Branches	83	82	74	64	54
Number of ATMs	38	34	25	22	18
Total assets/Total Liabilities	88,403.45	84,564.01	70,661.31	58,940.78	45,599.98
Interest earning assets	75,928.42	73,970.20	63,003.66	53,613.97	41,243.62
Non interest earning assets	12,475.03	10,593.80	7,657.65	5,326.81	4,356.36
Paid up capital	6,846.46	6,224.05	5,658.23	4,985.22	4,334.98
Total shareholders' Equity	9,306.66	8,362.96	7,429.71	6,538.99	5,616.33
Total capital (Tier I +II)	9,269.90	8,371.06	7,827.83	7,012.70	5,821.62
Surplus/(deficit) capital	657.41	1,266.76	1,963.89	2,296.84	1,821.62
Capital to Risk Weighted Asset Ratio (CRAR)	13.45%	14.73%	15.85%	16.54%	18.59%
Total deposits	71,451.46	71,540.16	59,304.33	50,121.49	38,337.20
Total loans and advances	57,408.83	56,000.74	50,254.94	43,284.97	30,174.09
Total contingent liabilities and commitments	14,160.08	15,335.40	12,004.77	11,763.83	9,245.37



(Taka Fig in Million)					
Particulars	2020	2019	2018	2017	2016
1	2	3	4	5	6
Advance deposits ratio (%)	80.31%	78.21%	82.50%	83.99%	78.71%
Total Income	8,317.96	9,200.04	7,873.15	6,266.64	5,269.40
Total Expenses	6,860.29	6,930.86	5,839.31	4,447.35	3,749.51
Profit before tax and provision (Operating Profit)	1,457.67	2,269.18	2,033.84	1,819.29	1,519.88
Profit after tax and provision (Net Profit)	951.95	967.60	879.59	982.04	949.46
Total Export	15,469.72	17,060.41	16,399.66	11,710.17	8,760.31
Total Import	26,313.80	28,110.87	27,352.96	25,900.58	17,596.80
Total Remittance	4,030.92	4,563.65	4,319.98	2,354.23	1,199.76
Classified advance	3,567.96	3,408.95	991.66	375.25	NIL
Classified loans to advance ratio	6.22%	6.09%	1.97%	0.87%	NIL
Yield on Advance (%)	9.76%	12.88%	12.99%	12.03%	12.67%
Cost of fund (%)	9.45%	10.47%	10.41%	9.51%	9.47%
Net spread (%)	0.31%	2.41%	2.58%	2.52%	3.20%
Return on investment (ROI) (%)	13.64%	11.03%	13.67%	18.19%	18.17%
Return on Assets (ROA) (%)	1.10%	1.25%	1.36%	1.88%	2.31%
Return on Equity (ROE) (%)	10.78%	12.25%	12.40%	16.16%	18.09%
Earnings per share (EPS)	1.39	1.55	1.55	1.97	2.19
Net Asset Value Per Share	13.59	13.44	13.13	13.12	12.96
Number of Employees	886	869	801	716	696

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

The Board of Directors recommended 8.00% Dividend(s) (4.00% stock and 4.00% cash) for the year 2020 in it's 125th meeting held on September 7, 2021. The recommended dividend shall be finally approved in the 8th Annual General Meeting to be held on October 21, 2021.

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

No bonus share or stock dividend has been declared in 2020 as interim dividend or shall be declared as interim dividend for the 2021.

**(xxii) The total number of Board meetings held during the year and attendance by each director:
Meetings in 2020:**

During the year 2020, 13 Board Meetings, 11 Executive Committee Meetings, 08 Audit Committee Meetings and 04 Risk Management Committee Meeting, 01 NRC Meeting were held. Details of the participants are as follows:

Sl. No.	Name of Director	Meeting (2020)															Remarks
		Board			EC			AC			RMC			NRC			
		Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	
1	Mr. S.M. Amzad Hossain	13	13	0	-	-		-	-		-	-	-	-	-		
2	Mr. Talukder Abdul Khaleque	13	11	2	11	11	0	-	-		-	-	-	1	1	0	
3	Mr. Abdul Kadir Molla	13	13	0	-	-		-	-		-	-	-	-	-		
4	Captain M. Moazzam Hossain	13	13	0	-	-		-	-		4	4	0	1	1	0	
5	Begum Sufia Amjad	13	13	0	-	-		-	-		-	-	-	-	-		
6	Mr. Abu Zafar Mohammod Shofiuddin	13	12	1	-	-		8	8	0	-	-	-	-	-		
7	Engr. Md. Moklesur Rahman	13	13	0	11	7	4	-	-		-	-	-	1	1	0	
8	Al-Haj Mizanur Rahman	13	13	0	-	-	-	8	7	1	-	-	-	-	-		
9	Ms. Kamrun Nahar	13	8	5	-	-		-	-		4	2	2	-	-		
10	Mr. Hafizur Rahman Babu	13	10	3	-	-		-	-		-	-	-	-	-		
11	Mr. Anwar Hussain	13	13	0	11	11	0	-	-		-	-	-	-	-		
12	Mrs. Tahmina Afroz	13	07	06	-	-		-	-		-	-	-	-	-		
13	Mr. Sakhawat Hussain Nominated by : Haji Shakhawat Anwara Eye Hospital	13	13	0	-	-	-	8	7	1	-	-	-	-	-		
14	Mr. Sk. Shyedujjaman Nominated by: Moonstar ceramic industries Ltd.	13	13	0	11	11	0	-	-		-	-	-	1	1	0	
15	Mr. Mohammad Nawaz	13	13	0	11	10	1	-	-		4	4	0	-	-		
16	Mr. Mohammed Ayub	13	11	2	-	-		-	-		4	4	0	-	-		
17	Mst. Nasima Begum	13	12	1	-	-		-	-		-	-	-	-	-		
18	Dr. Syed Hafizur Rahman	13	13	0	-	-		8	8	0	4	4	0	-	-		
19	Md. Sajidur Rahman	13	10	3	-	-		8	8	0	-	-	-	1	1	0	

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

- Parent or Subsidiary or Associated Companies and other related parties (name-wise details): Nil
- Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)



Sl. No.	Name	Status	No. of Shares	Spouse & Minor Children	No. of Shares
1	Mr. S.M. Amzad Hossain	Chairman	22000000	Begum Sufia Amjad	22990000
				S. M. Ruhan Hossain	Nil
2	Mr. Talukder Abdul Khaleque	Independent Director & Vice-Chairman	Nil	Mrs. Habibun Nahar	Nil
3	Mr. Abdul Kadir Molla	Director	33482273	Mrs. Nasima Begum	Nil
4	Captain M. Moazzam Hossain	Director	34145600	Farzana Moazzam	Nil
5	Begum Sufia Amjad	Director	22990000	Mr. S.M. Amzad Hossain	22000000
				S. M. Ruhan Hossain	Nil
6	Mr. Abu Zafar Mohammod Shofiuddin	Director	33482273	Mrs. Afroza Sultana	Nil
				A Z M Sahib Quader	Nil
7	Mst. Nasima Begum Nominated by: Thermax Textile Mills Ltd.	Director	Nil	Mr. Abdul Kadir Molla	33482273
8	Engr. Md. Moklesur Rahman	Director	33482273	Mrs. Quamrun Nahar	Nil
9	Mr. Hafizur Rahman Babu	Director	25111704	Mrs. Nasima Rahman Nipa	Nil
				Nusaiba Rahman Raita	Nil
10	Mr. Anwar Hussain	Director	15785284	Mrs. Fadia Naz	Nil
11	Mrs. Tahmina Afroz	Director	33482273	Mr. Anwer Hossain Khan	Nil
				Adil Mohammad Khan Akash	Nil
12	Al-Haj Mizanur Rahman	Director	24200000	Mrs. Razia Rahman	Nil
13	Mr. Sk. Shyedujjaman Nominated by: Moonstar Ceramic Industries Ltd.	Director	2746700	Sadnam Sadiana	1373350
				Suhain Maisah Zaman	Nil
				Mashiyat Safeerah Shiza	Nil
14	Mr. Sakhawat Hussain Nominated by: Haji Shakhawat Anwara Eye Hospital Ltd.	Director	Nil	Ms. Rokeya Begum	Nil
15	Mr. Mohammad Nawaz	Director	20495351	Ms. Sufia Begum	8969047
				Mohammad Nuh Yaseen	Nil
				Sanowara Siddiq	Nil
				Mohammad Farook Nawaz	Nil
16	Mr. Mohammed Ayub	Director	27988873	Mrs. Shalina Islam Chowdhury	Nil
17	Dr. Syed Hafizur Rahman	Independent Director	Nil	Ms. Parveen Akter Banu	Nil
18	Mr. Md. Sajidur Rahman	Independent Director	Nil	Ms. Humaira Ayesha Khan	Nil
				Irvan Kaiser Rahman	Nil
19	Mr. Mohammad Moqbul Hossain Bhuiyan	Independent Director	Nil	Ayesha Khatun	Nil
				Anupama Hossain	Nil
20	Mr. Mosleh Uddin Ahmed	Managing Director & CEO	Nil	Ms. Luna Sharmin	Nil
				Rudita Sayan	Nil
				Zahin Tanzib	Nil
21	Mr. Md. Masoodur Rahman FCA	SVP & CFO	Nil	Mrs. Sumson Naher	Nil
				Nuraz Mustaneer Rahman	Nil
22	Mr. Md. Mokaddess Ali ACS	SVP & Company Secretary	Nil	Mrs. Hasna Hena	Nil
				Anima Mehranj Mehrin	Nil
				Hasnine Farhad	Nil
23	Mr. Md. Abdul Mannan	Head of ICCD	Nil	Ms. Habsa Begum	Nil
				Mashia Ahlam	Nil
				Naifa Ahlam	Nil

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

SL. No.	Name	Status	No. of Shares
1	Mr. M Shamsul Arefin	AMD	Nil
2	Mr. Mohammed Salim Chowdhury	DMD	Nil
3	Md. Mamunur Rashid Molla	DMD	Nil
4	Mr. Md. Altaf Hossain Bhuyan	DMD	Nil
5	Mr. Md. Nurul Azim	SEVP	Nil

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

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

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

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

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

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

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

Management’s Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company’s position and operations along with a brief discussion of changes in the financial statements, among others, focusing on the above issues has been published in the page no. 45-48 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. 45-64, those shall be explained to the shareholders in the next AGM.

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

Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) has been disclosed as per **Annexure-A** in page no. 258.

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

The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 has been disclosed as per **Annexure-B** and **Annexure-C** in the page no. 136 & 154-181.



Information To The Stakeholders

Dividend Distribution Policy

Introduction:

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

Purpose:

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

Process of Distribution of Dividend:

Manner and procedures of Cash dividend payment:

- 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 BEFTN);
- 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;

Manner and procedure of stock dividend distribution:

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

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

Issuance of Bonus Share:

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

Time line for dividend pays off:

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

Unpaid or unclaimed of unsettled cash dividend:

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

Unpaid or unclaimed of unsettled stock dividend:

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

Tax matters:

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

Amendments / Modifications:

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

Disclosure Policy:

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

Summary of Unclaimed Dividend:

As of 31.12.2020 there is no unclaimed dividend.

Dividend & Stock Details

Dividends-2019

Particulars		Date
7 th Annual General Meeting	Notice Date	27.07.2020
	Record/ Book Closure Date	26.07.2020
Holding of 7 th Annual General Meeting	Held on	18 th August 2020
Cash Dividend	N/A	N/A
Stock Dividend (At 10.00%)	Date of Disbursement	17 th September 2020

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	N (Banks)	N (Banks)
Electronic Share	YES	YES
Face Value	Tk. 10.00	Tk. 10.00
Market Value (As on 06.09.2021)	22.30 (per share)	22.40 (per share)

Financial Calendar-2020

Quarterly Results	As of	Earnings Per Share (EPS)
Unaudited result for 1st quarter ended	31.03.2020	1.44
Unaudited result for 2 nd quarter ended	30.06.2020	1.09
Unaudited result for 3 rd quarter ended	30.09.2020	0.99



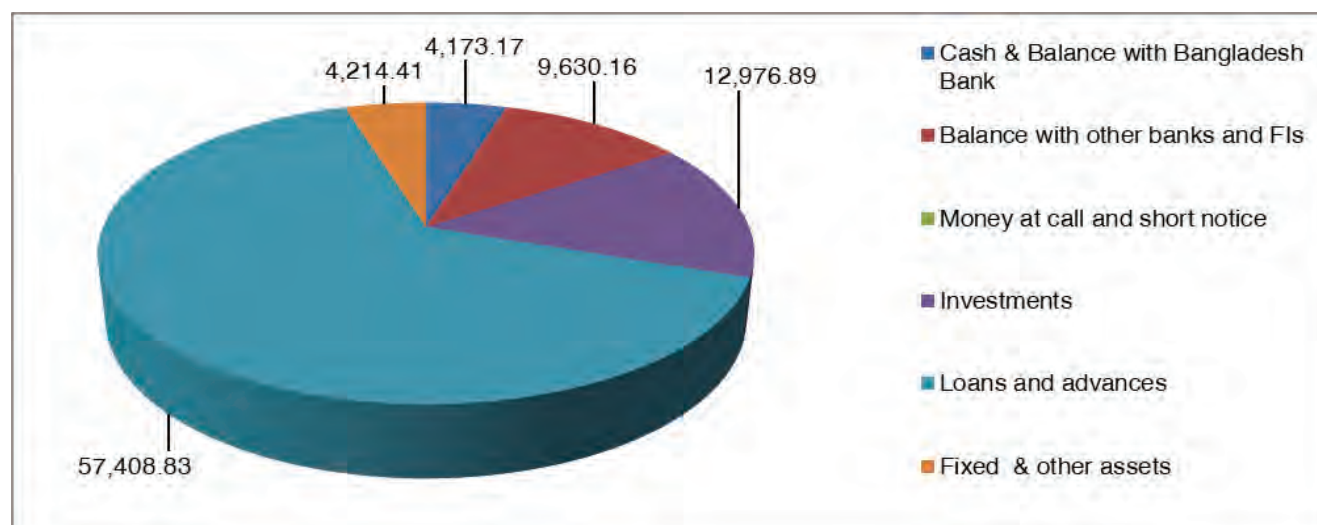
Graphical Presentation of Financial Performance

Total Assets

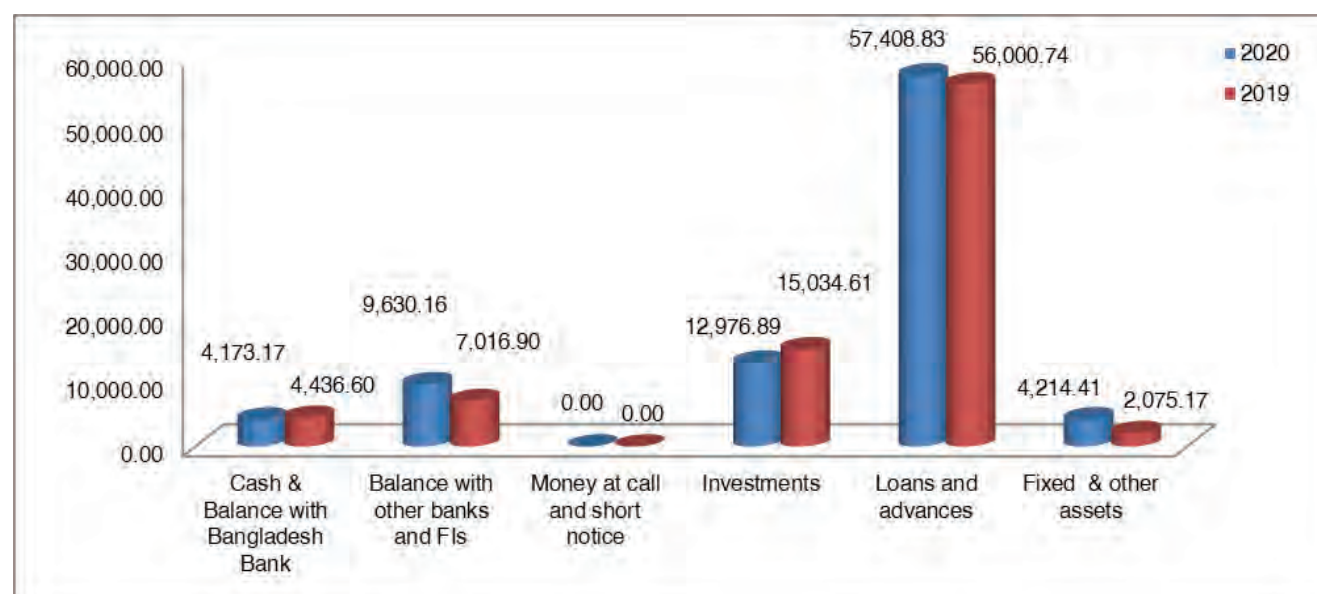
(Fig. Million Taka)

Particulars	2020	2019	Growth (%)
Cash & Balance with Bangladesh Bank	4,173.17	4,436.60	-5.94%
Balance with other banks and FIs	9,630.16	7,016.90	37.24%
Money at call and short notice	0.00	0.00	-
Investments	12,976.89	15,034.61	-13.69%
Loans and advances	57,408.83	56,000.74	2.51%
Fixed & other assets	4,214.41	2,075.17	103.09%
Total Assets	88,403.45	84,564.01	4.54%

Total Assets as on 31.12.2020



Comparison of Assets in 2020 & 2019



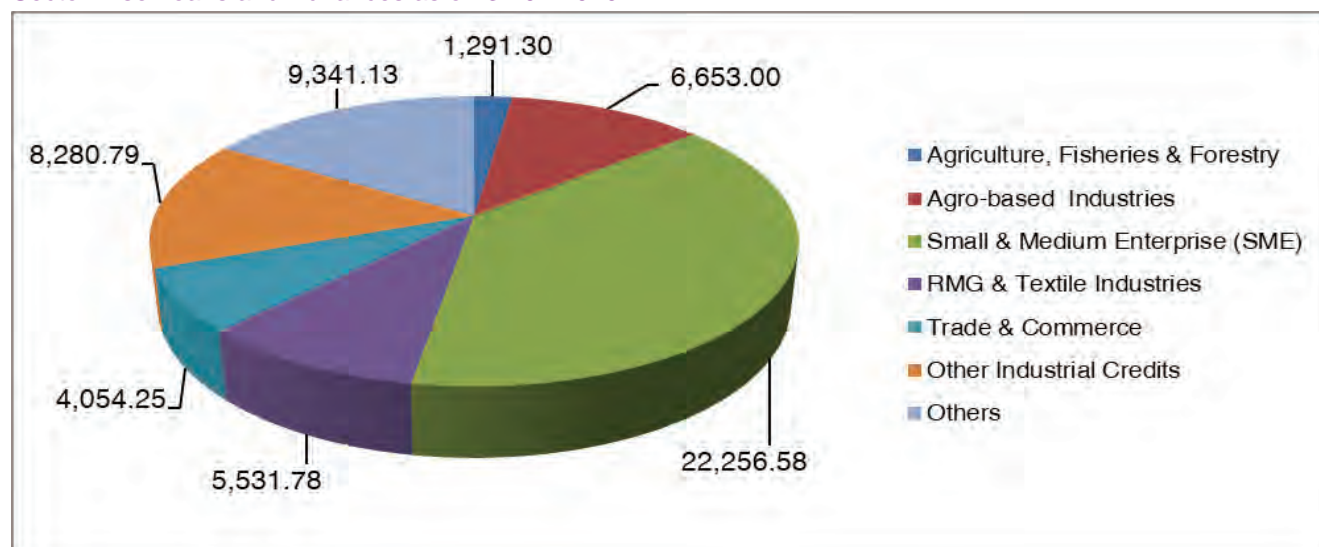
Loans and Advances

i) Sector wise Loans and Advances

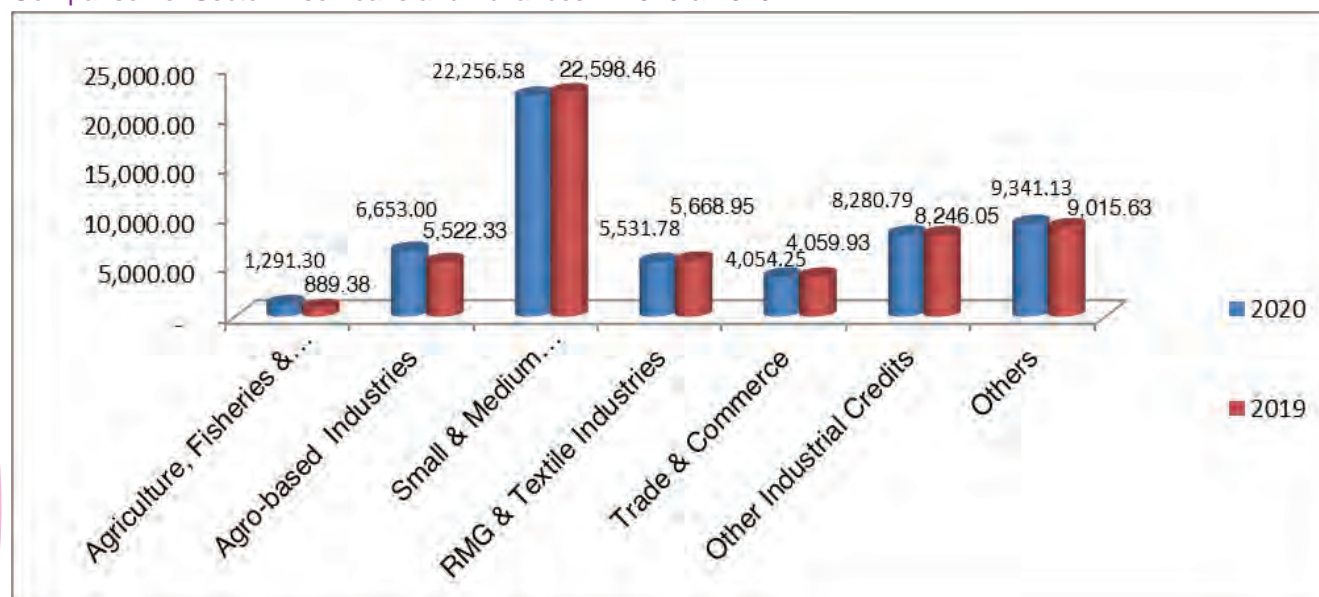
(Fig. Million Taka)

Particular of Sectors	2020	2019	Growth (%)
Agriculture, Fisheries & Forestry	1,291.30	889.38	45.19%
Agro-based Industries	6,653.00	5,522.33	20.47%
Small & Medium Enterprise (SME)	22,256.58	22,598.46	-1.51%
RMG & Textile Industries	5,531.78	5,668.95	-2.42%
Trade & Commerce	4,054.25	4,059.93	-0.14%
Other Industrial Credits	8,280.79	8,246.05	0.42%
Others	9,341.13	9,015.63	3.61%
Total	57,408.83	56,000.74	2.51%

Sector wise Loans and Advances as on 31.02.2020



Comparison of Sector wise Loans and Advances in 2020 & 2019



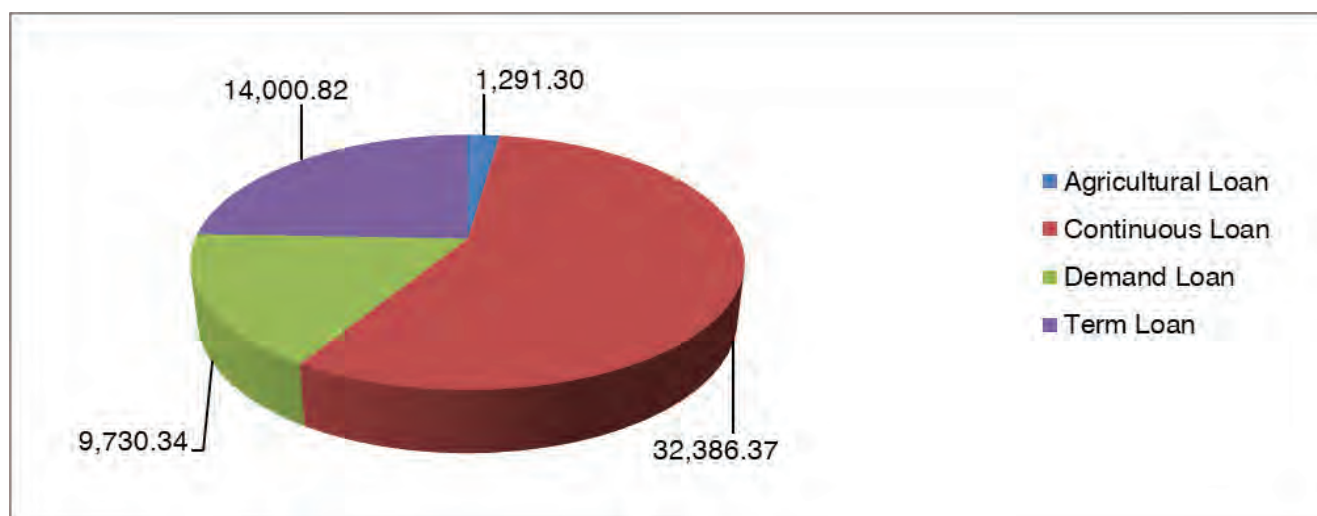


ii) Category wise Loans and Advances

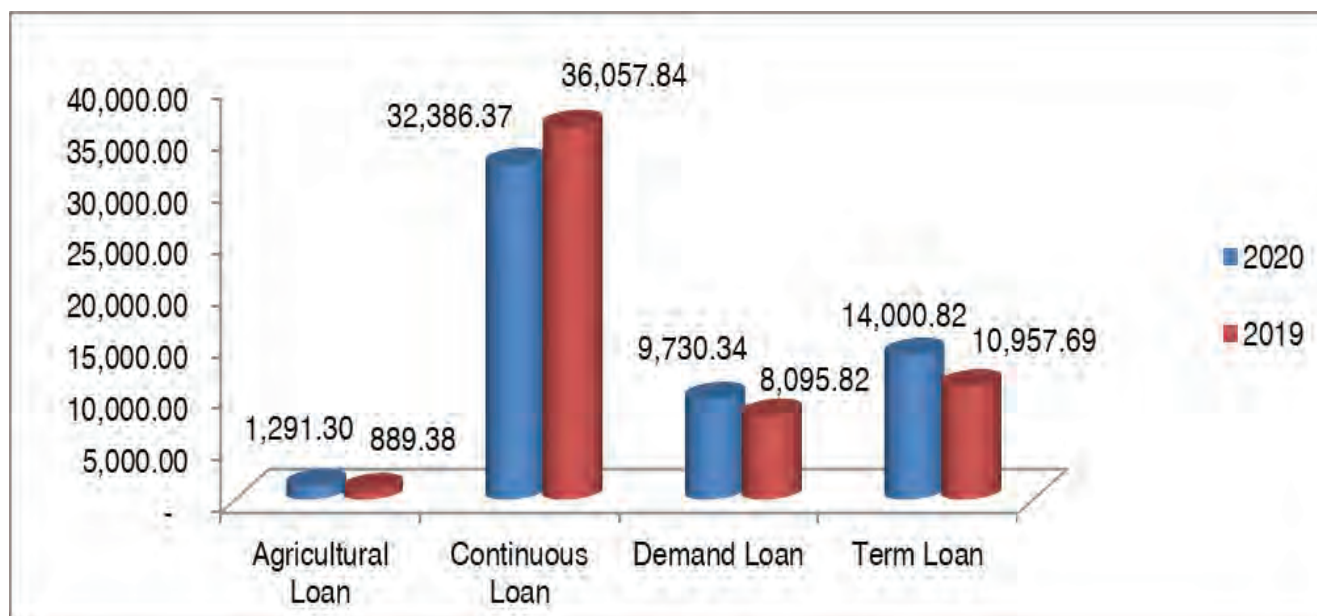
(Fig. Million Taka)

Category of Loans and Advances	2020	2019	Growth (%)
Agricultural Loan	1,291.30	889.38	45.19%
Continuous Loan	32,386.37	36,057.84	-10.18%
Demand Loan	9,730.34	8,095.82	20.19%
Term Loan	14,000.82	10,957.69	27.77%
Total	57,408.83	56,000.74	2.51%

Category wise Loans and Advances as on 31.12.2020



Comparison of Category wise Loans and Advances in 2020 & 2019

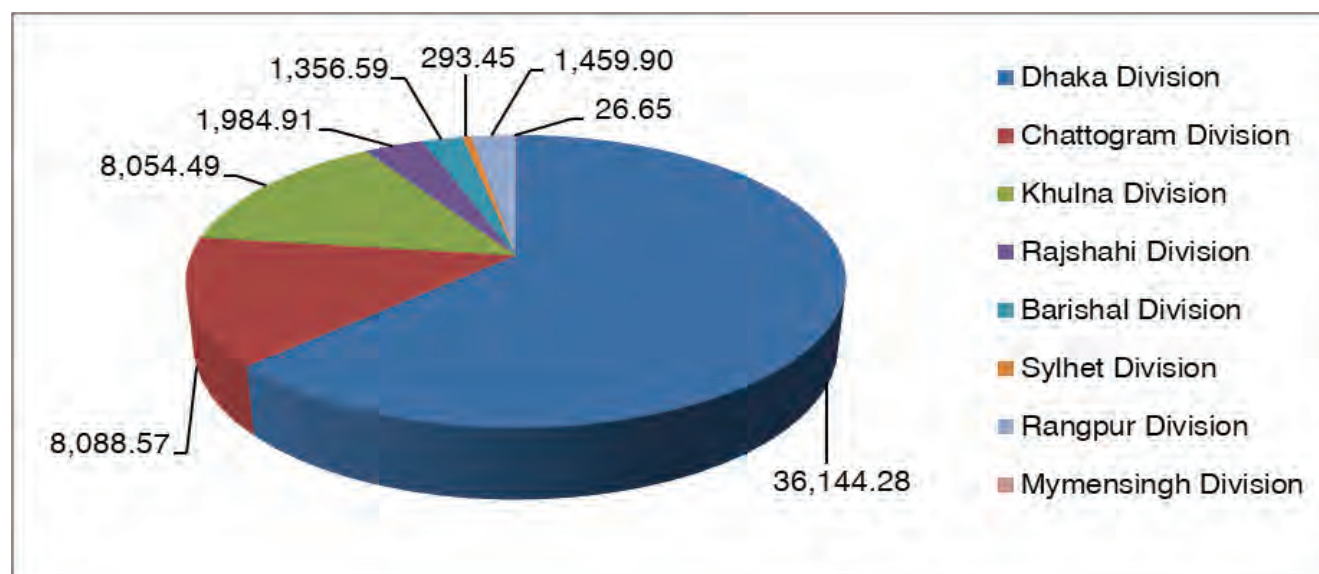


iii) Division wise Loans and Advances

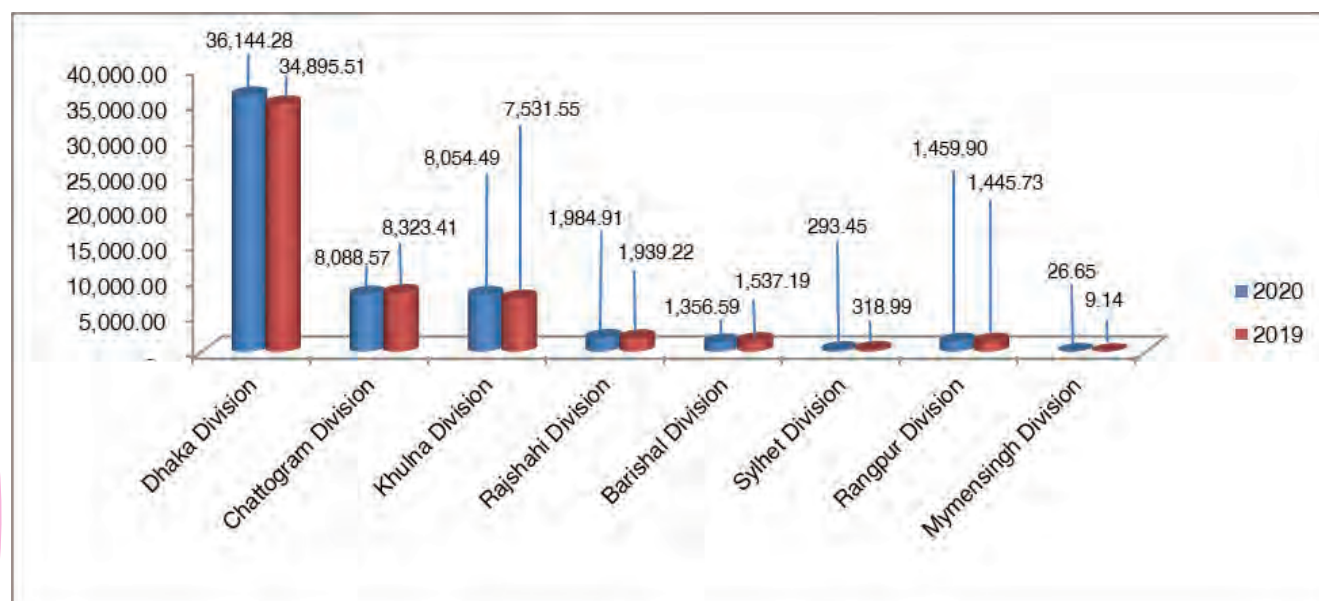
(Fig. Million Taka)

Name of Division	2020	2019	Growth (%)
Dhaka Division	36,144.28	34,895.51	3.58%
Chattogram Division	8,088.57	8,323.41	-2.82%
Khulna Division	8,054.49	7,531.55	6.94%
Rajshahi Division	1,984.91	1,939.22	2.36%
Barishal Division	1,356.59	1,537.19	-11.75%
Sylhet Division	293.45	318.99	-8.01%
Rangpur Division	1,459.90	1,445.73	0.98%
Mymensingh Division	26.65	9.14	191.55%
Total	57,408.83	56,000.74	2.51%

Division wise Loans and Advances as on 31.12.2020



Comparison of Division wise Loans and Advances in 2020 & 2019



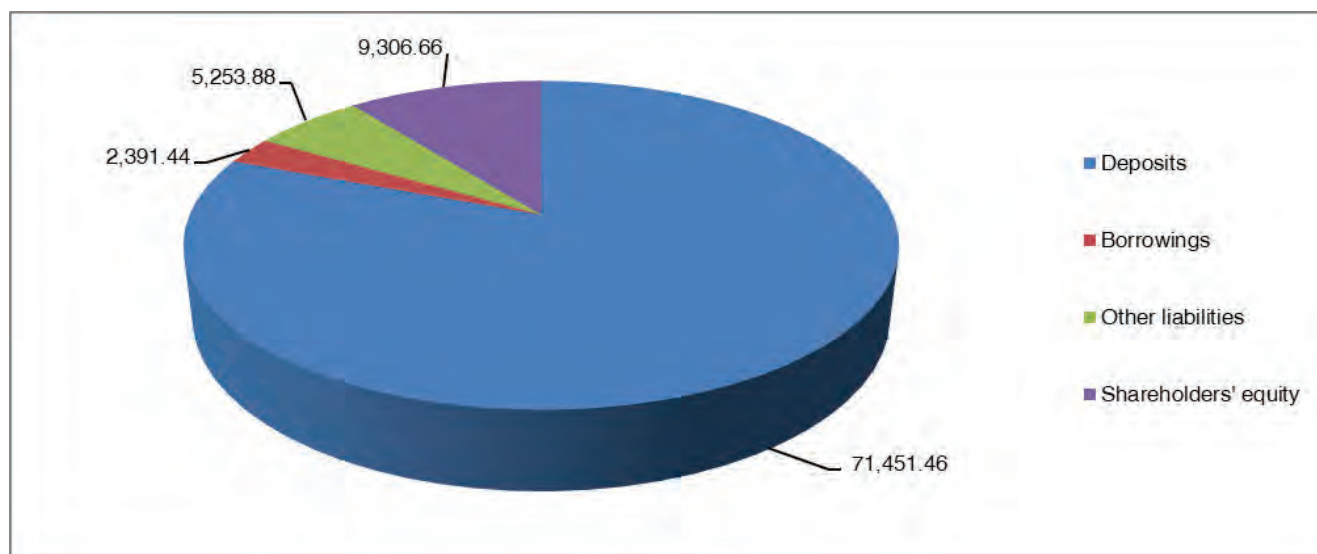


Total Liabilities

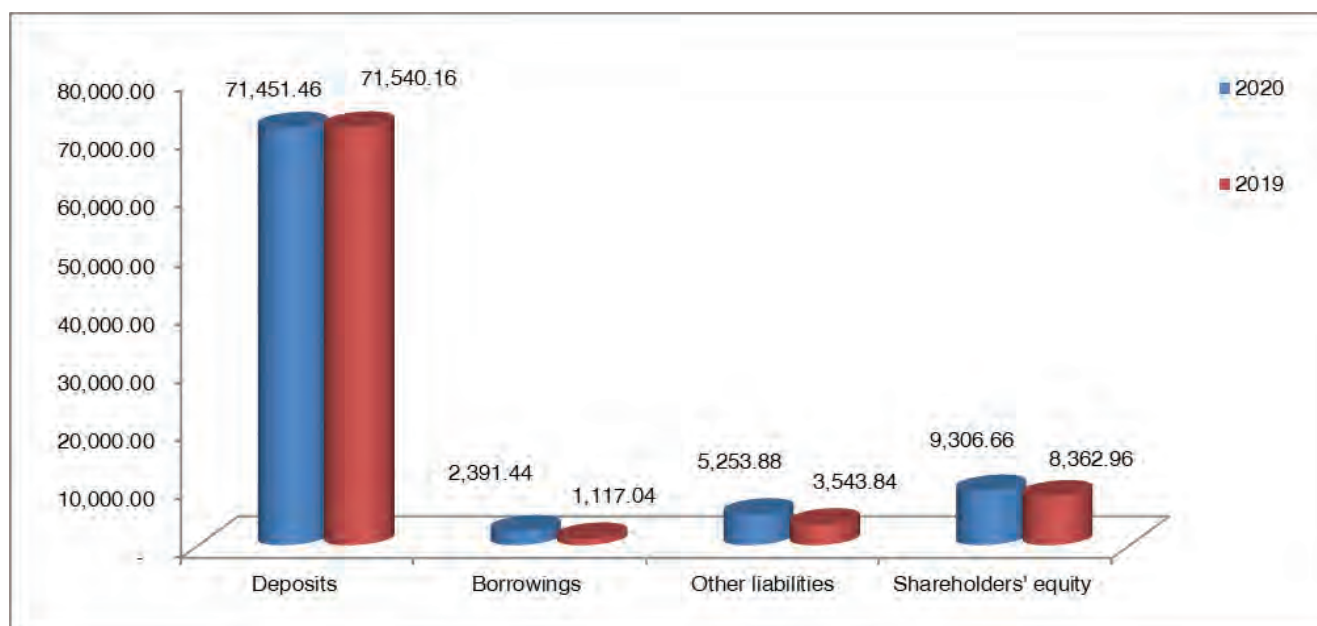
(Fig. Million Taka)

Particulars	2020	2019	Growth (%)
Deposits	71,451.46	71,540.16	-0.12%
Borrowings	2,391.44	1,117.04	114.09%
Other liabilities	5,253.88	3,543.84	48.25%
Shareholders' equity	9,306.66	8,362.96	11.28%
Total liabilities	88,403.45	84,564.01	4.54%

Total Liabilities as on 31.12.2020



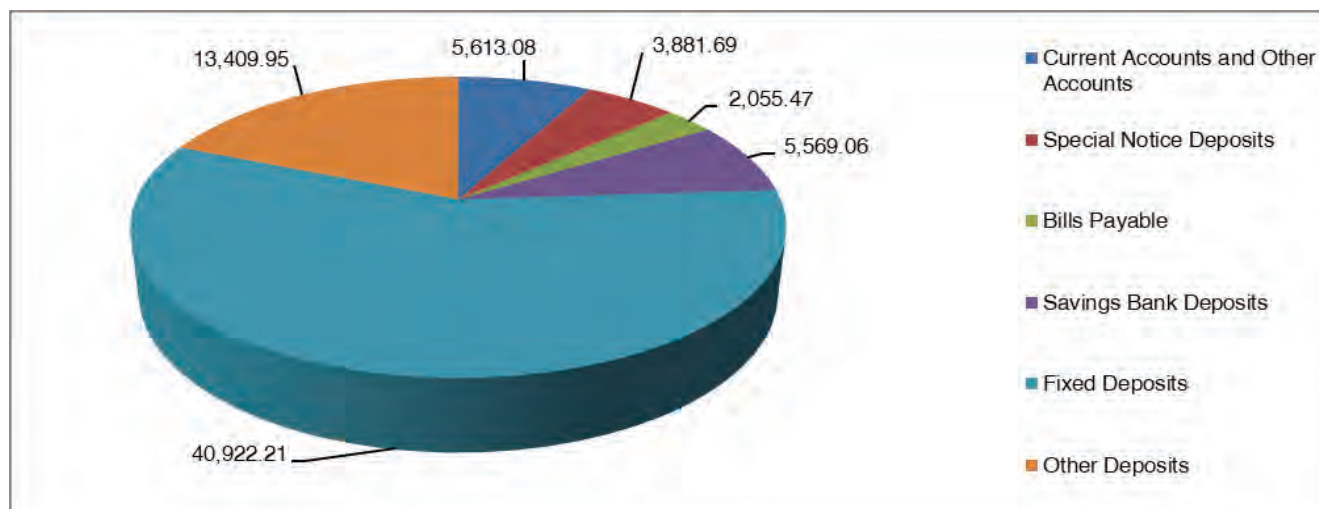
Comparison of Liabilities in 2020 & 2019



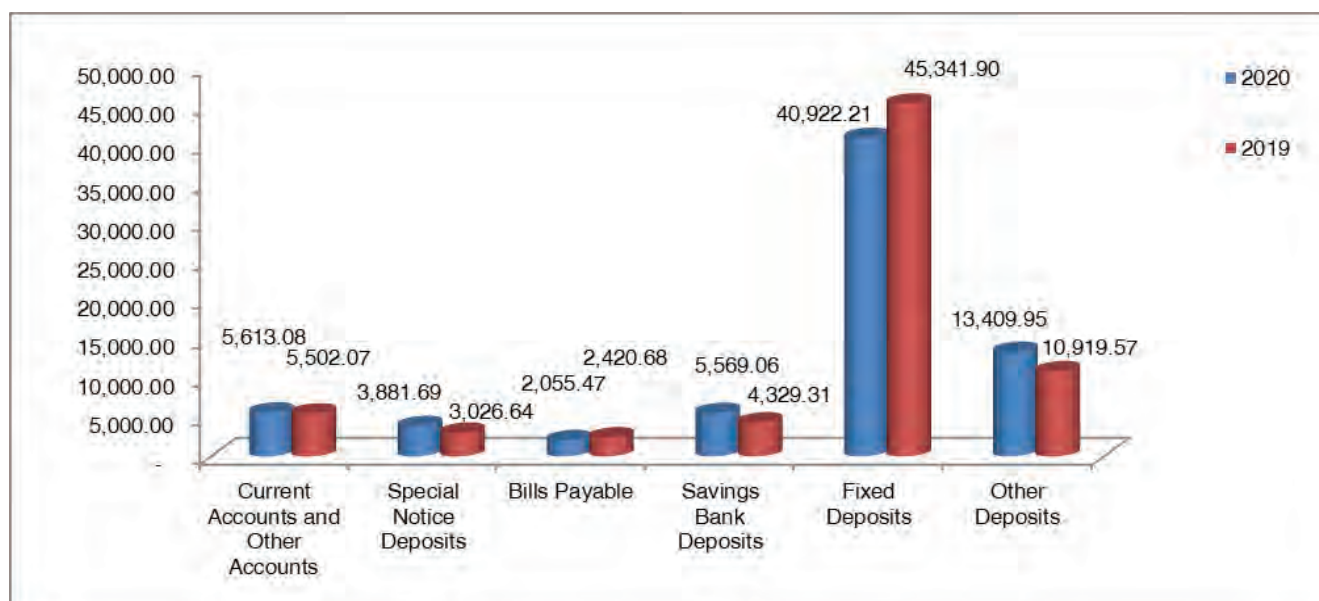
Deposits:

Types of Deposit	Outstanding Taka in Million		Growth (%)	Deposit Mix (%)	
	2020	2019		2020	2019
Current Accounts and Other Accounts	5,613.08	5,502.07	2.02%	7.86%	7.69%
Special Notice Deposits	3,881.69	3,026.64	28.25%	5.43%	4.23%
Bills Payable	2,055.47	2,420.68	-15.09%	2.88%	3.38%
Savings Bank Deposits	5,569.06	4,329.31	28.64%	7.79%	6.05%
Fixed Deposits	40,922.21	45,341.90	-9.75%	57.27%	63.38%
Other Deposits	13,409.95	10,919.57	22.81%	18.77%	15.26%
Total	71,451.46	71,540.16	-0.12%	100.00%	100.00%

Deposit Mix as on 31.12.2020



Comparison of Deposit Mix in 2020 & 2019



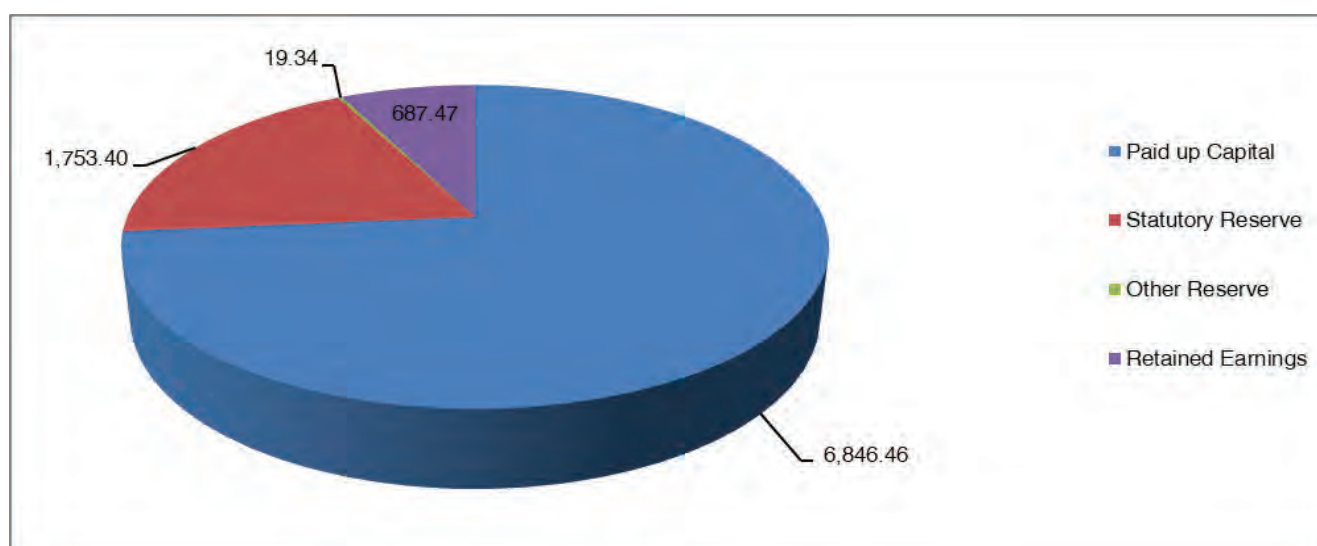


Shareholders' Equity:

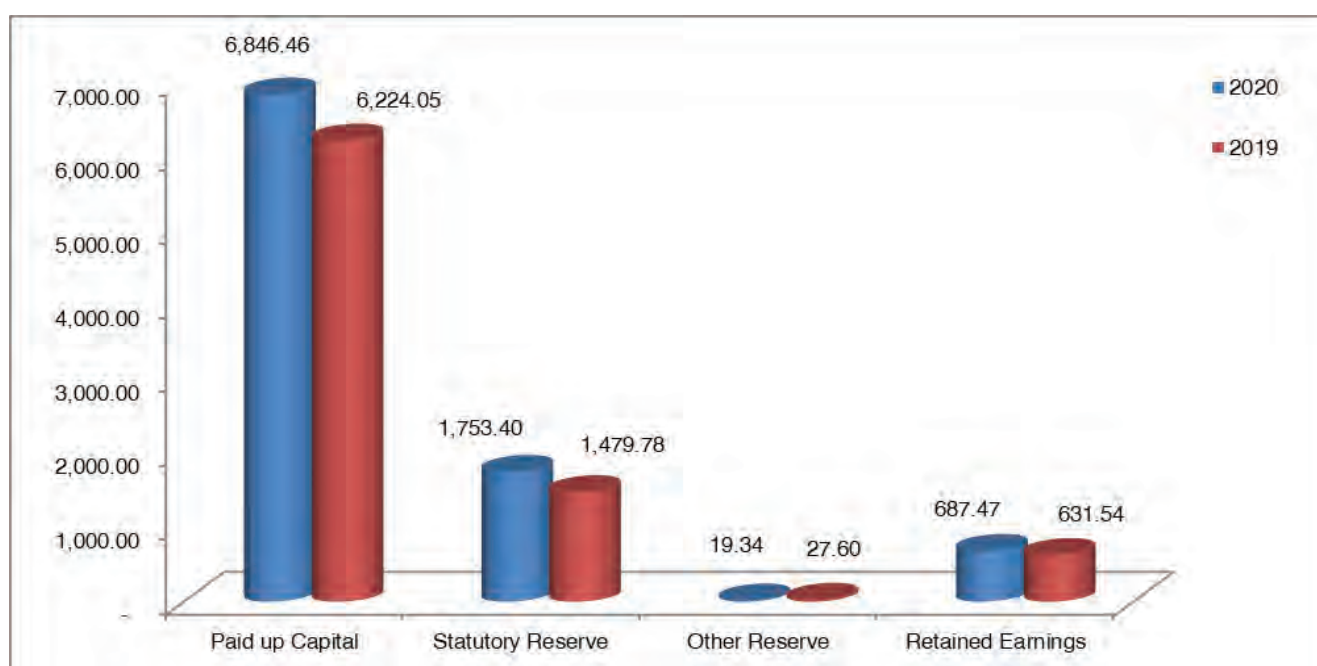
(Fig. Million Taka)

Particulars	2020	2019	Growth (%)
Paid up Capital	6,846.46	6,224.05	10.00%
Statutory Reserve	1,753.40	1,479.78	18.49%
Other Reserve	19.34	27.60	-29.92%
Retained Earnings	687.47	631.54	8.86%
Total Shareholders' equity	9,306.66	8,362.96	11.28%

Shareholders' Equity as on 31.12.2020



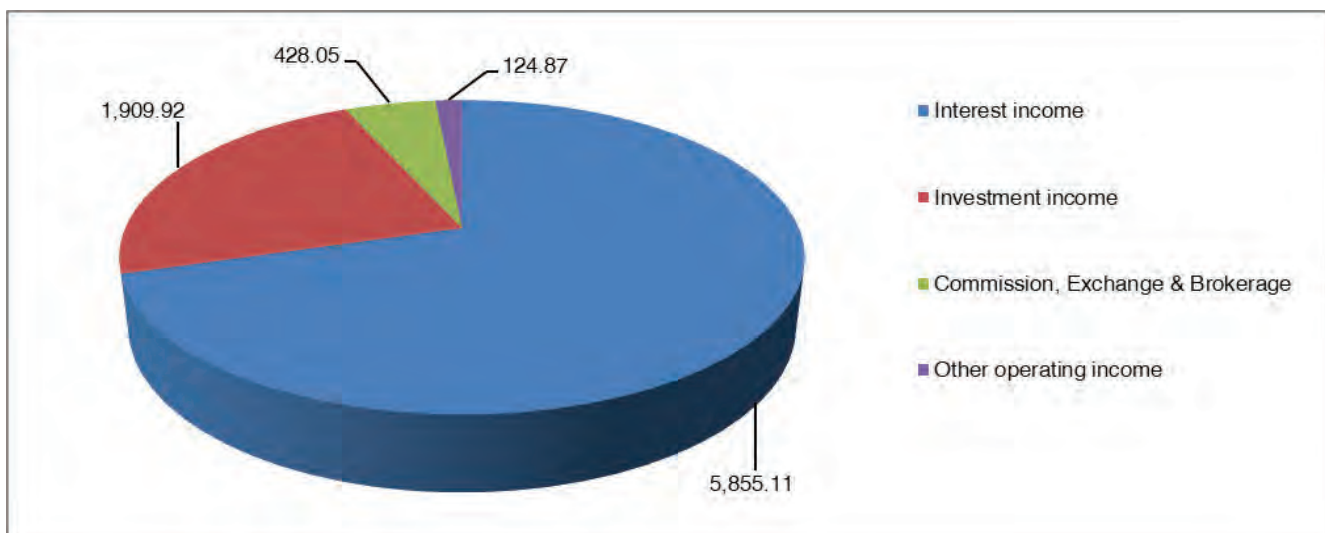
Comparison of Shareholders' Equity in 2020 & 2019



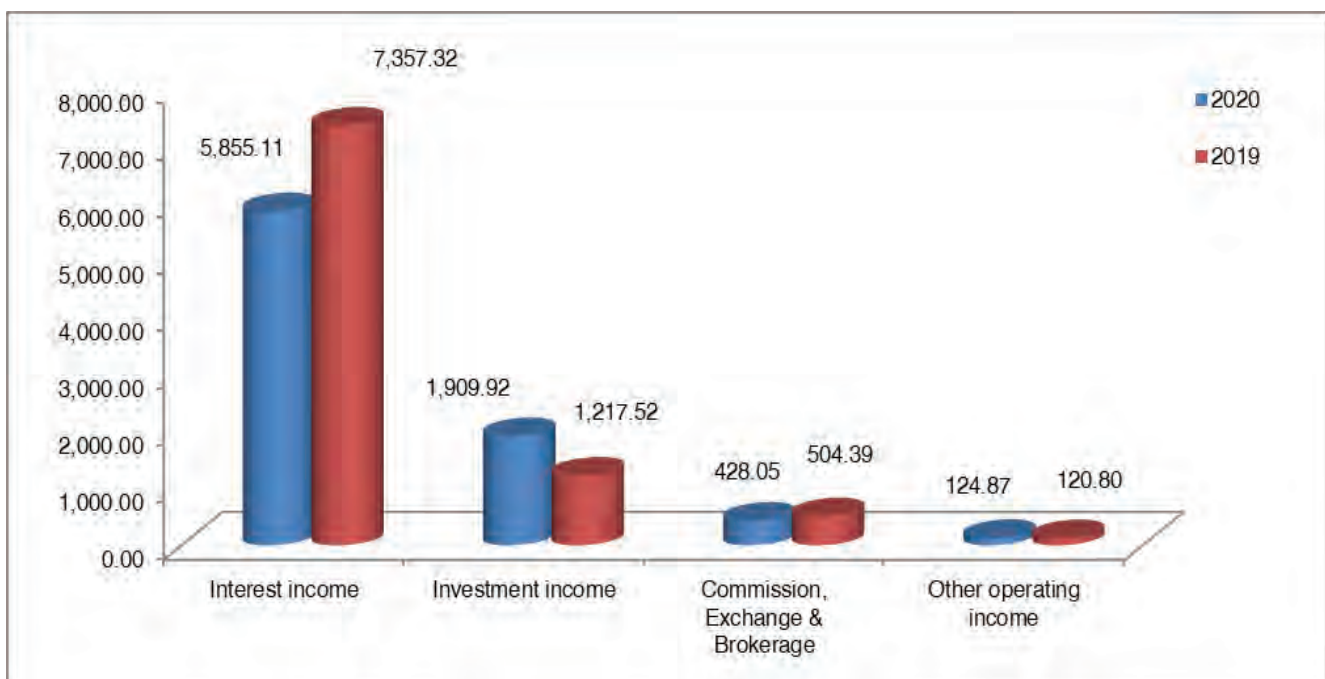
Total Income:

Types of Income	Amount in Million Taka		Growth (%)	Income Mix (%)	
	2020	2019		2020	2019
Interest income	5,855.11	7,357.32	-20.42%	70.39%	79.97%
Investment income	1,909.92	1,217.52	56.87%	22.96%	13.23%
Commission, Exchange & Brokerage	428.05	504.39	-15.13%	5.15%	5.48%
Other operating income	124.87	120.80	3.37%	1.50%	1.31%
Total income	8,317.96	9,200.04	-9.59%	100.00%	100.00%

Total Income as on 31.12.2020



Comparison of Total Income in 2020 & 2019

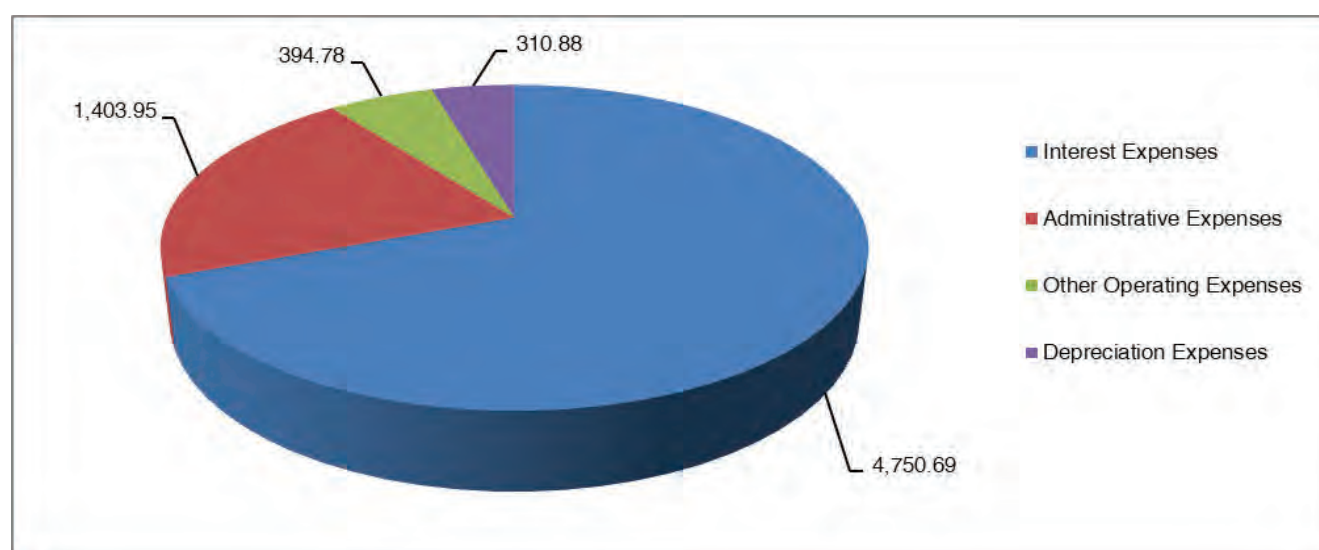




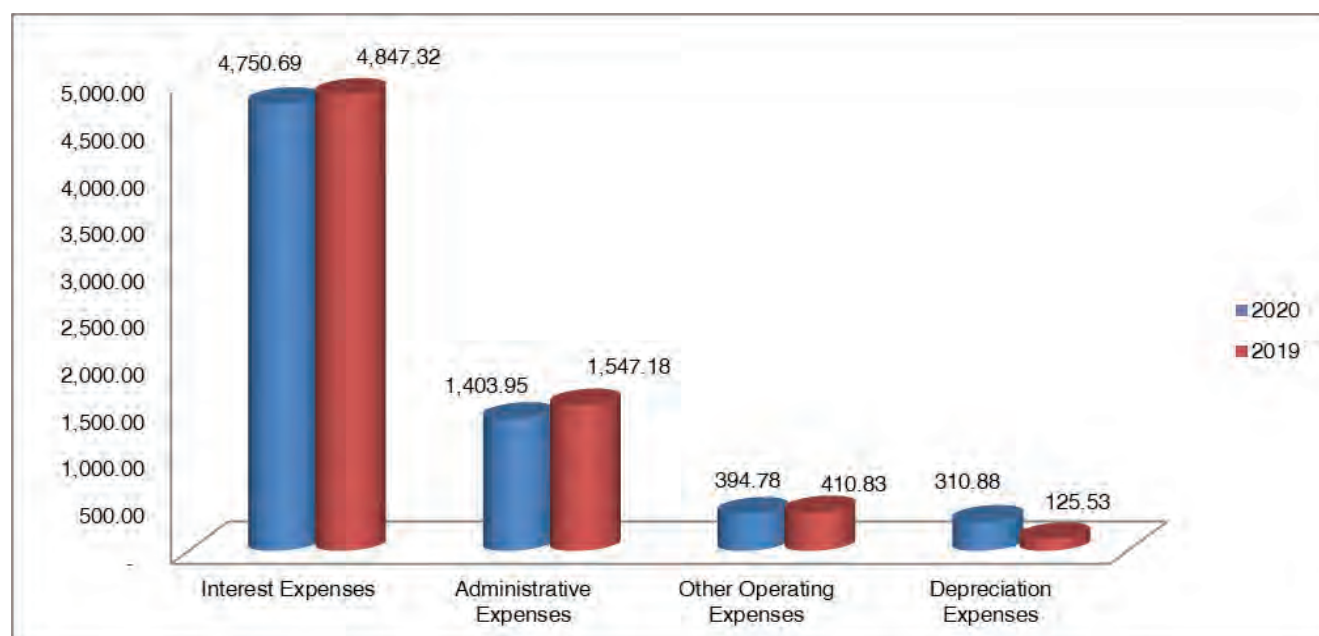
Total Expenses:

Types of Expense	Amount in Million Taka		Growth (%)	Expense Mix (%)	
	2020	2019		2020	2019
Interest Expenses	4,750.69	4,847.32	-1.99%	69.25%	69.94%
Administrative Expenses	1,403.95	1,547.18	-9.26%	20.46%	22.32%
Other Operating Expenses	394.78	410.83	-3.91%	5.75%	5.93%
Depreciation Expenses	310.88	125.53	147.66%	4.53%	1.81%
Total Expenses	6,860.29	6,930.86	-1.02%	100.00%	100.00%

Total Expenses as on 31.12.2020



Comparison of Expenses in 2020 & 2019

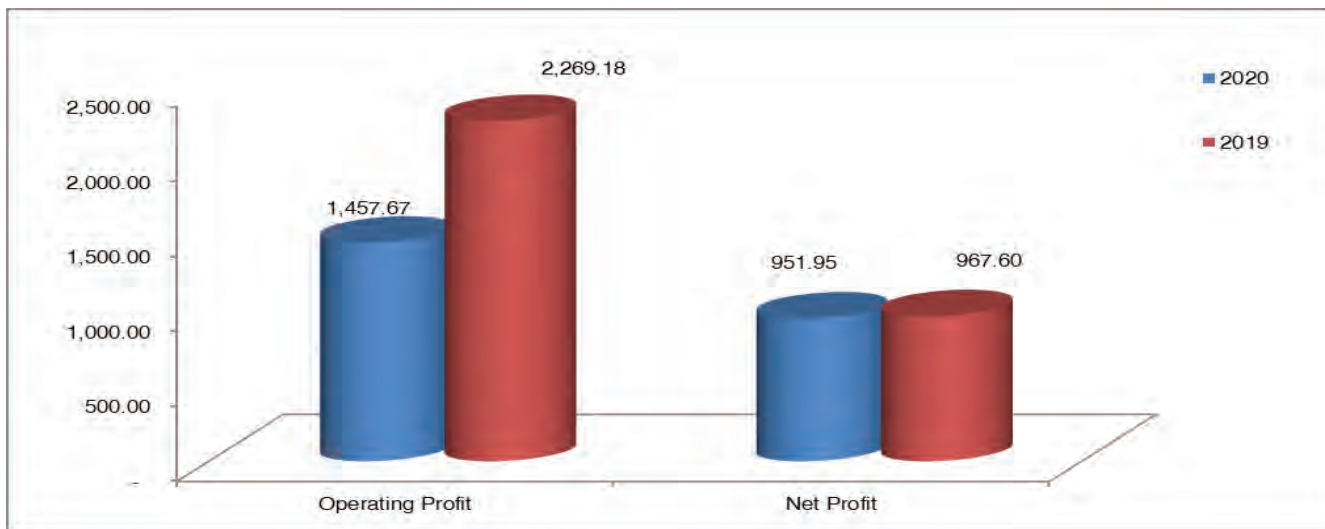


Profitability :

(Fig. Million Taka)

Particulars	2020	2019	Growth (%)
Operating Profit	1,457.67	2,269.18	-35.76%
Net Profit	951.95	967.60	-1.62%

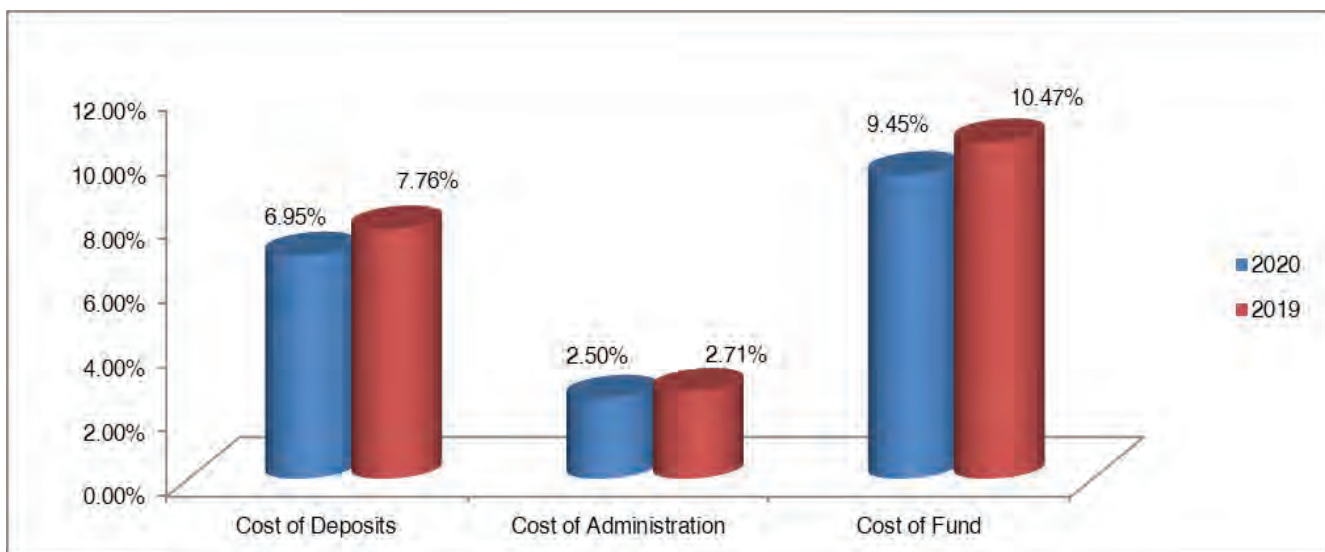
Comparison of Profitability in 2020 & 2019



Average Cost of Funds :

Particulars	2020	2019	Changes (%)
Cost of Deposits	6.95%	7.76%	-0.81%
Cost of Administration	2.50%	2.71%	-0.21%
Cost of Fund	9.45%	10.47%	-1.02%

Comparison of Cost of Deposits, Cost of Administration & Cost of Fund in 2020 & 2019

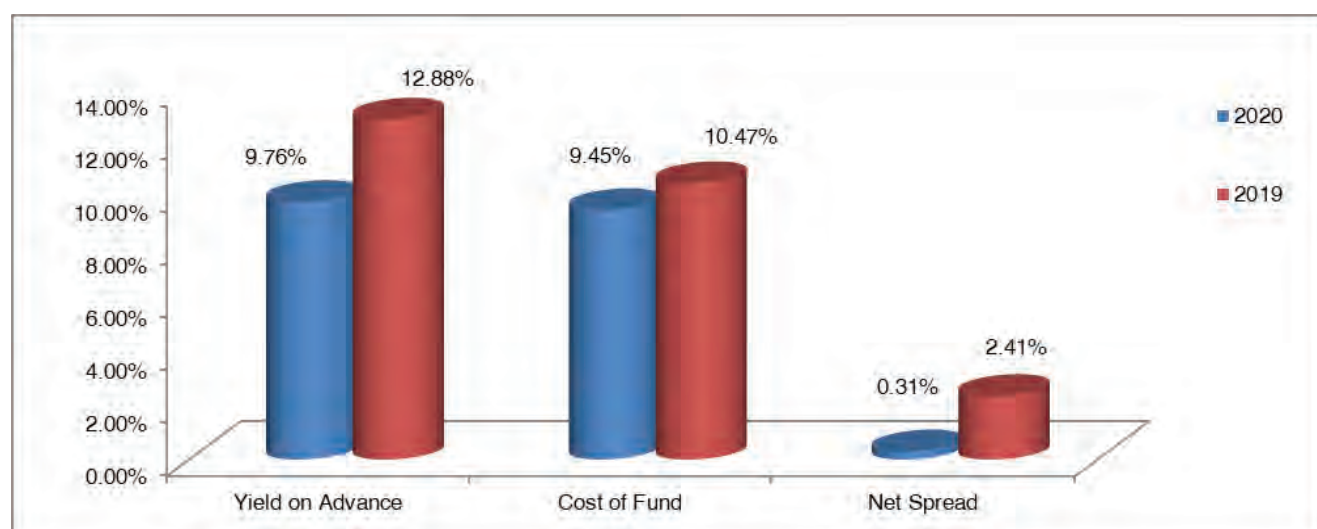




Net Spread:

Particulars	2020	2019
Yield on Advance	9.76%	12.88%
Cost of Fund	9.45%	10.47%
Net Spread	0.31%	2.41%

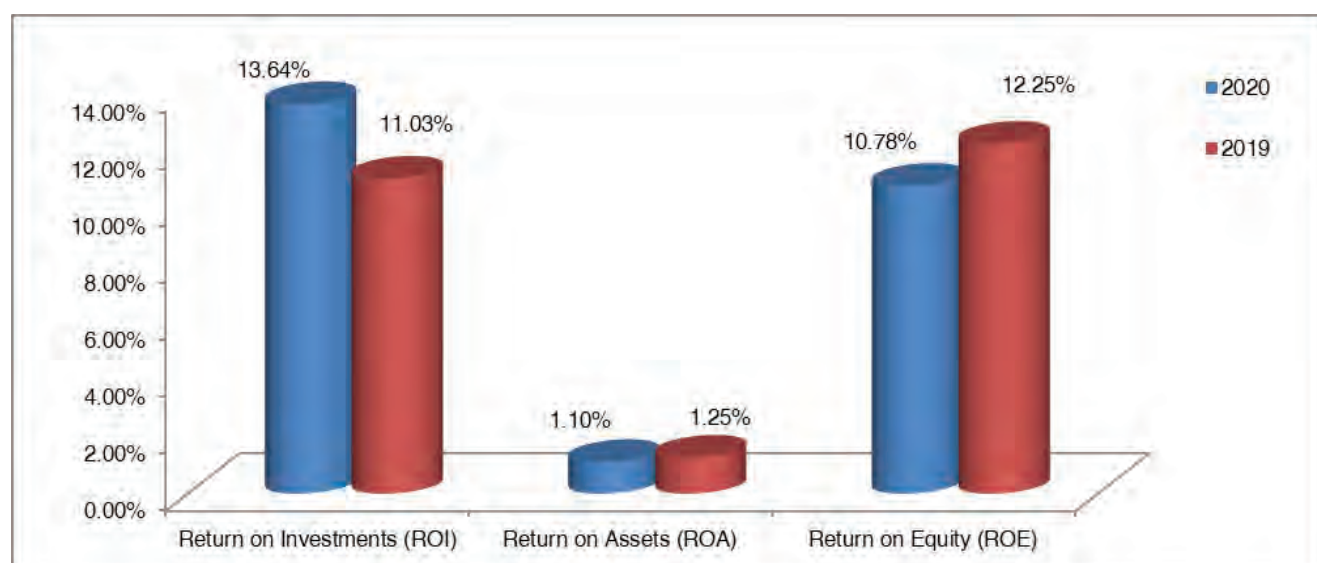
Comparison of Yield on Advances, Cost of Funds & Net Spread in 2020 & 2019



Rate of Returns:

Particulars	2020	2019
Return on Investments (ROI)	13.64%	11.03%
Return on Assets (ROA)	1.10%	1.25%
Return on Equity (ROE)	10.78%	12.25%

Comparison of Returns in 2020 & 2019

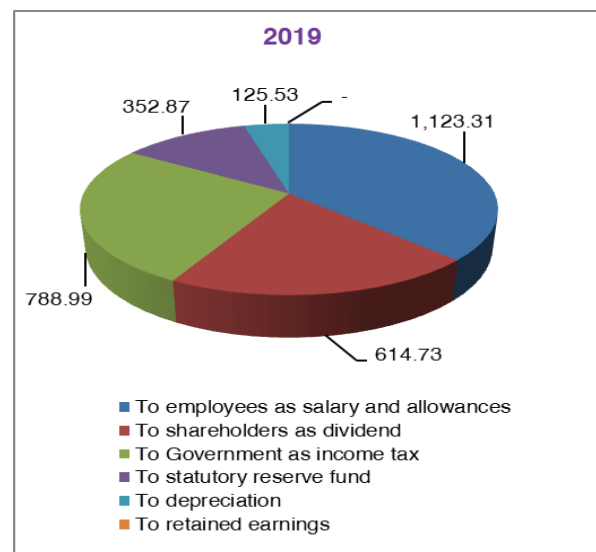
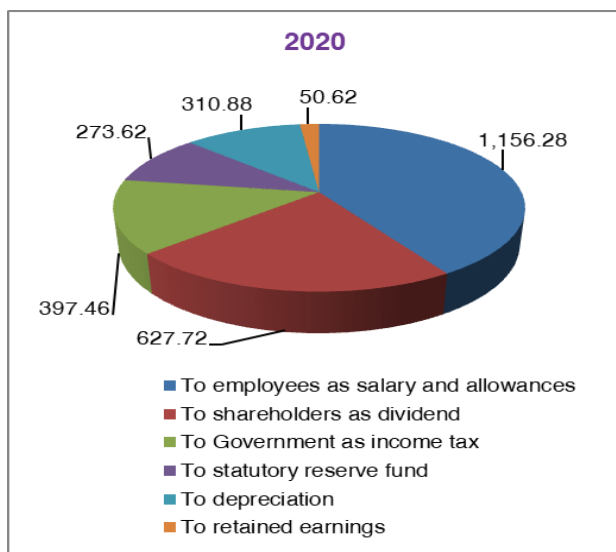


Value Added Statement

Value added is the wealth accretion made by South Bangla Agriculture & Commerce Bank Limited through providing banking and other financial services. Value created from the income from banking services and other financial services is the excess of cost of service rendered. The value added statement shows the total wealth created, how it was distributed to meet certain obligations, reward to those who have created it and portion retained for continuing operation and expansion of the bank. The value added statement of the bank for the year ended 31 December 2020 is given below:

Fig. in million

	2020 Taka	%	2019 Taka	%
Value Created				
Income from Banking Services	8,317.96		9,200.04	
Less: Cost of services & Supplies	5,393.14		5,682.03	
Value added by banking service	2,924.82		3,518.01	
Provision for deferred tax	(18.37)		(7.76)	
Provision for loans & other assets	(89.88)		(504.83)	
	2,816.57		3,005.43	
Value distributed				
To employees as salaries & allowances	1,156.28	41.05%	1,123.31	37.38%
To shareholders as dividend (Proposed)	627.72	22.21%	614.73	20.45%
To Government as income tax	397.46	14.11%	788.99	26.25%
	2,181.45	77.45%	2,527.03	84.08%
Value retained (to maintain and continue operations)				
Statutory reserve	273.62	9.71%	352.87	11.74%
Depreciation	310.88	11.04%	125.53	4.18%
Retained earnings	50.62	1.80%	-	0.00%
	635.12	22.55%	478.40	15.92%
	2,816.57	100.00%	3,005.43	100.00%





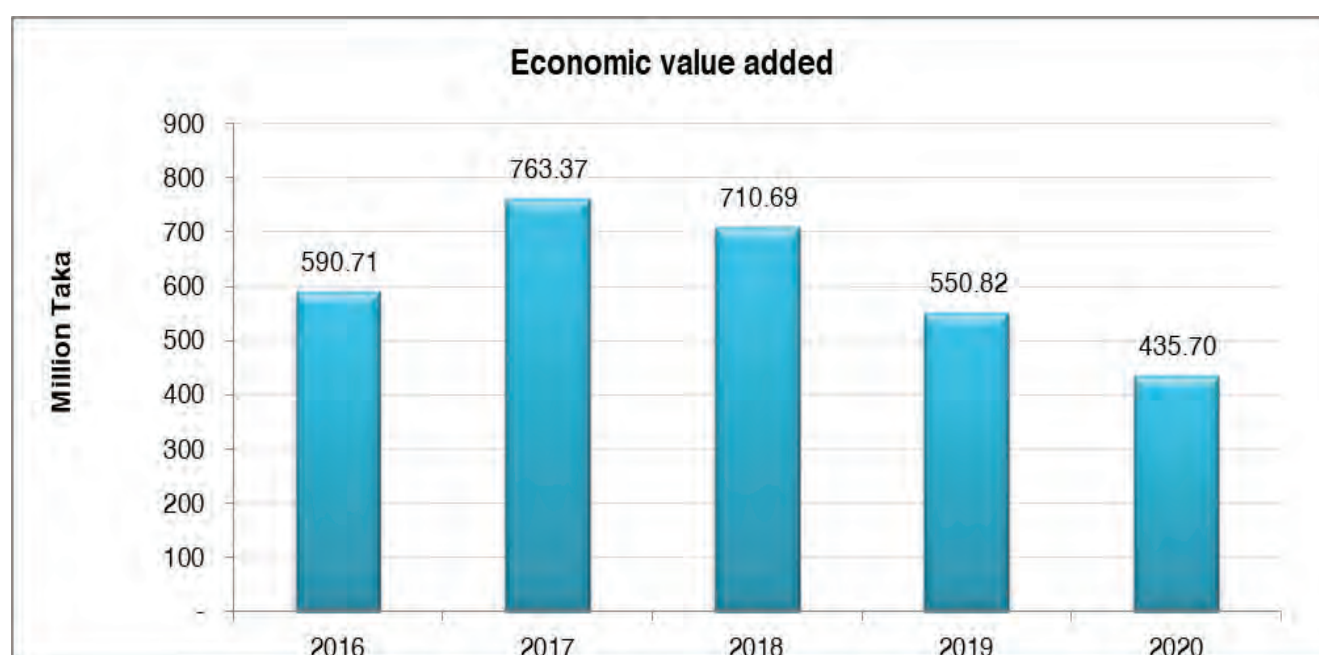
Economic Value Added (EVA) Statement

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 2020 this cost of equity is calculated on the basis of the return on 5 years Treasury Bonds plus 2% risk premium

Fig. in million

	2016	2017	2018	2019	2020
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Shareholders' equity	5,616.33	6,538.99	7,429.71	8,362.96	9,306.66
Add: Provision for loans & advances and other assets	302.27	515.71	455.66	517.58	9.51
Closing Shareholders' equity	5,918.60	7,054.71	7,885.37	8,880.54	9,316.17
Opening shareholders' equity	5,114.24	5,918.60	7,054.71	7,885.37	8,880.54
Average shareholders's equity	5,516.42	6,486.65	7,470.04	8,382.96	9,098.36
Earnings					
Profit after taxation	949.46	982.04	879.59	967.60	951.95
Add: Provision for loans & advances and other assets	82.57	296.37	387.62	502.83	87.88
	1,032.03	1,278.41	1,267.21	1,470.43	1,039.83
Average cost of equity	8.00%	7.94%	7.45%	10.97%	6.64%
Cost of average equity	441.31	515.04	556.52	919.61	604.13
Economic value added	590.71	763.37	710.69	550.82	435.70



Report On Going Concern

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

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

Major Financial Indicators

Particulars	2020	2019	2018	2017	2016
Cost to Income Ratio	59.13%	47.87%	49.20%	47.66%	48.69%
Net Asset Value (NAV) Per Share	13.59	13.44	13.13	13.12	12.96
Net Operating Cash Flow Per Share	-0.42	12.79	6.85	0.49	4.39
Return on Equity (ROE)	10.78%	12.25%	12.40%	16.16%	18.09%
Capital to Risk-weighted Assets Ratio (CRAR)	13.45%	14.73%	15.85%	16.54%	18.59%
NPL Ratio	6.22%	6.09%	1.97%	0.87%	Nil
Earnings Per Share (EPS)	1.39	1.55	1.55	1.97	2.19

Financial Indications

Key financial ratios:

During the year 2020 interest earning assets of SBAC Bank Ltd. increased by 2.65 percent, Advances by 2.51 percent, Shareholders' Equity by 11.28 percent and Investment Income increased by 56.87 percent. The Bank has a stable financial condition as evident from financial statement given in this Annual Report.

Performance growth:

SBAC Bank Ltd. has a praiseworthy growth in its operating performance. Its total asset has increased from Tk. 84,564.01 million to Tk. 88,403.45 million indicating a growth of 4.54 percent over last year, that 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. Operating cash flow is Tk. -290.55 million in 2020 as against Tk. 7,796.67 million of previous year.



Maintenance of sufficient Capital:

As on 31 December 2020, the Bank's total equity stands at Tk. 9,306.66 million as against Tk 8,362.96 million of 31 December 2019. On the other hand, the paid up capital of the Bank is Tk. 6,846.46 million as against Bangladesh Bank requirement of minimum paid up capital Tk. 8,612.49 million. Moreover, as on 31 December 2020 Bank's CRAR is 13.45% and maintained total regulatory capital of Tk. 9,269.90 million. All the above situation also indicates to its ability and intention to continue for the predictable future.

Particulars	2020	2019
Minimum Capital Requirement	8,612.49 million	7,104.30 million
Capital Maintained	9,269.90 million	8,371.06 million
Surplus	657.41 million	1,266.76 million
CRAR	13.45%	14.73%

Consistent payment of dividends:

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

Particulars	2020	2019	2018	2017	2016
Dividend:					
Stock	4%	10%	13.5%	15%	6%
Cash	4%	Nil	Nil	Nil	Nil

Non-financial Indications

Credibility in payment of obligations:

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

Credit rating of the Bank:

South Bangla Agriculture and Commerce Bank Limited has been rated as 'A' as the long-term credit rating and 'ST-2' as the short-term. The outlook on the rating is Stable. As financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry has been considered while assigning the rating, then it is generally assumed that an institution with 'A' rating is adjusted to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. An institution rated 'ST-2' carries the lowest credit risk and it has a strong capability for timely payment of financial commitments.

	2020	2019
Long Term	A	A ₃
Short Term	ST-2	ST-2
Rated by	Credit Rating Information and Services Limited (CRISL)	Credit Rating Agency of Bangladesh (CRAB)
Outlook	Stable	Stable
Date of Rating	30 June 2021	27 September 2020
Validity of Rating	29 June 2022	30 June 2021

Customer service excellence

All our efforts here at SBAC Bank are targeted towards ensuring excellence in customer service. The Bank has always prioritized the formulation and implementation of newer tactics & strategies along with better suited financial product & services for the best customer experience. We receive feedback from our customers and work accordingly so that customers experience better service.

Brand image

Trust is a key to success in service industry that also helps a bank in enhancing its Brand image. So far SBAC Bank has been successful in creating a huge positive vibe in the market as one of the trustworthy, fast growing & financially solvent fourth generation Bank. We always deploy our best efforts to meet the expectations of diverse stakeholders respecting those who have entrusted us with so many responsibilities. The aggregate of all the efforts from our highly qualified employees, well experienced management & Board with our great loyal customer have made us a strong financial service brand in the market.

Good governance

Board of Directors of South Bangla Agriculture and Commerce Bank Limited plays a key role in ensuring good governance structure and practices as the Board of Directors is at the heart of the governance structure of the Bank. The management implements policies and procedures set by the Board for the greater interest of shareholders and other stakeholders. The highly professional Board of Directors supports the vastly experienced management of the bank continuously in keeping the bank on the right track during any critical period. Since the inception SBAC Bank has been performing its operation with full compliance regarding all the regulatory requirements. The management and the Board is always strict on complying with corporate governance code issued by the BSEC and the related circulars and regulations issued by the Bangladesh Bank.

Expansion of Coverage

South Bangla Agriculture and Commerce Bank Limited has expanded in different places of the country within a short period of time considering the financial implications. The Bank has opened 98 branches & sub-branches already at different places in Bangladesh, and it has 40 ATM booths as part of its service digitization and convenience. The Board of Directors as well as the management of the Bank has decided to expand its coverage further through inauguration of more branches, sub-branches and ATM booths around the country to achieve the financial inclusion and digitalization goal. Besides, we can utilize the Agent Banking option to reach the remote corners with our services.

Internal environment and employee satisfaction

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

Risk Absorption & Adoption to Changes

Profit Rate & Foreign Currency Risks

South Bangla Agriculture and Commerce Bank Limited takes all the appropriate measures to minimize the negative consequence arising from volatility in money market both in local and foreign, increase in Investment demand, Increase Import and decrease exports, slow remittance etc. those may raise the rate of profit on deposit & borrowings including foreign currency. Moreover, a change in the Government's monetary policy would also tend to the fluctuation of interest rates. Increase in profit rates or non-availability of Foreign Currency could adversely affect the bank's operations. For profit rate risks, the Bank pursues strategies to revise profit rates for any unusual and abrupt change at its own discretion as and when required, while all of its foreign trade & remittance transactions are carried out on behalf of the customers and there is no direct selling or buying of foreign currency to mitigate foreign exchange risk.



The demand of foreign currency payment is mostly backed by Exports earnings and remittance. Treasury continuously monitors price movements of foreign exchange and uses various hedging techniques to manage its open position in such a way that minimizes risk and maximizes return. All these tactics, strategies & measures will obviously provide a shield against Profit Rate & Foreign Currency Risks to enhance Risk Absorption capacity of the bank, this in turn will strengthen the bank's capability to perform as a going concern for a foreseeable future.

Non-Payment Risk

The Bank has a very strong financial background as well as cash flow along with diversified business packages, where there is no case of 'Non-Payment' in the history of operation of SBAC Bank Ltd. Moreover, it has a firm policy to maintain its AD Ratio at a profitable level ensuring the regulatory binding regarding the Advance Deposit Ratio (ADR) with an ideal deposit mix. The bank has also a concrete strategy for liquidity management. Besides that, ALCO (Asset Liability Committee) of the bank is a very efficient committee entrusted with the overall liquidity management. The management is always concerned about the prevailing and upcoming future changes in the global financial policies and shall response appropriately and timely to safeguard its interest. Considering the all facts we strongly believe that, there is no risk of non-payment that is arising as a bank becomes unable to repay its depositors money over the counter or on time due to the impacts of global financial crisis, pre-mature encashment, economic recession, international sanctions, classification of loans & advances, serious liquidity crunch, and non-compliance on AD ratio requirement etc.

Management Risk

South Bangla Agriculture and Commerce Bank Limited has a very knowledgeable and well-experienced management. Since the commencement, Board of Directors of the bank has discharged the duties and responsibilities through its regular meetings. The Board of Directors has formulated code of conducts including role and responsibilities for its Chairman, Board Members, Managing Director & CEO, Company Secretary, Chief Financial Officer (CFO), and Head of Internal Control & Compliance Division of the Bank. Moreover, the bank follows a culture of complete compliance in all regulatory aspects including corporate governance code of BSEC. So the threat of arising management risk associated with ineffectiveness, conflict of interest, destructive, or under-performing management that may hamper the smooth operation of the bank as a going concern is minimum.

Operational Risk

The bank is always aware about its operational risk originating from potential losses because of a failure in operation, internal processes and systems, insufficiency in resources and management arising from unfavorable events which may seriously affect the entity's continuation as a going concern. Accordingly, policies and procedures are being reviewed continually by the Board of Directors of the bank to ensure risk free operation. Internal control and compliance division undertakes regular and special audit on branches and departments at the head office to review the operation and examine the compliance of statutory requirements. The audit committee of the board subsequently analyzes the reports of the internal control and compliance division and recommends the required actions & measures to the board accordingly. So, there is no doubt upon the continuity of the bank as going concern.

Business Risk

Business risk implies risk of loss or uncertainty in profit and any event that could pose a risk due to some sudden future events, which causes business of SBAC Bank Ltd. to fail. The bank has a very good profitability record and our seasoned management is always conscious about the business risk. As it is operating in a highly competitive & diversified business environment, the management is continuously searching for newer scopes to develop its business in newer horizon. We already have started Islamic Banking windows in selected branches to provide shariah-based banking services along with conventional banking services. The risk management team is working to identify and manage different types of risk including business risk. Moreover, SBAC Bank Investment Limited, incorporated as a subsidiary of the bank, is committed to offer a broad range of investment banking services including general broking, wholesale broking, margin, portfolio management, investment advisory services as well as dealing in stocks, shares, bonds, debentures, commercial papers or any instrument floated in the stock markets and diverse financial services & solutions to both institutional and individual clients fitted with their customized unique requirements. Thus, SBAC Bank Limited also mitigates the industry risk by making versatile opportunity of business in the financial sector.

Portfolio Management Risk

Poor quality of project appraisal, loose monitoring of outstanding debts, inadequate and/or inappropriate documentation and other forms of management inefficiencies may affect the quality of business portfolio of a Bank. Under the continuous supervision & timely directions of the Board, the vastly experienced management of SBAC Bank has acquired unparalleled skills and capability to accurately assess a project, find out the associated risk factors, and monitor performance closely.

Credit/Investment Risk

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

Existing and Potential Regulations

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

Response to National/ Global Policy Changes

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

History of non-operation

SBAC Bank Ltd., one of the 4th generation Banks, commenced its business operation on February 20, 2013 and completed 08 years successful banking operation without any interruption or non-operation in business. Presently SBAC has 83 branches & 15 sub-branches with 01 subsidiary company— SBAC Investment Ltd. Besides, its financial strength is satisfactory and it has highly experienced board of directors and professionally skilled management team which makes the Bank more efficient and stronger for any commercial operations. So, the chance of becoming a non-operative Bank is minimum.

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



MANAGEMENT OF NON-PERFORMING ASSET (NPA)

Introduction

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

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

Cause of Concern

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

Major causes of NPA's

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

Effective measures to manage NPA

Preventive measures:

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

Corrective measures:

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

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

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

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

NPA Classification as per Bangladesh Bank Guideline

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

Treatment of Interest under classification

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

Provisioning for NPA

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

SI	NPA status	Required rate of Provision
01	UC	0.25% - 2%
02	SS	5% - 20%
03	DF	5% - 50%
04	B&L	100%

Impact of NPA on Bank:

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

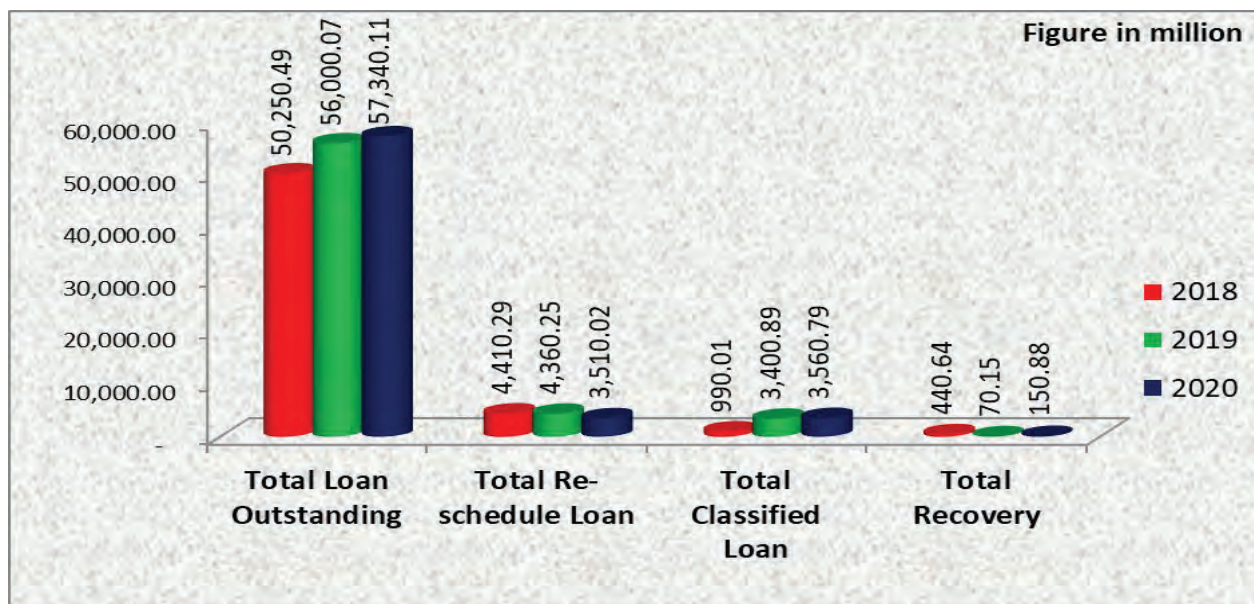
Functions of LARD

To handle the problematic loan issues in an organized way, LARD is set up to facilitate branches. LARD performing the following functions:

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



NPL comparing to Loans and Advances at SBAC Bank for last three years:



Conclusion:

SBAC Bank is constantly trying to reduce its NPA burden in their portfolio but there is no quick-fix solution to solve the problem. We need to come out with realistic approach and detailed plan for different strategies for different cases. We know prevention is better than corrective measures. So, SBAC Bank now is practicing all out preventive measures at the time of sanctioning loans.

STRATEGIC PLAN FOR 2021:

The strategic priorities and actions plans as stated in the bank's Strategic Plan (2021) are mentioned below:

- Capital Market has become the driving force of economy. Therefore active participation in capital is crucial for diversification our portfolio. For this purpose, we have been one of the TREC (Trading Right Entitlement Certificate) holders of Dhaka Stock Exchange Limited, the principal bourse of the country. We are going to launch our subsidiary "SBAC Bank Investment Limited" with state of the art Tech-based product and services.
- As a part of our strategic priority, we are planning to form another subsidiary company i.e. a Merchant Banking Company naming SBAC Bank Capital Management Limited to harvest the benefit of our blooming Capital Market.
- we are also planning to form another subsidiary company i.e. a Asset Management Company naming SBAC Bank Asset Management Company Limited to as part of portfolio Diversification process.
- Islamic Banking has experienced a phenomenal growth and expansion in Bangladesh, we are going to step forward to Shariah Banking which provides a large opportunity, if we may create a trust that we are doing Shariah practice properly within the Bank. To harvest the benefit of shariah Based banking, we have adopted comprehensive training policy to equip our team with the skill set best in the market. In order to build strong capacity to design shariah compliance products and service and fix pricing we have taken a comprehensive training program which includes inter alia Leadership development program, capacity Building Program, Professional Development Program, Foundation Training Program, Skill Development on Shariah Banking etc.
- Our prime focus is on the asset quality of the Bank. The Board as well as the Management have set goal of zero classification. We have formulated policies and accordingly revised organizational structure to keep the non performing loan (NPL) below 1%. A Robust Recovery Plan has been formulated for the recovery of overdue/classified loans;
- We believe in compliance culture. Our philosophy is 'compliance first; profit is it's logical consequence, We must do business in compliance with the laws of the Country.

- Technology Based Products and Services: Technology adoption would be necessary for transformation Technology Based Products and Services. Enforcement of these might have notable cost implications. Integrated role in retail banking service through high quality networks for all service delivery channels.
- The Issue of Reduction of Discretion cost has been being addressed on a priority basis.
- Maintaining highest quality of customer services by offering best products compatible with customers' need. We have already re-designed our products and services. Some lucrative liability products have been launched.
- Financial Inclusion through widening the coverage of banking services specially by including the disadvantaged section of society. The operation of Agent Banking will come into operation very soon.
- Continuation of Diversification of credit portfolio in corporate exposure, focus on retail, SME, direct green finance and agriculture loans, gender issues by providing loans to women entrepreneurs in SME segment and emphasize on geographic dispersion.
- Improvement of deposit mix by penetrating board-based customers, increase share of low cost and no cost deposit, increase non-funded (non-interest fee based) business.
- Maintaining required level of liquidity through skillfully managing asset-liability mismatch and recovery of past due loans.
- Administering regular and effective monitoring and conducting recovery drive to ensure that loans and advances do not turn non-performing.
- Diversification of products and services by introducing IT based innovative products and engaging alternate delivery channels.
- Expediting delivery of inward remittance to increase the flow of foreign remittance.
- Professional Development through online-based education and training platforms to continue with the capacity development programs.
- Continuously improving internal governance through strengthening good corporate cultures, motivation, training and supervision at all levels of management.
- Conduct Business Process Re-engineering in different functional areas to improve efficiency and bring in required structural changes.
- Develop Human Resources Management system to motivate and retain Human Resources and transform them into Human Assets through continuous skill development.
- Cost minimization and efficiency optimization at all levels of operation by ensuring budgetary control.
- Expansion of activities related to Corporate Social Responsibility and Green Banking within the framework of organizational goals.
- Maintain strong capital base by ensuring borrowers' rating, concentrating on lending portfolio having lower capital charge, strengthening Internal Capital Adequacy Assessment Process (ICAAP).
- Ensuring efficient and effective risks management for sustainable business growth.
- Increasing brand visibility by creating positive image of the Bank.
- To add value to all stakeholders.
- To be compliant with all organizational and regulatory requirements by adherence to all laws, rules, regulations relating to banking.

On behalf of the Board of Directors



S. M. Amzad Hossain
Chairman



1. Certification on Corporate Governance Code; 2. Corporate Governance Report; 3. Compliance Report on Corporate Governance Code of BSEC; 4. Compliance Status on Circulars issued by Bangladesh Bank to ensure Good Governance; 5. Statement of Appointment, Reappointment, Employment, & Other Engagements of The Directors; 6. Report of the NRC; 7. Report of the AC; 8. Report of the RMC; 9. Basel-III; 10. Report of the Shariah Supervisory Committee; 11. Report of the Asset Liability Committee;



GOVERNANCE REPORTS



Certification on Corporate Governance Code



Annexure-B

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

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

Dear Sir(s)

We have examined the compliance status to the Corporate Governance Code by South Bangla Agriculture & Commerce Bank Limited as on December 31, 2020. This code relates to the notification No.SEC/CMRRCD/2006-158/207/admin/80 dated June 03, 2018 of Bangladesh Securities and Exchange Commission.

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

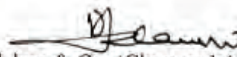
This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards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

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

We report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code issued by the Commission ; It is noted that as on today, total number of Directors of the Company is 20 including the Managing Director and 04 Independent Directors. The name of Mr. Maksudur Rahman exists in form XII (PD) but the Company in its 110th Board Meeting held on 30-11-2020 treated his position of Director vacated because neither Bangladesh Bank has approved his re-appointment nor he attended any board meeting of the company since 5th AGM.
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this code.
- Proper records and information have been kept the Company as required by the relevant regulations regarding the compliance of the code;
- In our Opinion, Compliance of the Corporate Governance Code of the Company is satisfactory.

Place: Dhaka
Dated: December 31, 2020


Islam & Co. (Chartered Accountants)
Md. Din Islam Miah FCA
Managing Partner



Corporate Governance Report

Corporate Governance Practices in South Bangla Agriculture and Commerce Bank Limited

Conceptual Framework

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

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

Guiding Philosophy of Corporate Governance Practices

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

Board of Directors

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

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

SBAC Bank Limited has its own Articles of Association by which Appointment of Directors is governed. Moreover the Bank always complies with the prescriptions of the regulatory authorities regarding appointment of directors. In this connection Circulars of Bangladesh Bank (BB), notification of Bangladesh Securities and Exchange Commission (BSEC), provisions of Bank Company Act, 1991, (amended up to 2018) and Companies Act 1994 are strictly followed. The number of the Board members of the Bank is 19 which complies with the rules and regulations mentioned above.

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

Formation of Board of Directors:

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

Composition:

All directors of the Board are non-executive directors. As per section 15(9) of Bank Company Act 1991 (amended up to 2018) we have co-opted 04 (Four) Independent Directors. The Chairman has been independent of the CEO, and has been in practice from the inception of SBAC Bank Limited. This also complies with Section 1(4) of the BSEC's notification BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 on Corporate Governance Code.

Selection and Appointment of New Directors:

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

1. Frequent assessment is performed by the Nomination & Remuneration Committee (NRC) and subsequently by the board regarding the size and structure of the Board and the mix of knowledge, skills, experience and perceptions that may be necessary to allow the Board to perform its functions.
2. Recognize any capabilities not sufficiently represented and approve the procedure necessary to be certain that an applicant proposed by the shareholders with those capabilities is nominated.

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

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

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

Retirement and Re-election of Directors:

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

Independent Director (ID):

The IDs are appointed by the Board of Directors subject to approval as per provision of laws. Subsequently necessary approval is taken from the regulatory authorities and finally the appointment is approved at the AGM.

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



Vacation of office of Director:

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

Removal of Directors from office:

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

Appointment of Alternate Director:

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

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

Information regarding Directors:

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

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

Role and Responsibilities of the Board:

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

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

Authority of the Board of Directors:

a) Work-planning and strategic management:

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

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

b) Credit and Risk management:

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

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

c) Internal control management:

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

d) Human resources management and development:

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



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

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

e) Financial management:

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

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

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

f) Appointment of Chief Executive Officer (CEO):

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

g) Other responsibilities of the Board:

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

The Board's responsibilities include but not limited to:

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

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

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

Code of Conduct for the Board of Directors

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

The Code of Conduct states:

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

Directors' Remuneration

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

Meeting should be held in the same town or city where the Bank is head quartered. However, the meetings may be held other places subject to intimation to Bangladesh Bank in advance;

Remuneration is applicable for 02 (two) meetings of Board of Directors, 04 (four) meetings of Executive Committee (EC) and 01 (one) meeting for Risk Management Committee (RMC) and Audit Committee (AC) monthly.



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

Meeting of Board:

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

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

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

Formation of committees from the Board of Directors:

As per provision of laws, the bank can form an Executive Committee, an Audit Committee and a Risk Management Committee with the directors. Board cannot form any other permanent, temporary or sub-committee except the above mentioned 03 (three) committees.

Executive committee (EC):

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

Organizational structure:

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

Qualifications of the Members:

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

Roles and Responsibilities of the Executive Committee:

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

Meetings

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

Audit Committee:

As per BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 on Corporate Governance Code and BRPD Circular No. 11 dated October 27, 2013 the Audit Committee of the Board is formed. The current Audit Committee consists of 05 (five) members. Most of the members of the committee is from Finance and Accounting background. The head of internal audit always has direct access to the audit committee and can express his issues in front of the committee. The Audit Committee has a terms of reference and is empowered to investigate/question employees and retain external counsel as required.

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

Organizational structure:

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

Qualifications of the Member:

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



Roles, Responsibilities and Terms of Reference of the Audit Committee

Internal Control:

- i. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities.
- ii. Review management's actions in computerization of the banking activities.
- iii. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management.
- iv. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authorities and place it before the Board after reviewing whether necessary corrective measures have been taken by the management.

Financial Reporting:

1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations, accounting principles and standards enforced in the country such as Bangladesh Accounting Standards, International Accounting Standards, Bangladesh Financial Reporting Standards, International Financial Reporting Standards and as per relevant prescribed accounting standards set by Bangladesh Bank.
2. Discuss with management and the external auditors to review the financial statements before its finalization.

Internal Audit:

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

External Audit:

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

Compliance with existing laws and regulations:

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

Other Responsibilities:

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

Meetings:

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

Reporting of the Audit Committee:

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

Reporting to the Board of Directors:

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

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

Reporting to the Authorities

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

Reporting to the Shareholders and General Investors

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

Risk Management Committee:

To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee is formed by the Board of Directors. The present committee comprises 04 (four) members. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee shall scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.

Organizational Structure:

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



Qualifications of the Member:

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

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

Risk identification & control policy:

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

Construction of organizational management structure:

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

Analysis and approval of Risk Management policy:

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

Storage of data & Reporting system:

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

Monitoring the implementation of overall Risk Management Policy:

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

Other responsibilities:

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

Meetings:

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

Nomination and Remuneration Committee (NRC)

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

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

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

Responsibility to the Board of Directors

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

Formation of the NRC

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

Chairperson of the NRC

- (a) The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;



- (b) In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;
- (c) The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

Meeting of the NRC

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

Role of the NRC

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

Training for the Directors:

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

Chairman of the Board of Directors:

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

The Role and Responsibilities of the Chairman

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

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

Role of the Chairman and CEO as independent

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

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

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

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

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

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



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

Role of the Company Secretary

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

The responsibilities of the Company Secretary include

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

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

Roles and Responsibilities of Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is responsible for:

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

Role and responsibilities of ICCD Head

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



Appraisal and evaluation of Board of Directors and CEO

There is not a scheme for annual appraisal of the Board's performance till date, but the company is abiding by the Code of Conduct which was formulated by the Board. There is a three year strategic Priorities & Action Plan for the evaluation of the CEO/Management on an annual basis and it is revised from time to time accordingly by the Board.

Management Committee

SBAC Bank Ltd. has a Management Committee (MANCOM) which comprises Managing Director, Additional Managing Director, Deputy Managing Directors, Head of Human Resources Division, Head of ID, Head of Credit, Head of IT, Head of GSD, Head of BOD, Head of ICCD, Head of RMD, Head of Treasury, Company Secretary and CFO to review, discuss and decide on important business issues. In addition to the regular roles and responsibilities, the Committee also governs all related policies and practices in pursuance of the Bank's short and long-term objectives.

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

Certification of CEO and CFO Regarding Financial Statements

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

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

Compliance Report on Corporate Governance Code of BSEC

Annexure-C

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

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

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



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

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

1. Certification on Corporate Governance Code; 2. Corporate Governance Report; 3. Compliance Report on Corporate Governance Code of BSEC; 4. Compliance Status on Circulars issued by Bangladesh Bank to ensure Good Governance; 5. Statement of Appointment, Reappointment, Employment, & Other Engagements of The Directors; 6. Report of the NRC; 7. Report of the AC; 8. Report of the RMC; 9. Basel-III; 10. Report of the Shariah Supervisory Committee; 11. Report of the Asset Liability Committee;



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

	preceding 5 (five) years shall be summarized;			
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	<p>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</p> <ul style="list-style-type: none"> (a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details); (b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details); (c) Executives; and (d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); <p>Explanation: For the purpose of this clause, the expression "Executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.</p>	√		
1(5)(xxiv)	<p>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</p> <ul style="list-style-type: none"> (a) A brief resume of the director; (b) Nature of his or her expertise in specific functional areas; and (c) Names of companies in which the person also holds the directorship and the membership of committees of the Board; 	√		
1(5)(xxv)	<p>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</p> <ul style="list-style-type: none"> (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 	√		

1. Certification on Corporate Governance Code; 2. Corporate Governance Report; 3. Compliance Report on Corporate Governance Code of BSEC; 4. Compliance Status on Circulars issued by Bangladesh Bank to ensure Good Governance; 5. Statement of Appointment, Reappointment, Employment, & Other Engagements of The Directors; 6. Report of the NRC; 7. Report of the AC; 8. Report of the RMC; 9. Basel-III; 10. Report of the Shariah Supervisory Committee; 11. Report of the Asset Liability Committee;



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

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



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

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



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

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



	<p>(i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:</p> <p>(a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;</p> <p>(b) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</p> <p>(c) Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;</p>	√		
	(ii) Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
	(iii) Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
	(iv) Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
	(v) Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
	(vi) Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	External or Statutory Auditors			
7(1)	<p>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-</p> <p>(i) Appraisal or valuation services or fairness opinions;</p> <p>(ii) Financial information systems design and implementation;</p> <p>(iii) Book-keeping or other services related to the accounting records or financial statements;</p> <p>(iv) Broker-dealer services;</p> <p>(v) Actuarial services;</p> <p>(vi) Internal audit services or special audit services;</p> <p>(vii) Any service that the Audit Committee determines;</p> <p>(viii) Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and</p> <p>(ix) Any other service that creates conflict of interest.</p>	√		
7(2)	<p>No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:</p> <p>Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.</p>	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the	√		

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



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

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

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

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

	is detrimental to the interest of the banks depositors or against the public interest under section 46 and can supersede the board of a banking company under section 47 of Bank Company Act 1991.			
1.3	Removal of Directors from office: With the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. The reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.			Not applicable (No Such Case arose)
1.4	Appointment of Alternate Director: An alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. by fulfilling following instructions:			
(a)	Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.			Not applicable (No Such Case arose)
(b)	The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.			Not applicable (No Such Case arose)
(c)	Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.			Not applicable (No Such Case arose)
(d)	As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board.			Not applicable (No Such Case arose)
(e)	While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.			Not applicable (No Such Case arose)
2.	Director from Depositors As per Bank Company Act, 1991 (amended till 2018) appointment of directors from depositors is no longer required. But, in compliance with the provision of sec 15(9) of the Bank Company Act, 1991 (amended upto 2013) bank can consider the tenure of existing depositor director or may appoint them as independent director.			
3.	Information regarding Directors Banks are advised to take the following steps regarding directors information:			
(a)	Every bank should keep an updated list of bank directors, after the appointment or release of director.	√		
(b)	Banks should send a directors' list to other banks or financial institutions immediately.	√		
(c)	Banks should display a list of directors in the website and update it on a regular basis.	√		
4	Responsibilities of the Board of Directors: To ensure good governance in the bank management it is essential to have specific demarcation of responsibilities and authorities among controlling bodies over bank affairs. In the Bank Company Act, 1991 (amended upto 2013) the newly included Section 15 (kha) & (ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.			



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

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



(b)	The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	√		
(c)	The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.	√		
5.	Formation of committees from the Board of Directors: Each bank company can form 01 (one) executive committee, 01 (one) audit committee and 01 (one) risk management committee with the directors. Board can't form any other permanent, temporary or sub-committee except the above mentioned three committees.	√		
5.1.	Executive committee: Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.	√		
(a)	Organizational structure:			
	i. Members of the committee will be nominated by the board of directors from themselves;	√		
	ii. The executive committee will comprise of maximum 07 (seven) members;	√		
	iii. Members may be appointed for a 03 (three)-year term of office;	√		
	iv. Chairman of the Board of Directors can be the chairman of executive committee;			(No Such Case arose)
	v. Company secretary of the bank will be the secretary of the executive committee.	√		
(b)	Qualifications of the Members:			
	i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;	√		
	ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;	√		
	iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	√		
(c)	Roles and Responsibilities of the Executive Committee:			
	i. The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations.	√		

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



(c)	Roles and Responsibilities of the Audit Committee			
	(i) Internal Control:			
	1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;	√		
	2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);	√		
	3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;	√		
	4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.	√		
	(ii) Financial Reporting:			
	1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;	√		
	2. Discuss with management and the external auditors to review the financial statements before its finalization.	√		
	(iii) Internal Audit:			
	1. Audit committee will monitor whether internal audit working independently from the management.	√		
	2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;	√		
	3. Examine the efficiency and effectiveness of internal audit function;	√		
	4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.	√		
	(iv) External Audit			
	1. Review the performance of the external auditors and their audit reports;	√		
	2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.	√		

	3. Make recommendations to the board regarding the appointment of the external auditors.	√		
	(v) Compliance with existing laws and Regulations: Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.	√		
	(vi) Other Responsibilities: 1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;	√		
	2. External and internal auditors will submit their related assessment report, if the committee solicit;			
	3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.	√		
(d)	Meetings: 1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;	√		
	2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;	√		
	3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	√		
	4. All decisions/observations of the committee should be noted in minutes.	√		
5.3	Risk Management Committee: To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.	√		
(a)	Organizational Structure: 1. Members of the committee will be nominated by the board of directors from themselves;	√		
	2. The Risk Management Committee will comprise of maximum 05 (five) members;	√		



	3. Members may be appointed for a 03 (three) year term of office;	√		
	4. Company secretary of the bank will be the secretary of the Risk Management Committee.	√		
(b)	Qualifications of the Member:			
	1. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;	√		
	2. Each member should be capable of making valuable and effective contributions in the functioning of the committee;	√		
	3. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	√		
(c)	Roles and Responsibilities of the Risk Management Committee:			
	i) Risk identification & control policy: Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.	√		
	ii) Construction of organizational structure: The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.	√		
	iii) Analysis and approval of Risk Management policy: Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.	√		
	iv) Storage of data & Reporting system: Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.	√		
	v) Monitoring the implementation of overall Risk Management Policy: Risk Management Committee will monitor proper implementation of overall risk management policies. They will	√		

	monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.			
	vi) Other responsibilities: <ol style="list-style-type: none"> Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; Comply instructions issued time to time by the controlling body; Internal & external auditor will submit respective evaluation report whenever required by the committee. 	√		
(d)	Meetings: <ol style="list-style-type: none"> The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary; To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; All decisions/observations of the committee should be noted in minutes. 	√		
6.	Training for the Directors: The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.	√		

(B) BRPD Circular on Appointment and responsibilities for appointment of the CEO

a.	Rules and regulations for appointing CEO			
1.	Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,- <ol style="list-style-type: none"> He has not been convicted by any Criminal Court of Law; He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority; He was not associated with any such company/organization, registration or licence of which has been cancelled. 	√		
2.	Experience and Suitability: <ol style="list-style-type: none"> For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank; He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person; In respect of service, the concerned person should have 	√		
		√		



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

	d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive.	√		
	e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.	√		
	f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.	√		
7.	Incentive Bonus: Subject to the payment of incentive bonuses to all stuffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.	√		
8.	Honorarium for Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.	√		
9.	Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.	√		
10.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended upto 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-ka & Annexure-kha to Bangladesh Bank.	√		
11.	Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank.	√		



b. Duties and Responsibilities of CEO The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as follows:				
1.	In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	√		
2.	The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.	√		
3.	At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.			Not applicable (No Such Case arose)
4.	The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.			Not applicable (No Such Case arose)
5.	The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board.	√		
6.	The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.	√		
(C) BRPD Circular on Contractual appointment of Advisor and Consultant				
a. Rules and regulations for Appointment of Advisor				
1.	Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:	√		
(a)	Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities;	√		
(b)	Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person;	√		
(c)	Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Official of any company;	√		
(d)	A person who is working in any bank or financial institution or who	√		

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



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

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

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

SL No.	Name of the Director	First Appointment Date	Last Re-appointment Date	The Primary Employment and Other Engagement including Directorship
1	Mr. S. M. Amzad Hossain	20-02-2013	18-08-2020	Lockpur Fish Processing Co. Ltd. Khulna Printing & Packaging Ltd. Bagerhat Seafood Ind. Ltd. Shampa Ice & Cold Storage Ltd. Western Inn International Ltd. Metro Bricks Ltd. Moon Star Jute Mills Ltd. Khulna Builders Ltd. Bangladesh Poly Printing Int'l Ltd. Rupsha Fish & Allied Industries Ltd. Ideal Polymer Export Ltd. Eastern Polymer Ltd. Moon Star Fish Ltd. Ocean Trade International Khulna Apparels Ltd. Women Wears Ltd. Moon Star Polymer Export Ltd.
2	Mr. Talukder Abdul Khaleque	20-02-2013	16-05-2017	M/S Nahar Trading
3	Begum Sufia Amjad	20-02-2013	18-08-2020	Lockpur Fish Processing Co. Ltd. Khulna Printing & Packaging Ltd. Bagerhat Seafood Ind. Ltd. Shampa Ice & Cold Storage Ltd. Western Inn International Ltd. Metro Bricks Ltd. Moon Star Jute Mills Ltd. Khulna Builders Ltd. Rupsha Fish & Allied Industries Ltd. Moon Star Fish Ltd. Moonstar Polymer Export Ltd. Eastern Polymer Ltd. Women Wears Ltd. Khulna Apparels Ltd.
4	Mr. Abu Zafar Mohammad Shofiuddin	20-02-2013	18-08-2020	SQ Wire & Cable Co. Ltd. SQ Trading & Engineering SQ Light Ltd. SQ Wood Preservatives SQ Energy Ltd. SQ Power Solutions SQ Properties Ltd. SRN Power SQ Electricals Ltd. Power-Add Techno Electricals Ltd. TSCO Power Ltd. TS Transformers Ltd Building Dreams Ltd. SQ Distribution Ltd.
5	Mr. Abdul Kadir Molla	20-02-2013	18-08-2020	Thermax Textile Mills Ltd. Thermax Knit Yarn Ltd. Thermax Spinning Ltd.

1. Certification on Corporate Governance Code; 2. Corporate Governance Report; 3. Compliance Report on Corporate Governance Code of BSEC; 4. Compliance Status on Circulars issued by Bangladesh Bank to ensure Good Governance; 5. Statement of Appointment, Reappointment, Employment, & Other Engagements of The Directors; 6. Report of the NRC; 7. Report of the AC; 8. Report of the RMC; 9. Basel-III; 10. Report of the Shariah Supervisory Committee; 11. Report of the Asset Liability Committee;



SL No.	Name of the Director	First Appointment Date	Last Re-appointment Date	The Primary Employment and Other Engagement including Directorship
				Thermax Blended Yarn Ltd. Indigo Spinning Ltd. Thermax Melange Spinning Mills Ltd. Thermax Yarn Dyeing Ltd. Adury Knit Composite Ltd. Adury Apparels Ltd. Thermax Woven Dyeing Ltd. Thermax Yarn Dyed Fabrics Ltd. Sister Denim Composite Ltd. Thermax Check Fabrics Ltd. Thermax Colour Cotton Ltd. Sister Garments Ltd. Sultana Filling Point Ltd. Adury Fashion & Print Ltd. Adury Ring Denim Spun Ltd. Kadir Molla Medical College & Hospital Ltd. Sister Denim Composite (Unit-2) Ltd. Sultana Enterprise
6	Engr. Md. Moklesur Rahman	20-02-2013	18-08-2020	Contech Construction Ltd. Pre Stressed Pole Ltd. B&T Cables Ltd. B&T Cold Storage Ltd. B&T Development Ltd. B&T Meter Ltd. Tushar Ceramics Ltd. B&T Transformers Ltd. Nexus Securities Ltd. BD Game Studio Ltd Smart Meter
7	Al-Haj Mizanur Rahman	20-02-2013	10/5/2017	M R Trading Co. Moon Bangladesh Ltd.
8	Mrs. Tahmina Afroz	20-02-2013	10/5/2018	Anwer Khan Modern Hospital Ltd. Haji Shakhawat Anwara Eye Hospital Ltd. Modern Diagnostic Centre Ltd. Mother Trade Centre Anwer Khan Modern University Anwer Khan Modern Medical College Modern Holdings Ltd.
9	Mr. Hafizur Rahman Babu	20-02-2013	10/5/2018	Joytun Securities International Ltd. Joytun Developers Ltd. S.B. Agro Fertilizer Industries Ltd. Sheikh Cement Mills Ltd. Gold Hill Properties Ltd. Sheikh Jute Mills Ltd. M/S. Sheikh Brothers M/S. Hafizur Rahman Babu Sheikh Shipping Lines Ltd. Sheikh Agro Food Industries Arising Trade International Ltd.
10	Mr. Anwar Hussain	20-02-2013	10/5/2018	SAFAH CNG Refuelling Station Ltd . HAR Industries Ltd. Abdul Gaffar & Co. (Pvt.) Ltd. Asuka CNG Filling Station Ltd. AGI Corporation AGI Flex Ltd.
11	Captain M. Moazzam Hossain	20-02-2013	10/5/2018	E-Securities Ltd. Agrovita Ltd. Admiral Trading Corp. Ekushey Homes Ltd. Masters Ocean Voyage

SL No.	Name of the Director	First Appointment Date	Last Re-appointment Date	The Primary Employment and Other Engagement including Directorship
				Radiant Dredging Ltd. Canadian Trillinium School Fareast International University
12	Mr. Sk. Shyedujjaman Nominated by Moonstar Ceramic Industries Ltd.	3/12/2015	23-05-2019	Mashiyat Fish Firm South East Union Ceramic Industries Ltd. AB Siddique & Co.
13	Mr. Mohammad Nawaz	3/12/2015	23-05-2019	Famous Printing & Packaging Ltd. Famous Iberchem Flavours & Fragnances Ltd. Famous General Agencies Ltd. Matcon limited F.S. Printing & Packaging Ltd. Green Soap & Chemical Co. Ltd. Famous Flavours & Fragnances Ltd. Eden Multicare Hospital
14	Mr. Mohammed Ayub	3/12/2015	23-05-2019	Ayub & Co. Ltd. Pioneer Enterprise United Enterprise Pacific Enterprise
15	Mst. Nasima Begum, Nominated by Thermax Textile Mills Ltd.	27-06-2016	18-08-2020	Thermax Textile Mills Ltd. Thermax Knit Yarn Ltd. Thermax Spinning Ltd. Thermax Blended Yarn Ltd. Indigo Spinning Ltd. Thermax Melange Spinning Mills Ltd. Thermax Yarn Dyeing Ltd. Adury Knit Composite Ltd. Adury Apparels Ltd. Thermax Woven Dyeing Ltd. Thermax Yarn Dyed Fabrics Ltd. Sister Denim Composite Ltd. Thermax Check Fabrics Ltd. Thermax Colour Cotton Ltd. Sultana Filling Point Ltd. Adury Fashion & Print Ltd. Adury Ring Denim Spun Ltd. Kadir Molla Medical College & Hospital Ltd. Sister Garments Ltd.
16	Mr. Sakhawat Hussain, Nominated by Hazi Shakhawat Anwara Eye Hospital Ltd.	20-04-2013	23-05-2019	General Manager, Anwer Khan Modern Hospital Ltd. & Diagnostic Centre
17	Dr. Syed Hafizur Rahman	27-06-2016	18-06-2019	Bagerhat Poultry & Fisheries Coal Mark Aliums Trade Associate
18	Mr. Md. Sajidur Rahman	10/2/2019	-	Indo-Bangla Trading US-DK Green Energy (BD) Ltd. Nitex Ltd. Lenden Ltd. JoBike
19	Mohammad Moqbul Hossain Bhuiyan	25-05-2021	-	Professor, Department of Management Information System (MIS), University of Dhaka.



Report of the Nomination and Remuneration Committee (NRC)

Nomination and Remuneration Committee (NRC) of the Board

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

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

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

Major Purpose of the Nomination and Remuneration Committee (NRC)

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

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

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

Composition of the Nomination and Remuneration Committee (NRC)

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

under the Corporate Governance Code 2018 of BSEC. The present Committee has the following members:

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

Meeting of the Nomination and Remuneration Committee (NRC)

During the year 2020, 01 (One) Meeting of the Nomination and Remuneration Committee was held where a total of 01 no. proposal/issue was considered/decided by the Committee. The particulars of attendance of the members of the Nomination and Remuneration Committee are given below:

Sl. No.	Name	Status with the Committee	Meeting Held during 2020	Meeting Attended
01.	Mr. Md. Sajidur Rahman	Chairman	01	01
02.	Mr. Talukder Abdul Khaleque	Member	01	01
03.	Engr. Md. Moklesur Rahman	Member	01	01
04.	Captain M. Moazzam Hossain	Member	01	01
05.	Mr. Sk. Shyedujjaman	Member	01	01

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

Performance of the NRC During 2020

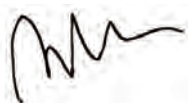
The Nomination and Remuneration Committee (NRC) took following decisions in it's only meeting held in 2020:

- The committee was apprised of the Code of Conduct for the Chairman, Board of Directors and Chief Executive Director (CEO) of the Bank, mentioned in the corporate governance code of the Bangladesh securities and exchange commission and approved the same complying with the regulatory directives; and
- The committee was apprised of the Terms of Reference (ToR) for Nomination and Remuneration Committee (NRC) to perform it's roles & responsibilities accordingly.

Acknowledgement

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

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



Md. Sajidur Rahman
Chairman, NRC of the Board.



Report of the Audit Committee (AC) of the Board

Report of the Audit Committee of the Board of Directors in Compliance with Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission issued through their notification No.SEC/CMRRCD/2016-158/134/Admin/44 dated August 07, 2012 for the year ended 2020.

Present Audit Committee of the Board was duly reconstituted by the Board of Directors of the Bank in its 99th meeting held on December 30, 2019 in compliance with Bangladesh Bank guidelines and corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC). Audit Committee of the Board is acting as a bridge among the Board of Directors, Senior Management, Shareholders, Depositors etc. The committee is making an effective role in establishing an efficient, strong, safe and sound banking system to assist the board in fulfilling its oversight responsibilities.

Audit Committee efficiently conducted the monitoring activities as assigned by the Board and also played an effective role in supervision of execution of strategies and work plans so formulated towards smooth operation of the bank. The Committee supervised whether banking activities were carried out in line with the prevailing laws, rules and regulations imposed by

the regulatory authorities. The committee also reviewed the Financial Statements, Internal Control Management, Audit Report, Audit System and relevant policies thereof.

Composition:

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

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

Brief profile of the Audit Committee:

SL.	Name	Status with the Bank	Status with the committee	Educational Qualification	No. meetings held	No. of meetings attended
1	Mr. Md. Sajidur Rahman	Independent Director	Chairman	Masters of Commerce	8	8
2	Mr. Abu Zafar Mohammad Shofiuddin	Director	Member	M.com (Marketing)	8	8
3	Mr. Al-Haj Mizanur Rahman	Director	Member	HSC	8	7
4	Mr. Sakhawat Hussain	Director	Member	Masters (Political Science)	8	7
5	Dr. Syed Hafizur Rahman	Independent Director	Member	Masters (Economics)	8	7

Duties and responsibilities:

Internal Control:

- Evaluate whether the bank management has been able to build a compliance culture with respect to bank's internal control system; whether bank employees/workforce have been clearly advised about their duties and responsibilities in this regard and whether management has established full control on their activities;
- Review all initiatives taken by bank management as regards building a suitable Management Information System (MIS) along with the state of computer application in banking system and uses thereof;
- Consider the oversight of bank's compliance on recommendations made from time to time concerning establishment of an internal control mechanism/framework by internal as well as external auditors;
- Apprise the board of any fraud-forgery, internal control lapses found by internal or external auditors and inspection team of regulatory authority or identification of such other areas and remedial measures therein.

Disclosure of Financial report:

Scrutinize whether true and fair view of the state of affairs is reflected in annual financial statements and prevailing rules, regulations and standards along with BB guidelines are adhered to making such statements;

- Exchange views with the external auditors and the Managing Director and CEO before confirmation of the financial statements.

Internal Audit

- Review if internal control management is able to conduct its operation and independent of Bank Management;
- Review internal audit activities and its organizational structure and ensure that no untoward hurdles or limitations create bottleneck to internal audit activities;
- Verify the skills and effectiveness of internal audit system;
- Examine appropriateness of management consideration about observations/recommendations of the internal auditors regarding banking operation and mitigation of irregularities identified.

Meeting of the committee:

According to applicable rules and regulations, 8(eight) meetings of the Committee were held in the year 2020. The committee, from time to time invited the Managing Director, the Head of Internal Control & Compliance Department and other responsible officials entrusted with internal control activities or any other personnel to participate in their meeting, as deemed necessary. All recommendations/ observations of the committee were recorded in minutes. The meetings held in 2020 were as under:

SL. No.	Audit Committee Meetings	Date of Meeting Held
1	33 th Audit Committee Meeting	06.02.2020
2	34 th Audit Committee Meeting	04.03.2020
3	35 th Audit Committee Meeting	12.04.2020
4	36 th Audit Committee Meeting	05.07.2020
5	37 th Audit Committee Meeting	04.08.2020
6	38 th Audit Committee Meeting	30.09.2020
7	39 th Audit Committee Meeting	01.11.2020
8	40 th Audit Committee Meeting	22.12.2020

Key activities in 2020:

The major areas focused by the Audit Committee of the Board during 2020 are outlined below:

- Self Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No. 17 dated November 07, 2012 of Bangladesh Bank.
- Review & recommend Annual Health Report-2019 of the Bank.
- Audit Plan for the year 2021.
- Consideration and recommendation of Interim Audited Financial Statements as on 30.09.2020 of the Bank.
- Consideration and recommendation on Annual Accounts (Audited) along with the reports of the External Auditors thereon for the year ended 31st December 2020.
- Review Management Letter issued by Bangladesh Bank & other External Auditors and Management response thereto as part of compliance activities.
- Review expressed intent of the Audit Firms and upon scrutinizing recommends for appointment.
- Convene audit meetings just after completion of the reports, rather than waiting for compliance from branches.
- Review the compliance status on every issue.
- Proper and timely review of all quarterly and monthly statements.
- Review auditing activities of external auditors and their audit report;
- Examine appropriateness of management reply about observations/recommendations of the external auditors regarding banking operation and mitigation of irregularities identified.
- Submit recommendations for appointment of external auditors to perform statutory audit of the bank.
- Consideration and recommendation of Half-yearly Financial Statements (Un-audited) of the Bank for the period ended 30th June 2020.
- Review of Quarterly Financial statements.
- Recommendation for approval of the revised Loan Documentation Check List in purview of Bangladesh Bank Guidelines.
- Review & recommend Revised Internal Control & Compliance Policy of the Bank.
- Summary of Loan classification and provision as on 31.03.2020, 30.06.2020 and 30.09.2020 and 31.12.2020.



Steps taken for implementation on effective internal control procedure of the Bank as advised by the Audit Committee:

The Committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance with rules and regulations and establishment of good governance within the organization.

- Recommended for arranging Zoom Webinar Conference to discuss the observations and compliance status with the respective branch manager during Audit Meetings.
- Recommended for IT Test Area & Lab facilities to build up technical expertise through practical exercises.
- Directed Management to arrange special training program to acquaint all the employees about the range & use of CBS System for controlling lapses in banking system CBS.
- Reviewed and recommended for fortifying ICC Division through experienced and trained Professional manpower.
- Directed Internal Control & Compliance Division to audit the unaudited branches with reasonable and justified interval.
- Advised to inform the branches/divisions to instantly communicate with Internal Control & Compliance Division if any financial incidence/irregularities take place.
- Recommended to establish a self monitoring system for better and effective monitoring over the branches.
- Suggested for immediate improvement against the deficiencies in operational activities at the branches.
- Advised for improvement of systems to promote the operational activities of Branch to a certain efficient level.
- Advised to immediately report the major irregularities to the Chairman of Audit Committee through e-mail before preparation of audit reports.
- Advised to check each and every audit report by the line management time and again to ensure its reliability and standard.
- Advised to ensure implementation of recommendations made by different committee of the board meticulously.
- Advised for thoroughly checking the Transaction Profile of the Accounts during audit to ensure reliability of transactions.
- Reviewed the observations and advice of Bangladesh Bank in their Comprehensive Inspection Reports on the Bank, along with their compliance status.
- Recommended for taking effective initiatives by ICCD of the Bank to strengthen overall monitoring, so that no fraudulent activities can take place in the bank.
- Advised to meticulously comply with all terms and conditions of the credit approvals for disbursement by the branches.
- Recommended for review of Core Risk of the Bank such as Financial Risk, Reputation Risk, Reputation Risk, Credit & Operational Risk.
- Review the Risk factor & recommend the mitigation strategy of Top 50 borrowers of the Bank.
- Recommended for complying with the detail guidelines of Bangladesh Bank and other Regulatory Authorities for opening of all types of accounts at the branches.

Approval of Financial Statements:

The Audit Committee reviewed and examined the Bank's Annual Financial Statements for the year ended December 31, 2020, prepared by the Management and audited by External Auditors M/s. Hoda Vasi Chowdhury & CO, a Chartered Accountant with a recommendation to the Board for consideration and approval.

The Audit Committee accords its sincere thanks and gratitude to Members of the Board, Management team and the Auditors for their continuous support to make the bank compliant in its journey to banking excellence.

Md. Sajidur Rahman
Chairman
Audit Committee of the Board

Report of the Risk Management Committee (RMC) of the Board

Taking risk is an integral part of financial intermediation and banking business. Therefore, there is no alternative but to ensure sound risk management practices for surviving in the competitive environment. Considering the issue South Bangla Agriculture and Commerce Bank Limited is trying to develop an integrated and institution-wide risk culture, based on a full understanding of the risks it faces and how they are managed, considering risk tolerance and appetite and in line with bank's risk policies and procedures.

A sound risk culture encourages effective risk management, promotes sound risk-taking and ensures that risk-taking activities beyond the institution's risk appetite are recognized, assessed, reported, and addressed in a timely manner. Weaknesses in risk culture are often the root cause for occurrence of significant risk events, financial institution failures, and financial crisis. In this context Bangladesh Bank has issued six core risks management guidelines, risk based capital adequacy guideline and stress testing guideline to ensure robustness, efficiency and effectiveness of risk management systems for the Banking sector. Besides, Bangladesh Bank has issued revised Risk Management Guidelines for Banks on October 08, 2018. This guideline promotes an integrated, bank-wide approach to risk management which will facilitate banks in adopting contemporary methods to identify measure, monitor and control risks throughout their institutions.

South Bangla Agriculture & Commerce(SBAC) Bank committed to its stakeholders to attain a sustainable business growth commensurate with its strategies and policies. To this end, the Bank has adopted

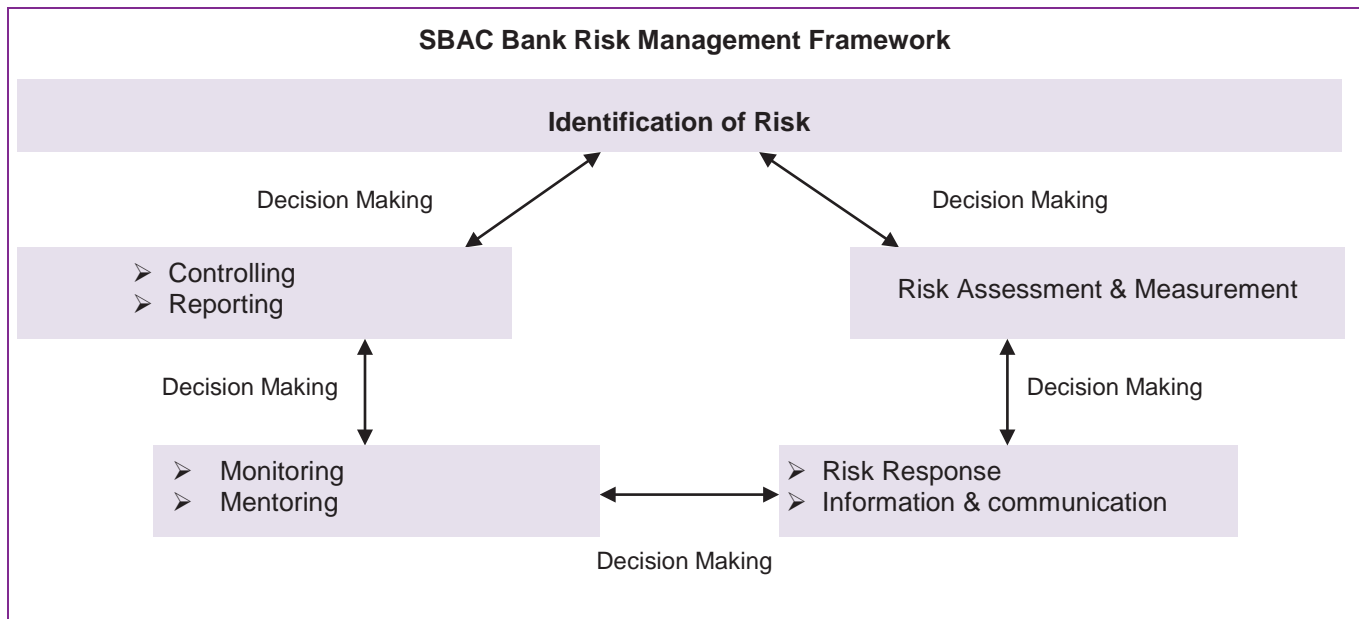
Core Risk Management policies issued by Bangladesh Bank and is implementing those meticulously. In this context, SBAC Bank has prepared the Revised Risk Management Guidelines 2020 which was approved by the Board of Directors of the Bank in its 112nd meeting held on December 30, 2020 and Bank follows the guidelines for risk identification, measurement, assessment and to minimize the risk of the Bank.

SBAC Bank is increasingly focusing on development of appropriate risk management framework for managing risks of the bank. Risk Management Division (RMD) has been set up in the Bank under supervision of Chief Risk Officer. This department monitors and reports various types of risks and develops appropriate risk culture in the Bank. Major activities of RMD include preparing half yearly Comprehensive Risk Management Report which identifies and measures potential risks in Bank's activities and portfolios, monthly Risk Management Report, Quarterly Stress Testing report, acting as operational layer for Internal Capital Adequacy Assessment Process, arranging meeting of Board Risk Management Committee and apprise the Board/ Risk Management Committee of the Board about the identified risks and management's recommendations to address the risks. Besides as per instruction of Bangladesh Bank DOS Circular Letter No.04 dated October 08, 2018 Risk Management Division prepares Risk Appetite of the Bank considering the key risk areas which is approved by the Board.

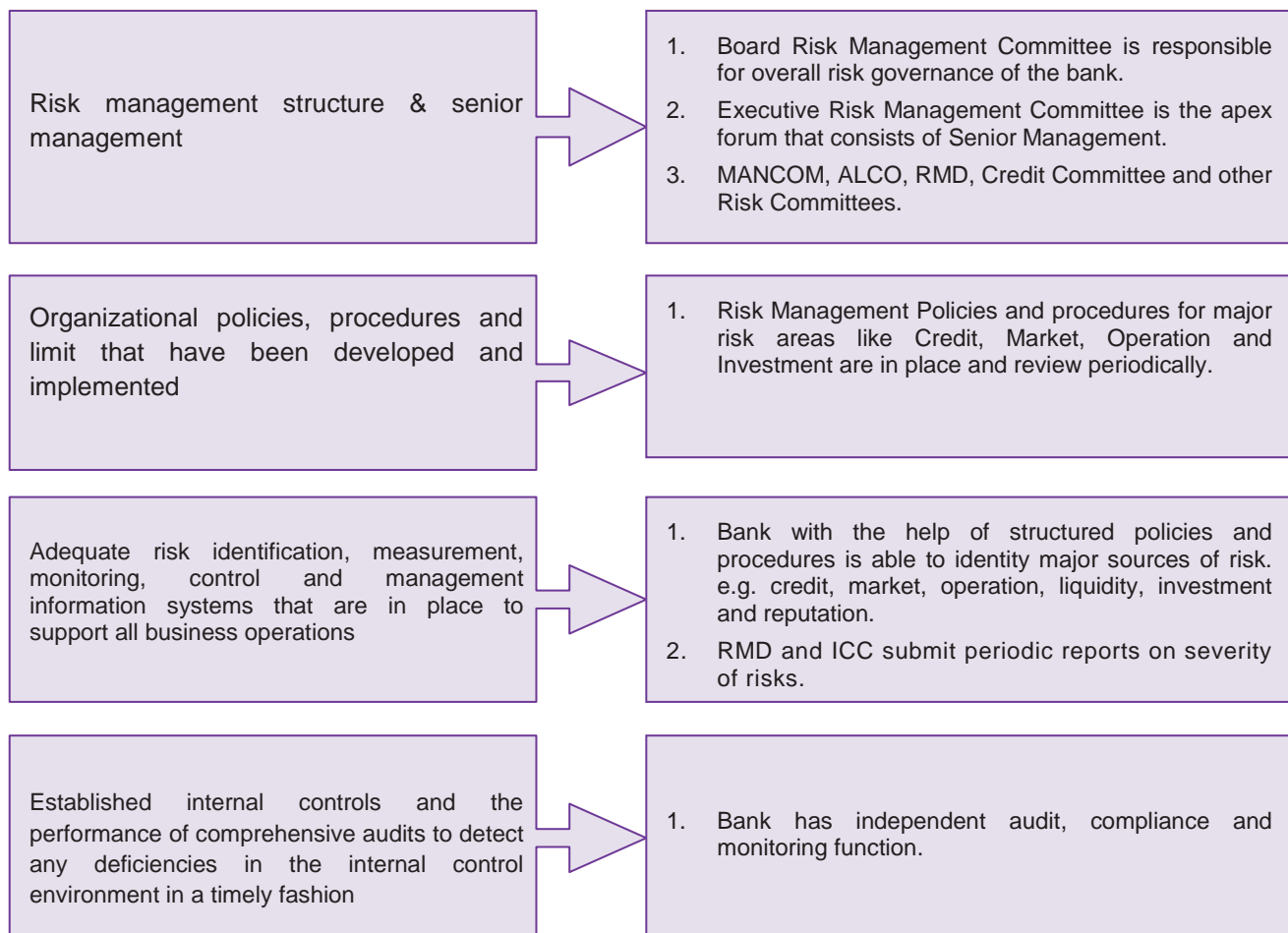


1. Risk Management Framework

Know your business → Rank portfolio of risks → Quantify risk appetite → Merge risk blueprint with organizational strategy → Established governance and management structures building systems and infrastructure develop policies and procedures.



2. Key elements of Risk Management System:

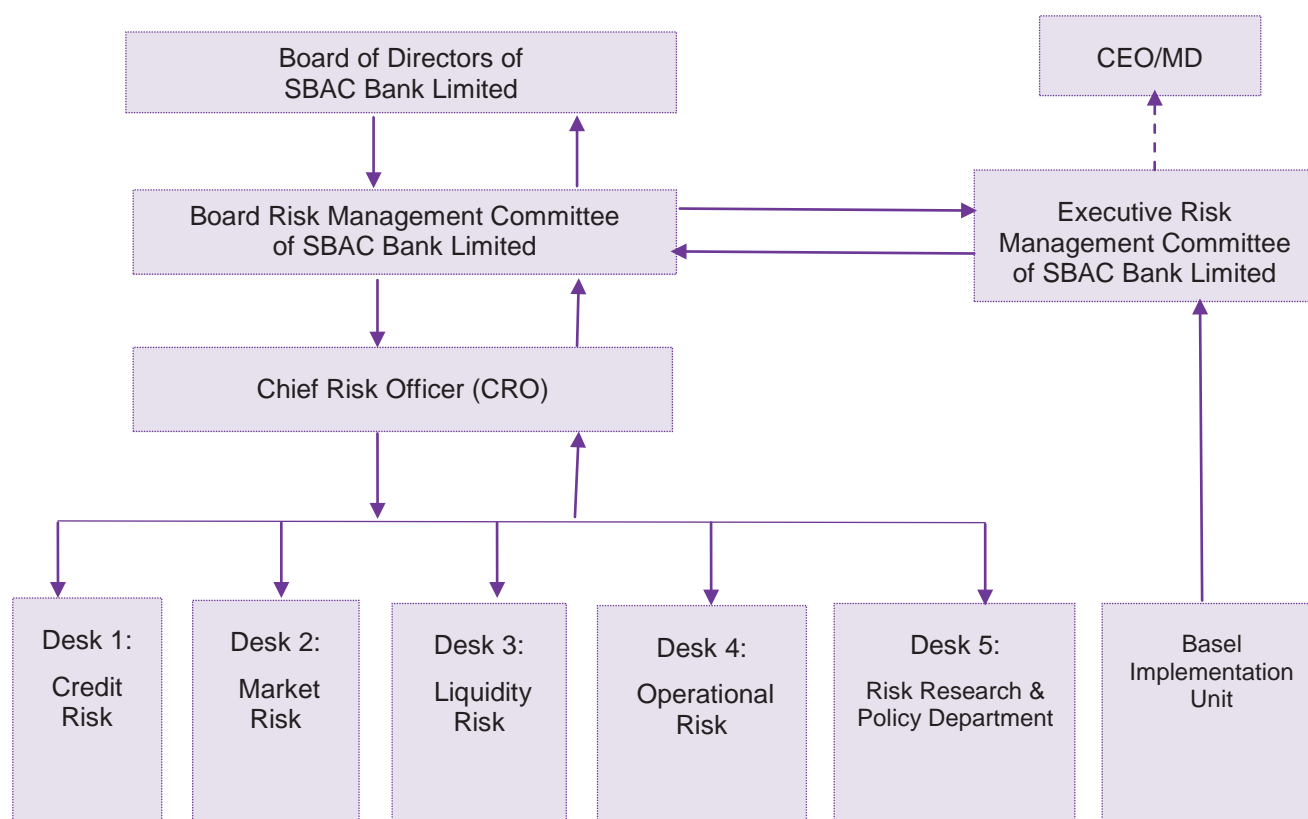


3. Principles of Risk Management:

The main principles of Risk Management are the protection of SBAC Bank's financial health by mitigating risks. The key principles are described as follows:

- 3.1 Protecting the Bank's financial strength: SBAC Bank controls risks in order to limit the impact of potential adverse event, both on its capital and on its financial results. The risk appetite distributes proportional for the available capital and other appropriate base. In this context, the RMD has prepared the Risk Appetite which was approved by the Board of Directors.
- 3.2 Protect Reputation: Reputation is essential for the proper performance of a bank and needs to be sustained for banking industries. SBAC Bank always tries to hold its reputation to sustain the banking industries.
- 3.3 Risk Transparency: For good insight into SBAC Bank positions, it is vital to identify all risks. Risks must always be considered as accurately as possible and documented in order to be able to make sound business decision.
- 3.4 Management Responsibility: The management of bank is responsible for its result as well as for their risks associated with its operations. A balance is made between risk and return, while, of course duly observing the relevant risk limits.
- 3.5 Independent Risk Control: This is the structured process of identifying, measuring, controlling, monitoring and reporting risks. In order to ensure integrity, the Risk Management Department operates independently to administer risks.

4. Organizational Structure of Risk Management:



4.1 Role of Board of Directors

The Board of Directors of SBAC Bank has given utmost importance on sound risk management practices. They have taken every possible initiative to keep various risks (credit, market, liquidity, operational risks etc.) within tolerable level. For this purpose, the board has played the following role: -

- a) Established organizational structure for enterprise risk management within the bank and ensured that top management as well as staffs responsible for risk management possess sound expertise and knowledge to accomplish the risk management function properly;



- b) Assigned sufficient authority and responsibility to risk management related officials;
- c) Ensured uninterrupted information flow to RMD for sound risk management;
- d) Continuously monitoring the bank's performance and overall risk profile through reviewing various reports;
- e) Ensured the formulation, review (at least annually) and implementation of appropriate policies, plans and procedures for risk management;
- f) Defining and reviewing the risk appetite, risk tolerance, limit etc. in line with strategic planning;
- g) Making sure maintenance of adequate capital and provision to absorb losses resulting from risk;
- h) Ensuring that internal audit reviews the credit operations, foreign exchange operations and securities portfolio management functions etc. to assess the effectiveness of internal control system;
- i) Monitoring the function of Board Risk Management Committee.

4.2 Board Risk Management Committee:

As per directives of Bangladesh Bank circular no. 11 dated November 27, 2013, SBAC Bank formed a Risk Management Committee consisting having 04 (four) members of the Board of Directors. The members of the committee are given below:

Sl. No.	Name of Directors	Position of the Committee
1	Captain M. Moazzam Hossain	Chairman
2	Dr. Syed Hafizur Rahman	Member
3	Mr. Mohammad Nawaz	Member
4	Mr. Mohammed Ayub	Member

4.2.1 Role of the Board Risk Management Committee:

The major duties and powers of the Risk Management Committee include, among others:

- Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;
- Monitoring implementation of risk management policies & process to ensure effective prevention and control measures;
- Ensuring construction of adequate organizational structure for managing risks within the bank;
- Supervising the activities of Executive Risk Management Committee (ERMC);
- Ensuring compliance of BB instructions regarding implementation of core risk management;
- Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval;
- Approving adequate record keeping & reporting system and ensuring its proper use;
- Holding at least 4 meetings in a year (preferably one meeting in every quarter) and more if deemed necessary;
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- Submitting proposal, suggestions & summary of BRMC meetings to board of directors at least on yearly basis;
- Complying with instructions issued from time to time by the regulatory body;
- Ensuring appropriate knowledge, experience, and expertise of lower-level managers and staff involved in risk management;
- Ensuring sufficient & efficient staff resources for RMD;
- Establishing standards of ethics and integrity for staff and enforcing these standards;
- Assessing overall effectiveness of risk management functions on yearly basis.

4.3 Chief Risk Officer (CRO) and Executive Risk Management Committee (ERMC) of the Bank:

The Risk Management Committee of the Board of the Bank in its 20th meeting held on November 15, 2018 has approved appointment of Mr. Md. Kamal Uddin as the Chief Risk Officer (CRO) of the Bank as per the instruction given by Bangladesh Bank through DOS Circular no. 04 dated October 08, 2018. The Bank has also formed an Executive Risk Management Committee headed by Mr. Md. Kamal Uddin, Deputy Managing Director & CRO of the Bank along with other related divisional heads as the member of the committee.

4.4 Risk Management Division:

In compliance with Bangladesh Bank letter no. DOS (RMMS) 1154/1/SBAC/2013-397 dated December 02, 2013, SBAC formed a separate 'Risk Management Division' under Chief Risk Officer to ensure following activities in Bank:

- Establishment of risk management policies and procedures and review it annually to sound practice of the Bank;
- Preparation of SRP Policy of the Bank to maintain sufficient capital;
- Arrangement of meeting of Executive Risk Management Committee, preparation of minutes of the meetings & distribution of the same to the members;
- Preparation of the monthly Risk Management Report of the Bank on monthly basis and submit the same before management and Bangladesh Bank within the prescribed time;
- Preparation of the Comprehensive Risk Management Report of the Bank on half yearly basis and submit the same before management and Bangladesh Bank within the next month of each half year;
- Preparation of the stress testing report of the Bank on quarterly basis and submit the same before management and Bangladesh Bank (on quarterly basis) within the following month after the end of quarter;
- Preparation of ICAAP report and submit it to the Bangladesh Bank within May 31 of each year;
- Preparation of the Risk Appetite Statement of the Bank for sound risk management practice, place it before the Board of Directors of the Bank for approval and submit it to the Bangladesh Bank within February of each year;
- Preparation of the Board/ Audit Committee of the Board/ Risk Management Committee of the Board memo related to Risk Management issues;
- Look after the portfolio of loans and advances of the bank and analyze the risk related to credit concentration;
- Revision of the overall risk policy, including a consideration of whether any revisions are required;
- Preparation of risk management disclosure in the annual report;

4.5 Capital Assessment under Basel-III:

Capital Assessment of the bank is based on the objective of maintaining an adequate capital base to support the projected business and regulatory requirement. This is done by drawing an annual planned business growth vis-à-vis capital requirement.

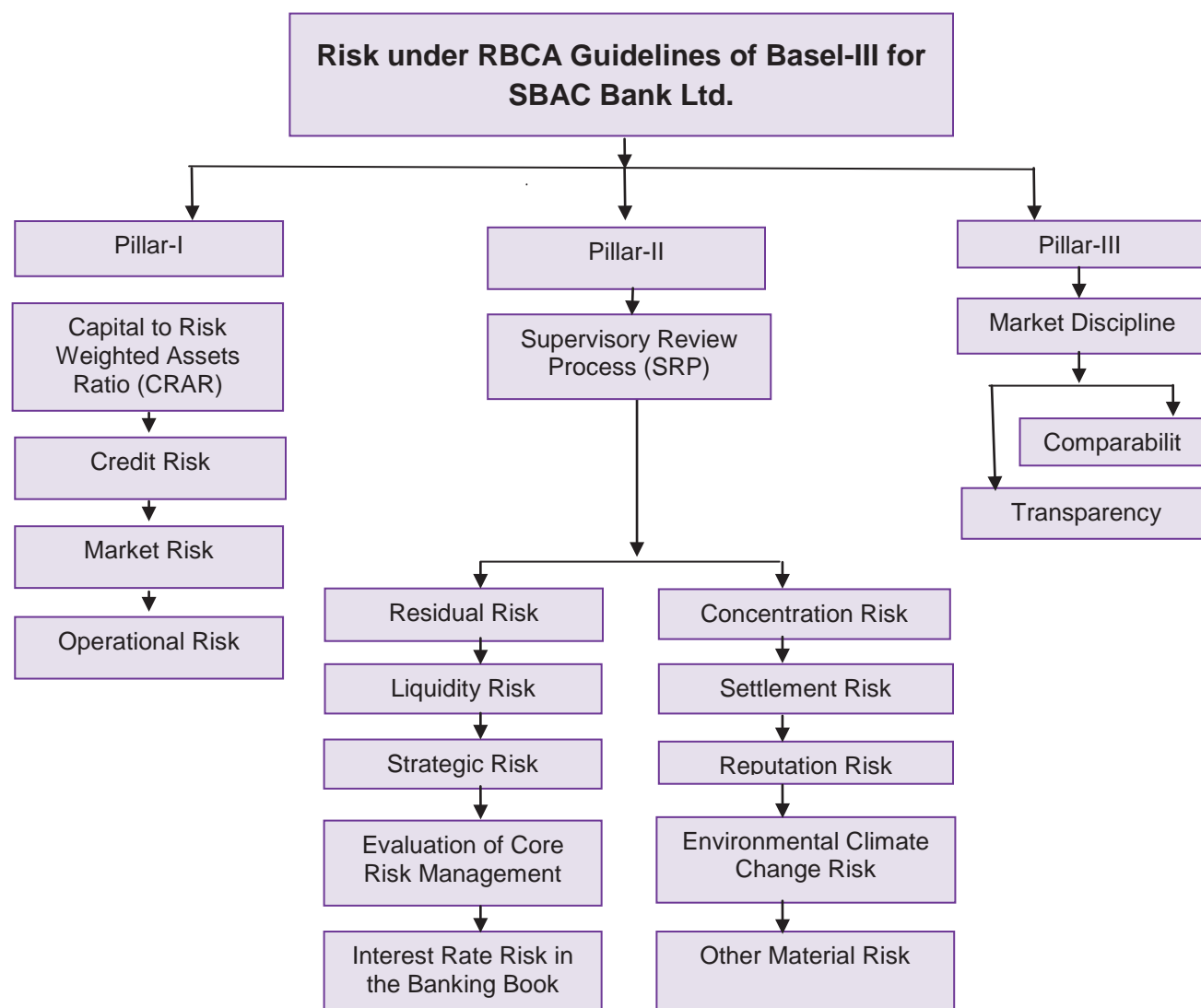
4.5.1 Capital Position of SBAC Bank Limited:

As per directives of the Bangladesh Bank, every bank is required to maintain capital at 12.50% including buffer capital of its risk-weighted assets under Basel-III or Tk.400.00 crore whichever is higher for the year 2020. Among which Common Equity Tier-1 (CET-1) capital should be minimum 4.50 percent of total capital. SBAC Bank maintained total eligible capital Tk. 926.99 crore as on 31.12.2020 which was Tk.837.11 crore as on 31.12.2019. The Capital to Risk Weighted Asset Ratio of the bank was 13.45% as on 31.12.2020 of which CET-1 was 13.44%. As on 31.12.2019, CRAR of the bank was 14.73%. So, SBAC Bank maintains excess capital as per requirement of Bangladesh Bank and the bank stands on strong capital base.



4.5.2 Risks under the Guidelines on Risk Based Capital Adequacy (BASEL-III):

To cope with the international best practices and make the bank's capital shock absorbent, 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised regulatory capital framework in line with Basel III) was introduced from January 01, 2009 as a parallel run with BRPD Circular No. 10, dated November 25, 2002 (Basel I). At the end of parallel run, Basel III regime started from January 2015 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. Under RBCA guidelines, SBAC Bank considers the following risk against Pillar-1 & Pillar-2.



4.5.2.1 Capital to Risk Weighted Assets Ratio (CRAR):

As per guidelines of Risk Based Capital Adequacy (RBCA) of Bangladesh Bank, every scheduled bank should maintain Capital to Risk Weighted Assets Ratio including buffer capital of 12.50% of Risk Weighted Assets (RWA). Under this requirement, Capital to Risk Weighted Asset Ratio of the Bank stood at 13.45% of RWA as on 31.12.2020. While calculating Risk Weighted Assets, Credit Risk, Market Risk and Operational Risk are taken into consideration. These are described below:

A) Credit Risk:

Credit Risk is defined as the potential losses that bank's borrower or counter party will fail to meet its obligations accordance with agreed terms. This includes non-payment of principal or interest within the agreed period at the agreed rate of interest and in the agreed currency due to unwillingness of the counter party or decline in his/her financial abilities resulting from adverse environment.

SBAC Bank Limited has well written procedure both for appraisal and regular monitoring of credit risk. Regular reviews are held and risks identified. Risks are mitigated in a number of ways namely recourse to collateral, counter-guarantees from shareholder/ third parties. Adequate margins are maintained on the collateral to guard against adverse fluctuation in the market price of collateral.

i) Credit Policy:

Credit Policy of the Bank capture the core principles for identifying, measuring and managing credit risk of the bank. These policies are approved by the Board of Directors and are designed to meet the organizational requirements that exist today and to provide flexibility for the future. The policy is also revised from time to time to make it up-to-date. SBAC Bank recognizes that a critical factor in the bank's continued profitability and stability is its effective risk management capabilities. SBAC Bank also ensures its risk management strength and strives to continuously promote a proactive risk management culture in the bank.

ii) Lending guidelines:

Bank's credit strategy is to determine the risk appetite of the Bank. So Bank's focus is to maintain a credit portfolio keeping in mind of our risk absorbing capacity. Thus its strategy is invigorating loan processing steps including identifying, measuring, containing risks as maintaining a balance portfolio through minimizing loan concentration, encouraging loan diversification, expanding product range, streamlining security, insurance etc. as buffer against unexpected cash flow.

iii) Credit Assessment:

A thorough credit and risk assessment is to be conducted prior to the granting of loans, and at least annually thereafter for all facilities. The results of this assessment shall be present in a Credit appraisal that originates from the Relationship Manager ("RM") and approved by Credit Risk Management (CRM). The RM should be the owner of the customer relationship, and will be held responsible to ensure the accuracy of the entire credit application submitted for approval. RMs shall follow the Bank's lending guidelines and shall conduct due diligence on new borrowers, principals and guarantors.

iv) Risk Assessment:

Credit proposals shall contain summarizing of the results of the RMs risk assessment and include, as a minimum, the following details:

- Amount and type of loan(s) proposed.
- Purpose of loans.
- Loan structure (Tenor, Covenants, Repayment schedule, Interest etc.)
- Security arrangements
- Marketing aspects
- Management capability

v) Internal Credit Risk Rating (ICRR):

Internal credit risk rating is an important tool for credit risk management as it helps to understand various dimensions of risk involved in the underlying credit transaction. The aggregation of such rating across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio of a Bank or a branch. The ICRR system is vital to take decisions both at the pre-sanction stage as well as at post-sanction stage.

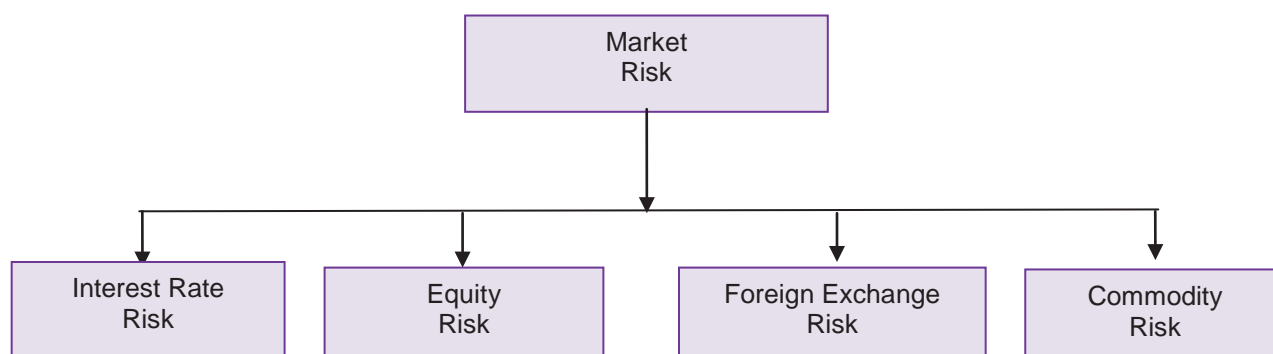


vi) Credit Risk Mitigation:

The Bank believes that a key component of a disciplined credit culture is adherence to internal policies and procedures. Hence, comprehensive Credit Policies have been established in the Bank to ensure quality and transparency of investment decisions at all times. A well-defined approval hierarchy supported by high ethical standards, established policies, procedures and practices function as the core credit risk mitigation in the overall investment culture of Bank.

B) Market Risk:

Market risk is the risk of potential losses in balance sheet and off-balance sheet positions of the bank arising from adverse movements in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices.



The main objective of the market risk is to ensure that bank's activities which are exposed to various market risks are generating optimum returns and downside risks are in control and within the limit of agreed appetite.

i) Interest Rate Risk:

Interest Rate Risk is the potential impact on a Bank's earnings and net assets values due to change in market interest rate. Interest rate risk arises when a Bank's principal and interest cash flows (including final maturities) both on and off-balance sheet, have mismatched on re-pricing dates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. Bank's lending, funding and investment activities give rise to interest rate risk.

ii) Foreign Exchange Risk:

Foreign Exchange Risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. Foreign exchange risk may also arise as a result of exposures of banks to profit rate risk arising from the maturity mismatches of foreign currency positions.

The SBAC Bank has established Risk Tolerance limits for foreign exchange exposure within the directives of Central Bank of Bangladesh in order to ensure that any adverse exchange rate movements on the results of the Bank due to un-hedged foreign exchange positions are managed within acceptable parameters.

iii) Equity Price Risk:

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank. Market to market is the tool bank applies for making full provision against losses arisen from changes in the market price of securities.

iv) Commodity Risk:

Commodity risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be grains, metals, gas, electricity etc. A commodity enterprise needs to deal with the following kinds of risks:

- Price risk (Risk arising out of adverse movements in the world prices, exchange rates, basis between local and world prices)
- Quantity risk
- Cost risk (Input price risk)
- Political risk

C) Operational Risk:

Operational risk refers to the risk of losses resulting from the inadequacy or failure of internal process, systems and people or external events. Capability to carry out a large number of transactions effectively and accurately while complying with applicable laws and regulations constitute Operational Risk Management activities of the Bank.

Key processes of the management of Operational Risk in the Bank are based on the concept of 'Risk vs. Service vs. Cost' and Operational Risk is effectively managed with least inconvenience to the clients.

4.5.2.2 Supervisory Review Process:

Supervisory Review Process is the Second Pillar of Basel-III of Risk Based Capital Adequacy Framework which is intended to ensure that banks have adequate capital to support all the risks in their business and at the same time to encourage banks to develop and use better risk management techniques in monitoring and managing their risks.

The key principle of the SRP is that “banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level”. Bank must be able to demonstrate the chosen internal capital targets that are well founded and that these targets are consistent with their overall risk profile and current operating environment. Bank management will clearly bear primary responsibility and Board of Directors hold the tertiary responsibility for ensuring that the bank has adequate capital to support its risks. Under SRP, there must have three layers such as managerial layer, strategic layer and operational layer.

Under Managerial Layer SBAC Bank formed an exclusive body naming SRP Team which was constituted by the concerned departmental heads of the bank and headed by Managing Director. The SRP Team and its Terms of Reference (ToR) were approved by the Board of Directors.

A) Residual Risk:

Under 2nd Pillar of Basel-III, SBAC Bank always considers the residual risk against error in documentation and error in valuation of collateral. Risk Based Capital Adequacy (RBCA) framework and other supervisory regulations on credit risk, the management of SBAC Bank allows offsetting credit or counterparty risk with collateral along with the legal and financial documents. Improper application of different techniques give rise to additional risks that may render the overall risk management less effective. Accordingly, these additional risks (e.g. documentation risk, valuation risk) are termed as Residual Risks. Apart from the capital maintained against credit risk under Pillar 1 (Minimum Capital Requirement) of RBCA, additional capital requirement is to be estimated against different aspects of residual risk related to the loans & advances portfolio of SBAC Bank.

In the context of Bangladesh, Bangladesh Bank (BB) has observed that Residual Risk arises mainly out of the following situations:

- Error in Documentation:** Banks collect and preserve documents against loans and advances to have legal protection in case of adverse events like default of loan. Lack of required and duly filled-up documents and erroneous or fake or forged documents will lead to the amplification of overall risk aspects of loan portfolio and the reduction in the strength of legal shield that slacks the ownership of the bank on collateral and consequently hinders the recovery of loan.
- Error in valuation of collateral:** Banks require appropriate valuation of collateral (both physical and financial) and guarantee (bank guarantee and personal guarantee) against loans and advances for mitigation of default probability. The improper valuation or overvaluation of collateral can lead to overstated scenario of risk mitigation for collateralized loan. That will raise the default probability of the loan.



B) Liquidity Risk:

Liquidity risk is the risk that the bank cannot promptly fulfill its payment obligations due to unforeseen factors or be forced to placement funds on unfavorable terms. The Treasury Division of the Bank determines the adequacy of the liquidity position by doing analysis based on the following factors:

- Historical funding requirement
- Current liquidity position
- Anticipated loan disbursement
- Anticipated future funding needs
- Present and future earning capacity
- Sources of funds
- Socio economic perspective of present and near future
- Regulatory guidelines
- Capital planning
- GAP analysis
- Stress Testing with minor, moderate and major shock showing absorbing capacity

C) Strategic Risk:

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, non-adaptability/ less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base.

In this context, strategic risk possesses a significant space in the Internal Capital Adequacy Assessment Process (ICAAP) of the banks. The aspects of strategic risk in respect of Pillar 2 of RBCA are as follows:

- CAMELS rating
- Operating expenses
- Classified loans ratio
- Recovery of classified loan
- Written-off Loans
- Interest Waiver
- Base rate calculation methodology
- Strategic Plans
- Rescheduling of loans and advances

D) Evaluation of Core Risk Management:

Bangladesh Bank introduced core risk management system for assessing the risk management environment and practices in banks in 2003. In that respect, BB identified 6 (six) risk areas which are termed as core risks through issuing industry best practices framework. Those frameworks provided benchmark to be followed by the banks and suggested the banks to develop own assessment methodology for each core risks as well as to calculate own risk rating at least once a year. Thus, rigorous risk management framework of banks would require own assessment methodology and annual review. To ensure the stability of the business model and the soundness of the operational structural, appraisal of risk management structure of a bank is necessary. In this respect, SBAC Bank has developed its own methodology for assessing each core risk separately which was approved by Board of Directors. Based on these approved methodologies, SBAC Bank conducts rigorous review on annual basis and derive rating for each risk. The capital charge against Appraisal of Core Risk Management Methodology is as follows:

- Capital charge is applied for each risk separately,
- No capital charge is imposed for risk ratings of 1 (Strong) and 2 (Satisfactory),
- For risk ratings of 3 (Fair), 4 (Marginal) and 5 (Unsatisfactory); capital charge is derived by multiplying the MCR with 15% of minimum CRAR set by BB from time to time.

E) Interest Rate Risk in the Banking Book (IRRBB):

IRRBB is the current or potential risk to the interest rate sensitive assets and liabilities of a bank's balance sheet as well as the off-balance sheet items arising out of adverse or volatile movements in market interest rate. Volatile movements of market interest rate adversely affect the value of interest rate sensitive assets and liabilities that consequentially results in the loss of equity value. In the context of Pillar 2, the assessment of loss of equity value due to IRRBB is vital as this is the outcome of poor asset liability management that shows the inefficiency of the risk management framework of the bank.

The susceptibility of banks to IRRBB can be estimated through Simple Sensitivity Analysis and Duration Gap Analysis.

- i) SBAC Bank Steps for conducting Simple Sensitivity Analysis:
 - Calculate all on-balance sheets Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL),
 - Plot the RSA and RSL into different time buckets on the basis of their maturity,
 - Calculate the maturity gap by subtracting RSL from RSA ($GAP = RSL - RSA$),
 - Calculating the changes in the Net Interest Impact (NII) by multiplying the changes in interest rate with the Gap.
- ii) SBAC Bank takes following steps for conducting Duration Gap Analysis:
 - Estimate the market value of all on-balance sheet rate sensitive assets and liabilities of the bank to arrive at market value of equity,
 - Calculate the durations of each class of asset and the liability of the on-balance sheet portfolio,
 - Arrive at the aggregate weighted average duration of assets and liabilities,
 - Calculate the duration GAP by subtracting aggregate duration of liabilities from that of assets,

F) Concentration Risk:

Concentration risk arises when any bank invests its most or all of the assets to single or few individuals or entities or sectors or instruments. That means when any bank fails to diversify its loan and investment portfolios, concentration risk emerges. Downturn in concentrated activities and/or areas may cause huge losses to a bank relative to its capital and can threaten the bank's health or ability to maintain its core operations. In the context of Pillar-2, SBAC Bank follows two types of concentration risk:

- i) Credit Concentration Risk: When the credit portfolio of a bank is concentrated within a few individuals or entities or sectors, credit concentration risk arises. SBAC Bank has constructed well diversified credit portfolio.
- ii) Market Concentration Risk: When the investment portfolio of a bank is concentrated within a few instruments or any instrument of few companies or any instrument of few sectors, market concentration risk arises. The investment portfolio of SBAC Bank is well diversified.
 - a) Assessment of Credit Concentration Risk: To assess the credit concentration risk, following aspects of SBAC Bank's loan portfolio will be considered:
 - Sector wise exposure,
 - Division wise exposure (Geographic Concentration),
 - Group wise exposure,
 - Single borrower wise exposure,
 - Top borrower wise exposure (Top 10-50 borrowers will be counted)
 - b) Assessment of Market Concentration Risk: To assess the market concentration risk, following aspects of SBAC Bank's investment portfolio are evaluated:
 - Instrument (financial securities) wise investment,
 - Sector wise investment in listed instruments,
 - Currency wise investment of foreign exchange portfolio.

G) Reputation Risk:

Reputation risk is the current or prospective indirect risk to earnings and capital arising from adverse perception of the image of the Bank on the part of Customers, Shareholders, Investors, Counterparties, Business Partners, Credit Rating Agencies, Regulators, and General Public. Reputation risk may originate from the lack of compliance with industry service standards, failure to deliver on commitments, lack of customer-friendly service and fair market practices, low or inferior service quality, unreasonably high costs, a service style that does not harmonize with market benchmarks or customer expectations, inappropriate business conduct or unfavorable authority opinion and actions.



In context of Bangladesh, SBAC Bank is considering the following issues for mitigation of reputation risk:

- Credit Rating conducted by ECALs
- Internal fraud
- External fraud
- Non-payment or delayed payment of accepted bills (foreign & domestic)
- Quality of customer service

H) Settlement Risk:

Settlement risk arises when an executed transaction is not settled at the standard settlement system suggests or within predetermined method. The banks pose to the risk when it fulfills its contractual obligations (payment or delivery), but the counterparty fails or defaults to do the same. Non-receiving or delayed receiving of receivable bills (foreign & domestic) will be evaluated to assess settlement risk. Number of such cases and the total value in taka will be examined. If total value in taka from such cases in a year (reporting year) equals at least 5% of the total loans and advances, capital charge will be imposed which is the multiplication of the MCR with 10% of minimum CRAR set by BB from time to time.

I) Environmental and Climate Change Risk:

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

These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction. Environmental and climate change risk can hamper the business stability of the borrowers in respect of both- i) profitability and ii) reputation. Consequentially, the extent of risk for the banks will be higher.

To evaluate this risk, SBAC Bank follows Environmental & Social Due Diligence (ESDD) Check List specified in Guidelines on Environmental & Social Risk Management for Banks & Financial Institutions in Bangladesh issued by Bangladesh Bank in February 2017. Besides, the Bank considered 'Environment Risk' as a part of core risk in its approved Credit Policy.

4.5.2.3 Market Discipline:

The purpose of Market discipline in the Revised Capital Adequacy Framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market discipline in the revised framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

4.6 Stress Testing:

Stress Testing is a risk management technique used to evaluate the potential effects of Bank's financial condition of a specific event and/or movement in a set of financial variables. It is also an integral part of the Capital Adequacy Framework. The traditional focus of stress testing relates to exceptional but plausible events. SBAC Bank performs quarterly basis stress testing within the scope of Bangladesh Bank FSD circular no. 01 dated September 24, 2012.

A) The position of Capital to Risk Weighted Assets (CRAR) after shocks on 31.12.2020:

Individual Shocks	Minor changes in CRAR	CRAR after Shock (%)	Moderate changes in CRAR	CRAR after shock (%)	Major changes in CRAR	CRAR after shock (%)
Performing loans directly downgraded to B/L: Sectoral Concentration- 1	-0.20	13.26	-0.59	12.87	-0.98	12.47
Performing loans directly downgraded to B/L: Sectoral Concentration- 2	-0.08	13.38	-0.24	13.22	-0.40	13.06

Individual Shocks	Minor changes in CRAR	CRAR after Shock (%)	Moderate changes in CRAR	CRAR after shock (%)	Major changes in CRAR	CRAR after shock (%)
Increase in NPLs due to default of top large loan borrowers	-2.49	10.96	-5.94	7.52	-8.50	3.95
Negative shift in NPLs categories	-0.34	13.11	-1.88	11.58	-2.37	11.09
Decrease in the FSV of collateral	-0.22	13.23	-0.45	13.01	-0.90	12.56
Increase in NPLs	-0.74	12.71	-2.69	10.77	-6.07	7.38
Interest Rate	-1.23	12.22	-2.47	10.99	-3.70	9.76
FEX: Currency Appreciation	-0.05	13.41	-0.10	13.36	-0.14	13.31
Equity Shock	0.00	13.45	0.00	13.45	0.00	13.45
Combined Shock	-2.59	10.87	-7.57	5.89	-13.18	0.28

4.7 Monthly Risk Management Report & Comprehensive Risk Management Report:

In compliance with Bangladesh Bank, Risk Management Division prepares Monthly Risk Management Report (MRMR) & Comprehensive Risk Management Report and presents it before Executive Risk Management Committee on monthly basis & half yearly basis for taking necessary steps to mitigate various risks which are being submitted to Bangladesh Bank in time.

4.8 Internal Capital Adequacy Assessment Process (ICAAP) Report:

Internal Capital Adequacy Assessment Process (ICAAP), including an evaluation of the bank's preferred risk profile, the actual risks identified, the means by which they will be mitigated, and what risks will be covered by capital. The ICAAP reporting must be approved by the Board of Directors of the banks before submitting to Bangladesh Bank. The information provided in the ICAAP reporting will be verified by Inspection Departments of Bangladesh Bank. In the year 2020 SBAC Bank sent the ICAAP Report along with Supplementary Documents to the Bangladesh Bank after getting approval from the Board of Directors. Besides the ICAAP Report based on December 2020 will be submitted in time.

4.9 Policy & Strategy:

Risk Management Division of SBAC Bank prepares different types of policy & strategy to fulfill the compliance of Bangladesh Bank and effectively monitor & control the various risk of the bank. The core risks management committee of the bank and Executive Risk Management Committee take necessary strategy for improving of CAMELS rating, operating expenses, and classified loans ratio, recovery of classified loan, written-off loans, interest waiver, and base rate calculation methodology.

5. Preparedness in Implementation of Basel-III:

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. These new global regulatory and supervisory standards mainly address the following areas:

- Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;
- Increase the risk coverage of the capital framework;
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- Raise the standards for the supervisory review process (Pillar 2); and
- Public disclosures (Pillar 3) etc.

Bangladesh Bank vide BRPD Circular No. 18 dated December 21, 2014 issued Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel-III). The Bank's implementation status of Basel-III guidelines is as under:



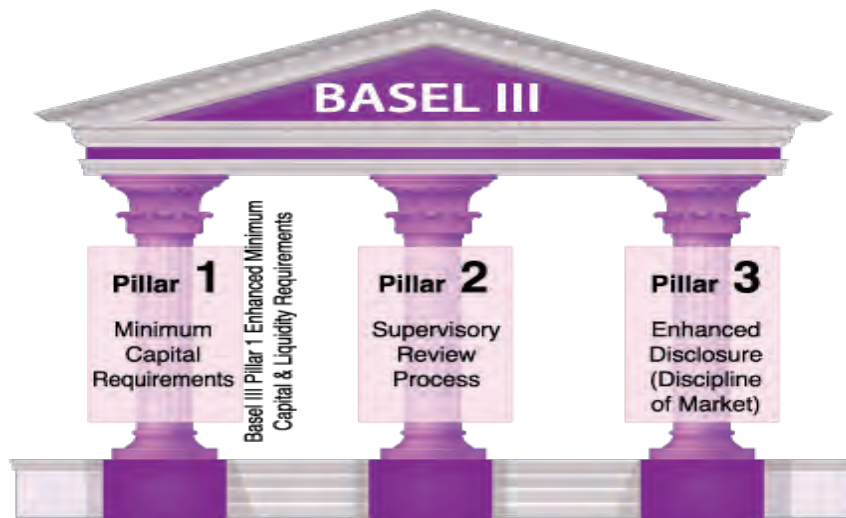
Particulars	Basel-III required for 2020	Bank Position	Remarks
Minimum Common Equity Tire-1 (CET-1) Capital Ratio	4.50%	13.44%	Excess 8.94%
Minimum Capital plus Capital Conservation Buffer (Buffer 2.50%)	7.00%	13.44%	Excess 6.44%
Minimum T-1 Capital Ratio	6.00%	13.44%	Excess 7.44%
Minimum Total Capital Ratio	10.00%	13.45%	Excess 3.45%
Minimum Total Capital plus Capital Conservation Buffer	12.50%	13.45%	Excess 0.95%
Phase – in of deduction from Tier-1: Excess Investment over 10% of a bank's equity in the equity of Bank	100.00%	Nil	-
Phase – in of deduction from Tier-2 Revaluation Reserve (RR): RR for Fixed Assets, Securities and Equity	100.00%	Nil	-
Leverage Ratio	6.00%	10.02%	Excess 4.02%
Liquidity Coverage Ratio	≥ 100%	120.75%	Excess 20.75%
Net Stable Funding Ratio	> 100%	198.31%	Excess 98.31%

Conclusion:

From the above it appears that SBAC Bank is trying to manage all risks relating to its activities and services efficiently and effectively as well as improving the risk management rating of the Bank. Risk Management Rating will have a significant effect on its CAMELS rating. Besides, this rating plays an important role in getting branch license, AD license and permission for dividend declaration etc. for banks. In this context, the meetings of Risk Management Committee of the Board, Executive Risk Management Committee and SRP Team of the Bank were held properly to instruct the Risk Management Division for minimizing the risk of the Bank.

Captain M. Moazzam Hossain
Chairman, Risk Management Committee

Disclosure on Risk Based Capital under Basel-III



Scope of Application

Qualitative Disclosures:

a)	The name of the top corporate entity in the group to which this guidelines applies.	South Bangla Agriculture and Commerce Bank Limited (the Bank)
b)	An outline of differences on the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group <ul style="list-style-type: none"> (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the credit is risk-weighted). 	<p>The Risk Based Capital Adequacy framework applies to South Bangla Agriculture and Commerce Bank Limited on "Solo Basis" as there is no subsidiary of the bank on reporting date.</p> <p>The financial statements of the Bank includes the financial statements of South Bangla Agriculture and Commerce Bank Limited (Main operation) and the Off-shore Banking Unit (OBU). A brief discussion of the Bank and OBU are given bellow</p> <p>The Bank(Main Operation)</p> <p>South Bangla Agriculture and Commerce Bank Limited (the Bank) is a scheduled commercial bank. Incorporated as a public limited company under the Companies Act 1994, the Bank obtained license from Bangladesh Bank on 25th March 2013 and started its banking business on 28th April 2013. The number of branches was 83 (eighty three) and sub-branches were 11 (eleven) as on 31 December 2020 all over Bangladesh. The principal activities of the Bank are to carry on all kinds of commercial banking business in Bangladesh.</p> <p>Off-shore Banking Unit (OBU)</p> <p>The Off-shore Banking Unit (OBU) of the Bank is the separate business entity governed by the applicable rules & regulations and guidelines of Bangladesh Bank. The Bank obtained the permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as at 31 December 2020, located at International Division, Head Office, Dhaka.</p> <p>The principal activities of the OBUs are to provide commercial banking services through its Unit within the rules & regulations and guidelines of Bangladesh Bank applicable for the Off-shore Banking Units.</p>



c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable
Quantitative Disclosures:		
d)	The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries	Not applicable

Capital Structure

Qualitative Disclosures:		
a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or in Tier 2.	<p>In terms of Section 13 of the Bank Company Act, 1991 (Amended upto 2018), the terms and conditions of the main features of all capital instruments have been segregated in terms of the eligibility criteria set forth vide BRPD Circular No. 18 dated 21 December 2014 [Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III)] and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows:</p> <p>Common Equity Tier 1 (CET1) capital instruments</p> <p>Paid-up share capital: Issued, subscribed and fully paid up share capital of the Bank.</p> <p>Non-repayable share premium account: Amount of premium realized with the face value per share at the time of issuing shares through initial public offering.</p> <p>Statutory reserve: As per Section 24 of the Bank Company Act, 1991 (Amended upto 2018), every banking company shall create a statutory reserve and if the amount of such fund together with the amount in the share premium account is less than its paid up capital, shall transfer an amount not less than 20% of profit before taxes to the statutory reserve fund.</p> <p>Retained earnings: Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p>Additional Tier 1 (AT1) capital instruments</p> <p>Instruments issued by the banks that meet the qualifying criteria for AT1: Issued, subscribed and fully paid perpetual subordinate debt/bond which meets the qualifying criteria for AT1 as stipulated guidelines on Risk Based Capital Adequacy.</p> <p>Tier 2 capital instruments</p> <p>General provision against unclassified loans and off-balance sheet exposures: As per Bangladesh Bank directive, amount of general provision maintained against unclassified loans and off-balance sheet exposures as of the reporting date has been considered.</p> <p>Subordinated debt capital: In compliance with BRPD Circular No. 18 dated 21 December 2014, Subordinated Debt is considered as a component of Tier 2 capital.</p> <p>Assets revaluation reserves: As per Bangladesh Bank's instruction, until 31 December 2014, 50% of incremental value of Bank's assets has been considered. Revaluation Reserve (RR) based on the position as of 31 December 2014 will be deducted @ 20% on yearly basis from 2015 to 2019 under Basel III guideline.</p>

Capital Structure (continued)

		<p>Revaluation reserves of HTM securities: As per Bangladesh Bank’s instruction, until 31 December 2014, 50% of revaluation reserve of HTM securities has been considered. Revaluation Reserve (RR) based on the position as of 31 December 2014 will be deducted @ 20% on yearly basis from 2015 to 2019 under Basel III guideline.</p> <p>Revaluation reserves of HFT securities: As per Bangladesh Bank’s instruction, until 31 December 2014, 50% of revaluation reserve of HFT securities has been considered. Revaluation Reserve (RR) based on the position as of 31 December 2014 will be deducted @ 20% on yearly basis from 2015 to 2019 under Basel III guideline.</p>																				
Quantitative Disclosures																						
b)	The amount of Common Equity Tier 1 (CET1) Capital	<p>The amount of Common Equity Tier 1 (CET1) Capital as per disclosures in the audited financial statements as of 31 December 2020 are as follows:</p> <p style="text-align: right;">In million Taka</p> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Paid up capital</td><td>6,846.46</td></tr><tr><td>Non-repayable share premium account</td><td>-</td></tr><tr><td>Statutory reserve</td><td>1,753.40</td></tr><tr><td>General reserve</td><td>-</td></tr><tr><td>Retained earnings</td><td>687.46</td></tr><tr><td>Dividend equalization account</td><td>-</td></tr><tr><td>Other (if any item approved by Bangladesh Bank)</td><td>-</td></tr><tr><td>Less: Regulatory adjustments (Intangible asset – software)</td><td>(26.93)</td></tr><tr><td>Sub-Total of Tier 1 Capital [A]</td><td>9,260.39</td></tr></table>	Particulars	Amount	Paid up capital	6,846.46	Non-repayable share premium account	-	Statutory reserve	1,753.40	General reserve	-	Retained earnings	687.46	Dividend equalization account	-	Other (if any item approved by Bangladesh Bank)	-	Less: Regulatory adjustments (Intangible asset – software)	(26.93)	Sub-Total of Tier 1 Capital [A]	9,260.39
Particulars	Amount																					
Paid up capital	6,846.46																					
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Retained earnings	687.46																					
Dividend equalization account	-																					
Other (if any item approved by Bangladesh Bank)	-																					
Less: Regulatory adjustments (Intangible asset – software)	(26.93)																					
Sub-Total of Tier 1 Capital [A]	9,260.39																					
c)	The amount of Additional Tier 1 (AT1) Capital	<p>The amount of Additional Tier 1 (AT1) Capital as per disclosures in the audited financial statements as of 31 December 2020 are as follows:</p> <p style="text-align: right;">In million Taka</p> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Non-cumulative irredeemable preference shares</td><td>-</td></tr><tr><td>Instruments issued by the banks that meet the qualifying criteria for AT1</td><td>-</td></tr><tr><td>Other (if any item approved by Bangladesh Bank)</td><td>-</td></tr><tr><td>Sub-Total AT1 Capital [B]</td><td>-</td></tr></table>	Particulars	Amount	Non-cumulative irredeemable preference shares	-	Instruments issued by the banks that meet the qualifying criteria for AT1	-	Other (if any item approved by Bangladesh Bank)	-	Sub-Total AT1 Capital [B]	-										
Particulars	Amount																					
Non-cumulative irredeemable preference shares	-																					
Instruments issued by the banks that meet the qualifying criteria for AT1	-																					
Other (if any item approved by Bangladesh Bank)	-																					
Sub-Total AT1 Capital [B]	-																					
d)	The amount of Tier 2 Capital	<p>The amount of Tier 2 Capital as per disclosures in the audited financial statements As of 31 December 2020 are as follows:</p> <p style="text-align: right;">In million Taka</p> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>General provision against loans and Off-Balance sheet exposures(including OBU)</td><td>9.51</td></tr><tr><td>All other preference shares</td><td>-</td></tr><tr><td>Subordinate debt</td><td>-</td></tr><tr><td>Revaluation Reserves as on 31 December 2014 (50% of Fixed Assets and HFT Securities)</td><td>-</td></tr><tr><td>Other (if any item approved by Bangladesh Bank)</td><td>-</td></tr><tr><td>Sub-Total of Tier 2 Capital [C]</td><td>9.51</td></tr></table>	Particulars	Amount	General provision against loans and Off-Balance sheet exposures(including OBU)	9.51	All other preference shares	-	Subordinate debt	-	Revaluation Reserves as on 31 December 2014 (50% of Fixed Assets and HFT Securities)	-	Other (if any item approved by Bangladesh Bank)	-	Sub-Total of Tier 2 Capital [C]	9.51						
Particulars	Amount																					
General provision against loans and Off-Balance sheet exposures(including OBU)	9.51																					
All other preference shares	-																					
Subordinate debt	-																					
Revaluation Reserves as on 31 December 2014 (50% of Fixed Assets and HFT Securities)	-																					
Other (if any item approved by Bangladesh Bank)	-																					
Sub-Total of Tier 2 Capital [C]	9.51																					



Capital Structure (continued)

e)	Regulatory Adjustments / Deductions from Capital	In million Taka	
		Particulars	Amount
		Deferred tax assets against the specific loan loss provision and other intangible assets (computer software) from CET 1 capital	-
		Revaluation Reserves for Fixed Assets, Securities (100% for the year 2020) from Tier 2 Capital	-
		Sub-Total of Regulatory Adjustments / Deductions from Capital[D]	-
f)	Total Eligible Capital	In million Taka	
		Particulars	Amount
		Total Eligible Capital [A+B+C-D]	9,269.90

Capital Adequacy

Qualitative Disclosures		
a)	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	<p>The Bank assesses the adequacy of its capital in terms of Section 13 (1) of the Bank Company Act, 1991 (Amended up to 2018) and instruction contained in BRPD Circular No. 18 dated 21 December 2014 [Guidelines on 'Risk Based Capital Adequacy for Banks' (Revised regulatory capital framework in line with Basel III)] and other relevant rules & regulation issued by Bangladesh Bank from time to time. However, in terms of the regulatory guidelines, the Bank computes the capital charge / requirement as under:</p> <ul style="list-style-type: none"> i. Credit risk : On the basis of Standardized Approach; ii. Market risk : On the basis of Standardized Approach; and iii. Operational risk: On the basis of Basic Indicator Approach. <p>The Bank assesses the capital requirement considering the existing size of portfolio, concentration of portfolio to different risk weight groups, asset quality, profit trend etc. on quarterly rest. The Bank also forecasts the adequacy of capital in terms of its capacity of internal capital generation, maintaining the size of the portfolio, asset quality, conducting credit rating of the borrowers, segregation of portfolio to different risk weight groups etc. As of 31 December 2020, Bank maintained total capital (CET 1 and Tier 2) of Taka 9,269.90 million against the minimum requirement including capital conservation buffer of Taka 8,612.49 million with a surplus of Taka 657.41 million.</p> <p>Bank's capital to risk-weighted asset ratio (CRAR) As of 31 December 2020 stood at 13.45% (consisting of 13.44% in CET 1 capital and 0.01% in Tier 2 capital) against the regulatory requirement of minimum including capital conservation buffer 12.50%. This surplus capital both in term of absolute amount and ratio (CRAR) is considered to be adequate to absorb all the material risks to which the Bank may be exposed in future. The Bank maintained more than adequate capital against the regulatory requirement to uphold and strengthen the confidence of its investors, depositors and other stakeholders.</p>

Capital Adequacy (Continued)

Quantitative Disclosures				
b)	Capital Requirement for Credit Risk	In million Taka		
		Particulars	Risk Weighted Assets (RWA)	Minimum Capital Requirement (MCR)
		Credit Risk		
		On-balance sheet	54,424.74	5,442.47
		Off-balance sheet	5,958.28	595.83
		Total	60,383.02	6,038.30
c)	Capital Requirement for Market Risk	In million Taka		
		Particulars	Risk Weighted Assets (RWA) Capital Charge	Minimum Capital Requirement (MCR)
		Market Risk		
		Interest rate related instruments	1517.48	151.75
		Equities	0.70	0.07
		Foreign exchange position	476.53	47.65
		Commodities	-	-
		Total	1,994.71	199.47
d)	Capital Requirement for Operational Risk	In million Taka		
		Particulars	Risk Weighted Assets (RWA)	Minimum Capital Requirement (MCR)
		Operational Risk	6,522.21	652.22
		Total	6,522.21	652.22
e)	Total Risk Weighted Assets (RWA), Total Minimum Capital Requirement (MCR) and Total Eligible Regulatory Capital	In million Taka		
		Particulars	Amount	
		Total Risk Weighted Assets (RWA)		
		Credit Risk		
		On-balance sheet	54,424.74	
		Off-balance sheet	5,958.28	
		Total Credit Risk [i]	60,383.02	
		Market Risk [ii]	1,994.71	
		Operational Risk [iii]	6,522.21	
Total Risk Weighted Assets (RWA) [i+ii+iii]	68,899.94			



Capital Adequacy (Continued)

		<table><tr><td colspan="2">Total Minimum Capital Requirement (MCR)</td></tr><tr><td>Credit Risk</td><td></td></tr><tr><td>On-balance sheet</td><td>5,442.47</td></tr><tr><td>Off-balance sheet</td><td>595.83</td></tr><tr><td>Total Credit Risk [i]</td><td>6,038.30</td></tr><tr><td>Market Risk [ii]</td><td>199.47</td></tr><tr><td>Operational Risk [iii]</td><td>652.22</td></tr><tr><td>Total Minimum Capital Requirement (MCR)</td><td>6,889.99</td></tr><tr><td colspan="2">Total Eligible Regulatory Capital</td></tr><tr><td></td><td>9,269.90</td></tr></table>	Total Minimum Capital Requirement (MCR)		Credit Risk		On-balance sheet	5,442.47	Off-balance sheet	595.83	Total Credit Risk [i]	6,038.30	Market Risk [ii]	199.47	Operational Risk [iii]	652.22	Total Minimum Capital Requirement (MCR)	6,889.99	Total Eligible Regulatory Capital			9,269.90
Total Minimum Capital Requirement (MCR)																						
Credit Risk																						
On-balance sheet	5,442.47																					
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Operational Risk [iii]	652.22																					
Total Minimum Capital Requirement (MCR)	6,889.99																					
Total Eligible Regulatory Capital																						
	9,269.90																					
f)	Total capital, CET1 capital, Total Tier 1 capital and Tier 2 capital ratio:	<table><tr><td>Particulars</td><td>Ratio (%)</td></tr><tr><td>Total Capital to Risk-weighted Assets Ratio (CRAR)</td><td>13.45%</td></tr><tr><td>Common Equity Tier 1 Capital to Risk-weighted Assets Ratio</td><td>13.44%</td></tr><tr><td>Total Tier 1 Capital to Risk-weighted Asset Ratio</td><td>13.44%</td></tr><tr><td>Tier 2 Capital to Risk-weighted Asset Ratio</td><td>0.01%</td></tr></table>	Particulars	Ratio (%)	Total Capital to Risk-weighted Assets Ratio (CRAR)	13.45%	Common Equity Tier 1 Capital to Risk-weighted Assets Ratio	13.44%	Total Tier 1 Capital to Risk-weighted Asset Ratio	13.44%	Tier 2 Capital to Risk-weighted Asset Ratio	0.01%										
Particulars	Ratio (%)																					
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Common Equity Tier 1 Capital to Risk-weighted Assets Ratio	13.44%																					
Total Tier 1 Capital to Risk-weighted Asset Ratio	13.44%																					
Tier 2 Capital to Risk-weighted Asset Ratio	0.01%																					
g)	Capital Conservation Buffer	<table><tr><td colspan="2">In million Taka</td></tr><tr><td>Particulars</td><td>Amount</td></tr><tr><td>Risk Weighted Assets [A]</td><td>68,899.94</td></tr><tr><td>Rate of Capital Conservation Buffer for 2020 in percentage [B]</td><td>2.50%</td></tr><tr><td>Amount of Common Equity Tier 1 (CET 1) Capital is required as per Capital Conservation Buffer [C = A x B]</td><td>1,722.50</td></tr></table>	In million Taka		Particulars	Amount	Risk Weighted Assets [A]	68,899.94	Rate of Capital Conservation Buffer for 2020 in percentage [B]	2.50%	Amount of Common Equity Tier 1 (CET 1) Capital is required as per Capital Conservation Buffer [C = A x B]	1,722.50										
In million Taka																						
Particulars	Amount																					
Risk Weighted Assets [A]	68,899.94																					
Rate of Capital Conservation Buffer for 2020 in percentage [B]	2.50%																					
Amount of Common Equity Tier 1 (CET 1) Capital is required as per Capital Conservation Buffer [C = A x B]	1,722.50																					
h)	Available Capital under Pillar 2 Requirement	<table><tr><td colspan="2">In million Taka</td></tr><tr><td>Particulars</td><td>Amount</td></tr><tr><td>Total Eligible Regulatory Capital [A]</td><td>9,269.90</td></tr><tr><td>Minimum Capital Requirement under Pillar 1 [B]</td><td>6,889.99</td></tr><tr><td>Capital Conservation Buffer [C]</td><td>1,722.50</td></tr><tr><td>Minimum Capital Requirement including Capital Conservation Buffer [D=B+C]</td><td>8,612.49</td></tr><tr><td>Available Capital for Pillar 2 [E=A-D]</td><td>657.41</td></tr></table>	In million Taka		Particulars	Amount	Total Eligible Regulatory Capital [A]	9,269.90	Minimum Capital Requirement under Pillar 1 [B]	6,889.99	Capital Conservation Buffer [C]	1,722.50	Minimum Capital Requirement including Capital Conservation Buffer [D=B+C]	8,612.49	Available Capital for Pillar 2 [E=A-D]	657.41						
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Credit Risk

Qualitative Disclosures	
a)	<p>The general qualitative disclosure requirement with respect to credit risk, including:</p> <p>(i) Definitions of past due and impaired (for accounting purposes)</p> <p>As per Bangladesh Bank guidelines, the Bank defines the past due and impaired loans and advances for strengthening the credit discipline and mitigating the credit risk of the Bank. The impaired loans and advances are defined on the basis of (i) Objective / Quantitative Criteria and (ii) Qualitative judgment. For this purposes, all loans and advances are grouped into four (4) categories namely- (a) Continuous Loan (b) Demand Loan (c) Fixed Term Loan and (d) Short-term Agricultural & Micro Credit.</p> <p>Definition of past due/overdue:</p> <p>i) Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date;</p> <p>ii) Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date;</p> <p>iii) In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/ overdue after six months of the expiry date;</p> <p>iv) The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.</p> <p>However, a continuous loan, demand loan or a term loan which will remain overdue for a period of 02 (two) months or more, will be put into the “Special Mention Account (SMA)”, the prior status of becoming the loan into impaired/classified/ non-performing.</p> <p>Definition of impaired / classified / non-performing loans and advances are as follows:</p> <p>Continuous loan are classified are as follows:</p> <ul style="list-style-type: none"> • Substandard: If it is past due /overdue for 3 (three) months or beyond but less than 9 (nine) months; • Doubtful: If it is past due / overdue for 9 (nine) months or beyond but less than 12 (twelve) months; • Bad/ Loss: If is past due / overdue for 12 (twelve) months or beyond <p>Continuous loan are classified are as follows (Cottage, Micro & Small):</p> <ul style="list-style-type: none"> • Substandard: If it is past due /overdue for 6 (six) months or beyond but less than 18 (eighteen) months; • Doubtful: If it is past due / overdue for 18 (eighteen) months or beyond but less than 30 (thirty) months; • Bad / Loss: If it is past due / overdue for 30 (thirty) months or beyond



Credit Risk (Continued)

	<p>Demand loan are classified are as follows:</p> <ul style="list-style-type: none"> • Substandard: If it remains past due / overdue for 3 (three) months or beyond but less than 9 (nine) months from the date of expiry or claim by the Bank or from the date of creation of forced loan; • Doubtful: If it remains past due / overdue for 9 (nine) months or beyond but less than 12 (twelve) months from the date of expiry or claim by the Bank or from the date of creation of forced loan; • Bad / Loss: If it remains past due / overdue for 12 (twelve) months or beyond from the date of expiry or claim by the Bank or from the date of creation of forced loan. <p>Demand loan are classified are as follows (Cottage, Micro & Small):</p> <ul style="list-style-type: none"> • Substandard: If it is past due /overdue for 6 (six) months or beyond but less than 18 (eighteen) months; • Doubtful: If it is past due / overdue for 18 (eighteen) months or beyond but less than 30 (thirty) months; • Bad / Loss: If it is past due / overdue for 30 (thirty) months or beyond <p>Fixed Term Loans are classified are as follows:</p> <ul style="list-style-type: none"> • Substandard: If any installment(s)/ part of installment(s) of a fixed term loan with will remain past due/overdue for a period 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into Substandard. • Doubtful: If any installment(s)/ part of installment(s) of a fixed term loan with will remain past due/overdue for a period 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into Doubtful. • Bad / Loss: If any installment(s)/ part of installment(s) of a fixed term loan which will remain past due/overdue for a period 12 (twelve) months or beyond, the entire loan will be put into Bad/Loss. <p>Fixed Term Loans are classified are as follows (Cottage, Micro & Small):</p> <ul style="list-style-type: none"> • Substandard: If any installment(s)/ part of installment(s) of a fixed term loan with will remain past due/overdue for a period 06 (six) months or beyond but less than 18 (eighteen) months, the entire loan will be put into Substandard. • Doubtful: If any installment(s)/ part of installment(s) of a fixed term loan with will remain past due/overdue for a period 18 (eighteen) months or beyond but less than 30 (thirty) months, the entire loan will be put into Doubtful. • Bad / Loss: If any installment(s)/ part of installment(s) of a fixed term loan with will remain past due/overdue for a period 30 (thirty) months or beyond, the entire loan will be put into Bad/Loss.
	<p>Short-term Agricultural and Micro-Credit: The Short-term Agricultural and Micro-Credit will be considered irregular if not repaid within the due date as stipulated in the loan agreement. If the said irregular status continues, the credit will be classified as 'Sub-standard' after a period of 12 months, as 'Doubtful' after a period of 36 months and as 'Bad/Loss' after a period of 60 months from the stipulated due date as per the loan agreement.</p>

Credit Risk (Continued)

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

The Bank follows the relevant Bangladesh Bank guideline for determination of general and specific allowances for loans and advances. Firstly, the base for provision for the unclassified and classified loans are calculated as under:

- Calculation of base for provision for unclassified /standard loans: Outstanding amount less suspended interest, if any;
- Calculation of base for provision for the classified loans, the higher of the following two amounts:
 - Outstanding amount less suspended interest less value of eligible securities; or
 - 15% of outstanding amount.

Secondly, the following rates are applied on base for provision for determination of general and specific allowances for loans:

Particulars		Short Term Agriculture and Micro	Consumer Financing			Cottage, Micro, Small, Enterprise Financing	Credits to BHs/MBs / SDs	All Other Credits
			Other than HF, CC & LP	HF	CC & LP			
Unclassified	Standard	1%	2%	1%	2%	0.25%	2%	1%
	SMA	1%	2%	1%	2%	0.25%	2%	1%
	B/L	100%	100%	100%	100%	100%	100%	100%

Specific Provision	Short term Agriculture & Micro-Credit rate	Cottage, Micro and Small Credits under CMSME	All other classified loan and advances
Substandard	5%	5%	20%
Doubtful	5%	20%	50%
Bad /Loss	100%	100%	100%

** Special general provision for COVID-19 @ 1% as per BRPD circular letter no. 56 dated 10 December 2020.

** In line with Bangladesh Bank BRPD Circular no. 04 dated January 29, 2015, All restructured loans treated as Special Mention Account (SMA) for the purpose of classification. Provision was made at existing applicable rate of SMA with additional 1%.

** 1% provision on unclassified loans/advances rescheduled under BRPD 05/2019.

HF= House Financing	LP = Loan for Professional	SD = Stock Dealer
BH = Broker House	MB = Merchant Bank	CC = Credit Card



Credit Risk (continued)

		<p>Mentionable that, all interest accrued is credited to interest suspense account instead of crediting the same to income account if the loan is classified as sub-standard and doubtful. However, charging of interest is discontinued when the loan is classified as bad/loss.</p> <p>As per BRPD Circular No. 4 dated 29 January 2015, the restructured large loan facilities have been treated as Special Mention Account (SMA) for the purpose of classification. Provision has also been calculated at existing applicable rate of SMA with additional 1%. The income from restructured loan has been accounted for only when it was actually received.</p>
(iii)	Discussion of the bank's credit risk Management policy	<p>The salient features of the Bank credit risk management policy and procedures are as under:</p> <ul style="list-style-type: none"> • Credit policy approved by the Board: The Board approves the Credit Risk Management Policy of the Bank for ensuring the best practice in credit risk management and maintaining quality of assets. The credit policy/manual has been put in place in compliance with Bangladesh Bank's guidelines on credit risk management and other rules & regulations circulated by BB from time to time. The policy envisages making credit decisions based on sound lending principles and practices supported by reliable and accurate financials, management integrity, industry/ technical analysis, environmental due diligence, industry information of the borrowing entity/ company etc. • Credit approval is delegated properly: Authorities are properly delegated ensuring check and balance in credit operation at every stage i.e. screening, assessing risk, identification, management and mitigation of credit risk as well as monitoring, supervision and recovery of loans with provision for early warning system. • Independent Credit Risk Management Division: There is an independent Credit Risk Management Division to assess credit risks and suggest the mitigation procedures & techniques while processing the credit proposals by the Credit Division for approval. • Separate Credit Administration Division: A separate credit administration division confirms that perfected security documents are in place before disbursement. The division also monitors borrower's compliance with lending covenants and agreed terms and conditions. • Independent Credit Monitoring & Recovery Division and Management Recovery Committee: An independent and fully dedicated Credit Monitoring & Recovery Division monitors the performance and recovery of loans, identify early signs of delinquencies in portfolio and take corrective measures including legal actions to mitigate risks, improve loan quality and to ensure timely recovery of loans. This division also monitors risk status of loan portfolio and ensures adequate loan loss provision. There is a dedicated and high-level management recovery committee to deal with the problem loans for early and most appropriate settlements. • Credit operations are subject to independent internal Audit: Internal Control & Compliance Division independently verifies and ensures, at least once in a year, compliance with approved lending guidelines, Bangladesh Bank guidelines, operational procedures, adequacy of internal control, documentation and overall Credit Risk Management System.

Credit Risk (continued)

- **Reporting to Board/ Executive Committee/Risk Management Committee:** Overall quality, performance, recovery status, risks status, adequacy of provision of loan portfolio are regularly reported to the Board of Directors/ Executive Committee/ Risk Management Committee of the Board for information and guidance.

Above all, the Risk Management Division is regularly guiding the Credit Risk Management Division (s) on increasing the collateral coverage, product/sector specific diversification of credit exposures, single borrower exposures limit, large loan portfolio ceiling as stipulated by Bangladesh Bank, improving the asset quality, conducting credit rating of the borrowers to minimize the capital charge against credit risk of the Bank.

Adequate provision is maintained against classified loans as per Bangladesh Bank Guidelines. Status of loans are regularly reported to the Board of Directors/ Risk Management Committee of the Board.

Quantitative Disclosures:

- b) Total gross credit risk exposures broken down by major types of credit exposures

Major types of credit exposure as per disclosures in the audited financial statements As of 31 December 2020:

In million Taka

Particulars	Exposure	Mix (%)
Overdrafts	16,743.38	29.20%
Cash Credit	16,766.96	29.24%
Loans against trust receipt	3,121.78	5.44%
Export packing credit	27.71	0.05%
Payment against document	573.59	1.00%
Time loans	2,044.22	3.57%
EDF loans	1,562.90	2.73%
Demand loans	1,247.62	2.18%
Lease finance	530.54	0.93%
House building finance	702.64	1.23%
General term loans	9,189.33	16.03%
SME term loans	2,794.04	4.87%
Agriculture term loans	109.51	0.19%
Short term micro credit	1.00	0.00%
Personal loans	85.49	0.15%
Auto loans	30.66	0.05%
Credit Card	220.34	0.38%
Block account for rescheduled loan	30.65	0.05%
Staff loans	473.95	0.83%
Bills Purchased and Discounted	1,084.80	1.89%
Total	57,341.10	100.00%



Credit Risk (continued)

c)	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	<p>Geographical distribution of credit exposures as per the disclosures in the audited financial statements As of 31 December 2020 are as follows:</p> <p style="text-align: right;">In million Taka</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Outstanding Amount</th><th>Mix (%)</th></tr> </thead> <tbody> <tr> <td>Urban</td><td></td><td></td></tr> <tr> <td>Dhaka Division</td><td>32,813.05</td><td>57.22%</td></tr> <tr> <td>Chattogram Division</td><td>6,382.27</td><td>11.13%</td></tr> <tr> <td>Khulna Division</td><td>5,015.00</td><td>8.75%</td></tr> <tr> <td>Rajshahi Division</td><td>1,900.53</td><td>3.31%</td></tr> <tr> <td>Barishal Division</td><td>1,115.55</td><td>1.95%</td></tr> <tr> <td>Sylhet Division</td><td>156.81</td><td>0.27%</td></tr> <tr> <td>Rangpur Division</td><td>1,384.07</td><td>2.41%</td></tr> <tr> <td>Mymensingh Division</td><td>26.65</td><td>0.05%</td></tr> <tr> <td>Sub-total (Urban)</td><td>48,793.93</td><td>85.09%</td></tr> <tr> <td>Rural</td><td></td><td></td></tr> <tr> <td>Dhaka Division</td><td>3,331.23</td><td>5.81%</td></tr> <tr> <td>Chattogram Division</td><td>1,660.02</td><td>2.89%</td></tr> <tr> <td>Khulna Division</td><td>3,039.49</td><td>5.30%</td></tr> <tr> <td>Rajshahi Division</td><td>62.92</td><td>0.11%</td></tr> <tr> <td>Barishal Division</td><td>241.04</td><td>0.42%</td></tr> <tr> <td>Sylhet Division</td><td>136.64</td><td>0.24%</td></tr> <tr> <td>Rangpur Division</td><td>75.83</td><td>0.13%</td></tr> <tr> <td>Mymensingh</td><td>-</td><td>-</td></tr> <tr> <td>Sub-Total (Rural)</td><td>8,547.17</td><td>14.91%</td></tr> <tr> <td>Grand Total</td><td>57,341.10</td><td>100.00%</td></tr> </tbody> </table>	Particulars	Outstanding Amount	Mix (%)	Urban			Dhaka Division	32,813.05	57.22%	Chattogram Division	6,382.27	11.13%	Khulna Division	5,015.00	8.75%	Rajshahi Division	1,900.53	3.31%	Barishal Division	1,115.55	1.95%	Sylhet Division	156.81	0.27%	Rangpur Division	1,384.07	2.41%	Mymensingh Division	26.65	0.05%	Sub-total (Urban)	48,793.93	85.09%	Rural			Dhaka Division	3,331.23	5.81%	Chattogram Division	1,660.02	2.89%	Khulna Division	3,039.49	5.30%	Rajshahi Division	62.92	0.11%	Barishal Division	241.04	0.42%	Sylhet Division	136.64	0.24%	Rangpur Division	75.83	0.13%	Mymensingh	-	-	Sub-Total (Rural)	8,547.17	14.91%	Grand Total	57,341.10	100.00%
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Credit Risk (continued)

e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposures	<div>Residual contractual maturity of exposures as per the disclosures furnished in the audited financial statements As of 31 December 2020 are as follows:</div> <div>In million Taka</div> <table><tr><th>Particulars</th><th>Outstanding Amount</th><th>Mix (%)</th></tr><tr><td>On Demand</td><td>5,866.47</td><td>10.23%</td></tr><tr><td>Within one month</td><td>4,250.81</td><td>7.41%</td></tr><tr><td>Within one to three months</td><td>13,970.81</td><td>24.36%</td></tr><tr><td>Within three to twelve months</td><td>21,140.72</td><td>36.87%</td></tr><tr><td>Within one to five years</td><td>9,850.08</td><td>17.18%</td></tr><tr><td>More than five years</td><td>2,262.21</td><td>3.95%</td></tr><tr><td>Total</td><td>57,341.10</td><td>100.00%</td></tr></table>	Particulars	Outstanding Amount	Mix (%)	On Demand	5,866.47	10.23%	Within one month	4,250.81	7.41%	Within one to three months	13,970.81	24.36%	Within three to twelve months	21,140.72	36.87%	Within one to five years	9,850.08	17.18%	More than five years	2,262.21	3.95%	Total	57,341.10	100.00%																																					
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Total	57,341.10	100.00%																																																													
f)	Impaired / classified loans by major industry or counterparty type:	<div>a) Amount of impaired / classified loans by major industries / sector-type As of 31 December 2020 was as follows :</div> <div>In million Taka</div> <table><tr><th rowspan="2">Major Industry / Sector type</th><th colspan="3">Status amount of impaired / classified Loans</th><th rowspan="2">Total</th></tr><tr><th>Substandard</th><th>Doubtful</th><th>Bad/Loss</th></tr><tr><td>SMEF</td><td>621.00</td><td>340.25</td><td>916.84</td><td>1,878.09</td></tr><tr><td>Consumer Financing</td><td>1.08</td><td>-</td><td>-</td><td>1.08</td></tr><tr><td>Housing Financing</td><td>0.59</td><td>-</td><td>-</td><td>0.59</td></tr><tr><td>OtherThan SMEF</td><td>68.31</td><td>-</td><td>1619.89</td><td>1,688.20</td></tr><tr><td>Total</td><td>690.98</td><td>340.25</td><td>2,536.73</td><td>3,567.96</td></tr></table> <div>b) Amount of impaired / classified loans by exposure type as on 31 December 2020 was as under :</div> <div>In million Taka</div> <table><tr><th rowspan="2">Major Exposure type</th><th colspan="3">Status amount of impaired / classified Loans</th><th rowspan="2">Total</th></tr><tr><th>Substandard</th><th>Doubtful</th><th>Bad/Loss</th></tr><tr><td>Continuous loan</td><td>565.42</td><td>310.19</td><td>1,094.68</td><td>1,970.29</td></tr><tr><td>Demand loan</td><td>77.06</td><td>28.39</td><td>127.75</td><td>233.20</td></tr><tr><td>Term loan</td><td>48.50</td><td>1.67</td><td>1,314.30</td><td>1,364.47</td></tr><tr><td>Total</td><td>690.98</td><td>340.25</td><td>2,536.74</td><td>3,567.96</td></tr></table>	Major Industry / Sector type	Status amount of impaired / classified Loans			Total	Substandard	Doubtful	Bad/Loss	SMEF	621.00	340.25	916.84	1,878.09	Consumer Financing	1.08	-	-	1.08	Housing Financing	0.59	-	-	0.59	OtherThan SMEF	68.31	-	1619.89	1,688.20	Total	690.98	340.25	2,536.73	3,567.96	Major Exposure type	Status amount of impaired / classified Loans			Total	Substandard	Doubtful	Bad/Loss	Continuous loan	565.42	310.19	1,094.68	1,970.29	Demand loan	77.06	28.39	127.75	233.20	Term loan	48.50	1.67	1,314.30	1,364.47	Total	690.98	340.25	2,536.74	3,567.96
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g)	Specific and General Provision	<div>a) Specific and General provision :</div> <div>Specific and general provision for loans portfolio and general provision for off-balance sheet exposures of the Bank as per audited financial statements As of 31 December 2020 was as under :</div> <div>In million Taka</div> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Special general provision for COVID 19 against unclassified loans and advances</td><td>9.51</td></tr><tr><td>Specific provision for loans and advances</td><td>1,566.77</td></tr><tr><td>Total</td><td>1,576.28</td></tr></table>	Particulars	Amount	Special general provision for COVID 19 against unclassified loans and advances	9.51	Specific provision for loans and advances	1,566.77	Total	1,576.28																																																					
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Special general provision for COVID 19 against unclassified loans and advances	9.51																																																														
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Total	1,576.28																																																														



Credit Risk (continued)

		<p>b) Charges for Specific and General Provision during the period :</p> <p>Specific and general provision for loans portfolio and general provision for off-balance sheet exposures of the Bank charged during the year as per audited financial statements for the year ended 31 December 2020 was as under :</p> <p style="text-align: right;">In million Taka</p> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>General provision for loans and advances(including OBU)</td><td>00.68</td></tr><tr><td>Specific provision for loans and advances</td><td>99.73</td></tr><tr><td>Special general provision for COVID 19 against unclassified loans and advances</td><td>09.51</td></tr><tr><td>General provision for off-balance sheet exposures</td><td>(22.04)</td></tr><tr><td>Total</td><td>87.88</td></tr></table>	Particulars	Amount	General provision for loans and advances(including OBU)	00.68	Specific provision for loans and advances	99.73	Special general provision for COVID 19 against unclassified loans and advances	09.51	General provision for off-balance sheet exposures	(22.04)	Total	87.88																
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Total	87.88																													
h)	Gross Non Performing Assets (NPAs)	<p>Position of Non-Performing Loans and Advances including bills purchased and discounted of the Bank as per audited financial statements for the year ended 31 December 2020 was as under :</p> <p style="text-align: right;">In million Taka</p> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Gross Non-Performing Assets (NPAs)</td><td>3,567.96</td></tr><tr><td>Non-Performing Assets (NPAs) to Outstanding Loans and Advances</td><td>6.22%</td></tr><tr><td colspan="2">Movement of Non-Performing Assets (NPAs)</td></tr><tr><td>Opening Balance</td><td>3,408.95</td></tr><tr><td>Additions / adjustment during the year (net)</td><td>159.01</td></tr><tr><td>Closing balance</td><td>3,567.96</td></tr><tr><td colspan="2">Movement of specific provision for NPAs</td></tr><tr><td>Opening balance</td><td>971.50</td></tr><tr><td>Add : provision made during the year</td><td>309.63</td></tr><tr><td>Add : Transferred from general provision</td><td>570.40</td></tr><tr><td>Less : Write-off</td><td></td></tr><tr><td>Less : Write-back of Specific provision not required</td><td>(284.76)</td></tr><tr><td>Closing balance</td><td>1566.77</td></tr></table>	Particulars	Amount	Gross Non-Performing Assets (NPAs)	3,567.96	Non-Performing Assets (NPAs) to Outstanding Loans and Advances	6.22%	Movement of Non-Performing Assets (NPAs)		Opening Balance	3,408.95	Additions / adjustment during the year (net)	159.01	Closing balance	3,567.96	Movement of specific provision for NPAs		Opening balance	971.50	Add : provision made during the year	309.63	Add : Transferred from general provision	570.40	Less : Write-off		Less : Write-back of Specific provision not required	(284.76)	Closing balance	1566.77
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Closing balance	1566.77																													

Equities: Disclosures for Banking Book Positions

Qualitative Disclosures:		
a)	The general qualitative disclosures requirement with respect to equity risk, including :	
	Differentiation between Holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Not applicable
	Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	Quoted shares are valued at cost. Provisions are made for any loss arising from diminution in value of investment.
Quantitative Disclosures:		
b)	Value disclosed in the balance sheet on investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	Cost of Quoted Securities Tk. 0.15 million Market Value of Quoted Securities Tk. 0.35 million
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting (31 December 2020) period.	Realized Loss Tk. 28.26 million
d)	Total unrealized gains (losses)	Unrealized Gain Tk. 0.19 million
	Total latent revaluation gains (losses)	Nil
	Any amounts of the above included in Tier II capital.	No
e)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	Nil



Interest Rate Risk in Banking Book (IRRBB)

Qualitative Disclosure:

- a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.
- Interest rate risk is the potential impact on the Bank's earnings (Net Interest Income- NII) and net asset values due to changes in market interest rates. Interest rate risk arises when the Bank's principal and interest cash flows (including final maturities), for both On and Off-balance sheet exposures, have mismatched re-pricing dates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. The portfolio of assets and liabilities in the banking book sensitive to interest rate changes is the element of interest rate risk.
- The immediate impact of changes in interest rates is on the Bank's net interest income (difference between interest income accrued on rate sensitive asset portfolio and interest expenses accrued on rate sensitive liability portfolio) for particular period of time, while the long term impact is on the Bank's net worth since the economic value of the Bank's assets, liabilities and off-balance sheet exposures are affected.
- Key assumptions on loan prepayments and behavior of non-maturity deposits:
- Loans with defined contractual maturity are re-priced in the respective time buckets in which it falls as per the loan repayment schedule;
 - Loans without defined contractual maturity are segregated into different time buckets based on the past trend, seasonality, geographical perspective and re-priced accordingly;
 - Non-maturity deposits namely current, saving deposits are segregated into different time buckets on the basis of past trend of withdrawal, seasonality, religious festivals, geographical perspective and re-priced accordingly. However, the behavior of withdrawal of non-maturity deposits of the Bank is more or less stable.
- The Bank measures the IRRBB as per the regulatory guidelines on a quarterly rest.

Quantitative Disclosures:

- b) The impact of changes in interest rate for On-balance sheet rate sensitive assets and liabilities of the Bank as per the audited financial statements As of 31 December 2020 is furnished below:

In million Taka

Particulars	Residual Maturity Bucket				
	1 month	3 month	6 month	1 year	1 year above
Rate Sensitive Assets [A]	902.05	989.98	1862.02	1,852.12	2,395.75
Rate Sensitive Liabilities [B]	821.99	1,563.00	1,207.00	1206.56	1,818.94
GAP [A – B]	80.06	-573.02	655.02	645.56	576.81
Cumulative GAP	80.06	-492.96	162.06	807.62	1,384.43
Interest Rate Change (IRC) [Note 1]	1%	1%	1%	1%	1%
Quarterly Earnings Impact [GAP X IRC]	0.80	(5.73)	6.55	6.46	5.77
Cumulative Earnings Impact	0.80	(4.93)	1.62	8.08	13.84

Note 1: Assuming 1% rise in interest for both asset and liability portfolio of the Bank.

Market Risk

Qualitative Disclosures:

Views of Board of Directors on trading/investment activities	<p>The Board approves all policies related to market risk, set limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance assets growth and trade related transactions. The market risk covers the followings risks of the Bank’s balance sheet:</p> <p>i) Interest rate risk; ii) Equity price risk; iii) Foreign exchange risk; and iv) Commodity price risk.</p>																	
Methods used to measure Market risk	<p>As per relevant Bangladesh Bank guidelines, Standardize approach has been used to measure the market risk for capital requirement for of the Bank. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculate capital charges for “Specific Risk” and “General Market Risk” as under :</p> <table><tr><th rowspan="2">Component of Market Risk</th><th colspan="2">Capital Charged for Market Risk</th></tr><tr><th>General Market Risk</th><th>Specific Market Risk</th></tr><tr><td>Interest Rate Risk</td><td>Applied</td><td>Applied</td></tr><tr><td>Equity Price Risk</td><td>Applied</td><td>Applied</td></tr><tr><td>Foreign Exchange Risk</td><td colspan="2">Applied</td></tr><tr><td>Commodities Price Risk</td><td colspan="2">Applied</td></tr></table>	Component of Market Risk	Capital Charged for Market Risk		General Market Risk	Specific Market Risk	Interest Rate Risk	Applied	Applied	Equity Price Risk	Applied	Applied	Foreign Exchange Risk	Applied		Commodities Price Risk	Applied	
Component of Market Risk	Capital Charged for Market Risk																	
	General Market Risk	Specific Market Risk																
Interest Rate Risk	Applied	Applied																
Equity Price Risk	Applied	Applied																
Foreign Exchange Risk	Applied																	
Commodities Price Risk	Applied																	
Market Risk management system	<p>The Treasury Division of the Bank manages market risk covering liquidity, interest rate and foreign exchange risks with oversight from Assets-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meet at least once in a month.</p> <p>The Risk Management Division also reviews the market risk parameters on monthly basis and recommends on portfolio concentration for containing the RWA.</p>																	
Policies and processes for mitigating market risk	<p>There are approved limits for credit deposit ratio, liquid assets to total assets ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items and borrowing from money market and foreign exchange position. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the bank meets on a daily basis to review the prevailing market condition, exchange rate, foreign exchange position, and transactions to mitigate foreign exchange risks.</p>																	

Quantitative Disclosures:

The capital requirements for market risk	In million Taka	
	Particulars	Amount
	Interest Rate Risk	151.75
	Equity Position Risk	0.10
	Foreign Exchange Risk	47.65
	Commodity Risk	-
	Total Capital Requirement of Market Risk	199.50



Operational Risk

Qualitative Disclosures	
i) Views of Board of Directors (BOD) on system to reduce Operational Risk	<p>The policy for operational risks including internal control and compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of Internal Control and Compliance Division (IC&CD) to protect against all operational risk.</p> <p>As a part of continued surveillance, the management committee (MANCOM), Risk Management Committee (at the management level), independent Risk Management Division regularly reviews different aspects of operational risk. The analytical assessment was reported to the Board/ Risk Management Committee/Audit Committee of the Bank for review and formulating appropriate policies, tools & techniques for mitigation of operational risk.</p>
ii) Performance gap of executives and staffs	<p>The Bank has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. The Bank's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.</p>
iii) Potential external events	<p>Like other peers, the Bank operates its business with few external risk factors relating to the socio-economic condition, political atmosphere, regulatory policy changes, natural disaster etc. based on the overall perspective of the country. Potential external events and related downside risk, namely, political impasse, damage of Bank's delivery channel including ATM, fear of theft/ robbery in banks vaults, compliance/ adjustment due to changes of regulatory policy stance, laws & regulations etc. are managed to keep within tolerable limit.</p>
iv) Policies and processes for mitigating operational risk	<p>The policy for operational risks including internal control and compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. A policy guideline on Risk Based Internal Audit (RBIA) System is in operation. As per RBIA, branches with high risk status and subjected to more frequent audit by Internal Control and Compliance Division (IC&CD). IC&CD directly reports to Audit Committee of the Board.</p> <p>Currently, the Bank is using some models or tools for mitigating operational risk such as Self-Assessment of Anti-fraud Internal Control; Quarterly Operational Report (QOR) and Departmental Control Function Check List (DCFCL) in line with the Bangladesh Bank's relevant Instructions and recommendations. It is required to submit the statement on Self-Assessment of Antifraud Internal Control to Bangladesh Bank on quarterly rest.</p> <p>In addition, there is a Vigilance Cell established in 2013 to reinforce the operational risk management of the Bank. Bank's Anti-Money Laundering activities are headed by CAMLCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. The Complaint Management Cell was also engaged in mitigating the operation risks of the Bank. Apart from that, there is adequate check and balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.</p>

Operational Risk (continued)

v) Approaches for calculating capital charge for operational risk

The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December 2014 [Guidelines on 'Risk Based Capital Adequacy for Banks' (Revised regulatory capital framework in line with Basel II)]. The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula:

$$K = [(GI_1 + GI_2 + GI_3) \times \alpha] / n$$

Where:

K = the capital charge under the Basic Indicator Approach

GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded)

α = 15 percent

n = number of the previous three years for which gross income is positive.

- Besides, Gross Income (GI) is calculated as "Net Interest Income" plus "Net non-Interest Income". The GI is also the net result of :
 - Gross of any provisions;
 - Gross of operating expenses, including fees paid to outsourcing service providers;
 - Excluding realized profits/losses from the sale of securities held to maturity in the banking book;
 - Excluding extraordinary or irregular items;
 - Excluding income derived from insurance.

Quantitative Disclosures:

The capital requirements for operational risk

Taka 652.22 million.

Capital Charge for Operational Risk- Basic Indicator Approach

Amount in million Taka	
Particulars	Taka
Gross Income = Net Interest Income + Non Interest Income + Interest Suspense	
2018	4,130.80
2019	4,729.05
2020	4,184.56
Total Gross Income of Last Three Years	13,044.41
Average Gross Income	4,348.17
Capital Charge @ 15%	652.22



Liquidity Ratio

In line with the provisions of liquidity risk management under Basel III, Bangladesh Bank on the basis of the relevant guideline of Bank for International Settlements (BIS) has identified the (i) Liquidity Coverage Ratio (LCR); (ii) Net Stable Funding Ratio (NSFR); and (iii) Leverage under the purview of 'Liquidity' ratio vide BRPD Circular No. 18 dated 21 December 2014 and DOS Circular No. 1 dated 1 January 2015.

Qualitative Disclosures	
i) Views of Board of Directors (BOD) on system to reduce Liquidity Risk	<p>The Board of Directors reviews the liquidity risk of the Bank on quarterly rest while reviewing the Quarterly Financial Statements, Stress Testing Report etc. Besides, the EC of the Board also reviews the liquidity position while reviewing the management information system (MIS) report on monthly basis.</p> <p>Upon reviewing the overall liquidity position along with the outlook of the Bank's funding need, investment opportunity, market/ industry trend, the Board takes its strategic decision regarding deposits, funding, investments, loans as well as interest rates policies etc. The Board always strives to maintain adequate liquidity to meet up Bank's overall funding need for the huge retail depositors, borrowers' requirements as well as maintain regulatory requirements comfortably.</p>
ii) Methods used to measure Liquidity Risk	<p>The maintenance of Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) are considered as the fundamental methods / tools to measure the liquidity position / risk of the Bank.</p> <p>However, under Basel III, the following methods and tools are mandated for measuring the liquidity risk.</p> <p>a) Liquidity Coverage Ratio (LCR): Liquidity Coverage Ratio ensures to maintain an adequate level of stock of high quality liquid assets that can be converted into cash to meet its liquidity needs (i.e. total net cash outflows) over the next 30 calendar days.</p> <p>b) Net Stable Funding Ratio (NSFR): Net Stable Funding Ratio aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that, available stable funding (ASF) should be at least equal to required stable funding (RSF).</p> <p>ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability.</p> <p>RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or "long-term" and therefore requires stable funding.</p> <p>In addition to the above, the following measures have been put in place to monitor the liquidity risk management position of the Bank on a continued manner:</p> <p>a) Asset-Liability Maturity Analysis (Liquidity profile);</p> <p>b) Whole sale borrowing capacity;</p> <p>c) Maximum Cumulative Outflow (MCO);</p> <p>Besides the above, the following tools are also used for measuring liquidity risk:</p> <p>a) Stress Testing (Liquidity Stress);</p> <p>b) Net open position limit - to monitor the FX funding liquidity risk.</p>

Liquidity Ratio (continued)

iii) Liquidity risk management system	<p>In SBAC Bank Ltd., at the management level, the liquidity risk is primarily managed by the Treasury Division (Front Office) under oversight of ALCO which is headed by the Managing Director along with other senior management.</p> <p>Treasury Division upon reviewing the overall funding requirements on daily basis sets their strategy to maintain a comfortable/adequate liquidity position taking into consideration of Bank's approved credit deposit ratio, liquid assets to total assets ratio, asset-liability maturity profile, Bank's earning/profitability as well as overall market behavior and sentiment etc.</p> <p>Apart from the above, Risk Management Division also monitors & measures the liquidity risk in line with the Basel III liquidity measurement tools, namely, LCR, NSFR, Leverage Ratio. RMD addresses the key issues and strategies to maintain the Basel III liquidity ratios to the respective division (s) on regular interval.</p>
iv) Policies and processes for mitigating Liquidity Risk	<p>The Asset-Liability Management Committee (ALCO) policy leads the process & procedures for mitigation of liquidity risk of the Bank.</p> <p>ALCO works under specific Terms of References (functions) approved by the Board.</p> <p>Treasury Division (Front Office) and ALM desk under regular supervision of Top Management reviews the overall liquidity position of the Bank and takes appropriate strategy, process in line with the industry position for managing liquidity risk of the Bank.</p>

Quantitative Disclosures:

i) Liquidity Coverage Ratio (LCR)	<p>The Liquidity Coverage Ratio (LCR) under Liquidity Ratios of Basel III of South Bangla Agriculture & Commerce Bank Limited As of 31 December 2020 was as under:</p> <p style="text-align: right;">Stock of High quality liquid assets</p> <p>Liquidity Coverage Ratio (LCR) = Net cash outflows over the next 30 calendar days*</p> <table><tr><th rowspan="2">Particulars</th><th colspan="2">Ratio (%)</th></tr><tr><th>Bangladesh Bank Requirement</th><th>Bank's Position</th></tr><tr><td>Liquidity Coverage Ratio (LCR)</td><td>≥ 100%</td><td>120.82%</td></tr></table> <p>* If total weighted cash inflows over next 30 days is greater than that of outflows then, for calculation of LCR, 25% of total weighted cash outflows over next 30 days will be taken instead of Net cash outflows over the next 30 calendar days.</p>	Particulars	Ratio (%)		Bangladesh Bank Requirement	Bank's Position	Liquidity Coverage Ratio (LCR)	≥ 100%	120.82%
Particulars	Ratio (%)								
	Bangladesh Bank Requirement	Bank's Position							
Liquidity Coverage Ratio (LCR)	≥ 100%	120.82%							
ii) Net Stable Funding Ratio (NSFR)	<p>The Net Stable Funding Ratio (NSFR) under Liquidity Ratios of Basel III of South Bangla Agriculture & Commerce Bank Limited As of 31 December 2020 was as under:</p> <p style="text-align: right;">Available amount of stable funding (ASF)</p> <p>Net Stable Funding Ratio (NSFR) = Required amount of stable funding (RSF)</p> <table><tr><th rowspan="2">Particulars</th><th colspan="2">Ratio (%)</th></tr><tr><th>Bangladesh Bank Requirement</th><th>Bank's Position</th></tr><tr><td>Net Stable Funding Ratio (NSFR)</td><td>≥ 100%</td><td>198.31%</td></tr></table>	Particulars	Ratio (%)		Bangladesh Bank Requirement	Bank's Position	Net Stable Funding Ratio (NSFR)	≥ 100%	198.31%
Particulars	Ratio (%)								
	Bangladesh Bank Requirement	Bank's Position							
Net Stable Funding Ratio (NSFR)	≥ 100%	198.31%							



Liquidity Ratio (continued)

iii) Stock of High Quality Liquid Assets (SHQLA)	<p>As stipulated by Bangladesh Bank vide DOS Circular No. 1 dated 1 January 2015, the Stock of High Quality Liquid Assets (SHQLA) of South Bangla Agriculture & Commerce Bank Limited As of 31 December 2020 was as under:</p>										
	In million Taka										
	<table> <tr> <th>Particulars</th><th>Amount</th></tr> <tr> <td>Cash in hand</td><td>652.71</td></tr> <tr> <td>Balance with Bangladesh Bank including foreign currency</td><td>3,520.46</td></tr> <tr> <td>Un-encumbered approved securities</td><td>12,975.17</td></tr> <tr> <td>Total Stock of High Quality Liquid Assets (SHQLA)</td><td>17,148.34</td></tr> </table>	Particulars	Amount	Cash in hand	652.71	Balance with Bangladesh Bank including foreign currency	3,520.46	Un-encumbered approved securities	12,975.17	Total Stock of High Quality Liquid Assets (SHQLA)	17,148.34
Particulars	Amount										
Cash in hand	652.71										
Balance with Bangladesh Bank including foreign currency	3,520.46										
Un-encumbered approved securities	12,975.17										
Total Stock of High Quality Liquid Assets (SHQLA)	17,148.34										
iv) Total net cash outflows over the next 30 calendar days	<p>As stipulated by Bangladesh Bank vide DOS Circular No. 1 dated 1 January 2015, total net cash outflows over the next 30 calendar days of South Bangla Agriculture & Commerce Bank Limited based on the position As of 31 December 2020 was as under:</p>										
	In million Taka										
	<table> <tr> <th>Particulars</th><th>Amount</th></tr> <tr> <td>Total weighted cash outflows over next 30 days [A]</td><td>26,267.58</td></tr> <tr> <td>Total weighted cash inflows over next 30 days [B]</td><td>12,074.40</td></tr> <tr> <td>Total net cash outflows over next 30 days [A – B]</td><td>14,193.18</td></tr> </table>	Particulars	Amount	Total weighted cash outflows over next 30 days [A]	26,267.58	Total weighted cash inflows over next 30 days [B]	12,074.40	Total net cash outflows over next 30 days [A – B]	14,193.18		
Particulars	Amount										
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Total net cash outflows over next 30 days [A – B]	14,193.18										
v) Available amount of stable funding	<p>As stipulated by Bangladesh Bank vide DOS Circular No. 1 dated 1 January 2015, the available amount of stable funding (ASF) of South Bangla Agriculture & Commerce Bank Limited As of 31 December 2020 was as under:</p>										
	In million Taka										
	<table> <tr> <th>Particulars</th><th>Weighted Amount</th></tr> <tr> <td>Available amount of Stable Funding (ASF)</td><td>72,553.05</td></tr> </table>	Particulars	Weighted Amount	Available amount of Stable Funding (ASF)	72,553.05						
Particulars	Weighted Amount										
Available amount of Stable Funding (ASF)	72,553.05										
vi) Required amount of stable funding	<p>As stipulated by Bangladesh Bank vide DOS Circular No. 1 dated 1 January 2015, the required amount of stable funding (RSF) of South Bangla Agriculture & Commerce Bank Limited As of 31 December 2020 was as under:</p>										
	In million Taka										
	<table> <tr> <th>Particulars</th><th>Weighted Amount</th></tr> <tr> <td>Required amount of Stable Funding (RSF)</td><td>36,585.81</td></tr> </table>	Particulars	Weighted Amount	Required amount of Stable Funding (RSF)	36,585.81						
Particulars	Weighted Amount										
Required amount of Stable Funding (RSF)	36,585.81										

Leverage Ratio

Qualitative Disclosures:										
i)	Views of BOD on system to reduce excessive leverage	<p>The Board of Directors primarily views on the growth of On and Off balance sheet exposures commensurate with its expected capital growth so that the excessive leverage is reduced. Within the On-balance components, again, the Board emphasises on the growth of the prime component i.e. the loans and advances and maintaining good asset quality so as to maximize the revenue as well as the capacity to generate capital internally (in the form of retained earnings) to trade-off the excessive leverage supposed to be caused by asset growth.</p> <p>At the outset of asset growth, the Board also views the growth of its sources of fund i.e. deposit growth taking into consideration of projected business growth so that the credit-deposit ratio is maintained at a sustainable basis as well as to reduce the mismatches of asset-liability gap within the tolerable limit to manage the liquidity risk.</p>								
ii)	Policies and processes for managing excessive on and off balance sheet leverage	<p>First and foremost, Bank's policy is to maintain the Leverage Ratio (Tier 1 capital as proportion to total adjusted On and Off balance sheet asset) well above the regulatory requirement. To this end, the striking components of balance sheet, namely, the deposits & borrowing, loans & advances, other liquid assets (treasury bills, bonds, fund placements) are analyzed on monthly basis.</p> <p>Measures are taken to contain the growth of overall size of balance sheet (On and Off balance sheet exposures aggregately) considering short term outlook of the industry indicators as well as possible growth of equity (Tier 1 capital) of the Bank on quarterly rest.</p> <p>With regard to managing the excessive leverage, the regulatory stance through the monetary policy initiatives i.e. the scope of expected business potential (growth), estimated money supply, inflation, resulting the estimated overall liquidity of the industry as well as the Bank in particular is also considered.</p>								
iii)	Approach for calculating exposure/Leverage	<p>The exposures of balance sheet representing the overall position of the Bank as of the reporting date are calculated and presented in terms of applicable relevant accounting standards, i.e., IASs (BASs), IFRSs (BFRSs), etc.</p> <p>The accounting values of assets and liabilities are also presented and measured at gross. Netting of assets and liabilities are also made where permitted in compliance with the respective accounting standards and the regulatory instruction.</p> <p>For calculating "leverage", the Bank follows the 'Leverage Ratio' approach/method as suggested by Bangladesh Bank.</p>								
Quantitative Disclosures:										
i)	Leverage Ratio	<p>Leverage Ratio (LR) under Basel III of South Bangla Agriculture & Commerce Bank Limited As of 31 December 2020 was as under:</p> <p style="text-align: right;">Tier 1 Capital (after related adjustment)</p> <p>Leverage Ratio (LR) = $\frac{\text{Tier 1 Capital (after related adjustment)}}{\text{Total Exposure (after related deductions)}}$</p> <table><tr><th rowspan="2">Particulars</th><th colspan="2">Ratio (%)</th></tr><tr><th>Bangladesh Bank Requirement</th><th>Bank's Position</th></tr><tr><td>Leverage Ratio (LR)</td><td>> 3%</td><td>10.02%</td></tr></table>	Particulars	Ratio (%)		Bangladesh Bank Requirement	Bank's Position	Leverage Ratio (LR)	> 3%	10.02%
Particulars	Ratio (%)									
	Bangladesh Bank Requirement	Bank's Position								
Leverage Ratio (LR)	> 3%	10.02%								



Leverage Ratio (continued)

ii) On balance sheet exposure	<div>Total On-balance Sheet exposure for calculating Leverage Ratio under Basel III of South Bangla Agriculture & Commerce Bank Limited As of 31 December 2020 was as under:</div> <div>In million Taka</div> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Total On Balance Sheet Assets [A]</td><td>88,403.45</td></tr><tr><td>Less : Total Specific Provision [B]</td><td>1566.77</td></tr><tr><td>Total Adjusted On Balance Sheet Exposure [A – B]</td><td>86,836.68</td></tr></table>	Particulars	Amount	Total On Balance Sheet Assets [A]	88,403.45	Less : Total Specific Provision [B]	1566.77	Total Adjusted On Balance Sheet Exposure [A – B]	86,836.68																				
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iii) Off balance sheet exposure	<div>Total Off-balance Sheet exposure for calculating Leverage Ratio under Basel III of South Bangla Agriculture & Commerce Bank Limited As of 31 December 2020 was as under:</div> <div>In million Taka</div> <table><tr><th>Exposures Types</th><th>Notional Amount</th><th>Credit Conversion Factor (CCF)</th><th>Weighted Amount</th></tr><tr><td>1</td><td>2</td><td>3</td><td>4 = 2 X 3</td></tr><tr><td>Direct credit substitutes</td><td>1,665.62</td><td>100%</td><td>1,665.62</td></tr><tr><td>Performance related contingencies</td><td>6,224.65</td><td>50%</td><td>3,112.33</td></tr><tr><td>Short-term self-liquidating trade letters of credit</td><td>3,444.49</td><td>20%</td><td>688.90</td></tr><tr><td>Other commitments that can be unconditionally cancelled by any time</td><td>1,590.16</td><td>10%</td><td>159.01</td></tr><tr><td>Total</td><td></td><td></td><td>5,625.86</td></tr></table>	Exposures Types	Notional Amount	Credit Conversion Factor (CCF)	Weighted Amount	1	2	3	4 = 2 X 3	Direct credit substitutes	1,665.62	100%	1,665.62	Performance related contingencies	6,224.65	50%	3,112.33	Short-term self-liquidating trade letters of credit	3,444.49	20%	688.90	Other commitments that can be unconditionally cancelled by any time	1,590.16	10%	159.01	Total			5,625.86
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Remuneration

Qualitative Disclosures:

a) Information relating to the bodies that oversee remuneration

i) Name of the bodies that oversee remuneration	At the management level, primarily the Human Resources Division oversees the 'remuneration' in line with its HR management strategy / policy under direct supervision and guidance of Management Committee (MANCOM) of the Bank.
ii) Composition of the main body overseeing remuneration	The MANCOM is headed and chaired by the Managing Director of the Bank; along with other members of top executive management (Deputy Managing Directors) and the Heads of different functional divisions of Head Office. The Company Secretary of the Bank acts as the Member Secretary of the MANCOM.
iii) Mandate of the main body overseeing remuneration	The mandate of the Management Committee (MANCOM) as the main body for overseeing the Bank's remuneration is to review the position of remuneration and associated matters and recommend to the Board of Directors for approval of its restructuring, rearrangement and modification commensurate with the industry best practices as per requirement.
iv) External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	The Bank has no External Consultant permanently regarding 'remuneration' and its process. However, experts' opinion may have been sought in case to case basis regarding income tax matter, lawyers' opinion for settlement of employees' dues in case of death, penalty etc. if required, by the management.
v) A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.	The Bank does not differentiate the 'Pay Structure' and 'employee benefits' by regions. However, variation in remuneration is in practice based on nature of job/business line/activity primarily bifurcated for the employees who are directly recruited by the Bank and the headcounts/employees explored through outsourcing service providers as per rule. As of 31 December 2020, the Bank had no foreign subsidiaries and branches outside Bangladesh.
vi) A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	The Bank consider the members of the senior management, branch managers and the employees engaged in different functional divisions at Head Office (except the employees involved in internal control, risk management and compliance) as the material risk takers of the Bank.

b) Information relating to the design and structure of remuneration processes

i) An overview of the key features and objectives of remuneration policy.	Remuneration and other associated matters are guided by the Bank's Service Rule as well as instruction, guidance from the Board from time to time in line with the industry practice with the objectives of retention/hiring of experienced, talented workforce focusing on sustainable growth of the Bank.
ii) Whether the remuneration committee reviewed the bank's remuneration policy during the past year, and if so, an overview of any changes that were made.	Human Resources Division under guidance of MANCOM, the Board and senior management reviews the issues of remuneration & its associated matters from time to time.
iii) A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	The risk and compliance employees are carrying out the activities independently as per specific terms of references, job allocated to them. Regarding remuneration of the risk and compliance employees, Human Resources Division does not make any difference with other mainstream/regular employees and sets the remuneration as per the prevailing rule of the Bank primarily governed by the employees' service rule of the Bank.



Remuneration (continued)

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

i) An overview of the key risks that the bank takes into account when implementing remuneration measures.	The business risk including credit/default risk, compliance & reputational risk are mostly considered when implementing the remuneration measures for each employee/group of employee. Financial and liquidity risk are also considered.
ii) An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure.	Different set of measures are in practice based on the nature & type of business lines/segments etc. These measures are primarily focused on the business target/goals set for each area of operation, branch vis-a-vis the actual results achieved as of the reporting date. The most vital tools & indicators used for measuring the risks are the asset quality (NPL ratio), Net Interest Margin (NIM), provision coverage ratio, credit-deposit ratio, cost-income ratio, growth of net profit, as well as the non-financial indicators, namely, the compliance status with the regulatory norms, instructions has been brought to all concerned of the Bank from time to time.
iii) A discussion of the ways in which these measures affect remuneration.	While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly the result of the performance varies from one to another and thus affect the remuneration as well.
iv) A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	No material change has been made during the year 2020 that could affect the remuneration.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

i) An overview of main performance metrics for bank, top-level business lines and individuals.	The Board sets the Key Performance Indicators (KPIs) while approving the business target / budget for each year for the Bank and business lines / segments. The management sets the appropriate tools, techniques and strategic planning (with due concurrence / approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.
ii) A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	The remuneration of each employee is paid based on her/his individual performance evaluated as per set criteria. And, accordingly, the aggregate amount of remuneration of the Bank as a whole is linked/impacted to the same extent.
iii) A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining "weak" performance metrics.	The Bank follows remuneration process as per set criteria with no in general adjustment in the event of weak performance metrics/scorecard.

Remuneration (continued)

e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.

i) A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	The Bank pays variable remuneration i.e. annual increment based on the yearly performance rating on cash basis with the monthly pay. While the value of longer term variable part of remuneration i.e. the amount of provident fund, gratuity fund are made provision on aggregate / individual employee basis; actual payment is made upon retirement, resignation etc. as the case may be, as per the Bank's rule.
ii) A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.	Not Applicable

f) Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms.

i) An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms. A description of the elements corresponding to other forms of variable remuneration (if any) should be provided.	The Bank pays variable remuneration on cash basis (i.e. direct credit to the employee Bank account and / or Payment Order / Cheque), as the case may be, as per rule / practice.
ii) A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.	<p>The following variable remuneration has been offered by the Bank to its employees:</p> <p>Annual Increment</p> <p>Bank provides annual increments based on performance to the employees with the view of medium to long term strategy and adherence to the Bank's values.</p>

Quantitative Disclosures:

i) Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	There were 13 (twelve) meetings of the Management Committee (MANCOM) held during the year 2020. All the members of MANCOM are from the core banking area/operation of the Bank. No additional remuneration was paid to the members of the Management Committee for attending the meeting except their regular remuneration.
ii) Number of employees having received a variable remuneration award during the financial year.	<p>Number of Employees having received a variable remuneration award during the year 2020 was :</p> <p>No. of Employees :886</p> <p>Total Amount : Tk 82.44 million</p>



Remuneration (continued)

iii) Number and total amount of guaranteed bonuses awarded during the financial year.	The following number and total amount of Guaranteed bonuses awarded during the year 2020:										
	Particulars	Number of Employees	Total Amount of Guaranteed Bonuses (in million Taka)								
	Guaranteed Bonus awarded during the year 2020	856	68.07								
iv) Number and total amount of sign-on awards made during the financial year.	There was no sign-on awards made in 2020.										
v) Number and total amount of severance payments made during the financial year.	There was no severance payment made during the year 2020.										
vi) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	There was no deferred remuneration, split into cash, shares and share-linked instruments and other forms made in 2020.										
vii) Total amount of deferred remuneration paid out in the financial year.	There was no deferred remuneration paid out in the financial year 2020.										
viii) Breakdown of amount of remuneration awards for the financial year.	Fixed and variable remuneration paid in 2020 are as follows : <div>In million Taka</div> <table><tr><td>Particulars</td><td>Amount</td></tr><tr><td>Fixed Pay</td><td>1073.84</td></tr><tr><td>Variable Pay</td><td>82.44</td></tr><tr><td>Total Fixed and Variable Pay</td><td>1,156.28</td></tr></table>			Particulars	Amount	Fixed Pay	1073.84	Variable Pay	82.44	Total Fixed and Variable Pay	1,156.28
Particulars	Amount										
Fixed Pay	1073.84										
Variable Pay	82.44										
Total Fixed and Variable Pay	1,156.28										
Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:											
ix) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Not Applicable										
x) Total amount of reductions during the financial year due to ex post explicit adjustments.	Not Applicable										
xi) Total amount of reductions during the financial year due to ex post implicit adjustments.	Not Applicable										

Report of the Shariah Supervisory Committee

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العلمين والصلوة والسلام على سيدنا محمد وآله واصحابه اجمعين

All praises be to Almighty Allah, the Lord of the Universe and peace and blessings of upon the Prophet Mohammad (s.a.w.) and his all other descendants and companions.

After forming of SBAC Bank Shariah Supervisory Committee in 2020 the Honorable Members of this Committee met in its 1st Meeting in the same year to review and confer decision on the matters referred by the Board of Directors and the Bank Management. The Shariah Supervisory Committee gave necessary instructions and guidelines to the bank management to open Islami Banking Windows and operate the Banking transactions according to the principles of Islamic Shariah.



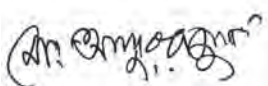
The Members of Shariah Supervisory Committee delivered valuable speech and suggestions at the Shariah workshops arranged by the Bank Management for the officials. The Committee also gives important opinions and suggests to the bank management as following:

1. The Bank should take necessary steps and measures to increase Islami Banking related knowledge and Shariah awareness in bank's officials;
2. Distribution of profit among the various Mudarabah depositors have been proposed as far as possible in accordance under of method of Income sharing ratio (ISR) with the principles of Islamic Shariah;
3. The Management of the Bank should remain careful to operate all its Islami Banking Window's transactions as per Shariah principles in accordance with the suggestions given by Shariah Supervisory Committee from time to time;
4. The Management has to be cautious to ensure buy-sale with supporting necessary documents in all cases, especially in case of Bai-Murabaha investment;

5. Shariah audit should be conducted in all Islami Banking windows frequently to verify/rectify Banking transactions to comply with Shariah Principles as per Risk based Shariah Audit method under the 'Guidelines on Internal Control & Compliance in Banks' vide BRPD Circular No. 3 dated 08.03.2016;
6. To ensure effective compliance of Shariah principles; Bank Management should be vigilant to continue implementation of suggestions given from Shariah Supervisory Committee time to time;
7. "More meetings, seminars, workshop, symposiums and get-together" should be organized centrally and at branch level to develop awareness among the valued clients as well as employees of the Bank about Islamic Banking and its benefits.

May Allah, the Lord of the Universe, grant us the strength and courage to participate in the endeavor of establishing welfare and balanced economic system throughout the world eliminating interest based harmful & discriminatory economic system. Aa-meen!

وآخر دعوانا ان الحمد لله رب العلمين



Maulana Md. Abdur Razzak
Chairman, Shariah Supervisory Committee



Report of the Asset Liability Committee

Asset-liability management is crucial for the sustainable growth of a Banking institution as it outlines the key approaches in managing and mitigating risks associated with components of the balance sheet. It is the ongoing process of formulating, implementing, monitoring, and revising strategies related to assets and liabilities to achieve the Bank's financial objectives, given its risk tolerances and other constraints. ALM risk is broadly associated with liquidity management and interest rate movement. Liquidity is an institution's ability to meet its liabilities either by borrowing or converting its assets.

Asset Liability Management Committee (ALCO)

SBAC Asset-liability Committee (ALCO) comprising of designated senior officials of the Bank to make important decisions regarding issues related to asset-liability management. The committee, typically known as ALCO, meets at least once in every month to analyze, review and formulate strategy to manage the balance sheet.

The committee regularly convenes to review and formulate strategies for managing different risks associated with the balance sheet. ALCO is a decision-making unit responsible for Balance Sheet planning from the risk return perspective, including the strategic management of interest rate, equity price risk, foreign exchange risk and liquidity risks.

Some of the major responsibilities of ALCO are as follows:

- Monitor the structure and composition of Bank's assets and liabilities and identify balance sheet management issues that are leading to underperformance.
- Review maturity profile and mix of assets and liabilities.
- Articulate interest rate view of the Bank and decide on balance sheet strategy.
- Approve and periodically review the transfer pricing policy of the Bank.
- Review deposit-pricing strategy.
- Review contingency funding plan for the Bank.
- Review equity price risk & foreign exchange risk

ALM (Asset-liability management) Desk

ALM desk prepares the ALCO paper, ALCO meeting minutes, and circulate the approved minutes. Under the treasury department of SBAC, the ALM desk is responsible for managing the inherent risk in the Bank's assets and liabilities. This desk keeps a vigilant eye on the balance sheet components and analyzes the movement to minimize potential losses and accelerate profitability. The key roles of the Bank's ALM desk are as follows:

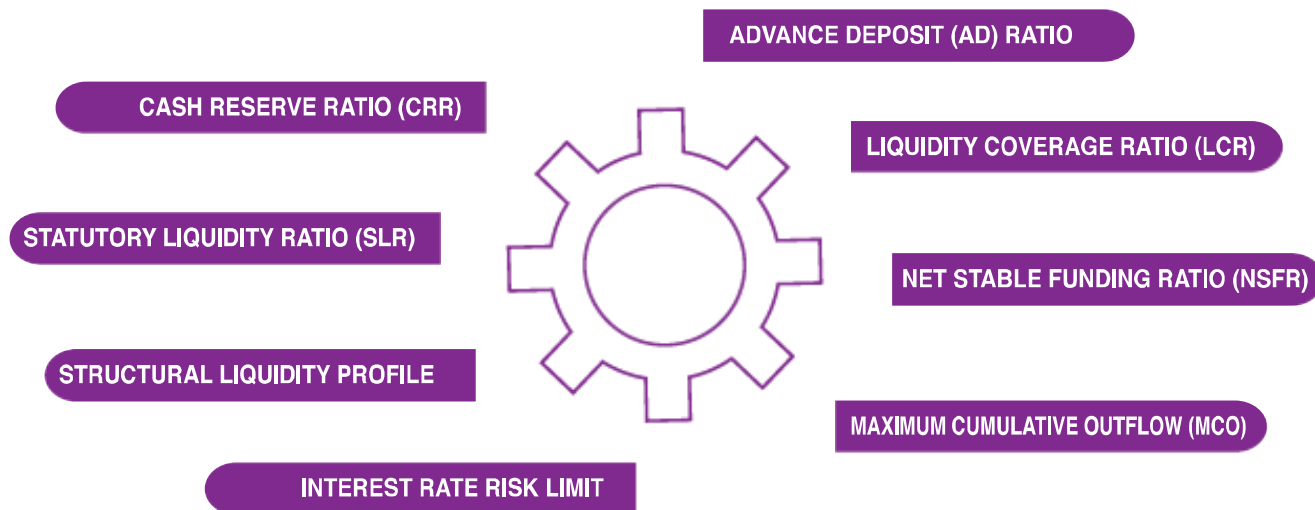
- To analyze the balance sheet of the Bank and identify different risk factors
- To assume overall responsibilities of money market activities.
- To manage liquidity and market risk of the Bank.
- To comply with the Central Bank regulations in respect to ALM
- To understand the market dynamics i.e., competition, potential target markets etc.

Meetings of the ALCO

ALCO meeting, generally, takes place in every month but if required, ALCO chairman may call unscheduled emergency meetings. We have 12 ALCOs in 2020. ALCO's responsibility is defined in the ALM policy of the Bank.

Key Monitoring Tools for ALM

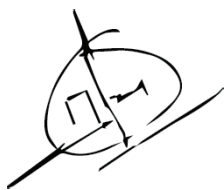
Treasury Division regularly monitors the following indicators for ensuring the ALM functions:



Major areas focused by ALCO in 2020

- Investment in High Quality Liquid Asset (HQLA)
- Balance sheet management
- Taking advantage from money market Liquidity
- Prudently managing bank's interest rate risk

On behalf of the Asset-Liability Committee



Mosleh Uddin Ahmed
Managing Director & CEO



SUSTAINABILITY ANALYSIS



Message from the Managing Director & CEO on Sustainability

Banking has experienced a remarkable change from its traditional form of operation to a new strategic dimension referred to as Sustainable Banking. It means the integration of environmental, social and governance issues into the business or investment decisions for continuing benefits of all the stakeholders.

At South Bangla Agriculture and Commerce Bank Limited, sustainability means more than just operating responsibly or complying with regulatory requirements. It means having a positive and long lasting impact on the surrounding community and to all the stakeholders. Since inception, SBAC Bank has been creating opportunities for individuals, businesses and contributed for the sustainability of the society of which it is a part.

Corporate Social Responsibility

SBAC Bank believes in making CSR not just an initiative rather this is a self-motivated drive towards betterment of all, therefore it has established the South Bangla Agriculture and Commerce Bank Foundation to carry out CSR activities on its behalf. The Foundation works towards improvement in socio-economic development and has been supporting education, health, charities, treatment of poor people, donations, sponsoring sports and natural disaster efforts to promote sustainable communities and the environment in Bangladesh.

Green Banking

Green banking is eco-friendly financing. To get a sustainable positive impact from business, green banking is essential. We always believe in growing responsibly by maintaining an eco-friendly environment across the organization. For that purpose, the Bank formulated the Green Banking Policy Guideline, Green Office Guide as well as Environmental & Social Risk Management (ESRM) Guideline to raise awareness regarding conservation of energy, water and saving paper, etc. Besides, SBAC Bank successfully implemented environmental risk rating and social risk rating introduced by Bangladesh Bank during appraising investment proposals. Our major initiatives for paperless banking are internet banking, digital wallet and e-KYC etc. The bank is continually

upgrading its technology also to meet the growing demand for digital banking.

Sustainable Development

The circular issued by the Sustainable Finance Department of Bangladesh Bank was a regulatory paradigm shift from Green Product Financing into Sustainable Financing. As per the circular, green finance, sustainable agro-finance, sustainable SME Finance, cottage industry finance and socially responsible finance altogether will be considered sustainable finance. The Bank is committed to comply the Sustainable Banking Guidelines of Bangladesh Bank. It has exhibited such commitment through considering the environment, social and governance risks and pertinent impacts when undertaking investments.

Customer Relationship Management

Now-a-days banks are facing intense challenges in building long-term customer relationship and retaining its clients. So we are determined to maintain good relationships with customers while improving the quality of its products and services. The Bank is committed to provide service excellence, act responsibly, and treat customers fairly observing industry standards. The quality of the service we deliver to the customers is critical to the long-term success of the company. We seek to enhance the quality of our service constantly and encourage our customers to share their experience with us all the time. To enhance the satisfaction of existing customers and attract new customers, the Bank constantly improves its service delivery systems to ensure that they are fast and convenient to meet the customer's expectations.

Human Resource

The Bank recognizes employees as invaluable resources. We work to attract and sustain a diverse, engaged, and skilled workforce through the creation of values for our employees and rewarding their contributions. We are committed to create an inclusive and sustainable workplace ensuring a safe and healthy work environment. We also deploy a significant amount in learning and development programs of our employees through conducting regular trainings and workshops. Furthermore, the bank has a lucrative remuneration and



compensation policy for the satisfaction, safety and well-being of the employees.

Conclusion

SBAC Bank aims to go beyond profitability. It believes every business must have a social purpose along with a commercial one. We desire to promote ethical operations to help people and the society as well as accomplish sustainable development of the country. Our responsibility to provide resilient and sustainable financial solutions for our customers and society also guides our initiatives to support the businesses of our clients during the financial hardship and uncertainty. Accordingly, we have rendered our strong support

from own fund and through the government stimulus package to a number of corporate clients who are facing unprecedented crisis and experienced a liquidity shortfall due to the COVID-19 pandemic.

We commit to improve our responsible operations constantly and exercise prudence in transforming our businesses and our economies towards a more sustainable future.

Finally, I would like to extend my heartfelt gratitude to all the stakeholders for the trust & confidence, support & co-operations given to us on our path to sustainability.

Mosleh Uddin Ahmed
Managing Director & CEO

Sustainability Report of SBAC Bank Ltd.

Sustainable development is a potential roadway to build resilient societies, reduce poverty and safeguard the natural environment. This represents a demand for greater social and environmental responsibility as well as a new landscape of business opportunity. Therefore, the Bank brings sustainability commitment to life through its operations & activities. South Bangla Agriculture and Commerce Bank Limited (SBACBL) has made sustainability as an integral part of day-to-day work.

Sustainable Banking indicates providing socially and environmentally responsible products and services that will have long term positive impact to financial organizations and community as a whole. Our sustainable banking policy is basing on our general sustainable banking principles as well as voluntary commitments to stakeholders through focusing on creation of lasting value. We have a very simple and straight forward Motto with regard to Sustainability. That is:

Long Term Investment: Rather than targeting short term profit we focus on long term investment for sustainable growth of the bank and its all stakeholders. That includes financial inclusion, digital advancement and service excellence.

Quality over Quantity: As sustainable development is a projection into the future, so SBAC Bank prioritizes on quality of services & operations over quantity so that it can increase the value of good portfolio in future.

Inclusion of risk analysis: Inclusion of environmental and social risk analysis may lead to increase costs in short term but in the long run will bring sustainability.

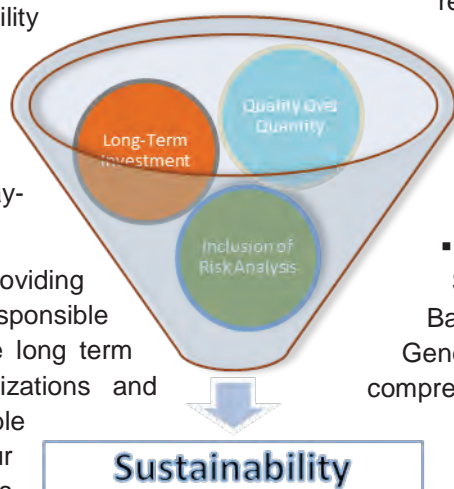
Sustainability: Sustainability is a process that SBAC Bank is following from its inception. It is committed towards the economy, environment and society. As a financial institute SBAC Bank is determined to become example of sustainability for other financial institutes.

Guidance to our Sustainability efforts

SBAC Bank is committed to be one of the pioneers in the banking sector to adopt best practices in corporate social responsibility and good governance. Our target is to achieve a leadership position in sustainable

finance. In our efforts to achieve sustainability goals we are guided by the followings:

- Sustainability policies and strategies formulated by the management.
- The Board supervised corporate social responsibility policy.
- Our corporate culture including values such as Service Excellence, Commitment, Trust, Integrity, and Responsible corporate citizen.
- GBCSRD Circular No. 05, dated: September 11, 2013 of Bangladesh Bank that instructed all 4th Generation Banks to adopt a comprehensive Green Banking Policy in a formal and structured manner in line with global norms so as to protect environmental degradation and ensure sustainable banking practices.



Our Approach to Sustainability

At SBAC Bank we believe that any growth should meet the requirement of today's generation, without hampering future generations' ability to meet their own necessities. So we take a long-term perspective in conducting our business by incorporating economic, environmental and social considerations so that we can impact people's lives meaningfully. Our approach to sustainability is based on followings:

- **Involvement with our Stakeholders:**
We are committed to engage regularly with our stakeholders as a way to understand their needs and ambitions that are core to our sustainability objectives. This enables us to respond to their expectations and priorities and use it as a basis of our strategy.
- **Policy Formulation and Governance:**
The Board of Directors & its Committees along with the Management authority review and ensure that investment proposals are well complied with the sustainable financing policy of the Bank. The sustainability policies, strategies and programs of SBAC Bank are regularly reviewed and updated from time to time.
- **Responsible Banking & Business Practices:**



We are Responsible to protect all our stakeholders interest in rational and responsible manner. We are committed for providing an environment-friendly, healthy and sound work environment where every employee can develop professionally and personally. Moreover, we are contributing to SBAC Bank Foundation for the well-being of the society and make economic contributions to the communities in which we operate.

■ **Creation of Social Impact**

SBAC Bank Foundation, a philanthropic organization of SBAC Bank Limited always tries to attach it's highest priority to ethical conduct and integrity. It has a strong commitment to improve lives of the underprivileged poor and destitute. It also provides support in the education, health and well-being, environmental

management besides patronizing sports, art & culture, disaster management etc.

Sustainability Strategy of SBAC Bank Ltd.

Our sustainability strategy revolves around integrating sustainability concept into our core business operations. This sustainability strategy helps us to adopt effective actions for contributing positively to the community and create value for our stakeholders and to address the growing socio-economic and environmental challenges of tomorrow.



Economic Sustainability

- Employee remuneration
- Shareholders Dividend
- Loans Disbursed to CMSME
- Contribution to national exchequer



Environmental Sustainability

- Resources consumption management
- Protection of Environment
- Mitigation of climate change & reduction of carbon footprint



Social Sustainability

- Community Investment & Corporate Social Responsibility (CSR)
- Inclusive Banking
- Convenience through Digitalized services



Economic Sustainability

We believe in creating long-lasting value for our customers, shareholders, and employees and above all for the community we operate in. SBAC Bank has a comprehensive remuneration package that combines a lucrative basic salary along with number of benefits. In addition, the bank also offers provident fund, gratuity, LFA, house building safety net scheme, incentive bonus and medical benefits for employees. Through payment of dividend regularly, the bank is creating value constantly for it's shareholders. We are also empowering the marginal people economically through SME loans, agricultural and rural credits and women entrepreneurship loan.

Environmental Sustainability

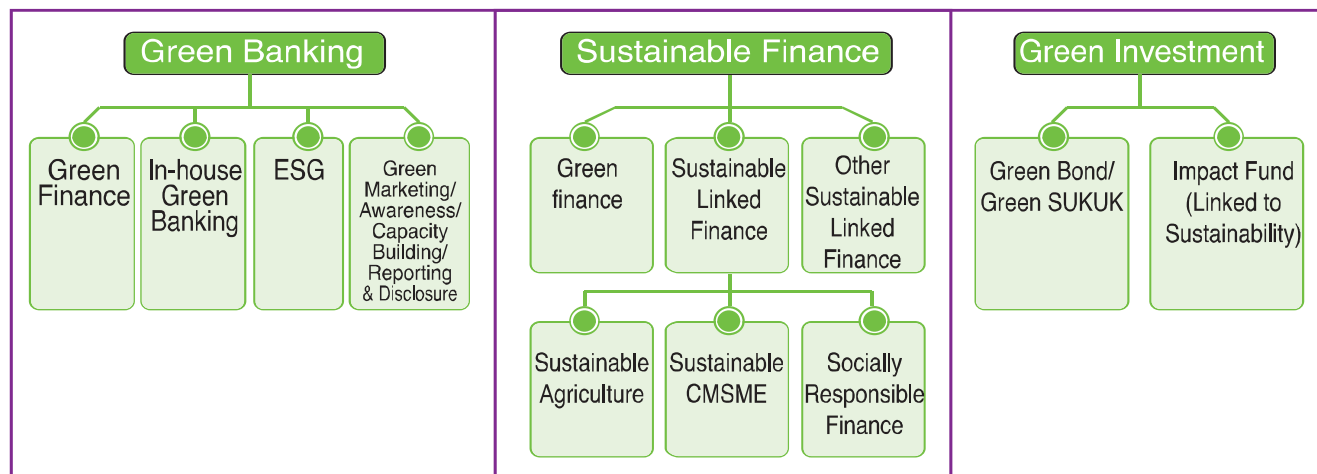
To achieve long-term sustainable development, we must responsibly manage environmental and social risks. Though Rapid urbanization and industrialization help in socio-economic development but it creates excessive pressure on natural resources, such as energy, water and food supplies too. Our planet's ability to meet the growing demand of natural resources may be depleted if we don't become environment-conscious. So, we

consider the environmental & social risks very cautiously when evaluating any investment proposal. Every employee of SBAC Bank is too much conscious on consumption of power, water and other resources at office. Through proper planning and management, SBACBL has ensured minimal wastage of natural resource.

Social Sustainability

South Bangla Agriculture and Commerce Bank Limited contributes to social development through initiatives and programs that support the community. We believe in creating long-lasting value for our customers, shareholders, and employees and above all for the community we operate in. We have already started to initiate a strong financial inclusion program for development of the rural and underdeveloped people of the country through branches & sub-branches in the rural areas. Furthermore, the Bank is providing a tremendous digital banking services to customers through the digital banking wallet called 'Banglapay'. We have developed fast and convenient digital services for our customers such as Internet Banking, use of e-KYC, 24/7 Call Center, etc.

Forms of Sustainable Finance



Our Initiatives towards ensuring Sustainable Banking

SBAC Bank being comparatively new bank in the banking sector but has always being looking forward to helping its clients carry out sustainable business practices. The Bank provides its expertise towards its clients to make a positive change. Our sustainable strategy is built on solid ambitions in the area of climate change, the global as well as national economy and social impact. As part of our sustainability strategy, we are committed to taking different initiatives.

a) Green Initiatives:

- Print on reusable sheets
- Print multiple pages on single sheets of paper
- Set defaults to print double-sided and print on both sides
- Print only the pages required
- Preview documents before printing
- Increase margin width of the documents
- Change the default font size from 12 point to 10 which would shrink document by about 10%
- Use e-mail statements

B) Green Governance:

"Green Banking Policy Implementation Unit (GBPIU)" is formed entrusting with the responsibilities of designing, evaluating and administering related green banking issues of the bank in line of Board approved policy. Total available fund for direct green finance for 2020 is Tk. 362.95 million being 5% of total new loan to be disbursed in 2020.

C) Inclusion of Environmental Risk Rating (EnvRR) for Credit Risk Management

SBAC Bank takes into account the Environment Risk while assessing credit proposals as per Environmental Risk Management (ERM) guidelines of Bangladesh Bank. In the year 2020, there were 41 nos. of bank financed projects applicable for Environment Due Diligence and the Bank assessed the Environmental Risk of those projects and found low Environment Risk. The Bank financed Tk. 4,976.82 million for 56 projects in 2020 having status "Standard".



d) Electronic Payment System:

SBAC Bank is such a platform where all customers receive a wide range of customer service relating to electronic payment system like Online Banking, RTGS, BEFTN, e-GP, Utility Bill Payment etc. In 2020, total 303,567 nos. of transaction has been made through RTGS, BEFTN, e-GP service, Utility Bill Payment. Moreover Bangla Pay App was introduced to make digital transactions more efficient and faster and easier for the customer. Through Bangla Pay App now customer can do almost any transactions from their mobile phone by sitting at home or anywhere in the world.

e) In-house Environment Management:

In order to develop in-house Environment Management, the Bank has taken the following measures to save water, paper, electricity, energy and stationery consumption.

All Branches and Head Office were strict to reduce the consumption of paper, stationery, electricity, energy, water etc. which leads to positive outcome for the Bank.

i. Utility consumption during 2019-2020:

SL. No.	Particular		Amount in Million Taka		Growth %
			2020	2019	
01	Consumption of Water		1.20	0.90	33.33
02	Consumption of Paper		6.79	4.63	46.65
03	Consumption of Energy	Electricity	32.99	35.83	(8.61)
		Gas	0.01	0.01	0.00
		Fuel	8.01	6.27	27.75
	Total		49.00	46.83	99.12

N.B: The expenses have been increase by 99.12% since new 1 branch & 11 Sub-branches came into operation in the year of 2020.

- ii. Electronic communication is being extensively used (wherever possible) for office management in place of printed documents, especially when multiple copies are required, to save papers.
- iii. Installation of energy efficient electronic equipment and automatic shutdown of computers, fans, lights, air coolers etc. have been implemented in consultation with concerned divisions of Head Office gradually for reducing electricity consumption.
- iv. Use of solar energy at the premises as an alternative source of electricity is initiated in consultation with and approval from concerned authority of the Bank. The bank has installed solar energy system in its branches. In the year of 2020, 41 branches are powered by solar energy.
- v. Preserving maintenance schedule of Generators and Air Conditioners and other major electrical and electronic equipment for monitoring performance as well as fuel/energy efficiency.
- vi. All officials of the bank have been advised to ensure that their PC, Fan and other office equipment are turned off whenever those are not in use for prolonged period of time. Office hour is maintained properly so that unnecessary stay in Branch/ head office could be avoided and as such office hour is utilized effectively.
- vii. In procurement of vehicles and other electrical and electronic equipment, fuel/energy efficient quality is considered with priority.
- viii. All branches/divisions now focus on minimizing use of resources at every possible aspect of work. All officials of the bank is advised to discharge their duties in environmentally responsible ways.

f) Introducing Green Finance:

The Board of Directors of the Bank approved “Green Finance Policy of SBAC Bank Limited” to extend credit facilities for the environmental friendly products/projects so far identified by Bangladesh Bank under comparatively more favorable terms and conditions and the Bank has allocated Tk. 500.00 million for Green Finance to encourage/support environmental friendly products/projects as well as to achieve target set by Bangladesh Bank. We always encourage financing in environment-friendly green products under Refinance Scheme of Bangladesh Bank like Bio-Gas, Solar, ETP, Recycling, Renewable energy, Fuel Efficient Plants, Green Industry etc. to make our development sustainable.

g) Online Banking:

All our branches are well equipped with facilities like Online Banking, SMS Banking & Internet Banking, etc. through renowned Florabank Online Core Banking Solution. Its ATM booths are available for the convenience of the people to provide nonstop services.

h) Supporting Employee Training:

The Training Institute of the Bank is continuously arranging training program on Green Banking. Besides, circulars/instructions/advices on Green Banking have been issued to make the employees aware of Green Banking. The Bank is also placing the employees to participate training program/ workshop/seminar on Green Banking organized by various organizations/institutions.



South Bangla Agriculture and Commerce Bank Foundation

South Bangla Agriculture and Commerce Bank Limited is a socially responsible corporate citizen. We are committed to work for the people and are actively engaged in social projects throughout. The Board of SBAC Bank Ltd. has approved a policy for Corporate Social Responsibility (CSR) in line with the CSR Guidelines of Bangladesh Bank. For better CSR activities the Bank has formed South Bangla Agriculture and Commerce Bank Foundation in 2017 under the societies Registration Act 1860.

South Bangla Agriculture and Commerce Bank Foundation started its journey on 26/11/2017 with the some benevolent objectives to undertake and carry on welfare activities strictly on non-profit making basis for humanitarian and charitable purposes including Education, Preventive and Curative healthcare, Emergency disaster relief, Promoting human welfare Financial Inclusion. Community investments by way of donations, and the foundation has also a view to carry out and implement promotion of art, science, literature after obtaining necessary permission from the government/ Concerned Authority/ Competent Authority before Commencement and operation of the following deeds and activities:

The Foundation shall be non-political, non-profit, voluntary and non-government charitable organization. Different sources of the Foundation's income whatsoever derived shall be applied solely towards the promotion of the objects of the Foundation enumerate above and no portion thereof shall be paid or distributed as dividend, bonus, profit or otherwise to the Members of the Foundation.

SBAC Bank Foundation works with local charities and voluntary groups to help children from disadvantaged backgrounds access education. It focuses on the

welfare of the society at large and can also serve the objectives of the Shariah. It is believed that for a company to establish itself as socially responsible. It cannot do anything that is harmful to the society, and its active participation to work for the betterment and welfare of the society

Our strategies are based on the fundamental conviction of sustainable business that integrates good governance and social priorities with a view to enhancing community empowerment in a sustainable manner. As a responsible corporate citizen we realize the need to invest in the society and we work in for bringing about changes that impact lives in positive ways. We will act as promoter of positive changes through our actions in educational development, healthcare, entrepreneurship, women empowerment and so on. We are accountable for monitoring of proper utilization of the CSR support assistances for the intended purposes. The foundation shall also collect and file reports/documents sufficient to ascertain proper end use, withholding the assistance in unsatisfactory cases. The Board also accountable to review reports of CSR allocation end use monitoring annually before approving fresh allocations for subsequent years; and all end use monitoring records should be kept available for inspection by internal and external audit and by BB supervision officials. Our ultimate commitment to our society and we put in our best efforts in living according to the values that we are wholeheartedly believe in. Donation of South Bangla Agriculture and Commerce Bank Limited is the main source of fund.

Foundation's AC Summary:

Particulars	Amount in BDT
Opening Balance as on 01.01.2020	15,999,600.00
Amount received from the Bank	60,000,000.00
Total Income	75,999,600.00
Less: Donation to various entities	69,226,323.00
Less: A/C maintenance charge & Excise Duty	15,805.00
Total Expenditure	69,242,128.00
Balance in SBAC Bank Foundation (31.12.2020)	6,757,472.00

The amount of money donated as Corporate Social Responsibility (CSR) during the year 2020, both by the bank and the Foundation is given below in a nutshell:

	SBAC Bank Foundation	SBAC Bank Ltd.
Education	Tk. 68,50,000.00	Tk. 55,00,000.00
Healthcare	Tk. 16,05,600.00	Tk. 1,00,000.00
Others	Tk. 6,07,70,723.00	Tk. 71,43,346.00
Total	Tk. 6,92,26,323.00	Tk. 1,27,43,346.00
Grand Total	Tk. 81,969,669.00	

It is worth mentioning that, under the CSR Programme, we have donated an amount of Tk. 3,47,49,723.00 to distribute food and daily essentials among covid affected people in various parts of the country through our number of branches.

Financial Inclusion

Financial Inclusion

According to United Nations (2006), Financial Inclusion (FI) is the access to the range of financial services at a reasonable cost for the bankable people and firms. Financial inclusion is a method of offering banking and financial services to individuals. It aims to include everybody in society by giving them basic financial services regardless of their income or savings. It focuses on providing financial solutions to the economically under privileged. In addition, it is an important enabler of sustainable development and economic growth. Access to financial services can help eradicate poverty, improve individual well-being and household welfare, and spur entrepreneurship and small enterprise activity.

Financial inclusion is measured in three dimensions: (i) access to financial services; (ii) usage of financial services; and (iii) the quality of the products and the service delivery.

Currently, the banking sector is facing various challenges like the need to improve financial literacy, lack of formal identification documents, consumer protection, the rural poor and gender inequality, promoting the use of the transaction account.

Bangladesh Government and Bangladesh Bank have taken an intensive approach towards inclusive financing alongside conventional banking. Low income group of the society has been brought under the financial services and the development programs for small, medium and women entrepreneurs have been undertaken. Various initiatives have been taken towards mobile banking, school banking, and agent banking which have been lauded globally. According to Bangladesh Bank instructions and circular SBAC Bank has taken various steps like opening different account:

Student saving deposit account: Total 9,633 numbers of accounts were opened by various students of the country and they deposited all together Tk. 233.77 Lac

Garments workers Salary accounts: So far through 33 Number of accounts of different Institution total Tk. 1994.18 Lac were disbursed and given salaries to the Garments workers.

Senior citizen saving deposit: Total 225 numbers of account & Tk. 458.65 Lac was deposited by different senior citizen of the Country.

Tk 10 under privileged accounts: In order to help the marginalized people of the society. 39 number of accounts were opened in total and Tk. 9.28 Lac (Approx.) were distributed so far.

Responses to COVID-19 Challenges

The unprecedented COVID-19 pandemic has been changing our lives & ways of living significantly. There is a global paradigm shift in supply chain & business operations of product as well as service due to the outbreak, as a result the whole world has suffered a severe economic downturn. To minimize the economic damage caused by the coronavirus, our government is very responsive not just to protect public health, but also secure livelihoods and save the national economy. As part of the recovery efforts, the central bank launched considerable fiscal stimulus packages. South Bangla Agriculture and Commerce Bank Limited has also come forward with a number of measures from the very beginning of the epidemic to minimize the worst effect of the pandemic on all of its stakeholders. For smooth functioning & preventing the community transmission of the COVID-19 (coronavirus) outbreak during the pandemic, the Management immediately formed a Central Quick



Response Team and six regional quick response teams to ensure the effective measures within the earliest possible time in case of emergency through consulting with the Central Quick Response Team if needed.

Our commitment to provide personalized solutions and delighting service to our customers are in place still. The top Management was the main think-tank of the whole plan and mainly three divisions have executed the plan with a perfect coordination. Those are –

- Human Resources Division for policy and guidelines;
- General Services Division as the executioner; and
- Banking Operation Division as the executioner.

Key safety measures for employees of SBAC Bank Ltd. during COVID-19

As a swift and effective step, SBAC Bank initiated several key measures in the shortest possible time to counter the threats of the pandemic, such as:

- Compulsory use of hand sanitizers for all employees
- Disinfection of office premises and vehicles on a regular basis
- Mandatory use of face mask across all SBAC Bank premises
- Roster and work from home for more than 50 per cent of the bank's employees
- Rigorous enforcement of social distancing
- Infrared thermometer at entry point of head office and branches
- Disinfection of shoes while entering office premises
- Special transportation arrangement for staff convenience and safety
- Imposing Dos and Don'ts Strictly (such as wearing of mask is Mandatory, Social Distancing to be strictly followed, Bring your own lunch-box of home-made foods; No external or street food, Don't go outside for lunch)

Initiatives at Head Office:

The primary objective was to protect the Head office from infiltration of virus and terminate any suspected infection. So, a holistic approach covering the following to turn it into a Bio-security Zone was initiated.

Locking of the premises

The building was literally locked down. Officers for emergency duty to run critical operations of the bank were allowed for an entrance only and no visitors were allowed. Movement from floor to floor was strictly monitored.

Precaution to stop infection

Extensive disinfection procedures were performed as follows:

- Regular spraying of disinfectant at every floor;
- Deep cleaning of the working zone and common areas with higher frequency;
- Set up hand wash basin with soap at the entrance of the building;
- Set up shoe cleaning pad at the entrance of the building;
- Cleaning of car tire using the parking;
- Setting hand sanitization equipment at the entrance and different floor points;
- Checking of temperature using Infrared thermometer at every entry point;
- Placement of sitting arrangement with required social distance;

Employee's physical safety

South Bangla Agriculture and Commerce Bank Limited always prioritizes the issue of health-safety of its employees. The issue was ensured through:

- Rostering of duty to reduce the physical presence of the employees at the office;
- Preferring 'Work-from-Home' by arranging proper logistical supports to the employees;
- The arrangement for virtual meetings by strictly prohibiting in-presence meetings;
- Encouraging all to follow Mandatory social distancing norms.

Initiatives at Branch Level

The Bank has circulated special covid management guidelines time to time and supervised the operations of branches & sub-branches accordingly. We intended to reduce customer footfall in our branches and encourage them to use our alternate channels like App-based Banking for fund transfer, bill payments, ATMs for cash withdrawal etc. We even increased the cash withdrawal limit from ATM so that customers need not to visit our branches frequently.

We kept our operations minimal during the government declared general holidays as per the circulars of the government & Bangladesh Bank and kept several branches closed following directives and instructions of the central bank and local authorities. Besides, More than 50 per cent of our employees availed work from home facility. Employees were also engaged in rostering duty to ensure safety at work. They were also granted pandemic leave when required. All our employees and customers had to wear a mask and sanitise hands for entering the branches and other premises.

Customer centricity

As a customer-centric bank, we are committed to ensure the comfort and convenience of our customers during the general holidays and beyond. SBAC Bank offered a moratorium to the customers on all categories of loans. For the credit cardholders, we enabled the facility to transfer money to their MFS wallet from credit cards using 'Banglapay' App so that our credit cardholders can face any emergency easily. For deposit customers, we eased their banking needs by enabling FDR/DPS closure requests, cheque book activation requests from their registered emails to avoid the branch visits.

We reduced the interest rate on our credit cards so that the customers have a relief from interest-burden to an extent during a period of economic shrinkage. Moreover, we had waived the late payment charges against the credit card due according to the circular of the central Bank.

We also extended full support to our loan customers, especially with regards to the stimulus packages declared by the government. SBAC Bank has disbursed a remarkable amount of fund to a number of clients as below:

Disbursement of Stimulus Fund under Bangladesh Bank Circular (as on 30.06.2021)

(figure in Lac)

Stimulus Circular No. & Date	No. of Client	Amount
SMESPD Circular No-01 Date: 13.04.2020	416	11,058.05
BRPD Circular No-08 Date: 12.04.2020	11	10,830.00
ACD Circular No-01 Date: 13.04.2020	64	422.50
FID Circular No-01 Date: 20.04.2020	2	120.00
BRPD Circular No-07 Date: 02.04.2020	30	2,204.77
Total	523	24,635.32

Our Treasury has ensured timely trade settlements with no delay and also provided market support with liquidity injections made during volatile global market conditions.

Initiatives for our Human Resources

Our utmost concern is how to keep our employees safe & sound during the outbreak of corona virus around the country, so we gave the highest level of attention on the health & safety issues through ensuring a healthy working environment for them. In line with the government instructions, HR issued health guidelines for the employees from time to time and closely monitored the issue to ensure that the instructions are strictly followed. For employees who have been working during the pandemic, the Bank has provided all logistical supports for them and paid an ample amount of honorarium to keep the employee morale high. We also had approved a quarantine leave to those of our employees who unfortunately had been infected with corona virus for facilitating his staying at home until his recovery from covid.

Our Human Resources Division organized frequent webinars to keep the employees updated and create bonding among themselves during the pandemic situation. All those initiatives were taken to keep the employee mentally strong & motivated. At the same time, the bank has been transformed as more digitalized with the help of digital platforms to run the HR functions ever smoothly. We have continued the employee learning process through arranging several training programmes using the digital platform.

Finally, SBAC Bank Ltd. Has followed the holistic approach to fight the COVID-19 pandemic during nationwide outbreak of the virus. As a result, the consequences of the epidemic was minimum without hampering our business growth in a significant level. So, it will not be an exaggeration, if we say that our success in minimizing the consequences of covid-19 on all the stakeholders is an exemplary one.



SUBSIDIARY OVERVIEW



SBAC Bank Investment Limited

Profile of SBAC Bank Investment Limited

SBAC Bank Investment Limited is a subsidiary of South Bangla Agriculture and Commerce Bank Limited, a renowned private commercial bank of 4th generation. It is a private limited company licensed from Registrar of Joint Stock Companies and Firms (RJSC) under the Companies Act 1994 in order to provide all types of services relating to capital market operation. The Company has a board of directors consisting of 06 (Six) members. The board comprises highly experienced and professional members who hold long successful track records in relevant area of operations. Our expertise is rooted in the extensive industry knowledge and broad corporate finance and capital market experience of our professionals. Today, we are aiming to offer state-of-the-art investment solutions to cater the need of a diversified group of investors.

SBAC Bank Investment Limited is committed to offer a broad range of investment banking including general broking, wholesale broking, margin, portfolio management, investment advisory services as well as diverse financial services and solutions, to both institutional and individual clients fitted with their customized unique requirements.

The company strongly believes to extend its co-operation and value added services to the clients. We also believe that SBAC Bank Investment Limited will play a vital role in the capital market in its development and future growth.

The major objectives of SBAC Bank Investment Limited are as under:

- To Carry on the business either in own portfolio or for clients, broking or dealing in stocks, shares, bonds, debenture, commercial papers or any instrument floated in the stock market in the country.
- To act as TREC holder of Stock Exchange and to carry on the business of brokers, jobber's or dealers in Stocks, Shares, Securities, Commodities, Commercial papers, Bonds, Obligations, debentures, debenture stocks, Treasury Bills either as a Joint venture in collaboration with foreign company shareholders or exclusively with local participants.
- To buy, sell, hold or otherwise acquire or invest in securities, bonds, commercial papers, debentures, debenture stocks, obligations or securities issued or guaranteed by any company incorporated or registered in Bangladesh or, in any foreign country and also to invest in security or securities for short term or long term gains and to realize such gains.
- To provide margin facilities to investors as per provision of laws.
- To acquire new customer and educate them the opportunities hidden in the capital market and relevant laws and regulations.

SBAC Investment Limited has the following unique advantages to carry out its operation:

- Strong Capital base of a authorized share capital of Tk. 50,00,00,000.00 (Fifty Crore) and Paid-up capital of Tk. 40,00,00,000.00 (Forty Crore) at the time of it's inception.
- Highly experienced and professional board members who hold long successful records in money market, capital market, financial planning and trade & commerce based operations.
- A wonderful Co-operative working environment.
- Adequate experts and professionals with skilled human resources.
- Sufficient infrastructure and logistic support with up to date technology based facilities.

Mission: The company has it's mission in the following broad categories:

- To exceed clients expectations through rendering the most caring and friendly and standard services.
- To be the leading source of capital market research.
- Be the most ethical and compliant capital market player
- To participate actively in the development of capital market of Bangladesh.
- To be the best in product development and innovation and market making.



- Operate state of the art technologies for efficient operations and superior customer service
- To contribute economic development of the country.

Vision

To be the most innovative leading capital market solution provider in terms of efficiency, excellence, transparency, and professionalism having a most significant market shares.

Our Values

Quality: What we do, we ensure quality in services by using state-of-the-art technologies, ensuring efficiency, excellence, transparency, and professionalism when delivering services.

Integrity: Integrity is the foundation on which we build strong relationships with clients. It distinguishes us from others in the industry. From integrity it comes trust, and trust allows clients to work effectively with their merchant bank.

Stability: The diversity of our business, approaches to our differentiated service, and focus on our strengths create stability for our clients. This means a high-quality and consistent commitment to our professionals, markets and businesses.

Trust: We build trust among our clients through our every action, co-operation, skills & expertise and professionalism when serving them using modernized technology based facilities.

Accountability: Ensuring responsibility to our customers and compliance with all related rules & regulations that will ensure accountability to all the stakeholders.

Respect: we treat everyone with respect and courtesy in our day to day operations and emphasize on building a long term relationship with all the concerned parties by this way.

A Relationship-Based Approach: We value most on establishing a meaningful, long-term relationship with clients— where we truly understand and facilitate them grow their businesses or meet their investment objectives. Our success is dependent largely on whether we can sustain a relationship with our clients over times.

Focused Expertise: We prioritize on focused expertise and set our sights on being the most knowledgeable one in our service areas. We are aiming to build a business by providing in-depth experience in the products and services, sectors and markets where we excel and can provide greater value to our clients.

Customer Focus: Customer is the key to our success. So we always focus on the preferences of our customers when designing our products & services. Our Customer Focus attitude helps as in bringing newer dimensions to our offerings.

Service Excellence: Customer delight is our passion. We use customer satisfaction to accelerate our growth. We value on giving customized as well as personalized services to our clients for ensuring service excellence.

Responsible Corporate Citizen: We are tax-abiding citizen. We conform to all laws, rules, norms, sentiments and values of the land.

Core Products of SBAC Bank Investment Limited:

The Company has following core products mainly:

- a) General Brokerage;
- b) Wholesale Brokerage;
- c) Dealing;
- d) Margin;
- e) Advisory service;
- f) Portfolio management;

SBAC Bank Investment Limited at a glance
Board of Directors

SL. No.	Name	Designation
1	Mr. Anwar Hussain	Chairman Nominated by: <i>South Bangla Agriculture & Commerce Bank Ltd</i>
2	Sk. Shyedujjaman	Vice-Chairman Nominated by: <i>South Bangla Agriculture and Commerce Bank Ltd.</i>
3	Md. Badruddouza Chowdhury	Director Nominated by: <i>South Bangla Agriculture and Commerce Bank Ltd.</i>
4	Mr. Mosleh Uddin Ahmed	Director Nominated by: <i>South Bangla Agriculture and Commerce Bank Ltd.</i>
5	Mr. Mohammad Asadul Haque	Director Nominated by: <i>South Bangla Agriculture and Commerce Bank Foundation.</i>
6	Md. Mokaddess Ali ACS	Managing Director & CEO Nominated by: <i>South Bangla Agriculture and Commerce Bank Ltd.</i>

Corporate Information

Name of the Company:	SBAC Bank Investment Limited
Legal Form:	A private limited company registered in Registrar of Joint Stock Companies and Firms (RJSC) under the Companies Act 1994.
Date of Incorporation:	21/03/2021
Nature of Business:	Stock Brokerage
Stock Summary:	
Authorized Capital:	Tk. 50,00,00,000.00 (Fifty Crore)
Paid-up- Capital:	Tk. 40,00,00,000.00 (Forty Crore)
Face Value per Share:	Tk. 10.00
Contact Information:	
Registered Office:	Registered Office: Head Office, BSC Tower, 2-3 Rajuk Avenue, Motijheel Commercial Area, Dhaka-1000.
Phone No:	+88029577207
E-mail:	info.sbacinv@sbacbank.com



Profile of the Directors of SBAC Bank Investment Ltd.

Mr. Anwar Hussain

Mr. Anwar Hussain is the chairman of SBAC Bank Investment Limited, a subsidiary company of South Bangla Agriculture and Commerce Bank Limited where Mr. Hussain is one of the directors. Mr. Hussain is a young, well reputed and emerging business man in the country. He has obtained Bachelor Degree in Business Administration. He is the Proprietor of Anwar Corporation, Managing Director of HAR Industries Ltd., Director of Abdul Gaffar & Co. (Pvt) Ltd., Asuka CNG Refueling Station Ltd., SAFAH CNG Refueling Station Ltd., AGI Flex Ltd., and AGI Corporation. His goal is to bring in new innovation and dynamism in his company. He is well conversant with Capital Market Operation as he maintains a good portfolio of his own and his entities.

Mr. Sk. Shyedujjaman

Mr. Sk. Shyedujjaman is one of the directors of SBAC Bank Investment Limited, who is nominated by SBAC Bank Limited. He is also a director of SBAC Bank Ltd. He obtained BBA and MBA (Marketing) degree from AMC College, Bangalore in 2001 & 2003 respectively. He is a successful businessman in the frozen food industry. Mr. Sk. Shyedujjaman is the Chairman of South East Union Ceramic Industries Ltd. He is involved in Capital Market operation and manages portfolio of his others entities. He is a man of strong moral values and believes in ethical investment.

Mr. Md. Badruddouza Chowdhury

Mr. Md. Badruddouza Chowdhury is one of the directors of SBAC Bank Investment Limited, who is nominated by South Bangla Agriculture and Commerce Bank Limited. He obtained his Master of Arts (MA) & Bachelor of Arts (BA) degree in English from Dhaka College. Mr. Chowdhury has ten years of experience in Portfolio Management. He is the managing director of Imperial Resources Ltd. Mr. Md. Badruddouza Chowdhury has a Notable experience in business; he is the Director of TS Transformers Ltd., TSCO Power Ltd., and SRN Electronics Ltd. (SQ Fan).

Mr. Mosleh Uddin Ahmed, MD & CEO of SBAC Bank Ltd.

Mr. Mosleh Uddin Ahmed is the Managing Director and Chief Executive Officer (CEO) of South Bangla Agriculture and Commerce Bank Limited. He has a wide area of experience in the avenues of banking business, financial operations, risk and compliance management, capital market, money market, forecasting and operations with deep insight in the Banking Industry. Prior to his present appointment as Managing Director & CEO of SBAC Bank Ltd., Mr. Ahmed enlightened the position of Managing Director and Additional Managing Director at National Credit and Commerce (NCC) Bank Limited. Mr. Ahmed rendered his amazing services at many diversified banks and financial institute in various capacities with remarkable successes & noteworthy achievements throughout his long glorious phases of service. During his long banking career he has served in specialized Govt. Bank, NBF, Foreign Bank and Private Commercial Banks. Mr. Ahmed served in Jamuna Bank Ltd. as Additional Managing Director & Deputy Managing Director, in the City Bank Ltd. as Senior Executive Vice President (SEVP). Besides, he has served in different capacities in the City Bank Ltd., State Bank of India, Prime Bank Ltd. and Phoenix Leasing Company Limited. He participated at a number of trainings, seminars & symposiums and workshops at home and abroad (UK, New Delhi, Netherlands Malaysia, Thailand, Singapore etc.).

His ocean-deep knowledge and invaluable experience in banking & economics had established him in the Board of directors of several companies as well. Mr. Ahmed had served as Director in the Boards of Jamuna Bank Securities Ltd., Jamuna Bank Merchant Bank Ltd., NCC Bank Securities Limited, NCC Bank Capital Management Limited, Venture investment Partners Bangladesh Ltd., BDRL Rating Company Ltd., and

Energypack Power Venture Limited. Furthermore, besides his extraordinary knowledge & enviable success in corporate leadership & management he also showed his unparalleled erudition as a university teacher, who was once the faculty member of Asian University of Bangladesh, Islamic University of Chittagong, Northern University, and Darul Ihsan University. In his academic life,

Mr. Mosleh Uddin Ahmed was a glaring example of diligence and scholar, who achieved his Masters of Business Administration (MBA) Degree from the Institute of Business Administration (IBA) of University of Dhaka, which is the most admired Institute for Business Studies & Administration in the country. He completed his B.Sc. Engineering degree in Electrical & Electronics from Rajshahi University of Engineering & Technology (RUET) and also achieved a Diploma in Computer Science. In his Social life, he has a significant involvement with socio-economic and welfare activities through different socio-economic organizations, and he also has gathered a vast knowledge on socio-cultural variations & its implications on business and economics through visiting a number of countries around the globe. He is a life member of Institute of Business Administration (IBA) Alumni Association, and member of The Institution of Engineers Bangladesh, and Bangladesh Computer Society. He visited USA, UK, Netherlands, Italy, Germany, Switzerland, Belgium, France, Philippines, Indonesia, Singapore, Thailand, Qatar, Bahrain, Kuwait, Dubai, Oman, Moscow, Malaysia, Hong Kong, China, India, Nepal, Bhutan, Maldives, Myanmar, Saudi Arabia. Mr. Mosleh Uddin Ahmed is a man of strong ethics having moral values and unique personality full of strong desire for success at every assignment of life.

Mr. Mohammad Asadul Haque

Mohammad Asadul Haque is one of the directors of SBAC Bank Investment Limited, who is nominated by the bank. He was born on 01 February, 1975 in Netrakona district. Presently he is serving as Executive Vice President & Head of Treasury at the Head Office, South Bangla Agriculture & Commerce (SBAC) Bank Limited. He obtained his Bachelor of Commerce degree with Honors and Masters in Accounting from the University of Dhaka.

Mr. Haque started his career in Uttara Bank Limited as Probationary Officer in 2000. During the 21 years career he worked for Uttara Bank Limited, NCC Bank Limited, Mutual Trust Bank Limited (all are listed company) and has been working for SBAC Bank Limited. He has in-depth work experience in Foreign Exchange, Asset-Liability Management, Money Market, Capital Market, Financial Planning, Trade Finance, Credit and Banking Operation. He participated in different training courses and seminars at home and abroad. In personal life Mr. Haque is married and blessed with 2 sons.

Mr. Md. Mokaddess Ali ACS

Mr. Md. Mokaddess Ali ACS is the Managing Director & CEO of SBAC Bank Investment Limited, who is nominated by South Bangla Agriculture and Commerce Bank Limited. He is a Senior Vice President and the Company Secretary of South Bangla Agriculture and Commerce Bank Limited (SBAC Bank Ltd.). He joined SBAC Bank Ltd. in 2013 as Company Secretary. Prior to assuming this position, he served in ONE Bank Ltd. in different capacities. He has Sound knowledge in Corporate Laws, Bank Company Act, Securities Laws, Stock Exchanges' Listing Regulations and other relevant Laws, Rules, and Regulations relating to Capital Market Operation. He also has fair knowledge in Secretarial Practice, database management, share management through CDS (Central Depository System) and pledge management. He is a capital market analyst having fare knowledge in fundamental and technical analysis using different charts and indicators.

Mr. Ali is a qualified Chartered Secretary and an Associate Member of the Institute of Chartered Secretaries of Bangladesh established under Chartered Secretaries Act-2010 as one of the premier bodies of the country to promote governing excellence. He is always a well update person to ensure the compliance of his organisation with standard financial & legal practice and to maintain high profile of corporate governance. His depth of knowledge in related regulatory and supervisory affairs, corporate governance issues and conflict management techniques is unique. He is enjoying a great reputation for interpersonal relationship & communication skill. He



is a man of strong ethics & integrity. Mr. Ali participated in many seminars/symposiums at home and abroad as a part of development of his professional career.

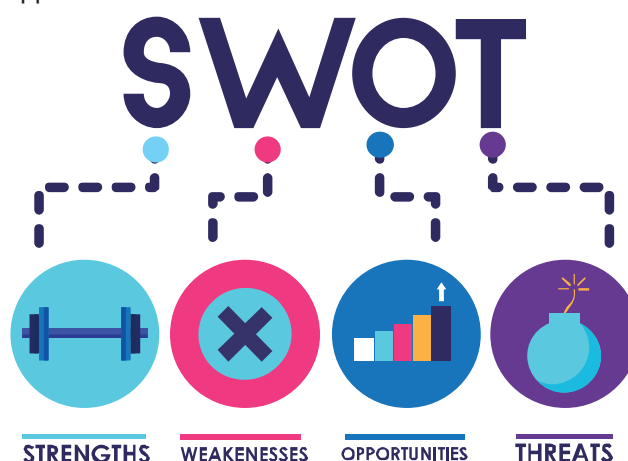
Mr. Md. Mokaddess Ali obtained his Masters of Business Administration degree in Banking from University of Dhaka. Recently, he has obtained LLB degree. He comes of a respectable Muslim family in 1972 and hails from Sirajgonj district.

Capital Market Outlook 2021;

- DSE-X return was increased by 9% and 24% in 2016 and 2017 respectively and which was decreased around -14% and -19% in 2018 and 2019 respectively.
- However, in Jan-Nov 2020, DSE-X return has increased around 10%.
- The government is initiated a massive reform program that includes: regulator, stock exchanges, intermediary industries, policies, and regulations related to market activities. We expect in the year 2021 scenario will much better compare to 2020.
- The new regulatory body and its proactive stance are helping investors regain their confidence in the market.
- FDR rates, 4% - 5%, offered by banks are very low. Currently capital market is more profitable and lucrative because of low FDR rate.
- Currently, call money rate is very low 1.87% in Oct 2020, which was 4.64% in Oct 2019 according to Bangladesh Bank.
- Foreign exchange reserve has crossed to US\$ 41.0 billion mark due to growth of inbound remittance.
- In the post-pandemic situation, major indicators like GDP, Foreign Exchange, Currency Reserve, Interest rate and Inflation are in favorable outlook.
- As real return on bank deposits became close to zero or negative, while tightening regulation in NSC sales made its investment opportunity limited, the real estate sector remained sluggish. So, investors have great opportunity to invest in capital market to get better return.
- Prospective sector will be pharmaceuticals, consumer goods, Telecom, power, technology, engineering and Insurance.
- We expect DSE-X will reach 6,500 points from existing 4,900 points (33% gain) by December 2021.

An Overview of SWOT Analysis

Every business entity has some strengths, weaknesses, opportunities and threats and like others SBAC Bank Investment Limited also has some strengths and opportunities and besides these the company has some weaknesses and threats. Strength and weakness are internal factors, which a company can manage by implementing different strategies. On the other hand, opportunity and threat come from external environment where organization doing their business and there is no role of a company itself for facing these threats, or creating opportunities, but the company has the chance to realize the opportunities come from external factors and can take defensive actions to minimize the threats. Our SWOT analysis provides positive indication to enter into the business which is stated below:



Strength:

- Strong Capital base with significant amount of authorized capital and Paid-up capital.
- Adequate experts and professionals with skilled and knowledgeable human resources (in management and Board) of SBAC Bank Investment Limited.
- Utilization of the reputation of SBAC Bank Ltd. as the subsidiary of the Bank.
- Highly experienced and professional board members.

Weakness:

- Lack of market experience as a new entrant in the industry.
- Insufficient marketing depth.

Opportunity:

- Capital market is in a growing mode with scope for increased business volume.
- Chance of increasing the volume of trade by attracting new investors and remittance earners.
- Having a scope for expanding the market share.
- Today's Investors are more sophisticated, they are demanding better service.

Threat:

- Severe competition from existing and experienced competitors in the market.
- Frequent policy change by regulatory bodies may affect the strategy and performance of the company.
- Volatility of capital market.

PRODUCT TYPES of SBAC Bank Investment Limited

SBAC Bank Investment Limited will offer three types of product for its clients and its own Dealer Account. These are given below:

1. INDIVIDUAL TRADING ACCOUNT

SBAC Bank Investment Ltd. will serve all types of investors in respective branches diligently. It will grow significantly over the years and serves a huge client base with a team of experienced employees. The core focus of SBAC Bank Investment Ltd. is to serve the general investors with the objective of providing best quality of customer service and generate revenues to ensure sustainable growth for future.

FEATURES

- Experienced team of Executives and Traders
- Competitive commission fees and interest rates on margin loans
- Timely execution of buy & sell orders
- Superior customer service
- Reputation for compliance in trading

2. INSTITUTIONAL AND CORPORATE ACCOUNT

SBAC Bank Investment Ltd. will serve successful entrepreneurs, business tycoons and top-notch professionals of the corporate world and deal with mostly local and foreign financial institutions that cover Merchant Banks, Asset Management Companies (AMC), NBFIs, and local corporate houses. Serving such a sophisticated client base requires knowledge beyond the market parameters. Our sales team ensures that objective with a team of high caliber relationship managers and traders who have excelled in efficient trading and portfolio management. Our Research Department to generate actionable Investment Ideas for its client.

FEATURES

- Specialized trading for Merchant Banks, AMC, NBFI, Corporate and Institutional clients at preferential commission fees.
- Execution of trading services timely and efficiently to satisfy the top tier client base.
- Optimal use of available resources to achieve trading objectives of the clients.
- Consultation with panel broker and High Net worth Institutional (HNI) clients and receiving opinions on the presented services and taken it into consideration to reach the premium services.
- Adopt and implement best industry practices to ensure distinctive standards in serving corporate and HNI clients.



- Initiate and follow up new business opportunities with institutions
- Provide trading services and facilitate post-trade settlement for all clients
- Provide market color and pitch research backed stock picks
- Ensure documentations related to trading agreements and trade executions
- Maintain trade confidentiality for clients as top priority.

3. PREMIUM ACCOUNT

Premium Brokerage Account is a personalized service which gives us special attention from our experienced team. We will have direct access to our expertise team-dedicated specialists, who are

available to assist you with all your trading needs. They will also ensure us state of the art solution with the latest investment ideas and opportunities. Our risk managers will help us to secure a sustainable growth on your investment.

FEATURES

- All wealth management services under one roof.
- Dedicated Relationship Manager & Trading Officer.
- Preferential access to new investment opportunities.
- Special commission fee on trade.

4. DEALER ACCOUNT

SBAC Bank Investment Ltd. will operate a dealer account. When the Board of Directors invests more fund in this account, we have scope to realize capital gain by selling shares from our Dealer Investment Account.

FEATURES

- All wealth management services under one roof.
- Dedicated Team of Dealer Account.
- Preferential access to new investment opportunities.

SBAC BANK INVESTMENT SPECIALITY

- Dedicated Executives & Trading Officer
- Special commission fee on trade.
- Special Interest rate on margin lending
- Preferential access to new investment opportunities
- Trading on Immature balance
- Initiate and follow up on new business opportunities with institutions
- Provide trading services and facilitate post-trade settlement for all clients
- Provide market dynamics and pitch research supported stock picks
- Maintain trade confidentiality for clients as top priority.
- Trade Execution in Dhaka and Chittagong Stock Exchange Limited
- One-on-one service through Research team to understand portfolio allocation and buy-sell decision
- VIP Trading Booth for Premium clients
- We always prefer client needs and preferences.



‘ডাকছি তোদের যত সবুজ অবুঝ কচি সোনা মুখ,
করবো সম্বয়, গড়বো এ দেশ, আশায় বাঁধি বুক’

স্কুল থেকেই হোক না শুরু, সম্বয়ের সংকল্প
দৃঢ় প্রত্যয় আর আত্মবিশ্বাসী হয়ে উঠার গল্প.....

এসবিএসি স্কুল ব্যাংকিং



আর্থিক অন্তর্ভুক্তি কার্যক্রমের অন্যতম একটি পদক্ষেপ হল স্কুল ব্যাংকিং। বিভিন্ন শিক্ষাপ্রতিষ্ঠানের ১৮ বছরের কম বয়সের শিক্ষার্থীদের ব্যাংকিং সেবা ও আধুনিক ব্যাংকিং প্রযুক্তির সাথে পরিচিত করার পাশাপাশি সম্বয়ের অভ্যাস গড়ে তোলার উদ্দেশ্যে প্রচলন হয়েছে স্কুল ব্যাংকিং কার্যক্রমের। অর্থনৈতিক কর্মকাণ্ডে ছাত্র-ছাত্রীদের অংশগ্রহণের মাধ্যমে তাদের দেশের আর্থিক সেবার আওতায় নিয়ে আসা হলো স্কুল ব্যাংকিং এর লক্ষ্য। স্কুল ব্যাংকিং কার্যক্রম সম্প্রসারণের লক্ষ্যে বাংলাদেশ ব্যাংক ২০১০ সাল থেকে বিভিন্ন নীতিমালা এবং নির্দেশনার মাধ্যমে এ কার্যক্রম কে এগিয়ে নেওয়ার প্রয়াস নিয়েছে। শিক্ষার্থীদের মধ্যে আর্থিক শিক্ষা (Financial Literacy) প্রসারের লক্ষ্যে এই কার্যক্রমকে এগিয়ে নিতে এসবিএসি ব্যাংক সর্বদা সচেষ্ট। আমাদের এ পথ চলায় প্রিয় সন্তানসহ আপনিও আমন্ত্রিত।



হিসাবের বৈশিষ্ট্যসমূহ:

- * ১৮ বছরের কম বয়সী ছাত্র-ছাত্রী এ অ্যাকাউন্ট খুলতে পারে।
- * মাত্র ১০০/- (একশত) টাকা জমার মাধ্যমে অ্যাকাউন্ট খোলা যায়।
- * অ্যাকাউন্টের স্থিতির উপর আকর্ষণীয় মুনাফা প্রদান করা হয়।
- * অ্যাকাউন্ট থেকে কোন প্রকার সার্ভিস চার্জ কর্তন করা হয় না।
- * অ্যাকাউন্টে ফ্রি এটিএম কার্ড প্রদান করা হয়।
- * অভিভাবকের তত্ত্বাবধানে এ হিসাব পরিচালিত হয় বিধায় মোবাইলে এসএমএস এর মাধ্যমে অবিভাবক প্রতিটি লেনদেন সম্পর্কে জানতে পারে।
- * ছাত্র-ছাত্রীর বয়স ১৮ বছর অতিক্রম করলে স্কুল ব্যাংকিং হিসাবকে সাধারণ হিসাবে রূপান্তরের সুবিধা।

উদ্দেশ্য:

- * শিক্ষার্থীদের মধ্যে আর্থিক শিক্ষার (Financial Literacy) প্রসার।
- * ছাত্র-ছাত্রীদের তথ্য ভবিষ্যৎ প্রজন্মকে সঞ্চয়ী মনোভাবপন্থা করে গড়ে তোলা।
- * ব্যাংকিং সেবা ও আধুনিক ব্যাংকিং প্রযুক্তির সাথে ছাত্র-ছাত্রীদের পরিচিত ও সম্পৃক্ত করা।
- * স্বাবলম্বী হওয়ায় মনোভাব গড়ে তোলার প্রচেষ্টা।
- * ছাত্র-ছাত্রীদের আত্মবিশ্বাসী করে গড়ে তোলার প্রয়াস।

প্রধান কার্যালয়

বিএসসি টাওয়ার, ০৫-১৬ ফ্লোর, ২-৩ রাজউক এভিনিউ
দৈনিক বাংলা মোড়, মতিঝিল বা/এ, ঢাকা-১০০০

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www.sbacbank.com

সাঁউথ বাংলা এগ্রিকালচার এ্যান্ড কমার্স ব্যাংক লিঃ

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



FINANCIAL INFORMATION



Statement on the Integrity of Financial Statements

(As Per 'Annexure-A' of Corporate Governance Code of BSEC)

SBACBL/HO/FAD/2021/646

20 April 2021

The Board of Directors
South Bangla Agriculture and Commerce Bank Limited
Head Office, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000.

Dear Sir,

Subject: Declaration on Financial Statements for the year ended on 31 December 2020.

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of South Bangla Agriculture and Commerce Bank Limited for the year ended on 31 December 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of Transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the company has taken proper and adequate care in installing a system of Internal Control and maintenance of accounting records;
5. Our Internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2020 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ; and
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Md. Masoodur Rahman FCA
Chief Financial Officer



Tariqul Islam Chowdhury
Managing Director & CEO



Independent Auditor's Report to the Shareholders of South Bangla Agriculture and Commerce Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of South Bangla Agriculture and Commerce Bank Limited (the "Bank"), which comprise the balance sheet as at 31 December 2020, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2020, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note- 5.2 balance with financial institutions includes FDR with International Leasing and Financial Services Limited, Fareast Finance and Investment Limited, Premier Leasing and Finance Limited, FAS Finance Limited and Union Capital Limited amounting total Tk. 141.46 crore. Due to Covid 19, the above NBFIs has challenged by liquidity crisis and prolonged the withdrawal of its deposits. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans, advances and leases	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>At year end of 2020 the Bank reported total gross loans and advances of BDT 57.41 billion (2019: BDT 56.00 billion) whereas at the year end of 2019 the Bank reported total provision for loans and advances of BDT 1.45 billion (2019: BDT 1.35 billion).</p> <p>Furthermore as per BRPD circular no 56 dated 10</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and

December 2020, additional 1% provision is required for clients who have taken the deferral facility and shown as special general provision- COVID 19 under other liabilities.

We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:

- Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019;
- For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;

Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.

accuracy of the underlying information;

- Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
- Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.

Considering the unprecedented adverse impact on Bangladesh economy due to COVID 19, Bangladesh Bank has instructed Banks not to further downgrade any loan from its existing classification applicable as at 1 January 2020. Initially the duration of this moratorium for any further downgrade was up to 30 June 2020 and then up to 30 September 2020 but considering longer adverse impact of COVID 19 this has been further extended to 31 December 2020 vide BRPD Circular # 17 dated 28 September 2020. Accordingly, the amount and percentage of classified loan has improved as at 31 December 2020 as compared to 31 December 2019 since no additional classification or further downgrade of classified loans and advances have been recognized during the current year.

See note no 8 and 13 to the financial statements

Risk	Our response to the risk
Interest income recognition	
<p>Considering the adverse impact on economy form COVID 19, Bangladesh Bank vide circular # 11 dated 3 May 2020 has advised Banks to transfer all interest charged or chargeable on outstanding loans and advances for the period from 1 April to 31 May 2020 to "interest free blocked account" without realizing those from clients and/or taking those to income.</p> <p>Subsequently, on 10 June 2020 vide BRPD Circular no 12, Bangladesh Bank has allowed banks to transfer interest from "interest-free blocked account" to income upon waiving certain portion of interest based on outstanding loan balances. These loan balances would be receivable from Government as "subsidy". Furthermore, net amount of interest after giving waiver for the months of April and May 2020, shall be recoverable from the client during the next twelve months on equal instalments or as per cash flow of the client based on banker-client relationship.</p> <p>Finally, as per BRPD circular letter no 56 dated 10 December 2020 Bangladesh Bank has allowed the Bank to recognize interest income for clients taking the deferral facility without receiving cash repayment, subject to the compliance of certain criteria, such as approval by management, audit committee and the Board based on applying judgement.</p>	<p>Interest has been accrued in full on all unclassified loan balances at relevant rates (maximum of 9% since 1 April 2020) considering the entire amount as recoverable from the client and the Government (waived portion).</p> <p>On test basis we have checked a sample of loan accounts to assess whether the Bank has complied with the instruction referred herein.</p> <p>We have also reviewed the memorandum prepared by management for the approval of the audit committee and the Board for recognition of income from deferral accounts.</p> <p>However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income may be different than the actual situation in future. If it became worse, there is a risk that significant portion of interest accrued during the year ended 31 December 2020 may not be ultimately recoverable.</p>
See note # 21&13 to the financial statements	



Valuation of treasury bill and treasury bond	
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note no 7 to the financial statements	
Legal and regulatory matters	
<p>We focused on this area because the Bank operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Bank's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>
Implementation of IFRS 16 Leases	
<p>IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contract term. With respect to operating leases of premises used by the Bank, at inception of the lease, the lessor receives a right of using the premises, in exchange of a lease debt, using an implicit discount rate.</p> <p>Our key audit matter was focused on all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to determine the discount rates for lease are inappropriate.</p>	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <p>Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the Bank;</p> <p>Assessed the appropriateness of the discount rates applied in determining lease liabilities;</p> <p>Verified the accuracy of the underlying lease data by agreeing to original contract and checked the accuracy of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment; and</p> <p>Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.</p>
See notes no 9, 13 to the financial statements	

Reporting on other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) Bank and other applicable Laws and Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- the expenditures incurred were for the purpose of the Bank's business for the year;
- the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- adequate provisions have been made for advance and other assets as per DBI letter no. DBI-1/132/2021-1002 dated 05/04/2021 which are in our opinion, doubtful of recovery;
- the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and spent over 4,480 person hours; and
- Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 26 April 2021
DVC: 2104261512AS678768

Shaikh Hasibur Rahman FCA
Enrolment number : 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

South Bangla Agriculture and Commerce Bank Limited
Balance Sheet
As at 31 December 2020

	Notes	2020 Taka	2019 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (Including foreign currencies)	3	652,709,026	759,249,747
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	4	3,520,458,666	3,677,346,131
		4,173,167,692	4,436,595,878
Balance with other banks and financial institutions	5		
In Bangladesh		9,153,677,208	6,414,432,491
Outside Bangladesh		476,477,877	602,464,661
		9,630,155,085	7,016,897,152
Money at call on short notice	6	-	-
Investments:	7		
Government		12,976,733,866	15,034,413,947
Others		151,679	195,470
		12,976,885,545	15,034,609,417
Loans and advances	8		
Loans, cash credit, overdrafts etc.		56,256,303,274	54,658,125,375
Bills purchased and discounted		1,152,526,195	1,342,612,104
		57,408,829,469	56,000,737,479
Fixed assets including premises, furniture and fixtures	9	1,524,391,874	442,767,868
Other assets	10	2,690,016,741	1,632,397,650
Non-banking assets		-	-
TOTAL ASSETS		88,403,446,406	84,564,005,444
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	2,391,442,263	1,117,039,452
Deposits and other accounts	12		
Current accounts and other accounts		5,613,076,615	5,502,072,087
Special notice deposits		3,881,691,173	3,026,636,791
Bills payable		2,055,473,084	2,420,680,927
Savings bank deposits		5,569,059,301	4,329,308,387
Fixed deposits		40,922,208,483	45,341,898,712
Other deposits		13,409,952,674	10,919,565,884
		71,451,461,330	71,540,162,788
Subordinated bonds		-	-
Other liabilities	13	5,253,884,414	3,543,841,415
TOTAL LIABILITIES		79,096,788,007	76,201,043,655
Capital/ Shareholders' equity			
Paid up capital	14.3	6,846,455,170	6,224,050,160
Statutory reserve	15	1,753,397,543	1,479,777,861
General reserve		-	-
Other reserve (revaluation reserve on Govt. Securities)	16	19,337,962	27,595,805
Surplus in profit and loss account	17	687,467,724	631,537,963
TOTAL SHAREHOLDERS' EQUITY		9,306,658,399	8,362,961,789
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		88,403,446,406	84,564,005,444

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



	Notes	2020 Taka	2019 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18		
Acceptance and endorsements		1,586,301,381	2,861,743,344
Letters of guarantee		6,887,896,263	6,583,292,050
Irrevocable letters of credit		4,095,725,239	3,920,543,820
Bills for collection		1,590,161,406	1,969,822,283
Other contingent liabilities		-	-
Total		14,160,084,289	15,335,401,497
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debt		-	-
Total		-	-
Total off-balance sheet items including contingent liabilities		14,160,084,289	15,335,401,497
Net asset value per share (NAV)	40	13.59	12.22

Accompanying notes form an integral part of these financial statements

Chairman

Director

Director

Managing Director & CEO

Signed in terms of our report of even date.

Dhaka, 26 April 2021
DVC: 2104261512AS678768

Shaikh Hasibur Rahman, FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

South Bangla Agriculture and Commerce Bank Limited
Profit and Loss Account
For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
Interest income	21	5,855,107,528	7,357,320,782
Less: Interest paid on deposits and borrowings etc.	22	4,750,689,258	4,847,319,359
Net interest income		1,104,418,270	2,510,001,423
Investment income	23	1,909,924,534	1,217,521,317
Commission, exchange and brokerage	24	428,054,955	504,392,528
Other operating income	25	124,871,563	120,802,400
		2,462,851,052	1,842,716,245
Total operating income		3,567,269,322	4,352,717,668
Salary and allowances	26	1,147,952,923	1,111,827,997
Rent, taxes, insurance, electricity etc.	27	173,589,435	349,335,499
Legal and professional expenses	28	2,394,922	2,029,791
Postage, stamp, telecommunication etc.	29	13,924,282	13,336,285
Stationery, printing, advertisement etc.	30	37,200,922	42,505,550
Chief executive's salary and fees	31	8,322,666	11,480,000
Directors' fees	32	2,728,000	2,232,000
Auditors' fees	33	787,750	442,750
Charges on loan losses		-	-
Depreciation and repair of bank's assets	34	327,925,296	139,519,376
Other expenses	35	394,777,039	410,833,214
Total operating expenses		2,109,603,235	2,083,542,462
Profit before provision		1,457,666,087	2,269,175,206
Provision for loan			
Specific provision	13.4	24,870,536	440,908,481
Special general provision - COVID-19	13.5	84,370,703	-
General provision (including off balance sheet items)	13.4 & 13.6	(21,359,670)	61,916,642
		87,881,569	502,825,123
Provision for rebate to good borrowers	13.7	2,000,000	2,000,000
Provision for diminution in value of investments		-	-
Other provision		-	-
Total provision		89,881,569	504,825,123
Total Profit before taxes		1,367,784,518	1,764,350,083
Provision for taxation			
Current tax	13.3	397,458,482	788,989,167
Deferred tax	10.5	18,371,583	7,758,738
		415,830,065	796,747,905
Net profit after taxation		951,954,453	967,602,178
Appropriations			
Statutory reserve	15	273,619,682	352,870,017
General reserve		-	-
Retained surplus	17	678,334,771	614,732,161
		951,954,453	967,602,178
Earnings per share (EPS)	36	1.39	1.41

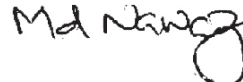
Accompanying notes form an integral part of these financial statements



Chairman



Director



Director



Managing Director & CEO

Signed in terms of our report of even date.

Dhaka, 26 April 2021
DVC: 2104261512AS678768



Shaikh Hasibur Rahman, FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



South Bangla Agriculture and Commerce Bank Limited

Cash Flow Statement

For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
A) Cash flows from operating activities			
Interest receipts in cash		5,364,431,218	7,352,758,682
Interest payments		(5,111,051,447)	(4,707,625,244)
Dividend receipts		-	-
Income from investments		1,170,366,917	703,934,378
Recoveries on loans and advances previously written-off		-	-
Fees and commission receipts in cash		288,524,252	338,768,395
Cash payments to employees		(1,159,003,589)	(1,125,539,997)
Cash payments to suppliers		(233,270,128)	(436,388,449)
Income taxes paid	10.2	(642,131,856)	(924,927,255)
Receipts from other operating activities		121,950,575	120,802,400
Payments for other operating activities		(203,660,987)	(153,334,817)
Operating profit before changes in operating assets and liabilities		(403,845,045)	1,168,448,093
Increase / decrease in operating assets and liabilities			
Sale of trading securities		127,047	938,573
Purchase of trading securities		-	(495,590)
Loans and advances to other banks		-	80,000,000
Loans and advances to customers		(1,166,827,884)	(5,496,332,979)
Increase / decrease of other assets	37	45,252,951	(57,266,644)
Deposits from other banks		283,984,174	1,114,371,787
Deposits from customers		(12,323,443)	10,981,764,764
Increase / decrease of other liabilities account of customers		-	-
Increase / decrease of trading liabilities		-	-
Increase / decrease of other liabilities	38	963,085,678	5,238,240
		113,298,523	6,628,218,151
Net cash from operating activities		(290,546,522)	7,796,666,244
B) Cash flows from investing activities			
Proceeds from sale of Government securities		28,634,459,146	10,595,811,280
Payments for Purchase of Government securities		(26,018,436,319)	(18,436,326,187)
Purchase of property, plant and equipment		(1,392,501,060)	(111,401,288)
Sale proceeds of property, plant and equipment		2,920,988	-
Net cash from investing activities		1,226,442,755	(7,951,916,195)
C) Cash flows from financing activities			
Borrowing from other banks, financial institutions and agents		1,274,402,811	315,885,069
Dividends paid		-	-
Receipts from issue of ordinary share		-	-
Net cash from financing activities		1,274,402,811	315,885,069
D) Net increase / (decrease) in cash (A+B+C)		2,210,299,044	160,635,118
E) Effects of exchange rate changes on cash and cash-equivalent		139,530,703	165,624,133
F) Cash and cash-equivalents at beginning period		11,453,493,030	11,127,233,779
G) Cash and cash-equivalents at end of period (D+E+F)		13,803,322,777	11,453,493,030
H) Cash and cash-equivalents at end of period			
Cash in hand including foreign currencies	3	652,709,026	759,249,747
Balances with Bangladesh Bank and its agent bank(s) including foreign currencies	4	3,520,458,666	3,677,346,131
Balances with other Banks and Financial institutions	5	9,630,155,085	7,016,897,152
		13,803,322,777	11,453,493,030

Accompanying notes form an integral part of these financial statements

Chairman

Director

Director

Managing Director & CEO

South Bangla Agriculture and Commerce Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Particulars	Paid Up Capital	Statutory Reserve	Other Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka
Balance as on 01 January 2020	6,224,050,160	1,479,777,861	27,595,805	631,537,963	8,362,961,789
Prior period adjustment	-	-	-	-	-
Net profit for the period	-	-	-	951,954,453	951,954,453
Transfer to statutory reserve	-	273,619,682	-	(273,619,682)	-
Revaluation of Govt. treasury bills, bonds and other investments	-	-	(8,257,843)	-	(8,257,843)
Stock dividend issued	622,405,010	-	-	(622,405,010)	-
Balance as on 31 December 2020	6,846,455,170	1,753,397,543	19,337,962	687,467,724	9,306,658,399
Balance as on 31 December 2019	6,224,050,160	1,479,777,861	27,595,805	631,537,963	8,362,961,789


Accompanying notes form an integral part of these financial statements



Chairman



Director



Director



Managing Director & CEO

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



South Bangla Agriculture and Commerce Bank Limited

Liquidity Statement (asset and liabilities maturity analysis)

As at 31 December 2020

Particulars	Within one month	Within one to three months	Within three to twelve months	Within one to five years	More than five years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand (including foreign currencies)	652,709,026	-	-	-	-	652,709,026
Balance with Bangladesh Bank and its agent Banks	831,069,666	-	-	-	2,689,389,000	3,520,458,666
Balance with other banks & financial institutions	4,620,155,085	1,850,000,000	3,160,000,000	-	-	9,630,155,085
Money at call on short notice	-	-	-	-	-	-
Investments	454,719,491	1,898,641,900	316,800,166	691,367,428	9,615,356,560	12,976,885,545
Loans and advances	10,117,284,225	13,970,807,866	21,208,450,111	9,850,078,160	2,262,209,107	57,408,829,469
Fixed assets including premises, furniture and fixtures	20,927,220	41,854,440	188,344,981	1,273,265,233	-	1,524,391,874
Other assets	403,447,999	672,413,331	941,742,080	672,413,331	-	2,690,016,741
Non-Banking assets	-	-	-	-	-	-
Total Assets	17,100,312,712	18,433,717,537	25,815,337,337	12,487,124,152	14,566,954,667	88,403,446,406
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	513,608,250	699,478,573	1,011,688,501	69,342,960	97,323,979	2,391,442,263
Deposits and other accounts	14,904,486,420	14,591,093,412	21,542,295,131	9,624,575,933	10,789,010,434	71,451,461,330
Provisions and other liabilities	33,188,954	616,467,307	1,241,771,999	1,115,695,537	2,246,760,618	5,253,884,414
Total Liabilities	15,451,283,624	15,907,039,292	23,795,755,631	10,809,614,430	13,133,095,031	79,096,788,007
Net liquidity surplus	1,649,029,088	2,526,678,245	2,019,581,707	1,677,509,723	1,433,859,636	9,306,658,399
Cumulative liquidity surplus	1,649,029,088	4,175,707,333	6,195,289,040	7,872,798,763	9,306,658,399	

South Bangla Agriculture and Commerce Bank Limited
Balance Sheet (Main Operation)
As at 31 December 2020

	Notes	2020 Taka	2019 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (Including foreign currencies)	3	652,709,026	759,249,747
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	4	3,520,458,666	3,677,346,131
		4,173,167,692	4,436,595,878
Balance with other banks and financial institutions			
In Bangladesh	5	9,221,407,982	6,414,432,491
Outside Bangladesh		476,477,877	602,464,661
		9,697,885,859	7,016,897,152
Money at call on short notice			
Investments:	7	-	-
Government		12,976,733,866	15,034,413,947
Others		151,679	195,470
		12,976,885,545	15,034,609,417
Loans and advances			
Loans, cash credit, overdrafts etc.	8	56,256,303,274	54,658,125,375
Bills purchased and discounted		1,084,795,421	1,342,612,104
		57,341,098,695	56,000,737,479
Fixed assets including premises, furniture and fixtures	9	1,524,391,874	442,767,868
Other assets	10	2,689,653,325	1,632,397,650
Non-banking assets		-	-
TOTAL ASSETS		88,403,082,990	84,564,005,444
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	2,391,442,263	1,117,039,452
Deposits and other accounts			
Current accounts and other accounts	12	5,613,076,615	5,502,072,087
Special notice deposits		3,881,691,173	3,026,636,791
Bills payable		2,055,473,084	2,420,680,927
Savings bank deposits		5,569,059,301	4,329,308,387
Fixed deposits		40,922,208,483	45,341,898,712
Other deposits		13,409,952,674	10,919,565,884
		71,451,461,330	71,540,162,788
Subordinated bonds		-	-
Other liabilities	13	5,253,207,106	3,543,841,415
TOTAL LIABILITIES		79,096,110,699	76,201,043,655
Capital/ Shareholders' equity			
Paid up capital	14.3	6,846,455,170	6,224,050,160
Statutory reserve	15	1,753,397,543	1,479,777,861
General reserve		-	-
Other reserve (revaluation reserve on Govt. Securities)	16	19,337,962	27,595,805
Surplus in profit and loss account	17	687,781,616	631,537,963
TOTAL SHAREHOLDERS' EQUITY		9,306,972,291	8,362,961,789
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		88,403,082,990	84,564,005,444

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



	Notes	2020 Taka	2019 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18		
Acceptance and endorsements		1,586,301,381	2,861,743,344
Letters of guarantee		6,887,896,263	6,583,292,050
Irrevocable letters of credit		4,095,725,239	3,920,543,820
Bills for collection		1,590,161,406	1,969,822,283
Other contingent liabilities		-	-
Total		14,160,084,289	15,335,401,497
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total off-balance sheet items including contingent liabilities		14,160,084,289	15,335,401,497

Accompanying notes form an integral part of these financial statements

Chairman

Director

Director

Managing Director & CEO

Signed in terms of our report of even date.

Dhaka, 26 April 2021
DVC: 2104261512AS678768

Shaikh Hasibur Rahman, FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

South Bangla Agriculture and Commerce Bank Limited
Profit and Loss Account (Main Operation)
For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
Interest income	21	5,854,744,112	7,357,320,782
Less: Interest paid on deposits and borrowings etc.	22	4,750,689,258	4,847,319,359
Net interest income		1,104,054,854	2,510,001,423
Investment income	23	1,909,924,534	1,217,521,317
Commission, exchange and brokerage	24	428,054,955	504,392,528
Other operating income	25	124,871,563	120,802,400
		2,462,851,052	1,842,716,245
Total operating income		3,566,905,906	4,352,717,668
Salary and allowances	26	1,147,952,923	1,111,827,997
Rent, taxes, insurance, electricity etc.	27	173,589,435	349,335,499
Legal and professional expenses	28	2,394,922	2,029,791
Postage, stamp, telecommunication etc.	29	13,924,282	13,336,285
Stationery, printing, advertisement etc.	30	37,200,922	42,505,550
Chief executive's salary and fees	31	8,322,666	11,480,000
Directors' fees	32	2,728,000	2,232,000
Auditors' fees	33	787,750	442,750
Charges on loan losses		-	-
Depreciation and repair of bank's assets	34	327,925,296	139,519,376
Other expenses	35	394,777,039	410,833,214
		2,109,603,235	2,083,542,462
Total operating expenses		2,109,603,235	2,083,542,462
Profit before provision		1,457,302,671	2,269,175,206
Provision for loan			
Specific provision	13.4	24,870,536	440,908,481
Special general provision - COVID-19	13.5	84,370,703	-
General provision (including off balance sheet items)	13.4 & 13.6	(22,036,978)	61,916,642
		87,204,261	502,825,123
Provision for rebate to good borrowers	13.7	2,000,000	2,000,000
Provision for diminution in value of investments		-	-
Other provision		-	-
		89,204,261	504,825,123
Total provision		89,204,261	504,825,123
Total Profit before taxes		1,368,098,410	1,764,350,083
Provision for taxation			
Current tax	13.3	397,458,482	788,989,167
Deferred tax	10.5	18,371,583	7,758,738
		415,830,065	796,747,905
Net profit after taxation		952,268,345	967,602,178
Retained earnings brought forward from previous year			
Appropriations			
Statutory reserve	15	273,619,682	352,870,017
General reserve		-	-
Retained surplus	17	678,648,663	614,732,161
		952,268,345	967,602,178

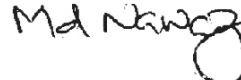
Accompanying notes form an integral part of these financial statements



Chairman



Director



Director



Managing Director & CEO

Signed in terms of our report of even date.

Dhaka, 26 April 2021
DVC: 2104261512AS678768



Shaikh Hasibur Rahman, FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

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South Bangla Agriculture and Commerce Bank Limited

Cash Flow Statement (Main Operation)

For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
A) Cash flows from operating activities			
Interest receipts in cash		5,364,431,218	7,352,758,682
Interest payments		(5,111,051,447)	(4,707,625,244)
Dividend receipts		-	-
Income from investments		1,170,366,917	703,934,378
Recoveries on loans and advances previously written-off		-	-
Fees and commission receipts in cash		288,575,957	338,768,395
Cash payments to employees		(1,159,003,589)	(1,125,539,997)
Cash payments to suppliers		(233,270,128)	(436,388,449)
Income taxes paid	10.2	(642,131,856)	(924,927,255)
Receipts from other operating activities		121,950,575	120,802,400
Payments for other operating activities		(203,660,987)	(153,334,817)
Operating profit before changes in operating assets and liabilities		(403,793,340)	1,168,448,093
Increase / decrease in operating assets and liabilities			
Sale of trading securities		127,047	938,573
Purchase of trading securities		-	(495,590)
Loans and advances to other banks		-	80,000,000
Loans and advances to customers		(1,099,097,110)	(5,496,332,979)
Increase / decrease of other assets	37	45,252,951	(57,266,644)
Deposits from other banks		283,984,174	1,114,371,787
Deposits from customers		(12,323,443)	10,981,764,764
Increase / decrease of other liabilities account of customers		-	-
Increase / decrease of trading liabilities		-	-
Increase / decrease of other liabilities	38	963,085,678	5,238,240
Net cash from operating activities		181,029,297	6,628,218,151
B) Cash flows from investing activities		(222,764,043)	7,796,666,244
Proceeds from sale of Government securities		28,634,459,146	10,595,811,280
Payments for Purchase of Government securities		(26,018,436,319)	(18,436,326,187)
Purchase of property, plant and equipment		(1,392,501,060)	(111,401,288)
Sale proceeds of property, plant and equipment		2,920,988	-
Net cash from investing activities		1,226,442,755	(7,951,916,195)
C) Cash flows from financing activities			
Borrowing from other banks, financial institutions and agents		1,274,402,811	315,885,069
Dividends paid		-	-
Receipts from issue of ordinary share		-	-
Net cash from financing activities		1,274,402,811	315,885,069
D) Net increase / (decrease) in cash (A+B+C)		2,278,081,523	160,635,118
E) Effects of exchange rate changes on cash and cash-equivalent		139,478,998	165,624,133
F) Cash and cash-equivalents at beginning period		11,453,493,030	11,127,233,779
G) Cash and cash-equivalents at end of period (D+E+F)		13,871,053,551	11,453,493,030
H) Cash and cash-equivalents at end of period			
Cash in hand including foreign currencies	3	652,709,026	759,249,747
Balances with Bangladesh Bank and its agent bank(s) including foreign currencies	4	3,520,458,666	3,677,346,131
Balances with other Banks and Financial institutions	5	9,697,885,859	7,016,897,152
		13,871,053,551	11,453,493,030

Accompanying notes form an integral part of these financial statements

Chairman

Director

Director

Managing Director & CEO

South Bangla Agriculture and Commerce Bank Limited
Statement of Changes in Equity (Main Operation)
For the year ended 31 December 2020

Particulars	Paid Up Capital Taka	Statutory Reserve Taka	Other Reserve Taka	Retained Earnings Taka	Total Taka
Balance as on 01 January 2020	6,224,050,160	1,479,777,861	27,595,805	631,537,963	8,362,961,789
Prior period adjustment	-	-	-	-	-
Net profit for the period	-	-	-	952,268,345	952,268,345
Transfer to statutory reserve	-	273,619,682	-	(273,619,682)	-
Revaluation of Govt. treasury bills, bonds and other investments	-	-	(8,257,843)	-	(8,257,843)
Stock dividend issued	622,405,010	-	-	(622,405,010)	-
Balance as on 31 December 2020	6,846,455,170	1,753,397,543	19,337,962	687,781,616	9,306,972,291
Balance as on 31 December 2019	6,224,050,160	1,479,777,861	27,595,805	631,537,963	8,362,961,789

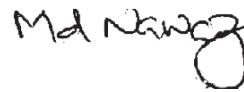
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Chairman



Director



Director



Managing Director & CEO

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South Bangla Agriculture and Commerce Bank Limited

Liquidity Statement (asset and liabilities maturity analysis) (Main Operation)

As at 31 December 2020

Particulars	Within one month	Within one to three months	Within three to twelve months	Within one to five years	More than five years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand (including foreign currencies)	652,709,026	-	-	-	-	652,709,026
Balance with Bangladesh Bank and its agent Banks	831,069,666	-	-	-	2,689,389,000	3,520,458,666
Balance with other banks & financial institutions	4,620,155,085	1,850,000,000	3,160,000,000	-	67,730,774	9,697,885,859
Money at call on short notice	-	-	-	-	-	-
Investments	454,719,491	1,898,641,900	316,800,166	691,367,428	9,615,356,560	12,976,885,545
Loans and advances	10,117,284,225	13,970,807,866	21,140,719,337	9,850,078,160	2,262,209,107	57,341,098,695
Fixed assets including premises, furniture and fixtures	20,927,220	41,854,440	188,344,981	1,273,265,233	-	1,524,391,874
Other assets	403,447,999	672,413,331	941,378,664	672,413,331	-	2,689,653,325
Non-Banking assets	-	-	-	-	-	-
Total Assets	17,100,312,712	18,433,717,537	25,747,243,147	12,487,124,152	14,634,685,441	88,403,082,990
Liabilities:						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	513,608,250	699,478,573	1,011,688,501	69,342,960	97,323,979	2,391,442,263
Deposits and other accounts	14,904,486,420	14,591,093,412	21,542,295,131	9,624,575,933	10,789,010,434	71,451,461,330
Provisions and other liabilities	33,188,954	616,467,307	1,241,771,999	1,115,695,537	2,246,083,310	5,253,207,106
Total Liabilities	15,451,283,624	15,907,039,292	23,795,755,631	10,809,614,430	13,132,417,723	79,096,110,699
Net liquidity surplus	1,649,029,088	2,526,678,245	1,951,487,517	1,677,509,723	1,502,267,718	9,306,972,291
Cumulative liquidity surplus	1,649,029,088	4,175,707,333	6,127,194,850	7,804,704,573	9,306,972,291	

South Bangla Agriculture and Commerce Bank Limited
Notes to the Financial Statements
as at and for the year ended 31 December 2020

1 General information

1.1 Status of the bank

South Bangla Agriculture and Commerce Bank Limited (the "Bank") was incorporated in Bangladesh as a public limited company with limited liability by shares as on February 20, 2013 under the Companies Act 1994 to carry out banking business. It obtained license from Bangladesh Bank for carrying out banking business on March 25, 2013 under the Bank Companies Act 1991. The Bank has been carrying out its business through its eighty three (83) branches; eleven (11) sub-branches all over Bangladesh and one (01) Off-shore banking unit in head office. The registered office of the Bank is BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000, Bangladesh.

1.2 Nature of business

Principal activities

The principal activities of the Bank are to carry on all kinds of commercial banking business in Bangladesh.

Off-shore Banking Unit (OBU)

The Off-shore Banking Unit (OBU) of the Bank is the separate business entity governed by the applicable rules & regulations and guidelines of Bangladesh Bank. The Bank obtained the permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as at 31 December 2020, located at International Division, Head Office, Dhaka.

The principal activities of the OBUs are to provide commercial banking services through its Unit within the rules & regulations and guidelines of Bangladesh Bank applicable for the Off-shore Banking Units.

2 Basis of preparation of financial statements and significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Bank as at 31 December 2020 have been prepared on going concern basis under historical cost convention and in accordance with the "First Schedule" of the Bank Companies Act, 1991 as amended by BRPD Circular No. 14 dated 25th June 2003, other Circulars of Bangladesh Bank, International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, and other laws and rules applicable for Banks in Bangladesh. The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable. In case of any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank prevailed. Material departures from the requirements of IFRS are as follows:

Investment in shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per Banking Regulation and Policy Department (BRPD) circular no. 14 dated 25



June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

Revaluation gains/losses on Government securities

IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains on amortization are recognized in other reserve as a part of equity.

Repo and reverse repo transactions

IFRS: As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per Department of Off-Site Supervision (DOS) Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book. However, as per Debt Management Department (DMD) circular letter no. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) program, whereby such banks may enter collateralized repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

Provision on loans and advances/investments

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular No.24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No.4 (16 May 2019), BRPD circular No.3 (21 April 2019), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013 & BRPD circular no. 16 dated 18 November 2014, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified as impaired, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as a liability in the balance sheet.

Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

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

Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, financial guarantees such as letters of credit, letters of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn loan commitments).

Cash and cash equivalents

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as money at call on short notice, treasury bills with maturity of more than three months and prize bond are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills with maturity of more than three months and prize bond are shown under investment in the balance sheet.

Non-banking asset

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

Bangladesh Bank: As per BRPD 14, there is a separate balance sheet item named Non-banking assets existed in the standard format.

Cash flow statement

IFRS: The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25th June 2003, cash flow is the mixture of direct and indirect methods.



Balance with Bangladesh Bank: (Cash Reserve Requirement)

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

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

Presentation of intangible assets

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

Bangladesh Bank: There is no regulation for intangible assets in BRPD Circular No. 14 dated 25th June 2003.

Off-balance sheet items

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

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

Loans and advances net of provision

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

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

Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

Name of Financial Statements

IFRS: As per IAS 1 : Presentation of financial of financial statements, Components of financial statements are defined as statement of financial position and statement of profit or loss and other comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

Uniform Accounting Policy

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 10. As such some disclosure, presentation and measurement requirements of BFRS 10 cannot be made in financial statements.

2.2 Use of estimates and judgment

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

1. Provisions on loans and advances
2. Income tax provision

2.3 Consistency

In accordance with IFRS framework for the presentation of financial statements together with IAS – 1 and IAS – 8, the Bank discloses its information consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies, correction of errors, the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS – 8. However, for changes in the accounting estimates the related amount is recognized prospectively in the current period and in the next period or periods.

2.4 Foreign currency transactions

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The financial statements of the Bank are presented in Bangladeshi Taka which is the Bank's functional and presentation currency.

b) Foreign currencies translation

Amounts in foreign currency are translated in accordance with the principles set forth in IAS 21 - "The Effects of Changes in Foreign Exchange Rates". As per this standard monetary items not denominated in BDT and cash transactions not completed at the reporting date are translated into BDT using current market rates. Non-monetary items carried at fair value are translated into BDT using current market price at the reporting date and non-monetary items carried at cost are translated using the rate applicable at the time of acquisition. Transaction rates are used to translate the items related to income and expenses.

c) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

d) Transaction gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account.

2.5 Cash flow statement

The cash flow statement has been prepared in accordance with IAS 7, Cash Flow Statements considering the requirements specified in BRPD circular No. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

2.6 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth during the year.

2.7 Statement of liquidity

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as provided in the statement.

2.8 Reporting period

These financial statements of the Bank cover period from 1 January to 31 December 2020.

2.9 Investment in Govt. Securities

In accordance with Bangladesh Bank guideline the Bank has classified investment into the following categories:

- Held to Maturity (HTM)
- Held for Trading (HFT)

In accordance with DOS circular No.05 (26 May 2008) and DOS circular 5 (28 January 2009) treasury securities held for Statutory Liquidity Ratio (SLR) compliance could be classified as either HTM or HFT. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.



Coupon interest on HTM securities is recognised in profit and loss account. HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account.

2.10 Investment in quoted / unquoted securities

The investment in quoted shares are revalued as per market price in the stock exchange(s). The Bank's investments in shares (unquoted) are recorded at cost and income thereon is accounted for when the right to receive payment is established. Provisions are made for any loss arising from diminution in value of investments. Bonus share in their own self will have no value as the fair value of each shareholder's interest should be unaffected by the bonus issue, hence no accounting entries are passed in the book for bonus share received.

2.11 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.

Loans and advances are measured at amortised cost. These are stated gross, with accumulated specific and general provisions for loans and advances being shown under other liabilities.

2.12 Provisions on loans and advances

At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with Bangladesh Bank BRPD circular no. 16 dated 21 July 2020, BRPD circular no.52 dated 20 October 2020 and BRPD circular no. 56 dated 10 December 2020, BRPD circular No. 24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No. 5 (16 May 2019) and BRPD circular No.3 (21 April 2019), BRPD circular No.1 (20 February 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates for general provision is 1% to 5% and specific provision is 5% to 100%.

The provisioning rates are as follows:

	2020	2019
General provision on:		
Unclassified general loans and advances/investments	1.00%	1.00%
Unclassified small and medium enterprise financing	0.25%	0.25%
Unclassified loans/investment for housing finance	1.00%	1.00%
Unclassified loans/investment for loans to professionals	2.00%	2.00%
Unclassified consumer financing other than housing finance and loans for professionals	2.00%	5.00%
Unclassified agricultural loans	1.00%	1.00%
Specific provision on:		
Unclassified loans/advances rescheduled under BRPD 05/2019	1.00%	1.00%
Substandard loans and advances/investments other than agricultural loans and cottage, micro & small enterprise finance	20.00%	20.00%
Substandard loans and advances on cottage, micro & small enterprise finance	5.00%	20.00%
Doubtful loans and advances/investment other than agricultural loans and cottage, micro & small enterprise finance	50.00%	50.00%
Doubtful loans and advances on cottage, micro & small enterprise finance	20.00%	50.00%
Substandard and doubtful on agricultural loans	5.00%	5.00%
Bad/loss advances/investments	100.00%	100.00%
Special general provision for COVID 19		
On unclassified loans/advances	1.00%	-

In line with Bangladesh Bank BRPD Circular no. 04 dated January 29, 2015, All restructured loans treated as Special Mention Account (SMA) for the purpose of classification. Provision was made at existing applicable rate of SMA with additional 1%.

BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorised into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

Loans are normally written off, when there is no realistic prospect of recovery of these amounts and in accordance with BRPD circular No.01 (06 February 2019), BRPD circular No.13 (07 November 2013) and BRPD circular No.2 (13 January 2003). A separate Debt Collection Unit (DCU) has been set up which monitors loans written off and legal action taken through the money loan court. These write-offs do not undermine or affect the amount claimed against the borrower by the Bank.

The DCU maintains a separate record for all individual cases written off by each branch. The DCU follow-up on the recovery efforts of these written off loans and reports to management on a periodic basis. Written off loans and advances are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

2.13 Property, plant and equipment

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

- All fixed assets are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.
- Depreciation is charged for the period at the following rates using straight-line method on all fixed assets:

Category of fixed assets	Rate
Motor vehicles	20%
Machinery & equipments	20%
Furniture & Fixture	10%
Interior Decoration	10%
Computer & Accessories	20%
Software	20% or remaining usable periods
Other tools	20%
Right of use assets	Remaining lease periods

- For additions during the period, depreciation is charged from the month those have been booked and for disposal depreciation is charged up to the previous month of disposal.
- On disposal of fixed assets, the book value of the assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the book value of the asset and net sale proceeds.
- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalized as part of the cost of the asset as per IAS 23.



2.14 Intangible asset

An intangible asset is to be recognized only if it is probable the future economic benefits attributable to the asset will flow to the bank and the cost of the asset can be measured reliably. Recognition & measurement of intangible asset are guided by IAS 38 – “Intangible Asset”. Due to following BRPD circular no. 14 dated 25th June 2003 intangible assets are not disclosed in a separate line rather in is reported under fixed assets. However, separate line item along with the rate of amortization is identifiable in the detail schedule of fixed assets.

2.15 Provisions for other assets

BRPD circular No.14 (25 June 2001) requires a provision of 100% on relevant other assets which are outstanding for one year and above. The Bank maintains provision in line with this circular unless no provision is required based on objective assessment.

Provisions on balances with other banks and financial institutions (Nostro accounts)

Provisions for unsettled transactions on nostro accounts made are reviewed on a quarterly basis by management and certified by the Bank's external auditors on a semi-annual basis in accordance with Bangladesh Bank Foreign Exchange Policy Department (FEPD) circular No. 677 (13 September 2005).

Provisions for off balance sheet exposures

As per BRPD circular No.14 (23 September 2012) the Bank has recognised 1% General Provision on the following off balance sheet exposures as defined in BRPD circular No.10 (24 November 2002) considering the exemption as provided through BRPD circular No.01 (03 January 2018), BRPD circular No.7 (21 June 2018) and BRPD circular No.13 (18 October 2018).

- Acceptance and endorsements
- Letters of guarantee
- Irrevocable letters of credit

2.16 Non banking assets

There are no assets acquired in exchange for loan during the period of financial statements.

2.17 Securities purchased under re-sale agreement

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The amount lent is shown as an asset either as loans and advances to customers or loans to other banks.

The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

2.18 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank are reconciled regularly and there are no differences which may affect the financial statements significantly. Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are Nil.

2.19 Statutory reserve

Bank Company Act, 1991 requires the Bank to transfer 20% of its current year's profit before tax to reserve until such reserve equals to its paid up capital.

2.20 Other reserve

Other reserve comprises investment revaluation reserve and fixed assets revaluation reserve. When carrying amount of an item of property, plant and equipment is increased as a result of revaluation, the increased amount is classified directly to equity under heading of assets revaluation reserve as per IAS 16 – “Property, Plant and Equipment”. As per Bangladesh Bank DOS circular no. 5 dated 26th May 2008, revaluation gain arising from revaluation of government securities under HFT category is kept directly in equity under revaluation gain account which is disclosed with other reserve while preparing the financial statements.

2.21 Deposits and other accounts

Deposits by customers and banks are recognized when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

2.22 Borrowings from other banks, financial institutions and agents

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit and loss account.

2.23 Approval of the Financial Statements

The Board of Directors of the Bank, in its 119th meeting on virtual platform held on 25 April 2021, approved the financial statements of the Bank for the year ended 31 December 2020 and signed these statements on 26 April 2021.

2.24 Employees benefits

a. Short term benefits

Short-term benefits are employee benefits which fall due wholly within twelve month after the end of the period in which the employees render the related service. The Bank provides various short term benefits to its employees like incentive bonus, leave fare assistance etc.

b. Provident fund

The benefits of provident fund are given to the employees of the Bank in accordance with the Provident Fund Rules as per section 2(52) of Income Tax Ordinance, 1984. The Provident Fund was recognized by National Board of Revenue on 12th May 2015. Separate bank account is maintained to manage the fund. All confirmed employees of the Bank contribute 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount to the Fund. Interest earned from the investments of fund is credited to the members' accounts on yearly basis

c. Gratuity

As per the Employees Service Rules of the Bank, gratuity shall be admissible to all regular employees who have completed continuous service for a period of 7 (seven) years in the Bank but in case of experienced banker recruited through head hunting the admissible period is 5 (five) years. The amount of gratuity shall be calculated at the rate of 2 (two) months' last drawn basic pay for each completed years of service. The Bank is developing the fund to meet up its future obligation. National Board of Revenue recognized the gratuity fund on 10 April 2016.

d. Other benefits

Other benefits include house building loan, consumer finance and car loan at a concessional rate.

2.25 Provision for liabilities

Provision are recognized in the Balance Sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".

2.26 Provision for Off-balance sheet items

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. Provision @1% against off-balance sheet exposures (L/Cs and Guarantees etc) in addition to the existing provisioning arrangement is made as per BRPD Circular No. 14 dated 23rd September, 2012 and BRPD Circular No. 07 dated 21 June 2018.

2.27 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2020 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS 12 - "Income Taxes".

2.28 Provision for deferred tax

Deferred tax is accounted for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purpose. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

2.29 Revenue recognition

The various types of revenue are recognised by the Bank under the following ways:



2.30 Interest income

In terms of the provision of the IFRS 9 – "Financial Instruments" the interest income is recognized on accrual basis. In accordance with BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as bad/loss. The interest is then kept in a memorandum account. Interest received on sub-standard loans, doubtful loans and bad/loss loans are retained in the "Interest Suspense Account" until the loan is no longer considered to be impaired.

2.31 Investment income

Interest income on investments in government and other securities and bonds is accounted for on an accrual basis and as per Bangladesh Bank guidelines.

2.32 Fees and commission income

The Bank earns commission and fee income from a diverse range of services provided to its customers. Commission and fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed.
- income earned from services provided is recognised as revenue.

2.33 Dividend income on shares

Dividend income is recognised when the right to receive payment is established.

2.34 Interest paid on borrowings and deposits

Interest paid on borrowings and deposits is calculated on daily basis and recognized on accrual basis.

2.35 Management and other expenses

Expenses incurred by the Bank are recognized on accrual basis whenever necessary.

2.36 Risk management

2.36.1 Internal Control and Compliance Management

Operational loss may arise from error and fraud due to weakness of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodic and special audit of the branches and departments at Head Office for review of the operation and compliance with statutory requirements. The Audit Committee of the Board reviews the reports of the Internal Control and Compliance Division.

2.36.2 Foreign Exchange Risk Management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements.

Treasury Department independently conducts the transactions and the Back Office of treasury is responsible for verification of the deals and recording of their entries in the books of account. All foreign exchange transactions are revalued at Mark to Market rate at the month end. All Nostro accounts are reconciled on monthly basis and outstanding entries are reviewed on regular basis.

2.36.3 Credit Risk Management

Credit Risk is defined as potential loss arising from the failure of a counter-party to meet financial obligations as per contractual agreement with the Bank. Bank manages credit risk meticulously. The Bank extends credit facilities to different clients in different sectors after ensuring due diligence and mitigating risk factors as per guidelines set by Bangladesh Bank, the Board of Directors and Management Credit Committee of the Bank.

The Bank has segregated duties of the executives/officers involved in credit related activities. A separate marketing division is there at Head Office entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been

segregated. For this purpose, two separate units have been formed namely Credit Risk Management Division, Credit Administration Division. Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risks involved in lending, sanctioning credit and formulating policies/strategies for lending operation. Credit Risk Grading (CRG) is also made for individual borrowers.

2.36.4 Asset Liability Management

The Asset Liability Committee (ALCO) of the Bank monitors market risks and liquidity risks of the Bank. The market risks emanate from potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. ALCO reviews liquidity requirements of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategies and the liquidity contingency plan. The primary objective of the ALCO is to monitor and avert significant volatility in Net Interest Income (NII), return on assets, investment value and exchange earnings. The ALCO also monitors the Capital Adequacy Ratio on monthly/quarterly basis.

2.36.5 Money Laundering Risk Management

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Anti Money Laundering Compliance Officer at Head Office and Branch Anti Money Laundering Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been compiled and transaction profile has been introduced. Training has been continuously imparted to all categories of officers and executives for developing awareness and skills for identifying suspicious activities.

2.36.6 Information and Communication Technology Security Risk Management

Transformation of business processes in response to technology-driven customers' needs and services has brought in tremendous change in information technology platform in the bank. The bank has adopted measures to protect the information and communication platform from unauthorized access, modification, virus, disclosure and destruction in order to ensure business continuity, data safety and security thereby protecting customers' interest at large.

2.36.7 Internal Audit Management

Internal audit is an independent, objective assurance and consulting activity designed to add value and to detect human errors and non-compliance with Internal Control Procedures. The bank has formed an Internal Audit Department under Internal Control & Compliance Division which are conducting internal audit on a regular basis of every branch and division at Head Office and report the findings to the Audit Committee of the Board of Directors. The Audit Department takes necessary steps to regularize the irregularities detected at the time of audit.

2.36.8 Fraud and Forgeries Management

The Internal Control and Compliance Division takes initiatives for preparing guidelines / instructions on a regular basis to prevent and detect frauds & forgeries. The ICCD communicate the guidelines / instructions to the branches and divisions at Head Office on a regular basis. The division is constantly monitoring and supervising for compliance with the guidelines / instructions so that the occurrence of fraud & forgeries comes to nil.

2.36.9 Operational Risk

Operational risk can be defined as the possibilities of losses resulting from inadequacy or failed internal processes, systems and people or from external events.

Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every Bank business and function. Operational risk can not only result in financial loss, but also regulatory sanctions and damage to the Bank's reputation. South Bangla Agriculture and Commerce Bank Limited is successful at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

South Bangla Agriculture and Commerce Bank Limited manages operational risks in the following manner:

- Risks are identified with reference to the relevant policy manuals, processes, and practices;



- Departmental Control Function Check List (DCFCL) is in place for evaluation of control;
- Review of safety and control measures of premises and equipments;
- Management of technological and information security risks; and
- Ensuring the Bank's business continuity while facing unforeseen crisis under a business continuity and disaster management plan.

2.36.10 Legal risk

In South Bangla Agriculture and Commerce Bank Limited, legal risks are covered by recognizing potential losses from litigation or possible litigation at an early stage and by formulating solutions for reducing, restricting and avoiding such risks and creating adequate provision there- against.

2.36.11 Business risk

Business risk covers the risk of losses arising from lower non-interest income and higher expenses from the budgeted amount. The business risk is resulted from the market condition, greater customer expectation and / or technological development that may be significantly different from the assumptions made at the time of planning.

Business risk in South Bangla Agriculture and Commerce Bank Limited is managed by setting clear targets for specific business units, in terms of business volume, income, cost, cost-income ratio, quality of assets etc. with an ongoing process of continuous improvement.

2.36.12 Reputational risk

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public in South Bangla Agriculture and Commerce Bank Limited.

The branches and operational divisions are directly responsible for reputational risks arising from their business operations. Reputational risks may also arise from a deficiency in managing other risks. All risk must therefore be managed effectively in order to uphold the Bank's reputation. The management ensures that South Bangla Agriculture and Commerce Bank Limited is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. South Bangla Agriculture and Commerce Bank Limited takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.

2.36.13 Liquidity risk

Liquidity risk is the risk that we may not meet our financial obligation as they become due. Liquidity risks also include our inability to liquidate any asset at reasonable price in a timely manner. It is the policy of the Bank to maintain adequate liquidity at all times in both local and foreign currencies. Liquidity risks are managed on a short, medium and long-term basis. There are approved limits for credit/ deposit ratio, liquid assets to total assets ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items and borrowing from money market to ensure that loans and investments are funded by stable sources, maturity mismatches are within limits and that cash inflow from maturities of assets, customer deposits in a given period exceeds cash outflow by a comfortable margin even under a stressed liquidity scenario.

2.36.14 Interest rate risk

Interest rate risk is the potential impact on the Bank's earnings and net asset value due to changes in market interest rates. Interest rate risk is the result of mismatches of interest rate re-pricing of financial assets and liabilities. South Bangla Agriculture and Commerce Bank Limited uses the following tools for measuring the interest rate risk:

Gap analysis

Under this system, a gap i.e. the difference between the amount of financial assets and the amount of liabilities is calculated at a pre- determined time bucket. The interest rate factor is then applied on the assessed financial value of Gap for measuring the earning impact due to movement of interest rate.

Duration analysis

Duration is the time-weighted average maturity of the present value of the cash flows from on

balance sheet assets and liabilities. It measures the relative sensitivity of the value of these instruments to changing interest rates and therefore reflects on the economic value i.e. the present value of shareholders' equity of the Bank.

2.37 Earnings per share (EPS)

Earnings per share (EPS) have been calculated in accordance with IAS 33 – “Earnings per Share”, which is shown on the face of the Profit & Loss Account. This has been calculated by dividing the net profit after tax by the number of ordinary shares outstanding as on 31 December 2020.

No diluted earnings per share are required to be calculated for the period, as there was no element or scope for dilution during the period under review.

2.38 Off-setting financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount reported in the Balance Sheet when and only when the Bank has a legal right to offset the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains or losses arising from a group of similar transactions.

2.39 Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 significantly changes how a lessee accounts for operating leases. Under previous IAS 17, an entity would rent an office building or a branch premises for several years with such a rental agreement being classified as operating lease would have been considered as an off balance sheet item. However, IFRS 16 does not require a lease classification test and hence all leases shall be accounted for as on balance sheet item (except some limited exception i.e. short-term lease, leases for low value items).

Under IFRS 16, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

While implementing IFRS 16, the Bank observed that IFRS 16 is expected to have impact on various regulatory capital and liquidity ratios as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items. Finally, paragraph 5 of IFRS 16 provide the recognition exemptions to short-term leases and leases for which the underlying asset is of low value. Although, paragraphs B3 to B8 of the Application Guidance (Appendix B) of IFRS 16 provide some qualitative guidance on low value asset, but these guidance is focused towards moveable asset. Immovable asset like rental of premises (i.e. real estate) is not covered on those guidance, nor any benchmark on quantification guidance on low value items have been agreed locally in Bangladesh.

Nevertheless, as a first step the Bank has defined 'low value asset' which are to be excluded from IFRS 16 requirement and considered lease of 'ATM Booths and other installations' as low value asset. Thereafter, the Bank has reviewed lease arrangements for 'office premises' for consideration under IFRS 16.

2.40 Credit Rating of the Bank

As per the BRPD instruction circular no.6 dated 5 July 2006, the Bank has done its credit rating by CRAB based on the financial statements dated 31 December 2019.



Particulars	Date of Rating	Long term	Short term	Rating Valid
Credit Rating Agency of Bangladesh Limited (CRAB)	27 September 2020	A3	ST-2	30 June 2021

2.41 New accounting standards not yet adopted

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB vide letter 1/1/ICAB-2017 decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on these financial statements.

A number of standards and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) IFRS 17 Insurance contract

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

	2020 Taka	2019 Taka
3. Cash in hand (including foreign currencies)		
Local currency	645,477,520	747,469,917
Foreign currencies	7,231,506	11,779,830
	652,709,026	759,249,747
4. Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		
Bangladesh Bank		
In local currency	3,344,278,094	3,531,505,377
In foreign currencies	176,180,572	145,840,754
	3,520,458,666	3,677,346,131
Sonali Bank Limited (as Agent of Bangladesh Bank) - local currency	-	-
	3,520,458,666	3,677,346,131
4.1 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Company Act, 1991 (amended up to 2018) and of instructions contained in DOS Circular No. 01 dated 19 January, 2014 and MPD Circular No. 03 dated 09 April, 2020 issued by Bangladesh Bank.		
The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 4.00% (2019 : 5.50%) has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio on the same liabilities has also been maintained in the form of unencumbered treasury bills and bonds, cash in hand and daily excess of Cash Reserve. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:		
4.1.1 Cash Reserve Requirement (CRR) : 4.00% (2019 : 5.50%) of average demand and time liabilities		
Required reserve	2,689,389,000	3,445,559,053
Actual reserve maintained		
Balance with Bangladesh Bank - local currency	3,329,192,529	3,518,927,127
Surplus / (deficit)	639,803,529	73,368,074
Maintained ratio	4.95%	5.62%
The above balance with Bangladesh Bank represents amount as per Bangladesh Bank Statements. The difference between balance with Bangladesh Bank as per Bank Book and as per Bangladesh Bank Statements are due to reconciling items those are not material and most of the items are subsequently adjusted.		
4.1.2 Statutory Liquidity Ratio (SLR) : 13% of average demand and time liabilities		
Required reserve	8,740,515,000	8,144,048,671
Available for maintenance :		
Cash in hand (including foreign currencies)	652,709,026	759,249,747
Balance with Sonali Bank Limited (as an agent of Bangladesh Bank)	-	-
Excess of CRR requirement	639,803,529	73,368,074
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	12,975,172,166	15,032,692,247
	14,267,684,721	15,865,310,068
Surplus / (deficit)	5,527,169,721	7,721,261,397
Maintained Ratio	21.22%	25.33%
Average time and demand liabilities	67,234,731,000	62,646,528,240
5. Balance with other banks and financial institutions - Consolidated		
In Bangladesh		
Main Operation (note 5.2)	9,221,407,982	6,414,432,491
Off-shore Banking Unit	-	-
Less: Inter bank transactions (note 11)	(67,730,774)	-
	9,153,677,208	6,414,432,491
Outside Bangladesh		
Main Operation (note 5.3)	476,477,877	602,464,661
	9,630,155,085	7,016,897,152
5.1 Balance with other banks and financial institutions - Main Operation		
In Bangladesh (note 5.2)	9,221,407,982	6,414,432,491
Outside Bangladesh (note 5.3)	476,477,877	602,464,661
	9,697,885,859	7,016,897,152

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



	2020 Taka	2019 Taka
5.2 In Bangladesh		
Balance with other banks :		
In current deposit accounts with		
Sonali Bank Limited	32,264,642	64,277,126
Dutch Bangla Bank Limited	2,062	4,075
Eastern Bank Limited	9,907,822	6,149,849
	42,174,526	70,431,050
In special notice deposit accounts with		
Janata Bank Limited	328,536,640	130,183,167
Eastern Bank Limited	81,173,354	173,353
Sonali Bank Limited	244,290,440	27,027,133
Mercantile Bank Limited	143,944	134,913
Bank Asia Limited	26	26
Standard Bank Limited	91,147	91,496
Jamuna Bank Limited	18,096	18,151
Al-Arafa Islami Bank Limited	14,733	16,648
Trust Bank Limited	11,511,385	10,594,406
Union Bank Limited	100,449	93,151
IFIC Bank Limited	28,220	88,180
Rupali Bank Limited	2,508,468	1,580,817
	668,416,902	170,001,441
In fixed deposit accounts with		
Mutual Trust Bank Limited	-	1,000,000,000
Jamuna Bank Limited	-	1,000,000,000
AB Bank Limited	-	500,000,000
Meghna Bank Limited	500,000,000	-
Janata Bank Limited	2,300,000,000	-
Sonali Bank Limited	2,300,000,000	-
	5,100,000,000	2,500,000,000
Balance with financial institutions :		
Lanka Bangla Finance Limited	-	200,000,000
Phoenix Finance Limited	227,300,000	239,000,000
International Leasing & Financial Services Limited	578,500,000	579,900,000
Uttara Finance Limited	-	500,000,000
Prime Finance & Investment Limited	500,000	4,000,000
IDLC Finance Limited	580,000,000	100,000,000
Industrial & Infrastructure Development Finance Company Ltd.	230,000,000	500,000,000
Fareast Finance and Investment Limited	257,500,000	261,100,000
FAS Finance Limited	264,300,000	264,300,000
Premier Leasing and Finance Limited	131,400,000	131,800,000
Union Capital Limited	182,900,000	185,400,000
Bangladesh Finance and Investment Company Ltd.	230,000,000	238,500,000
Bay Leasing & Investment Limited	80,000,000	80,000,000
Hajj Finance Company Limited	80,000,000	90,000,000
National Housing Finance and Investment Limited	-	300,000,000
IPDC Finance Limited	500,000,000	-
	3,342,400,000	3,674,000,000
Placement of fund with SBAC Bank Off-shore Banking Unit	68,416,554	-
	9,221,407,982	6,414,432,491

Management conducted an impairment assessment as on 31st December 2020 and satisfied that no impairment provision is required against any FDR.

Due to severe impact of Covid 19, Government has taken various measures to facilitate the affected NBFIs to regenerate its regular operation. The Bank assess the recoverability of the balance of the NBFIs and conclude that no additional impairment provision is required. However, using prudence, the Bank has not accrued interest for the period if not realized.

In addition to above, Banker's meeting held on January 14, 2020 [Letter Ref. BRPD (P-2)/748/2020-1541 dated February 09, 2020] presiding by the honorable Governor of Bangladesh Bank, decided that Bank will not encash their deposits with FI before maturity as well as they should keep assisting FIs by renewing their existing investment to the affected FI.

5.3 Outside Bangladesh

In demand deposit accounts (non-interest bearing) with

Particulars	Currency	2020			2019		
		Amount in foreign currency	Exchange rate for per unit foreign currency	Amount in Taka	Amount in foreign currency	Exchange rate for per unit foreign currency	Amount in Taka
Mashreq Bank PSC, New York	USD	1,897,661	84.80	160,921,678	5,176,121	84.90	439,452,654
AB Bank, Mumbai	ACU	470,525	84.80	39,900,496	230,518	84.90	19,570,966
United Bank of India, Kolkata	ACU	134,944	84.80	11,443,225	78,506	84.90	6,665,176
National Bank of Pakistan, Tokyo	JPY	4,627,817	0.8186	3,788,332	2,377,119	0.78	1,849,399
Mashreq Bank PSC, London	GBP	-	114.48	-	83	111.33	9,227
Sonali Bank Ltd. Kolkata	ACU	460,672	84.80	39,064,977	260,547	84.90	22,120,441
Habib American Bank, NY	USD	2,181,036	84.80	184,951,839	807,201	84.90	68,531,380
Habib Metropolitan Bank Ltd., Karachi	ACU	158,594	84.80	13,448,773	145,600	84.90	12,361,399
AXIS Bank Ltd., Mumbai	ACU	223,399	84.80	18,944,196	296,139	84.90	25,142,162
Sonali Bank (UK) Ltd.	USD	3,524	84.80	298,798	3,523.56	84.90	299,150
Sonali Bank (UK) Ltd.	GBP	10,253	114.48	1,173,750	3,598.00	111.33	400,563
Sonali Bank (UK) Ltd.	EURO	20,396	103.84	2,118,267	11,799.78	95.09	1,122,017
Koomin Bank, Seoul	USD	4,995	84.38	423,546	58,187.60	84.90	4,940,127
				476,477,877			602,464,661
In demand deposit accounts (interest bearing)				-			-
Total Outside Bangladesh				476,477,877			602,464,661



	2020 Taka	2019 Taka
5.4 Maturity grouping of balance with other banks and financial institutions - Consolidated		
On demand	518,652,403	672,895,711
Within one month	4,101,502,682	4,804,001,441
Within one to three months	1,850,000,000	1,450,000,000
Within three to twelve months	3,160,000,000	90,000,000
Within one to five years	-	-
More than five years	-	-
	9,630,155,085	7,016,897,152
6. Money at call on short notice		
With banks	-	-
With non bank financial institutions	-	-
	-	-
7. Investments		
Government securities		
Treasury bills		
91-day treasury bills	-	4,353,427,881
182-day treasury bills	1,898,825,300	-
364-day treasury bills	698,214,300	935,455,500
30-day Bangladesh Bank bills	-	-
	2,597,039,600	5,288,883,381
Treasury bonds		
2-Year treasury bonds	71,408,577	52,292,298
3-Year treasury bonds	120,000,000	120,000,000
5-Year treasury bonds	97,712,479	221,952,981
10-Year treasury bonds	1,405,358,173	1,547,628,727
15-Year treasury bonds	5,328,530,646	4,159,558,347
20-Year treasury bonds	3,091,152,691	3,642,376,513
Ijarah Sukuk Bond	263,970,000	-
	10,378,132,566	9,743,808,866
Total treasury bills and bonds	12,975,172,166	15,032,692,247
Prize bonds	1,561,700	1,721,700
Total Government securities	12,976,733,866	15,034,413,947
Other investments (note 7.3)	151,679	195,470
	12,976,885,545	15,034,609,417
7.1 Classification of investments		
Government treasury bills and bonds		
Held for Trading (HFT)	5,537,495,358	6,326,179,508
Held to Maturity (HTM)	7,173,706,808	8,706,512,739
Ijarah Sukuk Bond	263,970,000	-
Total investments in government securities	12,975,172,166	15,032,692,247
Prize bonds	1,561,700	1,721,700
Reverse-REPO with Bangladesh Bank	-	-
Other investments (note 7.3)	151,679	195,470
	12,976,885,545	15,034,609,417
7.2 Maturity grouping of investments		
On demand	454,567,812	1,721,700
Within one month	151,679	1,772,927,231
Within one to three months	1,898,641,900	2,580,696,120
Within three to twelve months	316,800,166	935,455,500
Within one to five years	691,367,428	1,172,731,066
More than five years	9,615,356,560	8,571,077,800
	12,976,885,545	15,034,609,417

7.3 Other investments

Investment in quoted shares as on 31 December 2020

Name	No. of Shares	Avg. cost per share	Total Cost	Market Value
Coppertech Industries Limited	2,371	9.52	22,581	50,028
Newline Clothings Limited	6,339	8.90	56,439	107,763
Silco Pharmaceuticals Limited	7,992	9.09	72,659	191,808
			151,679	349,599

7.4 Disclosure for REPO and Reverse REPO transactions

In terms of the instructions contained in DOS Circular No. 6 dated 15 July 2010, the disclosure requirements for REPO and Reverse REPO transactions of the Bank are furnished below :

7.4.1 Disclosure regarding outstanding REPO as on 31 December 2020

Sl. No.	Name of the counterparty	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
1	AB Bank Ltd.	30 December 2020	06 January 2020	691,558,202
2	Agrani Bank Ltd.	30 December 2020	06 January 2020	1,165,769,310
3	Agrani Bank Ltd.	28 December 2020	04 January 2020	1,998,304,000
4	Agrani Bank Ltd.	27 December 2020	03 January 2020	2,006,896,911

7.4.2 Disclosure regarding outstanding Reverse REPO as on 31 December 2020

Sl. No.	Name of the counterparty	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
-	-		-	-

7.4.3 Disclosure regarding overall transactions of REPO and Reverse REPO for the year ended 31 December 2020

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
	Taka	Taka	Taka
Securities sold under repo :			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	192,938,900	9,779,571,462	1,167,261,865
Securities purchased under reverse repo			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	243,240,166	2,462,215,906	929,739,444



	2020 Taka	2019 Taka
8. Loans and advances - Consolidated		
Main Operation		
Loans , cash credit, overdrafts etc. (note 8.1)	56,256,303,274	54,658,125,375
Bills purchased and discounted (note 8.2)	1,084,795,421	1,342,612,104
	57,341,098,695	56,000,737,479
Off-shore Banking Unit		
Loans , cash credit, overdrafts etc.	-	-
Bills purchased and discounted	67,730,774	-
	67,730,774	-
Total loans and advances	57,408,829,469	56,000,737,479
8.1 Loans , cash credit, overdrafts etc. - Main Operation		
In Bangladesh:		
Overdrafts	16,743,382,706	19,003,344,229
Cash credit :		
General cash credit	5,761,162,020	6,376,719,843
Agriculture cash credit	186,012,912	177,292,832
SME cash credit	9,695,814,282	10,500,487,009
General cash credit under stimulus finance	443,101,397	-
SME cash credit under stimulus finance	680,866,172	-
	16,766,956,783	17,054,499,684
Loans :		
Loans against trust receipt	3,121,784,060	3,284,252,032
Export packing credit	27,708,952	84,230,963
Payment against document	573,589,246	161,140,771
Time loans	2,044,216,088	1,979,259,784
EDF loans	1,562,895,233	1,120,553,025
Demand loans	1,247,618,234	123,775,914
Lease finance	530,541,268	455,873,577
House building finance	702,643,427	745,077,449
General term loans	9,189,332,214	7,975,272,395
SME term loans	2,794,040,391	1,846,477,608
Agriculture term loans	109,507,724	100,576,736
Short term micro credit	1,003,519	2,423,500
Personal loans	85,489,477	81,783,279
Auto loans	30,656,741	11,593,882
Credit Card	220,338,028	208,257,935
Block account for rescheduled loan	30,645,920	19,075,318
Staff loans	473,953,263	400,657,294
	22,745,963,785	18,600,281,462
	56,256,303,274	54,658,125,375
Outside Bangladesh	-	-
	56,256,303,274	54,658,125,375
8.2 Bills purchased and discounted - Main Operation		
Payable in Bangladesh		
Inland bills purchased and discounted	795,647,733	928,254,026
Payable outside Bangladesh		
Foreign bills purchased and discounted	289,147,688	414,358,078
	1,084,795,421	1,342,612,104
8.3 Maturity grouping of loans and advances including bills purchased and discounted - Main Operation		
On demand	5,866,473,107	5,749,210,416
Within one month	4,250,811,118	4,151,758,464
Within one to three months	13,970,807,866	13,645,064,907
Within three to twelve months	21,140,719,337	20,626,710,038
Within one to five years	9,850,078,160	9,619,185,296
More than five years	2,262,209,107	2,208,808,358
	57,341,098,695	56,000,737,479

	2020 Taka	2019 Taka
8.4 Loans and advances including bills purchased and discounted are classified into following broad categories		
(a) Loans and advances (note 8.1)		
In Bangladesh		
Loans	22,745,963,785	18,600,281,462
Cash credit	16,766,956,783	17,054,499,684
Overdraft	16,743,382,706	19,003,344,229
	56,256,303,274	54,658,125,375
Outside Bangladesh	-	-
	56,256,303,274	54,658,125,375
(b) Bills purchased and discounted (note 8.2)		
In Bangladesh	795,647,733	928,254,026
Outside Bangladesh	289,147,688	414,358,078
	1,084,795,421	1,342,612,104
	57,341,098,695	56,000,737,479
8.5 Loans and advances including bills purchased and discounted on the basis of significant concentration		
i. Loans and advances to Directors of the bank	601,551,001	620,104,240
ii. Loans and advances to CEO and other senior executives	256,876,279	235,701,980
iii. Staff loans other than in sl. no. ii	217,076,984	164,955,314
iv. Loans and advances to customers' group	56,265,594,431	54,979,975,945
	57,341,098,695	56,000,737,479
iv. Disclosure on large loans		
Disclosure on large loans i.e. loan sanctioned to any individual or enterprise or any organization of a group amounting to 10% or more of the Bank's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under. Mentionable that, total capital (Tier I + Tier II) of the Bank was Taka 9,269,899,543 as at 31 December 2020 and Taka 8,371,063,605 as at 31 December 2019.		
(a) Number of the clients to whom loans and advances sanctioned more than 10% of the Bank's total capital	17	20
(b) Amount of outstanding loans and advances to the clients mentioned in iv (a) above	14,831,077,483	14,372,432,688
(c) Amount of classified loans and advances out of the amount mentioned in iv (b) above	-	-
(d) Measures taken for recovery of the amount mentioned in iv (c) above	-	-
8.6 Geographical location-wise loans and advances including bills purchased and discounted		
Urban		
Dhaka Division	32,813,052,172	30,672,488,835
Chattogram Division	6,382,265,961	6,751,873,757
Khulna Division	5,015,000,400	4,812,875,095
Rajshahi Division	1,900,532,146	1,881,611,812
Barishal Division	1,115,554,000	1,249,631,480
Sylhet Division	156,809,236	187,684,492
Rangpur Division	1,384,072,628	1,376,449,675
Mymensingh	26,645,132	9,139,006
	48,793,931,675	46,941,754,152
Rural		
Dhaka Division	3,331,227,010	4,223,025,327
Chattogram Division	1,660,023,606	1,571,538,690
Khulna Division	3,039,486,471	2,718,672,007
Rajshahi Division	62,920,988	57,611,366
Barishal Division	241,039,081	287,559,165
Sylhet Division	136,640,932	131,300,524
Rangpur Division	75,828,932	69,276,248
	8,547,167,020	9,058,983,327
	57,341,098,695	56,000,737,479

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



	2020 Taka	2019 Taka
8.7 Industry-wise loans and advances including bills purchased and discounted		
Agriculture, fisheries and forestry	1,269,845,704	889,376,946
Agro base processing industries	6,652,997,400	5,522,334,710
Small & medium enterprise financing (SMEF)	22,256,584,236	22,598,457,407
RMG & textile industries	5,531,782,128	5,668,953,340
Hospitals, clinics & medical colleges	430,467,041	431,070,328
Trade & commerce	4,054,251,831	4,059,933,749
Transport and communications	407,641,050	408,212,348
Rubber & plastic industries	1,158,079,800	1,159,702,816
Iron, steel & aluminium industries	1,729,871,836	1,732,296,203
Printing & Packaging industries	370,294,347	370,813,305
Other manufacturing industries	4,976,262,278	4,983,236,368
Housing & construction industries	702,643,427	596,617,731
Consumer credit	753,152,938	692,914,322
Others	7,047,224,679	6,886,817,902
	57,341,098,695	56,000,737,479
8.8 Broad economic sector-wise segregation of loans and advances including bills purchased and discounted		
Government and autonomous bodies	-	-
Other public sector	-	-
Private sector	57,341,098,695	56,000,737,479
	57,341,098,695	56,000,737,479

8.9 Required provision for loans and advances including bills purchased and discounted

Particulars	Amount of outstanding loans and advances as at 31 December 2020	Base for Provision	Rate	Amount of required provision as at 31 December 2020	Amount of required provision as at 31 December 2019
I) General provision :					
a) Consumer finance	338,358,862	338,358,862	2.00%	6,767,177	14,683,402
b) Staff loans	473,953,263	-	0.00%	-	-
c) Housing finance	722,164,578	722,164,578	1.00%	7,221,646	7,677,662
d) Loans to professional	-	-	2.00%	-	-
e) Small & medium enterprise finance	20,235,747,972	20,235,747,972	0.25%	50,589,370	53,094,548
f) Loans to BH, MB, SD, etc.	990,650,510	990,650,510	2.00%	19,813,010	19,097,513
g) Agricultural and micro credit	1,286,049,675	1,286,049,675	1.00%	12,860,497	8,893,769
h) Others	27,212,894,173	27,212,894,173	1.00%	272,128,942	280,476,243
i) Special general provision-COVID-19	-	84,370,703	1.00%	84,370,703	-
	51,259,819,033	50,870,236,473		453,751,345	383,923,138
II) Specific provision :					
a) Unclassified	1,919,562,956	601,344,335	100.00%	601,344,335	-
b) Unclassified	593,753,843	593,753,843	1.00%	5,937,538	-
c) Sub-standard (CMS)	565,731,236	146,176,003	5.00%	7,308,800	-
d) Sub-standard (other)	125,250,780	46,019,789	20.00%	9,203,958	39,548,465
e) Doubtful (CMS)	233,078,607	54,472,108	20.00%	10,894,422	-
f) Doubtful (other)	107,168,015	16,341,355	50.00%	8,170,677	33,515,233
g) Bad / loss	2,536,734,225	923,907,606	100.00%	923,907,606	1,506,110,914
	6,081,279,662	2,382,015,039		1,566,767,336	1,579,174,611
Total provision required	57,341,098,695	53,252,251,512		2,020,518,681	1,963,097,749
Total provision maintained				1,576,280,802	1,355,420,749
Provision to be maintained*				444,237,879	607,677,000
Surplus / (deficit)				-	-

* As per Bangladesh Bank letter reference no. DBI-1/132/2021-1002 dated 05 April 2021, the Bank was allowed to maintain total provision of BDT 1,450.58 million in 2020 against total required provision of BDT 2,020.52 million and rest amount BDT 569.94 million is to be maintained equally for next three years that is 2021, 2022 and 2023. As per Bangladesh Bank letter reference no. DOS (RMMCMS)1154/161/2021-1799 dated 20 April 2021, the Bank have to maintained the shortfall amount BDT 569.94 (Tk 369.84 on general provision on loans and advances, Tk 125.70 on general provision on off-balance exposures and Tk 74.86 on special general provision-COVID-19) as shortfall in the general provision.

	2020 Taka	2019 Taka
8.10 Classification of loans and advances including bills purchased and discounted - Consolidated		
Unclassified loans and advances		
Main Operation		
i) Standard	52,324,756,943	50,086,747,391
ii) Special mention account (SMA)	1,448,378,889	2,505,040,343
	53,773,135,832	52,591,787,734
Off-shore Banking Unit		
i) Standard	67,730,774	-
ii) Special mention account (SMA)	-	-
	67,730,774	-
	53,840,866,606	52,591,787,734
Classified loans and advances		
Main Operation		
Sub-standard	690,982,016	684,919,918
Doubtful	340,246,622	335,724,182
Bad / loss	2,536,734,225	2,388,305,644
	3,567,962,863	3,408,949,744
Off-shore Banking Unit		
Sub-standard	-	-
Doubtful	-	-
Bad / loss	-	-
	3,567,962,863	3,408,949,744
Total	57,408,829,469	56,000,737,478
8.11 Particulars of loans and advances including bills purchased and discounted		
i) Loans considered good in respect of which the banking company is fully secured	49,819,633,376	48,653,818,787
ii) Loans considered good for which the banking company holds no security other than the debtor's personal guarantee	6,602,826,549	6,446,882,365
iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	918,638,770	900,036,327
iv) Loans adversely classified; provision not maintained there against	-	-
	57,341,098,695	56,000,737,479
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	1,075,504,264	1,020,761,534
vi) Loan due from companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies as members	601,551,001	620,104,240
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the banking companies or any of them either separately or jointly with any other persons	1,075,504,264	1,020,761,534
viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firm in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members	601,551,001	620,104,240
ix) Due from other banking companies	-	-
x) Classified loans and advances :		
(a) Amount of classified loan on which interest has not been charged	3,383,130,014	3,408,949,744
(b) (Decrease)/increase in specific provision	595,269,725	440,908,481
(c) Amount of loan written off during the year	-	-
(d) Amount realized against loan previously written off	-	-
(e) Amount of provision kept against loan classified as bad/loss as on the Balance Sheet date	923,907,606	898,433,913
(f) Interest creditable to the interest suspense accounts	617,600,554	374,801,448
xi) Cumulative amount of the written off loan	-	-
xii) Amount written off in the year	-	-
xiii) Amount of written off loan for which lawsuit has been filed for recovery	-	-

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



	2020 Taka	2019 Taka
8.12 Bills purchased and discounted		
Payable -		
In Bangladesh	795,647,733	928,254,026
Outside Bangladesh	289,147,688	414,358,078
	1,084,795,421	1,342,612,104
8.13 Bills purchased and discounted on the basis of the residual maturity grouping		
Within one month	139,159,147	173,332,406
Within one to three months	639,454,780	795,128,658
Within three to six months	248,345,440	303,123,469
More than six months	57,836,054	71,027,570
	1,084,795,421	1,342,612,104
9. Fixed Assets including premises, furniture and fixtures (Annexure - B)		
Motor vehicles	37,647,004	47,280,004
Machinery and equipments	282,287,086	265,417,167
Furniture and fixtures	88,834,216	80,609,933
Interior decoration	302,917,078	275,831,379
Computers and accessories	389,072,164	259,919,098
Softwares	183,188,176	165,688,176
Other tools	38,138,291	33,652,591
Right of use assets (Lease assets) (note 9.1)	1,189,182,393	-
	2,511,266,408	1,128,398,348
Less : Accumulated depreciation	986,874,534	685,630,480
	1,524,391,874	442,767,868
9.1 Right of use assets (Lease assets)		
Present value of lease liabilities (obligation)	1,061,000,336	-
Initial payment (advance rent)	128,182,057	-
	1,189,182,393	-
The cost of the right of use assets (ROU) (lease assets) comprises lease liabilities which is present value of lease payments and the advance rent. While calculating right of use assets, the bank has not considered the present value of lease payments against its ATM boots if the agreement was made separately as considering it as low value assets and if the contract period of the rental premises did not exceed twelve months.		
10. Other Assets - Consolidated		
Income generating other assets		
Main Operation	-	-
Off-shore Banking Unit	-	-
	-	-
Non-income generating other assets		
Main Operation (note 10.1)	2,689,653,325	1,632,397,650
Off-shore Banking Unit	363,416	-
	2,690,016,741	1,632,397,650
Total other assets	2,690,016,741	1,632,397,650
10.1 Other Assets - Main Operation		
Advance income tax (note 10.2)	1,777,716,153	1,135,584,297
Stock of stationeries and stamps (note 10.3)	12,346,104	11,966,335
Advance rent, advertisement, etc. (note 10.4)	5,323,818	117,396,342
Accrued interest and commission receivable	689,359,547	217,288,933
Advance and security deposits	4,166,557	4,164,557
Deferred tax asset (note 10.5)	-	11,693,844
Suspense accounts (note 10.6)	200,741,146	134,303,342
	2,689,653,325	1,632,397,650
10.2 Advance income tax		
Opening balance	1,135,584,297	1,326,695,685
Add : Paid during the year		
Income tax deducted at source	44,204,858	32,185,155
Income tax paid u/s 64 & 74 of Income Tax Ordinance 1984	597,926,998	892,742,100
	642,131,856	924,927,255
	1,777,716,153	2,251,622,940
Less : Adjustment during the year	-	1,116,038,643
Closing balance	1,777,716,153	1,135,584,297

	2020 Taka	2019 Taka
10.2.1 Assessment year wise break up of advance income tax		
2019 - 2020	768,735,377	768,735,377
2020 - 2021	829,637,171	366,848,920
2021 - 2022	179,343,605	-
	1,777,716,153	1,135,584,297
10.3 Stock of stationeries and stamps		
Stock of printing stationeries	3,081,207	2,906,882
Stock of security stationeries	6,741,277	6,826,569
Stock of stamps	2,523,620	2,232,884
	12,346,104	11,966,335
10.4 Advance rent, advertisement, etc.		
Advance rent	5,323,818	117,396,342
Prepaid advertisement	-	-
	5,323,818	117,396,342
10.5 Deferred tax asset / (liability)		
Opening balance	11,693,844	19,452,582
Add : Deferred tax income / (expenses) for the year (note 10.5.1)	(18,371,583)	(7,758,738)
	(6,677,739)	11,693,844
10.5.1 Detailed calculation of deferred tax liability / (asset)		
In terms of instructions contained in BRPD Circular No. 11 dated 12 December 2011 and provision of IAS 12 - Taxation, the detail calculation of deferred tax (assets) / liability of the Bank is furnished as under :		
i) Temporary timing difference in written down value (WDV) of fixed assets :		
Written down value of fixed assets as per Tax (Tax Base) as on the balance sheet date	540,477,617	473,951,453
Written down value (carrying amount) of fixed assets	506,011,754	442,767,868
	34,465,863	31,183,585
ii) Temporary timing difference for right of use assets (tax base nil)	1,018,380,120	-
	(983,914,257)	31,183,585
ii) Temporary timing difference for PV of lease liability (tax base nil)	967,219,909	-
Total amount of temporary timing difference in asset /(liability)	(16,694,348)	31,183,585
Effective tax rate	40.00%	37.50%
Net Deferred tax assets /(liability) at year end	(6,677,739)	11,693,844
Net Deferred tax assets /(liability) at opening	11,693,844	19,452,582
Deferred tax income /(expenses) for the year	(18,371,583)	(7,758,738)
10.6 Suspense accounts		
Sundry debtors	11,255,943	41,219,816
Advance for bKash merchant payment	5,165,467	1,380,756
Advance for SSL merchant payment	4,617,835	1,237,168
Receivable for payment against Sanchayapatra (interest & principal encashment)	159,175,323	51,388,294
Advance against expenses	1,237,137	1,594,284
Advance against fixed assets (note 10.6.1)	9,293,160	17,015,627
Other prepaid expenses	9,996,281	20,467,397
	200,741,146	134,303,342
10.6.1 Advance against fixed assets		
Advance against fixed assets has been made for which final bill has not being received :		
Interior Decoration	9,293,160	16,548,377
Machineries, equipments and computer accessories	-	467,250
	9,293,160	17,015,627
Above amount represents advance to acquire fixed assets against total commitment of Taka 16,449,281.		
11. Borrowings from other banks, financial institutions and agents - Consolidated		
Main Operation (note 11.1)	2,391,442,263	1,117,039,452
Off-shore Banking Unit	67,730,774	-
Less : Inter bank transactions (note 5)	(67,730,774)	-
	2,391,442,263	1,117,039,452



	2020 Taka	2019 Taka
11.1 Borrowings from other banks, financial institutions and agents - Main Operation		
a) In Bangladesh		
Secured		
Refinance from Bangladesh Bank		
Agro based industries	19,842,607	13,779,780
Green industries	123,620,725	30,027,719
Small enterprise entrepreneurs	3,870,500	11,976,325
10 Taka account	455,313	257,584
Bangladesh Bank stimulus fund	508,730,152	-
Export Development Fund (EDF)	1,534,922,966	1,060,998,044
	2,191,442,263	1,117,039,452
Unsecured	200,000,000	-
	2,391,442,263	1,117,039,452
b) Outside Bangladesh	-	-
	2,391,442,263	1,117,039,452
As at the reporting date of these financial statements, the Bank had no assets pledged as security except the Balance with Bangladesh Bank (local & foreign currency) against liability of refinance facility availed from Bangladesh Bank under the Agro based industries financing, Green industries financing, Small & Medium Enterprising Financing, 10 Taka Account Fund and Export Development Fund by the Bank. [Note 11.1]		
11.2 Residual maturity grouping of borrowings from other banks, financial institutions and agents		
On demand	-	-
Within one month	513,608,250	212,895,446
Within one to three months	699,478,573	288,783,938
Within three to twelve months	1,011,688,501	589,066,992
Within one to five years	69,342,960	26,293,076
More than five years	97,323,979	-
	2,391,442,263	1,117,039,452
12. Deposits and other accounts		
Current accounts and other accounts [note : 12.1]	5,613,076,615	5,502,072,087
Special notice deposits	3,881,691,173	3,026,636,791
Bills payable	2,055,473,084	2,420,680,927
Savings bank deposits	5,569,059,301	4,329,308,387
Fixed deposits	40,922,208,483	45,341,898,712
Other deposits [note : 12.2]	13,409,952,674	10,919,565,884
	71,451,461,330	71,540,162,788
12.1 Current accounts and other accounts		
Current deposits	2,509,596,916	2,559,025,846
FGN currency deposits	6,120,166	5,060,065
ERQ accounts	23,164,464	18,471,852
FC held against BTB L/Cs	463,449,497	295,556,561
Non resident Taka account	17,287,897	1,560,138
Non resident foreign currency account	2,628,291	2,631,390
Resident foreign currency account	3,252,139	5,412,141
Margin against L/Cs	669,296,768	625,917,952
Margin against L/Gs	663,242,728	497,512,105
Margin on Loans	90,657,102	86,587,863
Margin on LDBP	83,400	119,400
Security deposit	22,557,984	22,127,188
Sundry deposits - excise duty	99,553,100	76,398,100
Sundry deposits - local bills	99,412,086	28,009,290
Sundry deposits - Sanchayapatra	12,300,000	10,463,200
Sundry deposits - other	10,561,446	16,569,337
Sundry deposits - foreign correspondents charge	27,457,621	12,057,892
Sundry deposits - risk fund	3,458,245	598,330
Sundry deposits - advance installment on Lease	1,923,052	2,099,939
Sundry deposits - Tax Deducted at source	126,842,605	111,003,806
Sundry deposits - VAT collected at source	4,557,649	4,965,513
Sundry deposits - VAT deducted Service Bills	6,422,229	7,284,371
Sundry deposits - card settlement account	20,062,967	24,491,752
Sundry deposits - Mobile App	3,385,674	1,983,278
Interest payable on deposits	725,802,589	1,086,164,778
	5,613,076,615	5,502,072,087

	2020 Taka	2019 Taka
12.2 Other deposits		
Monthly Savings Scheme Deposits	3,543,453,869	2,791,096,167
Monthly Benefit Scheme Deposits	4,434,126,376	3,713,004,226
Lakhpoti Savings Scheme Deposits	169,793,660	121,445,572
Surokha Millionaire Scheme Deposits	889,374,481	431,149,057
Kotipoti Scheme Deposits	82,088,207	21,465,170
Double Benefit Scheme Deposits	3,841,102,802	3,440,951,354
Triple Benefit Scheme	450,013,279	400,454,338
	13,409,952,674	10,919,565,884
12.3 Segregation of deposits and other accounts		
Other than inter-bank deposits	65,871,559,742	66,244,245,374
Inter-bank deposits (Note 12.4)	5,579,901,588	5,295,917,414
	71,451,461,330	71,540,162,788
12.4 Details of inter-bank deposits		
In Current Deposit Account		
Mercantile Bank Limited	1,240,242	4,045,723
Trust Bank Limited	418,250	20,064
	1,658,492	4,065,787
In Short Notice Deposit Account		
Janata Bank Limited	156,463	153,127
In Fixed Deposit Account		
Rupali Bank Limited	-	999,950,000
Agrani Bank Limited	2,999,855,000	1,249,950,000
Bangladesh Development Bank Limited	20,255,000	20,460,500
Modhumoti Bank Limited	-	699,950,000
Sonali Bank Limited	599,920,000	1,199,925,000
Rajshahi Krishi Unnayan Bank	-	71,550,000
Eastern Bank Limited	-	399,975,000
Probashi Kallayan Bank	58,256,633	49,988,000
Mutual Trust Bank Limited	199,960,000	199,975,000
Jamuna Bank Limited	-	399,975,000
United Commercial Bank Limited	799,920,000	-
Uttara Bank Limited	599,960,000	-
NCC Bank Limited	299,960,000	-
	5,578,086,633	5,291,698,500
	5,579,901,588	5,295,917,414
12.5 Residual maturity grouping of deposits and other accounts		
On demand	1,221,852,035	1,323,493,012
Within one month	13,682,634,385	12,698,378,894
Within one to three months	14,591,093,412	16,811,938,255
Within three to six months	11,181,833,239	10,194,473,197
Within six to twelve months	10,360,461,892	10,373,323,604
Within one to five years	9,624,575,933	9,836,772,383
More than five years	10,789,010,434	10,301,783,443
	71,451,461,330	71,540,162,788
12.6 Unclaimed deposits for ten years and more held by the bank	-	-
12.7 As on the reporting date of these financial statements, there were no valuable items unclaimed for ten years or more held by the bank.		
12.8 Payable on demand and time deposits		
a) Demand deposits		
Current deposits	2,509,596,916	2,559,025,846
Savings deposits (9%)	501,215,337	389,637,755
Foreign currency deposits (non interest bearing)	498,614,557	327,132,009
Security deposits	22,557,984	22,127,188
Sundry deposits	2,565,019,261	2,592,226,906
Bills Payable	2,055,473,084	2,420,680,927
	8,152,477,139	8,310,830,631
b) Time deposits		
Savings deposits (91%)	5,067,843,964	3,939,670,632
Fixed deposits	40,922,208,483	45,341,898,712
Special notice deposits	3,881,691,173	3,026,636,791
Deposits under schemes	13,409,952,674	10,919,565,884
Non resident Taka deposits	17,287,897	1,560,138
	63,298,984,191	63,229,332,157
	71,451,461,330	71,540,162,788

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	2020 Taka	2019 Taka
12.9 Sector-wise break-up of deposits and other accounts		
Government	2,323,307,036	2,591,230,747
Deposit money banks	5,579,901,588	5,295,917,414
Other public	7,698,569,130	13,243,218,203
Foreign currency	498,614,557	327,132,009
Private	55,351,069,019	50,082,664,415
	71,451,461,330	71,540,162,788
13. Other liabilities - Consolidated		
Main Operation (note 13.1)	5,253,207,106	3,543,841,415
Off-shore Banking Unit	677,308	-
	5,253,884,414	3,543,841,415
13.1 Other liabilities - Main Operation		
Sundry creditors	18,820,547	17,399,651
Provision for expenses	26,362,902	14,687,477
Central clearing, EFT, NPSB adjustment account	4,006,504	9,561,631
Provision for gratuity (note 13.2)	-	-
Provision for taxation (note 13.3)	2,017,238,149	1,619,779,667
Provision on loans & advances (note 13.4)	1,566,767,336	1,355,420,749
Special general provision - COVID-19 (noter 13.5)	9,513,466	-
General provision on Off Balance Sheet exposures (note 13.6)	-	133,655,792
Provision for rebate to good borrowers (note 13.7)	19,000,000	17,000,000
Present value of lease liability (note 13.8)	967,219,909	-
Interest suspense account (note 13.9)	617,600,554	376,336,448
Deferred tax liability (note 10.5)	6,677,739	-
	5,253,207,106	3,543,841,415
13.2 Provision for gratuity		
Opening balance	-	-
Add : Provision made for the period	29,000,000	18,000,000
	29,000,000	18,000,000
Less : transferred to gratuity fund during the period	29,000,000	18,000,000
Closing balance	-	-
13.3 Provision for taxation		
Opening balance	1,619,779,667	1,946,829,143
Add : Provision made for the year (Note 13.3.2)	397,458,482	788,989,167
	2,017,238,149	2,735,818,310
Less : Adjustment during the year	-	1,116,038,643
Closing balance	2,017,238,149	1,619,779,667
13.3.1 Provision for income tax has been kept as per the provisions of Income Tax Ordinance 1984. Assessment of income tax has been finalized with tax authority up to the year 2017 i.e. assessment year 2018-19.		
13.3.2 Provision for taxation		
Net profit before tax and provision	1,457,666,087	2,269,175,206
Add: Inadmissible expenses		
Accounting depreciation & other non-deductible expenses	430,551,706	398,007,658
Less:		
Capital gain on sale of govt securities	757,716,643	453,194,437
Capital gain on sale of share	83,255	638,453
Tax depreciation & other admissible expenses	136,792,503	109,561,115
Total taxable income from business	993,625,392	2,103,788,859
Income tax on business income @ 40.00%	397,450,157	788,920,822
Income tax on sale of govt securities	-	-
Income tax on Capital gain on sale of share @ 10%	8,325	68,345
Net Tax payable	397,458,482	788,989,167
Effective tax rate	29.05%	44.72%

13.3.3 Status of income tax assessment

Accounting Year	Assessment Year	Status
2013	2014-2015	Assessment completed
2014	2015-2016	Assessment completed
2015	2016-2017	Assessment completed
2016	2017-2018	Assessment completed
2017	2018-2019	Assessment completed
2018	2019-2020	At DCT Stage
2019	2020-2021	At DCT Stage

	2020 Taka	2019 Taka
13.4 Provision for loans and advances (note 8.9)		
A. General provision on loans and advances		
Opening balance	383,923,138	344,842,255
General provision for the year	(14,080,415)	39,080,883
Transferred to specific provision *	(369,842,723)	-
Provision held at the year end	-	383,923,138
B. Specific provision against classified loans and advances		
Opening balance	971,497,611	530,589,130
Less : Fully provided debt written-off (for final settlement)	-	-
Add : Recoveries of amounts previously written-off	-	-
Add : Specific provision for the year	309,627,614	509,272,112
Add : Transferred from general provision *	570,399,189	-
Less : Specific provision no more required as loans realized/regularized	284,757,078	68,363,631
Add : Net charge to profit and loss account	-	-
Provision held at the end of the year	1,566,767,336	971,497,611
Total (A + B)	1,566,767,336	1,355,420,749
13.5 Special general provision - COVID-19		
Opening balance	-	-
Add : Provision made for the year (note 8.9)	84,370,703	-
Less : Transferred to specific provision *	74,857,237	-
	9,513,466	-
13.6 Provision for off balance sheet exposures (note 18.4)		
Opening balance	133,655,792	110,820,033
Add : Provision made for the year	(7,956,563)	22,835,759
Less : Transferred to specific provision *	125,699,229	-
	-	133,655,792
* As per Bangladesh Bank letter reference no. DOS (RMMCMS)1154/161/2021-1799 dated 20 April 2021, the Bank transferred the amount to specific provision account.		
13.7 Provision for rebate to good borrowers		
Opening balance	17,000,000	15,000,000
Add : Provision made for the year	2,000,000	2,000,000
	19,000,000	17,000,000
Less: Paid during the period	-	-
Closing balance	19,000,000	17,000,000
13.8 Present value of lease liability		
The bank recognised lease liability which is present value of lease payments to be made over the lease terms from the date of commencement or 01 January 2020 (initial recognition). The lease payments has been discounted @ 6.00%.		
13.9 Interest suspense account		
Balance as on 1 January	376,336,448	126,872,392
Add : Amount transferred to "interest suspense" account during the year	274,129,249	251,963,493
Less : Amount recovered from "interest suspense" account during the year	32,865,143	2,499,437
Less : Amount written-off during the year	-	-
Balance as on 31 December	617,600,554	376,336,448

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	2020 Taka	2019 Taka
14. Share capital		
14.1 Authorized share capital 1,000,000,000 ordinary shares of Tk. 10/- each	10,000,000,000	10,000,000,000
14.2 Issued, subscribed and paid up share capital 684,645,517 ordinary shares of Tk. 10/- each	6,846,455,170	6,224,050,160
14.3 Paid up capital The paid up capital of the Bank was raised in the following manner :		
From the sponsor shareholders By issuing 408,960,000 ordinary shares of Taka 10 each	4,089,600,000	4,089,600,000
Stock dividend Stock dividend @ 0.06 against 1 existing share of Tk 10 each for the year 2015 Stock dividend @ 0.15 against 1 existing share of Tk 10 each for the year 2016 Stock dividend @ 0.135 against 1 existing share of Tk 10 each for the year 2017 Stock dividend @ 0.10 against 1 existing share of Tk 10 each for the year 2018 Stock dividend @ 0.10 against 1 existing share of Tk 10 each for the year 2019	245,376,000 650,246,400 673,005,020 565,822,740 622,405,010 6,846,455,170	245,376,000 650,246,400 673,005,020 565,822,740 - 6,224,050,160

14.4 Group-wise shareholding position

Particulars	2020			2019		
	No. of shares	Percentage (%) of holding	Taka	No. of shares	Percentage (%) of holding	Taka
Sponsor directors	430,588,735	62.89%	4,305,887,350	304,839,350	48.98%	3,048,393,500
Sponsor shareholders	254,056,782	37.11%	2,540,567,820	317,565,666	51.02%	3,175,656,660
Total	684,645,517	100.00%	6,846,455,170	622,405,016	100.00%	6,224,050,160

14.5 Range-wise shareholdings as on 31 December 2020

Range of holding of shares	No of share holders	Percentage % of share holding	No of shares	Taka
Less than 500	1	0.00%	21	210
500 - 5,000	-	-	-	-
5,001 - 10,000	-	-	-	-
10,001 - 20,000	-	-	-	-
20,001 - 30,000	-	-	-	-
30,001 - 40,000	-	-	-	-
40,001 - 50,000	-	-	-	-
50,001 - 1,00,000	-	-	-	-
1,00,001 - 10,00,000	1	0.12%	796,494	7,964,940
10,00,001 and above	54	99.88%	683,849,002	6,838,490,020
Total	56	100.00%	684,645,517	6,846,455,170

14.6 Capital to Risk Weighted Assets Ratio*

As per Section 13 of the Bank Companies Act, 1991 (Amended upto 2018) and instructions contained in BRPD Circular Letter No. 11 dated 14 August 2008, BRPD Circular No. 10 dated 10 March 2010, BRPD Circular No. 35 dated 29 December 2010, BRPD Circular No. 18 dated 21 December 2014 [Guidelines on Risk Based capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)], the risk based capital (eligible regulatory capital) of the Bank as of 31 December 2020 stood at Taka 9,269,899,543 against the risk based capital requirement of Taka 8,612,493,124. As a result, there was a capital surplus of Taka 657,406,419 in risk based capital adequacy as on 31 December 2020.

As per Section 13(2) of the Bank Companies Act, 1991 (Amended upto 2018) and instructions contained in BRPD Circular Letter No. 11 dated 14 August 2008, the paid-up share capital, statutory reserve and retained earnings should be at least Taka 4,000 million in which, the paid-up share capital should be at least Taka 2,000 million. Against that, the paid-up share capital, statutory reserve and retained earnings of the Bank was Taka 9,287,320,437 (paid-up share capital Taka 6,846,455,170; statutory reserve Taka 1,753,397,543 and retained earnings Taka 687,467,724) as on 31 December 2020.

	2020 Taka	2019 Taka
14.7 Details of capital adequacy ratio are furnished below :		
A. Total common equity Tier - I capital		
Paid up capital	6,846,455,170	6,224,050,160
Statutory reserve	1,753,397,543	1,479,777,861
Retained earnings (including OBU)	687,467,724	631,537,963
	9,287,320,437	8,335,365,984
Less : Regulatory Adjustments (Intangible assets - software)	26,934,360	481,881,309
	9,260,386,077	7,853,484,675
B. Additional Tier - I capital	-	-
C. Total Tier - I Capital (A + B)	9,260,386,077	7,853,484,675
D. Tier - II capital		
General provision on unclassified loans and off-balance sheet exposures	9,513,466	517,578,930
50% of Revaluation reserve as on 31 December 2014	22,014,417	22,014,417
	31,527,883	539,593,347
Less : Regulatory Adjustments:		
Revaluation reserve for HFT securities	22,014,417	22,014,417
	9,513,466	517,578,930
E. Total capital (C + D)	9,269,899,543	8,371,063,605
F. Total risk weighted assets (RWA)	68,899,944,990	56,834,432,585
G. Minimum capital requirement (MCR) with Capital Conservation Buffer (CCB) [12.50% of risk weighted assets]	8,612,493,124	7,104,304,073
H. Surplus/(shortfall) of capital (E - G)	657,406,419	1,266,759,532
I. Total Exposure	92,435,602,064	90,017,111,386
Capital to risk weighted assets ratio (CRAR) (E/F X 100)	13.45%	14.73%
Common equity Tier-I to risk weighted assets ratio (A/F X 100)	13.44%	13.82%
Tier-I capital to risk weighted assets ratio (C/F X 100)	13.44%	13.82%
Tier-II capital to risk weighted assets ratio (D/F X 100)	0.01%	0.91%
Leverage ratio (C/I X 100)	10.02%	8.72%
14.8 Total risk weighted assets (RWA)		
A. Credit risk weighted assets		
On-Balance Sheet	54,424,742,985	42,332,791,078
Off-Balance Sheet	5,958,284,949	6,955,324,049
	60,383,027,934	49,288,115,127
B. Market risk weighted assets	1,994,709,883	1,375,207,950
C. Operational risk weighted assets	6,522,207,173	6,171,109,508
Total risk weighted assets (RWA)	68,899,944,990	56,834,432,585
15. Statutory reserve		
As per Section 24(1) of the Bank Companies Act, 1991, an amount equivalent to 20% of profit before taxes for the year has been transferred to the statutory reserve fund.		
Opening balance	1,479,777,861	1,126,907,844
Add : Transferred from profit during the year-main operation	273,619,682	352,870,017
Closing balance	1,753,397,543	1,479,777,861
16. Other reserve (revaluation reserve on Govt. Securities)		
Opening balance	27,595,805	61,948,106
Add : Reserve made during the year	546,430,113	73,570,668
	574,025,918	135,518,774
Less : Adjusted during the year	554,687,956	107,922,969
Closing balance	19,337,962	27,595,805
17. Surplus in profit and loss account - Consolidated		
Main Operation (note 17.1)	687,781,616	631,537,963
Off-shore Banking Unit	(313,892)	-
	687,467,724	631,537,963

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	2020 Taka	2019 Taka
17.1 Surplus in profit and loss account - Main Operation		
Opening balance	631,537,963	582,628,542
Add : Net profit during the year	952,268,345	967,602,178
	1,583,806,308	1,550,230,720
Less : Dividend paid / Issuance of Stock Dividend	(622,405,010)	(565,822,740)
Less : Transferred to statutory reserve	(273,619,682)	(352,870,017)
Closing balance	687,781,616	631,537,963
18. Contingent liabilities		
Acceptances and endorsements	1,586,301,381	2,861,743,344
Letters of Guarantee (note 18.1)	6,887,896,263	6,583,292,050
Irrevocable letters of credit (note 18.2)	4,095,725,239	3,920,543,820
Bills for collection (note 18.3)	1,590,161,406	1,969,822,283
Other contingent liabilities	-	-
	14,160,084,289	15,335,401,497
18.1 Letters of guarantee		
Money for which the bank is contingently liable in respect of guarantees issued favoring:		
Directors	-	-
Government	1,229,894,858	1,184,293,082
Banks and other financial institutions	-	-
Others	5,658,001,405	5,398,998,968
	6,887,896,263	6,583,292,050
18.2 Irrevocable letters of credit		
Local		
Irrevocable letters of credit (sight)	2,452,096,712	2,095,098,413
Irrevocable letters of credit (usance)	1,029,219,956	1,129,586,183
Irrevocable letters of credit - back to back	253,178,358	410,161,659
	3,734,495,026	3,634,846,255
Foreign		
Irrevocable letters of credit (sight)	8,495,001	-
Irrevocable letters of credit (usance)	193,240,049	35,605,363
Irrevocable letters of credit - back to back	159,495,163	250,092,202
	361,230,213	285,697,565
	4,095,725,239	3,920,543,820
18.3 Bills for collection		
Outward local bills	18,107,584	9,314,941
Local documentary bills for collection	922,152,176	1,066,369,839
Foreign documentary bills for collection	649,901,646	894,137,503
	1,590,161,406	1,969,822,283

18.4 Particulars of required provision on off-balance sheet exposures

Particulars	Base for Provision	Rate (%)	2020 Taka	2019 Taka
Acceptances and endorsements	1,586,301,381	1.00%	15,863,014	28,617,433
Letters of Guarantee (note 18.1)	6,887,896,263	1.00%	68,878,963	65,832,921
Irrevocable letters of credit (note 18.2)	4,095,725,239	1.00%	40,957,252	39,205,438
Bills for collection (note 18.3)	1,590,161,406	0.00%	-	-
Other contingent liabilities	-	1.00%	-	-
Total Required Provision			125,699,229	133,655,792
Total Provision Maintained			-	133,655,792
Provision to be maintained (note 8.9)			125,699,229	-

	2020 Taka	2019 Taka
19. Particulars of profit and loss account		
Income		
Interest, discount and similar income (note 21)	5,855,107,528	7,357,320,782
Dividend income (note 23)	-	-
Fees, commission and brokerage (note 24)	211,991,182	235,548,672
Gains less losses arising from dealing in securities (note 23)	-	638,453
Gains less losses arising from investment securities (note 23)	1,909,924,534	1,216,882,864
Gains less losses arising from dealing in foreign currencies (note 24)	216,063,773	268,843,856
Income from non-banking assets	-	-
Other operating income (note 25)	124,871,563	120,802,400
Profit less losses in interest rate changes	-	-
	8,317,958,580	9,200,037,027
Expenses		
Interest, fee and commission (note 22)	4,750,689,258	4,847,319,359
Losses on loans and advances	-	-
Administrative expenses (note 20)	1,403,949,142	1,547,182,069
Other operating expenses (note 35)	394,777,039	410,833,214
Depreciation on bank's assets (note 34)	310,877,054	125,527,179
	6,860,292,493	6,930,861,821
Profit before provision	1,457,666,087	2,269,175,206
20. Administrative expenses		
Salary and allowances (note 26)	1,147,952,923	1,111,827,997
Rent, taxes, insurance, electricity etc. (note 27)	173,589,435	349,335,499
Legal & professional expenses (note 28)	2,394,922	2,029,791
Postage, stamp, telecommunication etc. (note 29)	13,924,282	13,336,285
Stationery, printing, advertisement etc. (note 30)	37,200,922	42,505,550
Managing Director's salary and allowances (note 31)	8,322,666	11,480,000
Directors' fees and other benefits (note 32)	2,728,000	2,232,000
Audit fees (note 33)	787,750	442,750
Repair of bank's assets (note 34)	17,048,242	13,992,197
	1,403,949,142	1,547,182,069
21. Interest Income - Consolidated		
Interest Income - Main Operation		
Interest on loans and advances		
Interest on cash credit	1,598,872,297	2,176,943,170
Interest on SOD	1,608,020,972	1,878,568,556
Interest on OD General	199,427,358	281,498,992
Interest on local bills purchased	117,812,256	152,381,603
Interest on foreign bills purchased	28,986,300	26,209,047
Interest on import finance	351,941,357	541,608,687
Interest on export finance	2,055,569	6,122,283
Interest on other demand loans	428,708,936	437,837,076
Interest on lease finance	46,234,837	58,825,828
Interest on house building loans	78,416,682	99,822,955
Interest on general term loans	766,125,212	785,733,575
Interest on SME loans	190,115,182	180,681,809
Interest on consumer credit scheme	2,812,291	1,915,187
Interest on credit card	33,726,969	30,033,659
Interest on agriculture & rural credit	17,889,956	13,914,226
Interest on staff loans	19,802,538	19,566,534
	5,490,948,712	6,691,663,187
Interest on money at call and short notice	1,213,125	2,617,986
Interest on FDR with other banks	309,359,877	644,421,500
Interest on SND with other banks	53,222,398	18,618,109
	5,854,744,112	7,357,320,782
Interest Income - Off-shore Banking Unit		
Interest on loans and advances	363,416	-
	5,855,107,528	7,357,320,782



	2020 Taka	2019 Taka
22. Interest paid on Deposits and Borrowings		
Interest on Deposits		
Interest on savings deposits	229,225,208	158,769,734
Interest on special notice deposits	118,568,685	131,917,824
Interest on monthly savings schemes	359,574,145	246,338,500
Interest on monthly benefit schemes	420,579,985	299,626,478
Interest on special deposit schemes	432,505,830	333,318,067
Interest on fixed deposits	3,042,193,657	3,613,112,346
	4,602,647,510	4,783,082,949
Interest on call borrowing	18,066,986	20,111,181
Interest on credit lines	3,331,389	934,193
Interest on Bangladesh Bank Re-financing facilities	8,995,156	2,167,302
Interest on borrowing under REPO	117,648,217	41,023,734
	4,750,689,258	4,847,319,359
23. Investment Income		
Dividend Received on Shares	-	-
Income on treasury bills, bonds and debentures		
Interest on treasury bonds	916,865,098	634,328,812
Interest on treasury bills	229,957,853	124,836,447
Interest on reverse REPO	5,301,685	4,523,168
Gains on trading of government securities	757,716,643	453,194,437
	1,909,841,279	1,216,882,864
Gains on Capital Market	83,255	638,453
	1,909,924,534	1,217,521,317
24. Commission, Exchange and Brokerage		
Fees, commission and brokerage		
Commission on bills & remittance	3,694,250	2,966,868
Commission on letters of credit	89,853,677	90,104,378
Commission on letters of guarantee	86,070,452	100,620,749
Commission on acceptances	25,595,550	38,116,063
Commission on add confirmation	3,313,768	3,623,289
Commission on bank underwriting	3,463,485	117,325
	211,991,182	235,548,672
Exchange earnings (net)	216,063,773	268,843,856
	428,054,955	504,392,528
25. Other Operating Income		
Banking service charge	97,724,963	108,503,041
Card operation charge	11,329,633	7,548,376
Locker rent	133,000	42,000
Income from sale of fixed assets (note 25.1)	2,920,988	-
Miscellaneous income	12,762,979	4,708,983
	124,871,563	120,802,400
25.1 Calculation income from sale of fixed assets		
Sale proceeds	2,920,988	-
Cost of the sold items of fixed assets	9,633,000	-
Less : Accumulated depreciation	9,633,000	-
Written down value	-	-
Income from sale of fixed assets	2,920,988	-
26. Salary and Allowances		
Basic salary	382,756,556	376,637,421
House rent allowance	177,963,936	170,918,482
Conveyance allowance	33,234,548	32,306,072
Medical allowance	51,208,011	52,305,983
Other allowances	186,193,609	187,167,942
Festival bonus	68,008,948	66,500,788
Incentive bonus for previous year	60,220,723	80,425,365
COVID-19 Incentive	22,217,856	-
Bank's contribution on provident fund	35,815,444	33,926,476
Gratuity	29,000,000	18,000,000
Casual labourer & wages	101,333,292	93,639,468
	1,147,952,923	1,111,827,997

	2020 Taka	2019 Taka
27. Rent, Taxes, Insurance, Electricity etc.		
Rent - Office Premises *	65,133,260	242,738,873
Rent - ATM Booths and other installations	1,096,200	1,315,440
Rates and taxes	16,083,418	16,171,690
Utilities	38,811,276	42,183,192
Insurance	52,465,281	46,926,304
	173,589,435	349,335,499
*While implementing IFRS 16 (leases), the bank recorded interested expenses on lease liability (note 35) and depreciation on right of use assets (ROU) (note 34) instead of charging rental expenses of Taka 185,088,419 (excluding VAT) in 2020 against those rental premises that have been treated as right of use assets (ROU) (lease assets) however VAT on those rent has been charged as rent.		
28. Legal and Professional Expenses		
Legal expenses	1,178,953	275,005
Professional fees	1,215,969	1,754,786
	2,394,922	2,029,791
29. Postage, Stamp, Telecommunication etc.		
Postage	1,068,178	1,252,172
Telephone, fax etc.	5,820,564	5,263,358
Internet & SWIFT	7,035,540	6,820,755
	13,924,282	13,336,285
30. Stationery, Printing, Advertisement etc.		
Office stationery	19,118,407	17,562,984
Computer stationery	3,758,454	4,628,613
Security stationery	1,500,806	1,220,512
Advertisement	8,162,928	15,006,994
Publicity- purchase of diary, calendar etc.	4,660,327	4,086,447
	37,200,922	42,505,550
31. Chief Executive's Salary and Fees		
Basic salary	3,858,333	4,800,000
House rent allowance	1,608,000	2,160,000
House maintenance allowance	614,000	720,000
Medical allowance	1,019,333	1,200,000
Festival bonus	606,000	880,000
Incentive bonus for previous year	-	1,000,000
Utility allowance	617,000	720,000
	8,322,666	11,480,000
32. Directors' fees		
Meeting attendance fees	2,728,000	2,232,000
Each director of the bank was paid Tk. 8,000/- per attendance in board meeting and committee meeting held.		
33. Auditors' fees		
Audit fees (annual audit)	385,000	385,000
Audit fees (interim audit)	300,000	-
VAT on audit fees	102,750	57,750
	787,750	442,750
34. Depreciation and Repairs of Bank's Assets		
Depreciation / amortization		
Motor vehicles	4,030,539	8,253,914
Machinery and equipments	30,352,187	34,708,513
Furniture & fixtures	8,236,264	11,146,041
Interior decoration	28,976,700	21,073,037
Computer and peripherals	25,988,863	24,817,129
Software	37,318,240	20,584,892
Office tools and accessories	5,171,988	4,943,653
Depreciation on right of use assets (lease assets)	170,802,273	-
	310,877,054	125,527,179
Repairs of bank's assets	17,048,242	13,992,197
	327,925,296	139,519,376

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	2020 Taka	2019 Taka
35. Other expenses		
Entertainment expenses	11,061,179	16,968,911
Training & workshop expenses	816,820	1,926,661
Travel and daily allowance	3,920,182	5,455,197
Fuel and lubricants expenses - bank's vehicles	725,605	824,505
Subscriptions to trade associations	3,918,951	3,231,621
Donations	75,000,000	75,000,000
Business promotion and development	9,162,286	13,170,893
Books, magazines & news papers etc.	458,270	746,281
Charges & duties to Government	850,806	1,726,653
Local conveyance	2,654,243	4,586,640
Cash carrying expenses	3,660,270	3,961,810
Cartage and freight	156,345	537,809
Washing and cleaning	3,297,774	2,214,201
Other bank charges paid	7,671,395	6,920,154
Expenses on AGM	93,162	1,159,433
Expenses on managers' conference	538,145	1,050,721
Antivirus and other software	18,951,918	9,885,626
Branch & head office inauguration expenses	1,620,748	2,232,234
Miscellaneous expenses	1,971,031	1,735,467
Interest on lease liability	57,131,857	-
Loss on sale/purchase of securities & investments	28,262,919	58,815,381
Loss on revaluation of investment	162,853,133	198,683,016
	394,777,039	410,833,214
36. Earning per share (EPS)		
a) Net profit after tax	951,954,453	967,602,178
b) weighted average number of ordinary shares	684,645,517	684,645,517
Earnings per share (a ÷ b)	1.39	1.41
Earnings per share has been calculated in accordance with IAS - 33: "Earnings Per Share (EPS)". Previous year's figures have been adjusted for the issue of bonus shares during the year.		
37. Increase / decrease of other assets - Main Operation		
Closing -		
Stock of stationeries and stamps	12,346,104	11,966,335
Advance rent, advertisement, etc.	5,323,818	117,396,342
Security deposits	4,166,557	4,164,557
Suspense accounts	200,741,146	134,303,342
	222,577,625	267,830,576
Opening -		
Stock of stationeries and stamps	11,966,335	9,899,563
Advance rent, advertisement, etc.	117,396,342	124,826,720
Security deposits	4,164,557	3,888,372
Suspense accounts	134,303,342	71,949,277
	267,830,576	210,563,932
	(45,252,951)	57,266,644
38. Increase / decrease of other liabilities - Main Operation		
Closing -		
Sundry creditors	18,820,547	17,399,651
Central EFT adjustment account	4,006,504	9,561,631
Present value of lease liability	967,219,909	-
	990,046,960	26,961,282
Opening -		
Sundry creditors	17,399,651	13,063,689
Central EFT adjustment account	9,561,631	8,659,353
	26,961,282	21,723,042
	963,085,678	5,238,240

	2020 Taka	2019 Taka
39. Reconciliation between Operating profit of the Bank and Cash flows from operating activities -Main Operation		
Profit before provision	1,457,302,671	2,269,175,206
Depreciation on fixed assets	310,877,054	125,527,179
(Gain) / loss on sale of fixed assets	(2,920,988)	-
(Increase) / decrease of interest receivable	(472,070,613)	(64,316,149)
Increase / (decrease) of interest payable	(360,362,189)	139,694,115
Increase / (decrease) of expenses payable	11,675,425	(14,746,377)
Advance tax paid	(642,131,856)	(924,927,255)
Gain on Trading of Govt Securities	(757,716,643)	(453,194,437)
Gain from sale of shares	(83,255)	(638,453)
Loss on revaluation of Government Securities	162,853,133	198,683,016
Loss on sale of Government Securities	28,262,919	58,815,381
Effects of exchange rate changes on cash and cash-equivalent	(139,478,998)	(165,624,133)
Operating profit before changes in operating assets and liabilities	(403,793,340)	1,168,448,093
Increase / decrease in operating assets and liabilities		
Sale of trading securities	127,047	938,573
Purchase of trading securities	-	(495,590)
Loans and advances to other banks	-	80,000,000
Loans and advances to customers	(1,099,097,110)	(5,496,332,979)
Increase / decrease of other assets	45,252,951	(57,266,644)
Deposits from other banks	283,984,174	1,114,371,787
Deposits from customers	(12,323,443)	10,981,764,764
Increase / decrease of other liabilities account of customers	-	-
Increase / decrease of trading liabilities	-	-
Increase / decrease of other liabilities	963,085,678	5,238,240
	181,029,297	6,628,218,151
Net cash from operating activities	(222,764,043)	7,796,666,244
40. Net asset value (NAV) per share		
a) Capital / shareholders' equity for the period	9,306,658,399	8,362,961,789
b) Number of outstanding shares	684,645,517	684,645,517
Net asset value (NAV) per share (a÷b)	13.59	12.22
41. Net operating cash flow per share (NOCFPS) per share		
a) Operating cash flow for the period	(290,546,522)	7,796,666,244
b) Weighted average number of share	684,645,517	684,645,517
Net operating cash flow per share (a÷b)	(0.42)	11.39

The net operating cash flow has been decreased due to substantial withdrawal of deposits by other public sector and the Government sector. To comply with the Government decision the Bank has to reduced its interest rates on loans and advances from April 2020, therefore lower interest has been earned.

42. Events after the balance sheet date

A. Initial public offer

The Bank applied for approval of raising its share capital of Tk 100.00 crore through initial public offering.

B. Formation of subsidiary company

The Bank has formed a subsidiary company named "SBAC Bank Investment Limited". Out of its paid up capital amounting Tk 40.00 crore the Bank will hold 99.90% shares.

C. Pandemic

Corona virus pandemic, originated in China, has been impacting lives, businesses and economies around the world. First corona virus infection has been identified in Bangladesh on 08th March, 2020. It is likely to adversely impact the domestic and global economy that in turn may adversely impact the financial position and results of the Bank in 2021 like 2020, the amount of which cannot be predicted with any degree of certainty at this point of time. But there is a positive expectation that Covid Pandemic situation will be under controlled through vaccination to mass people of the world.



43. Risk Factors and Risk Management

The Bank is following comprehensive Core Risks Management guidelines issued by Bangladesh Bank. Credit Risk Grading is done for all commercial exposures to minimize credit risks. Bank's Asset Liability Committee is entrusted with the responsibility of managing short-term & long-term liquidity. ALM guidelines have also been implemented. The Bank has established its KYC & operation control procedures for prevention of Money Laundering. The Bank has strengthened the internal control system and audit division to guard against lapses, fraud and forgeries. A comprehensive ICT policy has been formulated as per Bangladesh Bank guidelines and approved by the board of directors to minimize ICT risks which is followed meticulously.

44. Disclosure on audit committee of the Board

The Audit Committee of the Board was duly reconstituted by the Board of Directors of the Bank in its 99th meeting held on 27 December 2019 compliance with BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank and Corporate Governance Guidelines (BSEC/CMRCD/2006-158/207/Admin/80) dated June 03, 2018 of Bangladesh Securities and Exchange Commission (BSEC). The members of the Audit Committee of the Board as on 31 December 2020 is as under:

Name of the Member	Status with the Bank	Status in the Committee	Educational Qualification
Mr. Md. Sajidur Rahman	Independent Director	Chairman	Masters
Mr. Abu Zafar Mohammad Shofiuddin	Director	Member	M. Com
Mr. Sakhawat Hussain Nominated by : Haji Shakhawat Anwara Eye Hospital Ltd.	Director	Member	M.A.
Dr. Syed Hafizur Rahman	Independent Director	Member	Masters
Al-Haj Mizanur Rahman	Director	Member	H.S.C.

The Audit Committee of the Board convened 08 (eight) meetings during the period further in which, among others, the following salient issues were discussed :

- The Committee reviewed the inspection reports of different branches including divisions of Head Office of the Bank conducted and submitted by the Bank's Internal Control & Compliance Division and Bangladesh Bank and gave necessary instructions to the management for proper and prompt rectification / solution of the irregularities / objections stated therein.
- The Committee reviewed the Management Letter / Report for the year 2019 submitted by the external auditors of the Bank.
- The Committee reviewed the Quarterly, Half-yearly and Annual Financial Statements of the Bank.
- The Committee reviewed the Yearly Report on over all position as on 31 December 2019 as submitted by Internal Control & Compliance Division under the Risk Based Internal Audit system of the Bank.
- The Committee reviewed the introduction of modern, efficient Internal Control & Compliance system to mitigate the risks.
- The Committee reviewed the overall performance of Internal Control & Compliance Division.
- The Committee reviewed and approved the Annual Financial Statements for the year ended 31 December 2020.

45. Number of employees

As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received more than total remuneration of Tk 36,000 per annum or Tk 3,000 per month were 886 as at 31 December 2020 compared to 869 as at 31 December 2019.

46. Workers Profit Participation Fund and Welfare Fund

SRO-336-AIN/2010 dated 5-10-2010 issued by the 'Ministry of Labour and Employment' declares the status of business of certain institutions and companies along with Bank & insurance companies as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) which deals with the workers' participation in company's profit by way of 'Workers Participation Fund' and 'Welfare Fund'. This Act requires the "Industrial Undertakings" to maintain provision for workers' profit participation fund @ 5% on net profit. Since this requirement contradicts with the 'Section 11' of the 'Bank Company Act 1991 (as amended up to 2018)', Banks in Bangladesh took up the issue collectively and sought opinion from 'Association of Bankers Bangladesh Limited (ABB)' on the same. ABB wrote a letter to the 'Ministry of Finance' of Government of People's Republic of Bangladesh on 09.03.2016 to draw attention of the honorable Finance Minister regarding relevance and applicability of Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) for Bank Companies and to obtain a direction on the issue. The 'Ministry of Finance' revealed their opinion that WPPF should not be relevant for Bank Companies and therefore, it should not be applied there. They also sought for an opinion on this issue from Bangladesh Bank. Subsequently, Bangladesh Bank agreed on all the logics and legal opinion collected by the ABB and expressed their consensus with them on 29.11.2016. In this backdrop, the 'Ministry of Finance' has given their instruction, vide letter no. 53.00.0000.311.22.002.17.130 dated 14.02.2017, for not applying Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) in Bank Companies. Therefore, no provision in this regard has been made in the financial statements for the year ended on December 31, 2020.

47. General

- Figures appearing in these financial statements have been rounded off to the nearest Taka.
- Figures of 2019 have been rearranged as per current year's presentation.

Annexure - A

South Bangla Agriculture and Commerce Bank Limited Related party Disclosures

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Related party information is given below:

i) Directors' interest in different entities:

SL No.	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) holding in the company	Remarks
1	Mr. S. M. Amzad Hossain	Chairman	22,000,000 & 3.21%	1. Lockpur Fish Processing Co. Ltd. 2. Khulna Printing & Packaging Ltd. 3. Bagerhat Seafood Ind. Ltd. 4. Shampa Ice & Cold Storage Ltd. 5. Western Inn International Ltd. 6. Metro Bricks Ltd. 7. Moon Star Jute Mills Ltd. 8. Khulna Builders Ltd. 9. Bangladesh Poly Printing Int'l Ltd. 10. Rupsha Fish & Allied Industry Ltd. 11. Ideal Polymer Export Ltd. 12. Eastern Polymer Ltd. 13. Moon Star Fish Ltd. 14. Ocean Trade International 15. Khulna Apparels Ltd. 16. Women Wears Ltd. 17. Moon Star Polymer Export Ltd.	80.00% 20.00% 75.00% 90.00% 47.00% 51.00% 44.00% 51.00% 50.00% 45.00% 90.00% 50.00% 60.00% 100.00% 50.00% 50.00% 99.95%	
2	Mr. Talukder Abdul Khaleque	Vice- Chairman (Independent Director)	0	1. M/S Nahar Trading	100.00%	
3	Begum Sufia Amjad	Director	22,990,000 & 3.36%	1. Lockpur Fish Processing Co. Ltd. 2. Khulna Printing & Packaging Ltd. 3. Bagerhat Seafood Ind. Ltd. 4. Shampa Ice & Cold Storage Ltd. 5. Western Inn International Ltd. 6. Metro Bricks Ltd. 7. Moon Star Jute Mills Ltd. 8. Khulna Builders Ltd. 9. Rupsha Fish & Allied Industry Ltd. 10. Moon Star Fish Ltd. 11. Moonstar Polymer Ltd. 12. Eastern Polymer Ltd. 13. Women Wears Ltd. 14. Khulna Appareld Ltd.	20.00% 10.00% 25.00% 10.00% 33.00% 49.00% 7.41% 49.00% 23.00% 40.00% 0.05% 50.00% 50.00% 50.00%	
4	Mr. Abu Zafar Mohammad Shofiuddin	Director	33,482,273 & 4.89%	1. SQ Wire & Cable Co. Ltd 2. SQ Trading & Engineering 3. SQ Light Ltd. 4. SQ Wood Preservatives 5. SQ Energy Ltd. 6. SQ Power Solutions 7. SQ Properties Ltd. 8. SRN Power 9. SQ Electricals Ltd. 10. Power-Add 11. Techno Electricals Ltd. 12. TSCO Power Ltd. 13. TS Transformers Ltd 14. Building Dreams Ltd. 15. SQ Distribution Ltd.	32.24% 80.00% 35.00% 80.00% 50.00% 70.00% 35.00% 40.00% 70.00% 80.00% 16.89% 25.00% 25.00% 10.00% 60.00%	

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



SL No.	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) holding in the company	Remarks
5	Mr. Abdul Kadir Molla	Director	33,482,273 & 4.89%	1. Thermax Textile Mills Ltd.	29.98%	
				2. Thermax Knit Yarn Ltd.	30.00%	
				3. Thermax Spinning Ltd.	60.00%	
				4. Thermax Blended Yarn Ltd.	30.00%	
				5. Indigo Spinning Ltd.	55.00%	
				6. Thermax Melange Spinning Mills Ltd.	60.00%	
				7. Thermax Yarn Dyeing Ltd.	50.00%	
				8. Adury Knit Composite Ltd.	50.00%	
				9. Adury Apparels Ltd.	12.00%	
				10. Thermax Woven Dyeing Ltd.	60.00%	
				11. Thermax Yarn Dyed Fabrics Ltd.	20.00%	
				12. Sister Denim Composite Ltd.	19.00%	
				13. Thermax Check Fabrics Ltd.	60.00%	
				14. Thermax Colour Cotton Ltd.	20.00%	
				15. Sister Garments Ltd.	50.00%	
				16. Sultana Filling Point Ltd.	55.00%	
				17. Adury Fashion & Print Ltd.	60.00%	
				18. Adury Ring Denim Spun Ltd.	20.00%	
				19. Kadir Molla Medical College & HospitalLtd.	30.00%	
				20. Sultana Enterprise	100.00%	
				21. Sister Denim Composite (Unit-2) Ltd.	20.00%	
6	Engr. Md. Moklesur Rahman	Director	33,482,273 & 4.89%	1. Contech Construction Ltd.	65.00%	
				2. Pre Stressed Pole Ltd.	65.00%	
				3. B&T Cables Ltd.	70.00%	
				4. B&T Cold Storage Ltd.	6.67%	
				5. B&T Development Ltd.	25.00%	
				6. B&T Meter Ltd.	55.00%	
				7. Tushar Ceramics Ltd.	25.00%	
				8. B&T Transformers Ltd.	33.33%	
				9. Nexus Securities Ltd.	20.00%	
				10. BD Game Studio Ltd.	20.00%	
				11. Smart Meter	100.00%	
7	Al-Haj Mizanur Rahman	Director	24,200,000 & 3.53%	1. M R Trading Co.	100.00%	
			2. Moon Bangladesh Ltd.	90.00%		
8	Mrs. Tahmina Afroz	Director	33,482,273 & 4.89%	1. Anwer Khan Modern Hospital Ltd.	10.00%	
				2. Haji Shakhawat Anwara Eye Hospital Ltd.	10.00%	
				3. Modern Diagnostic Centre Ltd.	10.00%	
				4. Mother Trade Centre	100.00%	
				5. Modern Holdings Ltd.	50.00%	
				6. Anwer Khan Modern University	Member, Board of Governor	
				7. Anwer Khan Modern Medical College		
9	Mr. Hafizur Rahman Babu	Director	25,111,704 & 3.67%	1. Joytun Securities International Ltd.	85.12%	
				2. Joytun Developers Ltd.	50.00%	
				3. S.B. Agro Fertilizer Industries Ltd.	33.34%	
				4. Sheikh Cement Mills Ltd.	18.18%	
				5. Gold Hill Properties Ltd.	15.00%	
				6. Sheikh Jute Mills Ltd.	16.67%	
				7. M/S. Sheikh Brothers	100.00%	
				8. M/S. Hafizur Rahman Babu	100.00%	
				9. Sheikh Shipping Lines Ltd.	33.34%	
				10. Sheikh Agro Food Industries	100.00%	
				11. Arising Trade International	80.00%	
10	Mr. Anwar Hussain	Director	15,785,284 & 2.31%	1. SAFAH CNG Refuelling Station Ltd .	8.33%	
				2. HAR Industries Ltd.	30.00%	
				3. Abdul Gaffar & Co. (Pvt.) Ltd.	30.40%	
				4. Asuka CNG Filling Station Ltd.	25.00%	
				5. AGI Corporation	100.00%	
				6. AGI Flex Ltd.	50.00%	
11	Capt. M. Moazzam Hossain	Director	34,145,600 & 4.99%	1. E-Securities Ltd.	46.08%	
				2. Agrovita Ltd.	60.00%	
				3. Admiral Trading Corp.	100.00%	
				4. Ekushey Homes Ltd.	60.00%	
				5. Masters Ocean Voyage	100.00%	
				6. Radiant Dredging Ltd.	49.00%	
				7. Canadian Trillinium School	Chairman, Board of Governor	
				8. Fareast International University		

SL No.	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) holding in the company	Remarks
12	Mr. Sk. Shyed-uj-Jaman Nominated by Moonstar Ceramic Industries Ltd.	Director	2,746,700 & 0.40%	1. Mashiyat Fish Firm 2. South East Union Ceramic Industries Ltd. 3. AB Siddique & Co.	100.00% 5.00% 100.00%	No. of shares of Moonstar Ceramic Industries Ltd. 34,231,585 & 4.99%
13	Mr. Mohammad Nawaz	Director	20,495,351 & 2.99%	1. Famous Printing & Packaging Ltd. 2. Famous Iberchem Flavours & Fragnances Ltd. 3. Famous General Agencies Ltd. 4. Matcon limited 5. F.S. Printing & Packaging Ltd. 6. Green Soap & Chemical Co. Ltd. 7. Famous Flavours & Fragnances Ltd. 8. Eden Multicare Hospital	29.15% 29.16% 29.05% 28.96% 29.11% 29.07% 40.00% 2.50%	
14	Mr. Mohammed Ayub	Director	27,988,873 & 4.09%	1. Ayub & Co. Ltd. 2. Pioneer Enterprise 3. United Enterprise 4. Pacific Enterprise	80.00% 100.00% 100.00% 70.00%	
15	Mst. Nasima Begum, Nominated by Thermax Textile Mills Ltd.	Director	0	1. Thermax Textile Mills Ltd. 2. Thermax Knit Yarn Ltd. 3. Thermax Spinning Ltd. 4. Thermax Blended Yarn Ltd. 5. Indigo Spinning Ltd. 6. Thermax Melange Spinning Mills Ltd. 7. Thermax Yarn Dyeing Ltd. 8. Adury Knit Composite Ltd. 9. Adury Apparels Ltd. 10. Thermax Woven Dyeing Ltd. 11. Thermax Yarn Dyed Fabrics Ltd. 12. Sister Denim Composite Ltd. 13. Thermax Check Fabrics Ltd. 14. Thermax Colour Cotton Ltd. 15. Sultana Filling Point Ltd. 16. Adury Fashion & Print Ltd. 17. Adury Ring Denim Spun Ltd. 18. Kadir Molla Medical College & Hospital Ltd. 19. Sister Garments Ltd.	25.00% 30.00% 40.00% 30.00% 45.00% 40.00% 50.00% 50.00% 8.00% 40.00% 20.00% 19.00% 40.00% 20.00% 45.00% 40.00% 20.00% 25.00% 50.000%	No. of shares of Thermax Textile Mills Ltd. 33,482,273 & 4.89%
16	Mr. Sakhawat Hussain, Nominated by Hazi Shakhawat Anwara Eye Hospital Ltd.	Director	0	General Manager, Anwer Khan Modern Hospital Ltd. & Diagnostic Centre	N/A	No. of shares of Hazi Shakhawat Anwara Eye Hospital Ltd. 33,482,273 & 4.89%
17	Dr. Syed Hafizur Rahman	Independent Director	0	1. Bagerhat Poultry & Fisheries 2. Coal Mark 3. Aliums Trade Associate	100.00% 100.00% 100.00%	
18	Mr. Md. Sajidur Rahman	Independent Director	0	1. Indo-Bangla Trading 2. US-DK Green Energy (BD) Ltd. 3. Nitex Ltd. 4. Lenden Ltd. 5. JoBike	40.00% 5.00% 3.00% 5.00% 1.00%	



- ii) **Significant contract where bank is a party and wherein Directors have interest: NIL**
- iii) **Shares issued to Directors and executives without consideration or exercisable at discount: NIL**
- iv) **Related party transactions (loan to directors):**

(Amount in Crore taka)

Name of the Borrower	Representing Director	Nature of Facilities	Outstanding as at 31 Dec 2020	Outstanding as at 31 Dec 2019
Haji Shakwat Anwera Eye Hospital Ltd.	Mrs Tahmina Afroz	Cash Credit (Hypo)	11.03	11.08
		CC(Hypo) under Stimulus Fund	3.00	0.00
Modern Diagnostic Center Ltd.	Mrs Tahmina Afroz wife of Mr. Anwar Hossain Khan, Managing Director, Modern Digonistic Center Ltd.	Cash Credit (Hypo)	15.55	15.33
		CC(Hypo) under Stimulus Fund	2.90	0.00
Khulna Builders Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	SOD (Gen)	21.90	21.88
Eastern Polymer Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.42	0.00
Moonstar Polymer Export Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.35	0.00
Shampa Ice and Cold Storage Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.18	0.00
Rupsha Fish and Allied Industries Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.22	0.00
Moon Star Jute Mills Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	1.04	0.00
Bagerhat Seafood Industries Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.39	0.00
Radiant Dredging Ltd.	Capt. M. Moazzam Hossain	Lease Finance	1.37	2.64
		SOD (Gen)	0.04	0.00
Anwar Hussain	Mr. Anwar Hussain	House Building Loan	0.80	0.90
Mohammad Imran	Mr. Anwar Hussain Brother of Mr. Mohammad Imran	House Building Loan	0.80	0.90
M.R. Trading Co.	Mr. Md. Mizanur Rahman	SOD (Gen)	0.15	4.72

v) **Lending policies to related parties:**

Related parties are allowed loans and advances as per the guidelines of Bangladesh Bank and credit policy of the bank.

vi) **Business other than banking business with any related concern of the directors as per section 8 (2) of the Banking Companies Act 1991:**

a) Lease agreement made with the directors / related concerns:

Nature of contract	Branch Name	Name of the Director and related by	Remarks
Lease agreement	Katakhali Branch	Mr. S. M. Amzad Hossain, Chairman, Board of Directors, SBAC Bank Ltd. and owner of the premises.	Lease period : 01.07.2013 to 30.06.2023 Rental space 4,000 sft Monthly rent Tk 19.83/sft

b) Brokerage house :

Name of the Party	Name of the Director and related by	Nature of Transaction	Amount
E-Securities Ltd.	Capt. M. Moazzam Hossain and common director	Brokerage house commission and charges	Tk. 1,055.34

vii) **Investment in securities of the Directors and their related concern: NIL**

viii) **The Managing Director & CEO is considered as key management personnel and related remuneration are disclosed in Note 31.**

Annexure - B

South Bangla Agriculture and Commerce Bank Limited
Schedule of Fixed Assets
as at 31 December 2020

Particulars	Cost				Accumulated Depreciation				Net book value as at 31 December 2020	
	Balance as at 01 January 2020	Additions during the period	Disposals during the period	Balance at 31 December 2020	Balance as at 01 January 2020	Charge for the period	On disposal during the period	Balance as at December 2020	Taka	Taka
Tangible Assets :										
Motor vehicles	47,280,004	-	9,633,000	37,647,004	36,518,990	4,030,539	9,633,000	30,916,529	6,730,475	6,730,475
Machinery and equipments	265,417,167	16,869,919	-	282,287,086	186,560,507	30,352,187	-	216,912,694	65,374,392	65,374,392
Furniture and fixtures	80,609,933	8,224,283	-	88,834,216	36,852,610	8,236,264	-	45,088,874	43,745,342	43,745,342
Interior decoration	275,831,379	27,085,699	-	302,917,078	96,086,438	28,976,700	-	125,063,138	177,853,940	177,853,940
Computers and accessories	259,919,098	129,153,066	-	389,072,164	190,720,525	25,988,863	-	216,709,388	172,362,776	172,362,776
Other tools	33,652,591	4,485,700	-	38,138,291	19,955,834	5,171,988	-	25,127,822	13,010,469	13,010,469
Intangible Assets :										
Softwares	165,688,176	17,500,000	-	183,188,176	118,935,576	37,318,240	-	156,253,816	26,934,360	26,934,360
Right of use assets (Lease assets)	-	1,189,182,393	-	1,189,182,393	-	170,802,273	-	170,802,273	1,018,380,120	1,018,380,120
At 31 December 2020	1,128,398,348	1,392,501,060	9,633,000	2,511,266,408	685,630,480	310,877,054	9,633,000	986,874,534	1,524,391,874	1,524,391,874
At 31 December 2019	1,016,997,060	111,401,288	-	1,128,398,348	560,103,301	125,527,179	-	685,630,480	442,767,868	442,767,868

Rate of Depreciation

Depreciation is charged for the period at the following rates using straight-line method on all fixed assets :

Particulars	Rate
Motor vehicles	20%
Machinery and equipments	20%
Furniture and fixtures	10%
Interior decoration	10%
Computers and accessories	20%
Other tools	20%
Softwares	20% or remaining usable periods
Right of use assets (Lease Assets)	Remaining lease period



Annexure - C

South Bangla Agriculture and Commerce Bank Limited Highlights on the overall activities of the bank

(Amount in Tk.)

Sl. No.	Particulars	31 December 2020	31 December 2019
01	Paid up capital	6,846,455,170	6,224,050,160
02	Total capital (Tier I +II)	9,269,899,543	8,371,063,605
03	Capital surplus/(deficit)	657,406,419	1,266,759,532
04	Total assets	88,403,446,406	84,564,005,444
05	Total deposits	71,451,461,330	71,540,162,788
06	Total loans and advances	57,408,829,469	56,000,737,479
07	Total contingent liabilities and commitments	14,160,084,289	15,335,401,497
08	Advance deposits ratio (%)	80.31%	78.21%
09	Classified loans to advance ratio (%)	6.22%	6.09%
10	Profit after tax and provision	951,954,453	967,602,178
11	Classified loans and advances at the end of the year	3,567,962,863	3,408,949,744
12	Provision kept against classified loans and advances	959,485,463	971,497,611
13	Surplus/(deficit) provision against classified advances	-	(607,677,000)
14	Cost of fund including operating cost (%)	9.45%	10.47%
15	Interest earning assets	75,928,417,374	73,970,203,123
16	Non interest earning assets	12,475,029,032	10,593,802,321
17	Return on investments (ROI) [Income from Investment/ Average Investments]	13.64%	11.03%
18	Return on Assets (ROA) [PAT/Average assets]	1.10%	1.25%
19	Return on Equity (ROE) [PAT/Average shareholders equity]	10.78%	12.25%
20	Net Asset Value per Share (NAV) [Shareholders equity/No. of Ordinary Share]	13.59	12.22
21	Income from investments	1,909,924,534	1,217,521,317
22	Earnings per share	1.39	1.41
23	Profit per share	1.39	1.41
24	Price - earnings ratio (times)	N/A	N/A

South Bangla Agriculture and Commerce Bank Limited
Balance Sheet (Off-Shore Banking Unit)
As at 31 December 2020

	Notes	2020	
		USD	Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (Including foreign currencies)		-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		-	-
		-	-
Balance with other banks and financial institutions			
In Bangladesh		-	-
Outside Bangladesh		-	-
		-	-
Money at call on short notice		-	-
Investments:			
Government		-	-
Others		-	-
		-	-
Loans and advances	3		
Loans, cash credit, overdrafts etc.		-	-
Bills purchased and discounted		806,799	67,730,774
		806,799	7,730,774
Fixed assets including premises, furniture and fixtures		-	-
		-	-
Other assets	4	4,329	363,416
Non-banking assets			
TOTAL ASSETS		811,128	68,094,190
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	5	806,799	67,730,774
Deposits and other accounts			
Current accounts and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		-	-
		-	-
Subordinated bonds		-	-
		-	-
Other liabilities	6	8,068	677,308
TOTAL LIABILITIES		814,867	68,408,082
Capital/ Shareholders' equity			
Paid up capital		-	-
Statutory reserve		-	-
General reserve		-	-
Other reserve (revaluation reserve on Govt. Securities)		-	-
Retained earnings	7	(3,739)	(313,892)
TOTAL SHAREHOLDERS' EQUITY		(3,739)	(313,892)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		811,128	68,094,190



	Notes	2020	
		USD	Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptance and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total		-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Claims against the Bank not acknowledged as debt		-	-
Total		-	-
Total off-balance sheet items including contingent liabilities		-	-

South Bangla Agriculture and Commerce Bank Limited
Profit and Loss Account (Off-shore Banking Unit)
For the year ended 31 December 2020

	Notes	2020	
		USD	Taka
Interest income	8	4,329	363,416
Less: Interest paid on deposits and borrowings etc.		-	-
Net interest income		4,329	363,416
Investment income		-	-
Commission, exchange and brokerage		-	-
Other operating income		-	-
		-	-
Total operating income		4,329	363,416
Salary and allowances		-	-
Rent, taxes, insurance, electricity etc.		-	-
Legal and professional expenses		-	-
Postage, stamp, telecommunication etc.		-	-
Stationery, printing, advertisement etc.		-	-
Chief executive's salary and fees		-	-
Directors' fees		-	-
Auditors' fees		-	-
Charges on loan losses		-	-
Depreciation and repair of bank's assets		-	-
Other expenses		-	-
Total operating expenses		-	-
Profit before provision		4,329	363,416
Provision for loan			
Specific provision		-	-
General provision (including off balance sheet items)		8,068	677,308
		8,068	677,308
Other provisions		-	-
Total provision		8,068	677,308
Total Profit before taxes		(3,739)	(313,892)
Provision for taxation			
Current tax		-	-
Deferred tax		-	-
		-	-
Net profit after taxation		(3,739)	(313,892)
Appropriations			
Statutory reserve		-	-
General reserve		-	-
Retained surplus to retained earnings	7	(3,739)	(313,892)
		(3,739)	(313,892)

1) Statement on the Integrity of Financial Statements; 2) Independent Auditor's Report to the Shareholders of SBAC Bank Ltd.; 3) Balance Sheet; 4) Profit and Loss Account; 5) Cash Flow Statement; 6) Statement of Changes in Equity; 7) Liquidity Statement; 8) Balance Sheet (MO); 9) Profit and Loss Account (MO); 10) Cash Flow Statement (MO); 11) Statement of Changes in Equity (MO); 12) Liquidity Statement (MO); 13) Notes to the Financial Statements; 14) Balance Sheet (OBU); 15) Profit and Loss Account (OBU); 16) Cash Flow Statement (OBU); 17) Notes to the Financial Statements (OBU);



South Bangla Agriculture and Commerce Bank Limited

Cash Flow Statement (Off-shore Banking Unit)

For the year ended 31 December 2020

	Notes	2020	
		USD	Taka
A) Cash flows from operating activities			
Interest receipts in cash		-	-
Interest payments		-	-
Dividend receipts		-	-
Income from investments		-	-
Recoveries on loans and advances previously written-off		-	-
Fees and commission receipts in cash		-	-
Cash payments to employees		-	-
Cash payments to suppliers		-	-
Income taxes paid		-	-
Receipts from other operating activities		-	-
Payments for other operating activities		-	-
Operating profit before changes in operating assets and liabilities		-	-
Increase / decrease in operating assets and liabilities			
Statutory deposits		-	-
Sale of trading securities		-	-
Purchase of trading securities		-	-
Loans and advances to other banks		-	-
Loans and advances to customers		(806,799)	(67,730,774)
Increase / decrease of other assets		-	-
Deposits from other banks		-	-
Deposits from customers		-	-
Increase / decrease of other liabilities account of customers		-	-
Increase / decrease of trading liabilities		-	-
Increase / decrease of other liabilities		-	-
		(806,799)	(67,730,774)
Net cash from operating activities		(806,799)	(67,730,774)
B) Cash flows from investing activities			
Proceeds from sale of Government securities		-	-
Payments for Purchase of Government securities		-	-
Purchase of property, plant and equipment		-	-
Sale of property, plant and equipment		-	-
Net cash from investing activities		-	-
C) Cash flows from financing activities			
Borrowing from other banks, financial institutions and agents		806,799	67,730,774
Dividends paid		-	-
Net cash from financing activities		806,799	67,730,774
D) Net increase / (decrease) in cash (A+B+C)		-	-
E) Effects of exchange rate changes on cash and cash-equivalent		-	-
F) Cash and cash-equivalents at beginning period		-	-
G) Cash and cash-equivalents at end of period (D+E+F)		-	-
H) Cash and cash-equivalents at end of period			
Cash in hand including foreign currencies		-	-
Balances with Bangladesh Bank and its agent bank(s) including foreign currencies		-	-
Balances with other Banks and Financial institutions		-	-
		-	-

South Bangla Agriculture and Commerce Bank Limited
Notes to the Financial Statements (Off-shore Banking Unit)
As at and for the year ended 2020

1. Status of the unit

The Off-shore Banking Units (OBU) of South Bangla Agriculture & Commerce Bank Limited are governed by the applicable rules & regulations of Bangladesh Bank. The Bank obtained the permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as at 31 December 2020, located at International Division, Head Office, Dhaka.

1.2 Nature of business

The principal activities of Bank are to carry on all kinds of banking business in accordance with applicable rules and regulations of Bangladesh Bank for operations of Off-shore Banking Unit in Bangladesh.

2. Significant accounting policies and basis of preparation of financial statements

2.1 Basis of accounting

The financial statements of Bank have been prepared under historical cost convention and in accordance with the Bank Companies Act, 1991 as amended under sub-section 38(4) of the Act, relevant Bangladesh Bank Circulars, International Accounting Standards (IASS) and International Financial Reporting Standards (IFRSs) adopted by the institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other rules and regulations applicable in Bangladesh.

The financial statements represent the financial position and results of OBU of the Bank.

2.2 Functional and presentation currency

The functional currency of OBU is US Dollar. While the financial statements are presented both in USD and equivalent Bangladesh Taka.

Transactions in other currencies are recorded in the functional currency (USD) at the rate of exchange prevailing on the date of the transactions. Assets and liabilities in other currencies are translated into functional currency (USD) at the rate of exchange prevailing at the date of balance sheet.

2.3 Loans and advances

- a) Loans and advances are started at gross amount. While the provision and interest suspense against loans and advances are shown separately as other liabilities.
- b) Interest income is calculated on daily product basis and accounted for on quarterly rest on accrual basis until the loans and advances are defined as classified accounts as per Bangladesh Bank guidelines. As per Bangladesh Bank directives, interest on loans and advances classified as bad/loss is not accounted for. A separate memorandum record is maintained for such interest on bad/loss loans.
- c) Provision for loans and advances is made on the basis of the year end review by the management of the Bank in line with the instructions contained in BRPD Master Circular No. 14 dated 23 September 2012, BRPD Circular No. 19 dated 27 December 2012, BRPD Circular No. 05 and 06 dated 29 May 2013, BRPD Circular No. 15 dated 23 December 2013, BRPD Circular No. 16 dated 18 November 2014, BRPD Circular No. 08 dated 02 August 2015, BRPD Circular No. 01 dated 20 February 2018, BRPD circular No. 24 (17 November 2019), BRPD circular No. 6 (19 May 2019), BRPD circular No. 4 (16 May 2019), BRPD circular No. 3 (21 April 2019), BRPD circular No. 16 (21 July 2020) and BRPD circular No. 52 (20 October 2020), issued by Bangladesh Bank.

2.4 Revenue recognition

The revenues of the OBU during the year have been recognized in terms of the provision of International Financial Reporting Standards 15, 'Revenue from Contracts with Customers' as outlined below:

2.4.1 Interest income

- a) Interest income from loans and advances .

The policy for accounting of interest income on loans and advances is stated in 2.3 a and 2.3 b above

2.4.2 Fees and commission income

Fees and commission income arising from different services provided by the Units are recognized on cash receipt basis.

2.4.3 Interest paid on deposits and borrowings

Interest paid on deposits, borrowings etc. are accounted for on accrual basis.

2.5 Cash flow statement

Cash flow statement has been prepared in accordance with the International Accounting Standard (IAS) 7, 'Statement of Cash Flow' under Direct method as recommended in the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh bank.



		2020	
		USD	Taka
3. Loans and advances			
Loans , cash credit, overdrafts etc.		-	-
Bills purchased and discounted		806,798.98	67,730,774
		806,798.98	67,730,774
3.1 Net loans and advances including bills purchased and discounted			
Total loans and advances including bills purchased and discounted		806,798.98	67,730,774
Less: Provision against loans and advances (specific and general)		-	-
Less: Cumulative balance of interest suspense account		-	-
		806,798.98	67,730,774
3.2 Residual maturity grouping of loans and advances including bills purchased and discounted			
Payable			
On demand		-	-
Within one month		-	-
Within one to three months		-	-
Within three to twelve months		806,798.98	67,730,774
Within one to five years		-	-
More than five years		-	-
		806,798.98	67,730,774
3.3 Classification status of loans and advances including bills purchased and discounted			
Unclassified loans and advances (including staff loans)			
i) Standard		806,798.98	67,730,774
ii) Special mention account (SMA)		-	-
		806,798.98	67,730,774.00
Classified loans and advances			
Sub-standard		-	-
Doubtful		-	-
Bad / loss		-	-
		-	-
Total		806,798.98	67,730,774

3.4 Classification and provisioning of loans and advances including bills purchased and discounted

Classification / Status of loans and advances	Amount of outstanding loans and advances as at 31 December 2020		Base for Provision (Taka)	Percentage (%) of provision required as per Bangladesh Bank	Amount of provision required as at 31 December 2020 (Taka)
	USD	Taka			
Unclassified loans and advances					
Small & medium enterprise financing	-	-	-	0.25%	-
Other than small medium enterprise financing	806,798.98	67,730,774	67,730,774	1.00%	677,308
Special mention account				1.00%	-
Total unclassified loans and advances	806,798.98	67,730,774	67,730,774		677,308
Classified loans and advances					
Sub-standard	-	-	-	20.00%	-
Doubtful	-	-	-	50.00%	-
Bad / loss	-	-	-	100.00%	-
Total classified loans and advances	-	-	-		-
Total loans and advances	806,798.98	67,730,774	67,730,774		677,308
Total provision maintained					677,308
Total provision surplus / (deficit)					-

		2020	
		USD	Taka
3.5	Geographical location-wise loans and advances including bills purchased and discounted		
	Dhaka Division	-	-
	Other Divisions	806,798.98	67,730,774
		806,798.98	67,730,774
4.	Other assets		
	Interest accrued on loans and advances but not collected	4,328.96	363,416
		4,328.96	363,416
5.	Borrowings from other banks, financial institutions and agents		
a)	In Bangladesh		
	Borrowings from SBAC Bank, Head Office	806,798.	67,730,774
b)	Outside Bangladesh	-	-
		806,798.98	67,730,774
6.	Other liabilities		
	Accumulated provision on loans and advances	8067.99	677,308
		8067.99	677,308
7.	Retained earnings		
	Opening balance	-	-
	Retained surplus during the year	(3,739.03)	(313,892)
	Closing balance	(3,739.03)	(313,892)
8.	Interest income		
	Interest on loans and advances	4,328.96	363,416
		4,328.96	363,416

- 1) Conventional Banking Products & Services;
- 2) Islamic Banking Products & Services;
- 3) Distribution Network.



PRODUCTS, SERVICES & DISTRIBUTION NETWORK



Conventional Banking Products & Services

Wholesale Banking

Term Finance	Working Capital
Term Loan	Secured Over Draft (SOD)- General
Project Finance	Secured Over Draft (SOD)
Lease Finance	Short Term Loan
Home Loan	Time Loan
Term Loan to MFI	Corporate Express Loan
Corporate Express Loan	Cash Credit (Hypo.)

SME Banking

Loan Products		
SME-Term Loan	SBAC Agri. Revolving Loan	Medical and Health Loan
Letter of Credit (Sight/deferred/UPAS)	Personal Loan Scheme	Bank Guarantee
SME- CC(Hypo.)	CMSME Stimulus Loan	Performance Guarantee
SME-SOD (General)	Lease Finance –Commercial Lease	FDBP (EPZ)
SME-SOD(Export)	Lease Finance –for Machineries & Equipment	FDBP
SME-Export Packing Credit (EPC)	Lease Finance For Auto Mobiles	Bid Bond Guarantee
SME-SOD (PO)	PAD	SOD (Work Order)
SBAC Vehicle Financing	Loan against TR	IDBP
SBAC Home Loan	Loan to 10 TK A/C Holders	Furniture and Home Renovation Loan
SBAC CCS-Car Loan	SBAC CCS-Home Appliance	Cash Credit (Hypo.)- Agriculture
H.B.L. -Residential	SOD (Other Bank FO)	Agriculture Term Loan
H.B.L. -Commercial	SOD (FO)	SBAC Commercial Vehicle Financing
Export EDF Loan	SOD(FDR)	SOD (Scheme)

Retail Banking

Deposit Products		
Current Account- (A basic Account which facilitates carrying out day-to day business transactions)	Surokkha Sonchoyi Hisab (SSH)- (A special savings account with higher benefits and with insurance coverage)	Monthly Savings Scheme- (Savings Schemes are monthly installment based deposit schemes for savings purpose and to build up a sizable fund after the contracted period.)
Savings Account- (A basic Account and falls under retail liability product segment which facilitates customers to set aside a portion of their liquid funds while earning a monetary return)	FC Account –USD- (A non interest bearing account in foreign currency)	Lakhopoti Savings Scheme- (Savings Schemes are monthly installment based deposit schemes for savings purpose and to build up a sizable fund after the contracted period.)
SBAC Senior Citizen Savings A/C- (A special savings account with higher benefits for 55 years age customer)	R.F.C.D A/C-USD- (Persons ordinarily resident in Bangladesh may open and maintain RFCD accounts with foreign exchange brought in at the time of their return from abroad)	Surokkha Millionaire Scheme- (Savings Schemes are monthly installment based deposit schemes for savings purpose and to build up a sizable fund after the contracted period with insurance coverage)
Special Notice Deposit (SND)- (A basic CASA Account and falls under which facilitates carrying out business transactions of large amount)	NRT Account-BDT.	Kotipoti Scheme Deposit- (Savings Schemes are monthly installment based deposit schemes for savings purpose and to build up a sizable fund after the contracted period.)
SBAC Fixed Deposit (A special savings scheme which makes	NRFA –USD	Double Benefit Scheme-DBS (Double Benefit Scheme is a time specified

- 1) Conventional Banking Products & Services;
- 2) Islamic Banking Products & Services;
- 3) Distribution Network.



deposit grows over a certain period of time.)		deposit scheme for clients where the deposited money will be double at maturity)
SBAC Monthly Benefit Scheme-MBS (A special deposit scheme which allows interest income on monthly basis and refund the MBS Principal Amount at maturity)	Export Retention Quota (ERQ)	Triple Benefit Scheme-TBS (Triple Benefit Scheme is a time specified deposit scheme for clients where the deposited money will be double at maturity)
Student Savings Account- (A special savings account for students below 18 years)	FCY Held against BTB	SBAC Fast Account- (e-KYC based savings Bank account)
Payroll savings A/C- (A benefit rich payroll account basically a value packed savings account for Employers and Employees)	10/50/100 Privilege Savings Account- (A special savings account with higher benefits to selected customer as per Bangladesh Bank Policy)	SBAC Iccha Installment Savings Plan- (Unequal Installment based monthly savings scheme for a fixed period)

Off-Shore Banking Unit (OBU)

Term Loan
Working Capital
Trade Finance (Local Bill Discounting, Foreign Bill Discounting, UPAS)

Trade Finance

Export Finance	Non-Funded Trade Finance	Import Finance
Back to Back L/C	L/C Opening (Sight/Deferred/UPAS)	Loan against Trust Receipt (LTR)
Export Bill Discounting (FDBP & IDBP)	L/C Advising	EDF Loan
SOD-Export	L/C Transfer	Performance Guarantee
Export Packing Credit	Foreign Bank Guarantee	Bid Bond Guarantee
SOD-General	Shipping Guarantee	Payment Guarantee

SBAC Services

Utility Bills Collection Service :
- Dhaka Water Supply and Sewerage Authority(WASA)
- Titas Gas Transmission and Distribution Company Limited
- Bakhrabad Gas Distribution Company Limited
- Dhaka Power Distribution Company Ltd. (DPDC)
- Dhaka Electric Supply Company Limited (DESCO)
- Bangladesh power development board (PalliBidyut)
- Northern Electricity Supply Company Limited (NESCO)
BRTA Fees Collection
Govt. Challan Receive by Automated Challan System
e-GP Services
Student File Services
Hajj Pre-Registration Fees Collection

SBAC Alternative Delivery Channel (ADC)

SMS Banking		
Mobile Banking-Banglapay		
SBAC 24/7 ATM		

Islamic Banking Products & Services

Modes of Deposit Collection and Fund Investment

Islamic Banking activities are conducted in Bangladesh in 3 ways; Shari'ah based full-fledged Islamic Banking, Conventional Banking with Islamic Banking Branch and Conventional Banking with Islamic Banking Window.

South Bangla Agriculture and Commerce Bank Limited is providing Islamic banking services mainly through Islamic windows. At the initial stage, Islamic windows have been introduced in 10 branches. In-Sha-Allah, initiatives will be taken to introduce Islamic banking services in more branches in phases.

Deposit Collection method:

Islamic Banking generally collect deposits in two ways. One is the Al-Wadi'ah method and the other is the Mudaraba method. The current accounts of Islamic Banking are run on Al-Wadi'ah method and the different types of savings accounts are run on the basis of Mudaraba principles. The following are the names of the deposit accounts.

- Al-Wadi'ah Current (AWC) Account
- Mudaraba Savings (MS) Account
- Mudaraba Short Notice Deposit (MSND) Account
- Mudaraba Monthly Savings Schemes (MMSS) Account
- Mudaraba Term Deposit Receipt (MTDR) Account
- Mudaraba Hajj Deposit (MHD) Account
- Mudaraba FC Account
- Mudaraba RFCD Account
- Mudaraba NFCD Account

Investment Method:

There are generally three types of investment methods in Islamic banking. One is the buy-sell mechanism, the second is the lease mechanism and the third is the profit-loss sharing mechanism. The major bai mechanism is Bai-Murabaha, Bai-Muajjal, Bai-Salam & Bai-Istisna and Lease mechanism is Ijarah and Hire Purchase under Shirkatul Meelk and Share mechanism is Mudarabah and Musharakah.

From the above investment modes, SBAC Bank is currently investing in two modes through its Islamic Banking windows. These are:

- Bai-Murabaha; and
- Hire Purchase under Shirkatul Meelk.

In-sha-Allah, initiatives will be taken to invest in other modes as required in the future.

Islamic Banking Windows of SBAC Bank:

South Bangla Agriculture and Commerce Bank Limited has started its Islamic Banking through launching of Islamic Banking Windows in its 10 branches on June 30, 2021 and started providing Islamic banking services to its customers from July 05, 2021. The 10 Branches providing Islamic Banking Services through Islamic Banking windows are as follows:

SL. No.	Name of Branch	District	Division
01	Principal Branch	Dhaka	Dhaka
02	Banani Branch	Dhaka	Dhaka
03	Imamgonj Branch	Dhaka	Dhaka
04	Agrabad Branch	Chattogram	Chattogram
05	Khulna Branch	Khulna	Khulna
06	Katakhali Branch	Bagerhat	Khulna
07	Bhomra Branch	Satkhira	Khulna
08	Barishal Branch	Barishal	Barishal
09	Islampur Branch	Sylhet	Sylhet
10	Rajshahi Branch	Rajshahi	Rajshahi

- 1) Conventional Banking Products & Services;
- 2) Islamic Banking Products & Services;
- 3) Distribution Network.



Distribution Network

Branch & Sub-Branch Network

01. Principal Branch Zaman Chamber, 47 Dilkusha C/A, Dhaka. Phone : (02)-223357376, (02)-223357347, (02)-223357348 Routing : 270275357	02. Hemayetpur Branch Ashraf Shopping Complex, Jadurchar, Hemayetpur Bazar, Savar, Dhaka. Phone : (02) 7724939 Routing : 270262052	03. Agrabad Branch 96, Agrabad Ba/A, Agrabad, Chattogram. Phone : (031) 2516183-85 Routing : 270150135
04. Bhatiary Branch Sahab Mia Tower, (Ground Floor), Bhatiary, Sitakund, Chattogram. Phone : (037) 2781271 Routing : 270151213	05. Khulna Branch Chamber Building Complex, 05, KDA Avenue Khan a Sobur Road, Khulna. Phone : (041)-733464, 733426 Routing : 270471548	06. Katakali Branch Katakali More, Khulna Mongla Road, Fakirhat, Bagerhat. Phone : (046) 6356117 Routing : 270010059
07. Keranigonj Branch Aktar Tower, Bridge Road, South Kadamtoli Aganagar, South Keranigonj, Dhaka. Phone : (02) 7764456-57 Routing : 270273641	08. Uttara Branch Plot-71, Sector-07, Cosmo Shopping Centre, Azampur, Uttara, Dhaka. Phone : (02) 7911951, 7911863, 7911471 Routing : 270264634	09. Gulshan Branch Casablanca 114, Gulshan Avenue, Dhaka-1212. Phone : (02) 9853091 Routing : 270261729
10. Velanagar Branch Mahbub Molla Concord Tower, Jailkhana More, DC Road, Narshingdi Sadar, Narshingdi. Phone : (02) 9452487-88 Routing : 270681396	11. Imamgonj Branch Crown Bhaban 59, Midford Road, Imamgonj, Dhaka. Phone : (02) 7342223 Routing : 270272800	12. Ashulia Branch Raj Residency Tower, Bogabari Bazar Bus Stand, Bogabari, Ashulia, Savar, Dhaka. Phone : (02) 7789414-15 Routing : 270260225
13. Dhanmondi Branch House Number: 55/A, Road Number: 4/A, (1st Floor), Dhanmondi, Dhaka-1209. Phone : (02) 9665267 & 9665264 Routing : 270261187	14. Sylhet Branch 11, Naya Shorok, Sylmart Complex, East Zinda Bazar, Sylhet. Phone : (0821)-726297-98 Routing : 270913556	15. Jubilee Road Branch Ali Building (2nd Floor), 837, Jubilee Road, Chattogram. Phone : (031) 2856695-96 Routing : 270153640
16. Bogura Branch Talukdar Ratul Plaza, (2nd and 3rd Floor), 398, Rangpur Road, Borogola, Ward: 5, Bogra Sadar, Bogra. Phone : (051) 69727, 62412, 62108 Routing : 270100372	17. Mawna Branch Hazi Abdul Khaleque Master Super Market, Mulaid, Telihati, Sreepur, Gazipur. Phone : (0447) 8984788 Routing : 270331004	18. Islampur Branch Siddiquey Mansion, 1st Floor, Majortila, Islampur Bazar, Islampur, Sylhet. Phone : (0821)-762168 Routing : 270911787
19. Modunaghat Branch South Madarsha, Rashid Bari, Hathazari, Chattogram. Phone : (031) 671552, 671542 Routing : 270154757	20. Shyamnagar Branch 469, Moti Morol Super Market Badghata, Shyamnagar, Satkhira. Phone : (04726)-44182, 44063 Routing : 270871214	21. Gazipur Branch Tajpur Tower (2nd Floor), Bhaoal College Road, Chandon Chowrasta, Gazipur. Phone : (02) 9294506-07 Routing : 270330526
22. Moynamoti Branch Mostafa Palace and Hazi Faruk Plaza, Nischintapur, Moynamoti Cantonment, Cumilla. Phone : (081) 73740 Routing : 270192827	23. Bangla Bazar Branch Patowari Plaza (1st Floor), Nadna, Bangla Bazar, Sonaimuri, akhali. Phone : 01787-693618 Routing : 270750193	24. Banani Branch Suvastu Suraiya Trade Center, (1st & 2nd Floor), 57 Kemal Ataturk Avenue, Block: B, Banani, Dhaka. Phone : (02) 9822365-68 Routing : 270260438

25. Chuknagar Branch Holding # 240 (1st Floor), Chuknagar, Dumuria, Khulna. Phone : 01787-693625 Routing : 270470552	26. Satkhira Branch Holding # 44/46 (Gr. Floor), Sultanpur, Satkhira Sadar, Satkhira. Phone : (0471)-63806, 63804, 63810 Routing : 270871098	27. Barishal Branch BS Tower (1st Floor), 461 Bir Shreshtha Captain Mohiuddin Jahangir Sarak, Barishal-8200. Phone : (0431)2177718, 2177714 Routing : 270060283
28. Sarbolokkhona Branch Holding #26 (1st Floor), Bagher Bitu Bazar, Sarbolokkhona, Manohardi, Narsingdi. Phone : 01787-693621 Routing : 270680155	29. Rajshahi Branch ARC Bijoy Tower, 30 (New), Rani Bazar, Boalia, Rajshahi. Phone : (0721)-773375, 7 73653, 773395, 773693 Routing : 270811937	30. Nababpur Branch Holding:219/220 (Old), 42 (New), Nababpur Road, Sutrapur, Dhaka. Phone : (02) 9512007, 9512016, 9512047, 9512059 Routing : 270274729
31. Mirpur Branch Galaxy Hospital Bhaban, Holding:29 & 30, Section:6, Main Road:1, Mirpur, Dhaka. Phone : (02) 48040408-10 Routing : 270262986	32. Shibu Market Branch Kutub Ail, Khijirpur, Fatullah, Narayanganj. Phone : 7635122, 7635123 Routing : 270671551	33. Ghonapara Branch Ghonapara, Vate Dour, Gopalgonj. Phone : 01714-747065 Routing : 270350098
34. Digraj Branch Shaheen Market, Digraj, Biddar Baon, 2 Burir Danga Union, Mongla, Bagerhat. Phone : (0466) 275208, 275209 Routing : 270010404	35. Baburhat Branch 1st Lane, Manchester City(1st Floor), Shakerchar, Baburhat, Narsingdi. Phone : 02-9446060 Routing : 270680100	36. Narayanganj Branch Building:71, 99 Bangabandu Road, Ukil Para, Narayanganj. Phone : 02-7647593 Routing : 270671180
37. Bijoy Nagar Branch (Previously known as Motijheel Branch), Sky Lark Point (1st Floor), 24/A. Shaheed Nazrul Islam Sarani Dhaka-1000, Bangladesh. Phone : 02-8392638-39, 01787693620, 01787693862 Routing : 270274240	38. Rangpur Branch Paper Palace Tower(1st Floor), Paira Chattar, Rangpur. Phone : (0521) 56481-3 Routing : 270851450	39. Jashore Branch 36 (Old), 84 (New) Rabindranath Road (1st Floor), Jashore. Phone : 042172124 Routing : 270410941
40. Takerhat Branch Takerhat Mor, Takerhat, Madaripur. Phone : (066)-23563991 Routing : 270540761	41. Fatikchhari Branch S A Centre (1st Floor), College Road, Bibirhat, Fatikchhari, Chattogram. Phone : (030) 2256345 Routing : 270152746	42. Nasirabad Branch Yakub Trade Centre, 89/304 East Nasirabad, Chattogram. Phone : (031) 2550321 Routing : 270155530
43. Bhomra Branch C&F Association Bhaban (1st Floor), Bhomra, Satkhira. Phone : 047181133-35 Routing : 270871364	44. Morrelganj Branch Morrelganj Bazar Main Road, Morrelganj Bagerhat. Phone : 0465-656418 Routing : 270011032	45. Hasnabad Branch Shamsu Rani Vila, Hasnabad, Ekuria, South Keranigonj, Dhaka. Phone : 01787 693 620 Routing : 270272563
46. Kharabad Baintola Branch Kharabad Baintola, Amirpur, Botiaghata, Khulna. Phone : 01711 398 751 Routing : 270470060	47. Chalakchor Branch Chalakchor Bazar, Near Chalakchor Bus Stand, Monohordi, Narshingdi. Phone : 01787693787 Routing : 270680313	48. Panthapath Branch Selim Center, 19/2 West Panthapath, Dhaka. Phone : 01787693600 Routing : 270263619
49. Mouchak Branch Mouchak, Kaliakair, Gazipur Phone : 01787 693 645 Routing : 270330126	50. Maligram Branch Maligram Bazar, Vanga, Faridpur. Phone : 01714 084 822 Routing : 270291128	51. Chattogram EPZ Branch Amin Tower, Bondortila, EPZ, Chattogram. Phone : 01787 693 604 Routing : 270156797
52. Dinajpur Branch Moniza Khatun Complex Buti Babur More, South Munchipara, Dinajpur Phone : 01787 693 643 Routing : 270280676	53. KDA C/A Branch A 51, Mojid Avenue, Shib Bari, Khulna. Phone : 0412830918 & 0412830917 Routing : 270470086	54. Natore Branch House: 555 (1st floor) Nahar Market, Kanaikhali, Natore. Phone : 0771-67010 Routing : 270691094

- 1) Conventional Banking Products & Services;
- 2) Islamic Banking Products & Services;
- 3) Distribution Network.



55. Feni Branch House:371(1st floor), Opposite to Feni Tower, SSK Road,Feni. Phone : 0331-73144 Routing : 270300527	56. Kushtia Branch Nurul Islam Tower, 262/2 (1st floor), NS Road, Kushtia. Phone : 071-71920 Routing : 270500943	57. Labonchora Branch Madina Tower, Banda Bazar, Labonchora, Main Road, Khulna. Phone : 01673-825757 Routing : 270471814
58. Pragati Sarani Branch G-99/3/A&B, Manama M.S.Toren, Pragati Sarani, Middle Badda,Dhaka. Phone : 02-222298248 Routing : 270263701	59. Khatungonj Branch Achiya Manson, 282 Khatungonj, Kotowali, Chattogram. Phone : 01787693608 Routing : 270154278	60. Amin Bazar Branch Haji Shafiullah Community Center, 2nd Floor, Amin Bazar, Savar, Dhaka. Phone : 01787693713 Routing : 270260133
61. Banari Para Branch 261, Shanto Shisto Complex, Banari Para, Barishal. Phone : 01730704645 Routing : 270060254	62. Faltita Branch Battola Bazar, Faltita, Fakirhat, Bagerhat. Phone : 01711507244 Routing : 270010091	63. Addabazar Branch Adda bazar, union: Adda, Barura, Comilla. Phone : 01787693714, 01787693715 Routing : 270190074
64. Jibonnagar Branch Torofder new market, Jibannagar Bazar, Chuadanga. Phone : 01787693716 Routing : 270180589	65. SBAC Corporate Branch BSC Tower, (2nd - 3rd Floor) 2-3 Rajuk Avenue, Motijheel, Dhaka-1000 Phone : 01787693652 Routing : 270270628	66. Abdullahpur Branch Anwar Hossain Plaza (Ground floor), Abdullahpur Bus Stand, South Keraniganj, Dhaka. Phone : 01787693793 Routing : 270270123
67. Bhulta Branch Rabet Al Hasan Shopping Center (2nd floor), Bhulta Bus Stand, Bhulta. Phone : 01755619943 Routing : 270670228	68. Nazipur Branch Dhamurhat Road, Potnitola, Naogaon. Phone : 01712436955 Routing : 270641244	69. Birganj Branch Datta Plaza, Sujalpur, Birganj,Dinajpur. Phone : 01787693674 Routing : 270280371
70. Mehendigonj Branch Amin Bhabhan (1st Floor), Uttar Bazar Sarnakar Potti,Patarhat Bandar, Mehendigonj, Barishal. Phone : 01711993144 Routing : 270061361	71. Mymensingh Branch Akil & Brothers, 19, Borobazar, Mymensingh. Phone : 01717463869 Routing : 270611753	72. Cumilla Branch Ever Green, Khadi Museum (1st floor), Manoharpur, Cumilla. Phone : 01787693679 Routing : 270191152
73. Bhola Branch Bangla School Moor, (Opposite of Brac Bank), Sadar Road, Bhola. Phone : 01770526555 Routing : 270090103	74. Bashundhara Mohila Branch Badar Heights (2nd Floor), Plot # 262 & 263,Block # B, Road # 1, Sobhan Sarak,Bashundhara R/A, Dhaka. Phone : 02-8415451-52 Routing : 270261132	75. Babubazar Branch A.K. Adil Femus Tower, 2,2/A, KP Gosh Street, Armanitola, Dhaka. Phone : 01787693998 Routing : 270270552
76. Ramganj Branch Anowar Khan Tower (1st & 2nd Floor), Holding: 283, Hajigonj-Ramgonj Road Ramgonj Municipality,Lakshmipur. Phone : 01711116916 Routing : 270511037	77. Kaliganj Branch Rahmania Supar Market, Kaliganj Municipality, Kaliganj Upazila, Jhenaidah. Phone : 01787693614 Routing : 270440795	78. Palashbari Branch Zannat Lodge, Kalibari Bazar Road Palashbari, Gaibandha. Phone : 01737273633 Routing : 270321098
79. Mohakhali Branch 4 Bir Uttam AK Khondokar Road, (Ground Floor) Mohakhali C/A , Amtoli (Beside Pubali Bank Mohakhali Br), Dhaka-1212. Phone : 02-48811526 Routing : 270263198	80. Bhandaria Branch N Haque and Sons Market, Shahid Minar Road, (Reserve Pukur Par), Bhandaria, Pirojpur. Phone : 01712739996 Routing : 270790137	81. Lohagara Branch Ice Park (1st Floor), Lohagara, Chattogram. Phone : 01816554957 Routing : 270150685
82. Benapole Branch Rahman Chember, Jessore Benapole highway Road, Word. 7, Sharsha, Jessore. Phone : 01912634814 Routing : 270410288	83. Khan Jahan Ali Mazar Branch 1st Floor, Khan Jahan Ali Mazar Mor, Village: Ron-Bijoypur, Union: Shaat Gambuj, Bagerhat. Phone : 01787693661 Routing : 270010141	84. Gopalganj Sub Branch (Sub Branch: 1) Munchi Super Market, Jutta Potti Road, Word 4, Gopalganj Sadar,Gopalganj. Phone : 01714747065 Routing : 270350098

85. Jatrabari Sub Branch (Sub Branch: 2) 99, Shahid Faruk Road, Jatrabari, Dhaka. Phone : 02-7543452,02-7543457 Routing : 270274729	86. Rayenda Bazar Sub Branch (Sub Branch: 3) Kapuri Garments Potti, Rayenda Bazar, Sarankhola, Bagerhat. Phone : 0465-656418 Routing : 270011032	87. Rupatoli Sub Branch (Sub Branch: 4) Sikdar Tower, Rupatoli Sarak, Barisal City Corporation, Barishal. Phone : (0431)2177718, 2177714 Routing : 270060283
88. Panchar Sub Branch (Sub Branch: 5) Babor Ali Sarker Building, Panchar Girls High School Road, Panchar Bazar, Madbererchar, Shibchar, Madaripur. Phone : 01717428436 Routing : 270291128	89. Muladi Sub Branch (Sub Branch: 6) Al Amin Tower, Holding: 2391, Sadar Road, Muladi Pourashava, Muladi, Barishal. Phone : 01735954471 Routing : 270060283	90. Hatirpul Sub Branch (Sub Branch: 7) Taher Plaza (1st Floor), 158, C- R Dutta Road, Dhaka. Phone : 01763200100 Routing : 270263619
9. Yusuf Market Sub Branch (Sub Branch: 8) Sarker Shopping Complex, Yusuf Ali Market (1st Floor), Dhanik, Ashulia, Dhaka. Phone : 01722801705 Routing : 270260225	92. Laxmipur Sub Branch (Sub Branch: 9) Holding #188; Word # 06; Grater Road; Laxmipur; Rajpara, Rajshahi. Phone : 01741778042 Routing : 270811937	93. Dhupchanchia Sub Branch (Sub Branch: 10) Dhupchanchia CO Office Road, Walton Plaza (1st Floor), Dhupchanchia, Bogura. Phone : 01711344240 Routing : 270100372
94. Gopalpur Sub Branch (Sub Branch: 11) Niketon (Ground Floor), Holding: 145, Gopalpur Bazar Road, (Beside Railway Station), Gopalpur, Lalpur, Natore. Phone : 01717854356 Routing : 270691094	95. Thermax Shilpo Sub Branch (Sub Branch: 12) Thermax Yarn Dyed Fabrics Ltd. Compound, Karardi, Putia, Shibpur, Narsingdi. Phone : 01913335253 Routing : 270681396	96. Pirganj Sub Branch (Sub Branch: 13) Hazi Tower (1st Floor), Holding: 912-16, Shahid Ziaur Rahman Sarak, Word: 7, Pirganj Pourasova, Pirganj, Thakurgaon. Phone : 01554528036 Routing : 270280371
97. Trunk Road Sub Branch (Sub Branch: 14) Shiraji Bhaban Holding: 356, Trunk Road, Word: 10, Feni Pourasova, Feni. Phone : 01814814076 Routing : 270300527	98. Trunk Road (Sub Branch: 15) Kazi Tower, 502 Borura Uttar Bazar, Barura, Cumilla. Phone : 01715040018 Routing : 270190074	

ATM BOOTH NETWORK OF THE BANK

1. Principal ATM Zaman chamber, 47, Dilkusha C/A. Dhaka-1000 City: Dhaka	2. Velanagor ATM Thermex Factory Complex, Karardi, Shibpur, Narshingdi Sadar. City: Narshadi	3. Katakhal ATM Katakhal More, Khulna Mongla Road, Fakirhat, Bagerhat City: Khulna
4. Gazipur ATM Ground Floor, Tajpur Tower, Tangail Road, Gazipur City Corporation. City: Gazipur	5. Mirpur ATM Galaxy Hospital Pvt. Ltd. (1st floor), Plot # 29-30; Block # KHA; Section # 06, Mirpur10. City: Dhaka	6. Rajshahi ATM ARC Bijoy Tower, Holding: 3415 (Old), 30 (New), Rani Bazar, Boalia. City: Rajshahi
7. Khulna ATM Chamber Building Complex, 05, KDA Avenue, Khan a Sobur Road. City: Khulna	8. Moynamoti ATM Mostafa Palace and Hazi Faruk Plaza, Nischintopur, Moynamoti Cantonment. City: Cumilla	9. Gulshan ATM Casablanca, 114, Gulshan Avenue, Dhaka-1212 City: Dhaka
10. Islampur ATM Siddik Mansion, Islampur Bazar, Thana - Shahporan. City: Sylhet	11. Sarbolokkhona ATM Holding # 26 (1st Floor), Bagher Biti Bazar, Sarbolokkhona, Manohardi. City: Narsingdi	12. Bhomra ATM C&F Association Bhaban (1st Floor), Bhomra. City: Satkhira
13. Satkhira ATM Holding # 44/46 (Gr. Floor), Sultanpur, Satkhira Sadar. City: Satkhira	14. Dinajpur ATM Monija Khatun Complex (Gr. Floor), North Munshi Para, Buti Babur Moor City: Dinajpur	15. KDA ATM Holding # A/51, Ward # 17, Sonadanga Thana, Shib Bari More (in front of Hotel city-inn). City: Khulna

- 1) Conventional Banking Products & Services;
- 2) Islamic Banking Products & Services;
- 3) Distribution Network.



16. Uttara ATM Plot-71, Sector-07, Cosmo Shopping Centre, Azampur, Uttara City: Dhaka	17. Lobonchora ATM Modina Tower, Lobonchora bandh bazaar Main Road, Lobonchora, Khulna City Corporation. City: Khulna	18. Feni ATM House: 371 (1st floor), Opposite to Feni Tower, SSK Road, City: Feni
19. Khatungonj ATM Achiya Manson, 282 Khatungonj, Kotowali. City: Chattogram	20. Pragati Sarani ATM G-99/3/A&B, Manama M.S.Toren, Pragati Sarani, Middle Badda. City: Dhaka	21. Mymensingh ATM Akil & Brothers, 19, Borobazar. City: Mymensingh
22. Mahendiganj ATM Amin Bhabhan (1st Floor), Nearest North Bazar Mosque, Sornokar Porti, Patarhat Bandar, Mahendiganj. City: Barishal	23. Hasnabad ATM Shamsu Rani Vila, Hasnabad, Ekuria, South Keraniganj. City: Dhaka.	24. Abdullahpur ATM Anwar Hossain Plaza (Ground floor), Abdullahpur Bus Stand, South Keraniganj. City: Dhaka
25. Maligram ATM Maligram Bazar, Bhanga. City: Faridpur	26. Ramgonj ATM Anowar Khan Tower (1st & 2nd Floor), Holding No: 283, Hajigonj-Ramgonj Road, Ramgonj Municipality. City: Lakshmipur	27. Rupatoli ATM Sikdar Tower, Rupatoli Sarak, Barisal City Corporation. City: Barishal
28. Bhandaria ATM N Haque and Sons arket, Shahid Minar Road, (Reserve Pukur Par), Bhandaria. City: Pirojpur	29. Masihata ATM Masihata Sweaters Ltd, Masihata Group, South Panishail, Kashimpur, Gazipur. City: Gazipur	30. Panchar ATM (Sub Branch) Address: Babor Ali Sarker Building, Panchar Girls High School Road, Panchar Bazar, Madbererchar, Shibchar, Madaripur. City: Madaripur
31. Laxmipur Sub Branch ATM Holding # 188; Word # 06; Grater Road; Laxmipur; Rajpara, Rajshahi. City: Rajshahi	32. Yusuf Market Sub Branch ATM Sarker Shoopng Complex, Yusuf Market (1st Floor), Dhanik, Ashulia, Dhaka. City: Savar	33. Bhatary Branch ATM Address: Sahab Mia Tower, Bhatary, Sitakund, Chattogram. City: Sitakund
34. Khan Jahan Ali Mazar ATM 1st Floor, Khan Jahan Ali Mazar Mor, Village: Ron-Bijoypur, Union: Shaat Gambuj, Bagerhat. City: Bagrehat	35. Gopalpur ATM (Sub Branch) Niketon (Ground Floor), Holding: 145, Gopalpur Bazar Road, (Beside Railway Station), Gopalpur, Lalpur, Natore. City: Natore	36. Corporate ATM BSC Tower, (2nd - 3rd Floor), 2-3 Rajuk Avenue, Motijheel, Dhaka-1000. City: Dhaka
37. Nazipur Branch ATM Dhamurhat Road, Potnitola, Naogaon. City: Naogaon	37. Barisal Branch ATM BS Tower (1st Floor), 461 Bir Shreshtha Captain Mohiuddin Jahangir Sarak, Barishal. City: Barishal	39. Thermax Shilpa ATM Thermax Yarn Dyed Fabrics Ltd. Compound, Karardi, Putia, Shibpur, Narsingdi. City: Narsingdi.
40. Barura ATM (Sub Branch) Kazi Tower, Barura Uttar Bazar, Barura, Cumilla. City: Cumilla		



**SBAC
Cards**



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✓ Accept **44** Million of Shops &
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- 1) Glimpses of our major events;
- 2) Glimpses of our Financing Activities;
- 3) Proxy Form & Attendance Slip.



MISCELLANEOUS



Glimpses of Our Major Events



Ceremony of Pro-rata Allotment of the Shares of SBAC Bank Ltd.



The signing of the tripartite agreement with DSE & CSE on sharing uniform and integrated electronic subscription system for IPO management in capital market



The inauguration ceremony of SBAC Bank Islamic Banking windows



1st Meeting of the Shariah Supervisory Committee of SBAC Bank



A Moment of SBAC Bank Business Meeting with Leaders



Blanket Donation to the Prime Minister's Relief Fund by SBAC Bank to save the severely cold-affected people



SBAC Bank Donated to 'MehmanKhana' under corporate social responsibility (CSR) program to provide foods to hungry people



SBAC Bank rendered financial assistance under the CSR programme- to the family of truck driver died by an accident

- 1) Glimpses of our major events;
- 2) Glimpses of our Financing Activities;
- 3) Proxy Form & Attendance Slip.



An agreement signing between SBAC Bank Ltd. and Momo Inn Hotel & Resort, Bogura, under which SBAC Bank's Debit-Credit Cardholders & Employees will get a lucrative discount of different services.



SBAC Bank celebrates its stepping into 9th Year



The Opening of Khanjahan Ali Mazar Branch



SBAC Bank Yusuf Market Sub-Branch Opening ceremony



Inauguration of the Thermex Shilpa Sub-Branch of the bank



The Opening Ceremony of Laxmipur Sub-Branch in Rajshahi



SBAC Bank Dupchachia Sub Branch Opens in Bogra



The Opening Ceremony of Hatirpool Sub-Branch of SBAC Bank



The Shifting of Bhatiyari Branch of SBAC Bank



The Shifting of Ashulia Branch of the SBAC Bank



SBAC Bank Celebrated Women's Day 2021



Birganj Branch of the Bank handed over a cheque to the nominee of a deceased account holder, as insurance claim settlement under SBAC Bank Surokha Millionaire Scheme



*SBAC Bank Celebrated the 101st birthday of Father of the Nation
Bangabandhu Sheikh Mujibur Rahman*



Inauguration of the Mujib Corner at Katakhal Branch of the Bank

- 1) Glimpses of our major events;
- 2) Glimpses of our Financing Activities;
- 3) Proxy Form & Attendance Slip.



Glimpses of Our Financing Activities



An Agro based business financed by the Bank



An Agro Project Financed by the Bank



SBAC Bank Financed Garments Factory



A Business Project Financed by SBAC Bank



A Spining Mill Financed by the Bank



A rice mill financed by SBAC Bank



A renowned drinking water bottling factory financed by the bank.



A Luxurious Launch Financed by SBAC Bank



ভবিষ্যৎ
জীবনের
সুরক্ষায়
এসবিএসি ব্যাংক
আপনার
পাশে সবসময়

নির্ধারিত মেয়াদ
শেষে
১০
লাখ
টাকার মালিক

সুরক্ষা মিলিওনিয়ার স্বীকৃতি

৩ বছর মেয়াদি

মাসিক জমার পরিমাণ
২৪,৬৯৫/-

৫ বছর মেয়াদি

মাসিক জমার পরিমাণ
১৩,৬৩৮/-

৭ বছর মেয়াদি

মাসিক জমার পরিমাণ
৮,৯৮৫/-

১০ বছর মেয়াদি

মাসিক জমার পরিমাণ
৫,৫৫৮/-

বিশেষ বৈশিষ্ট্য

- নতুন হিসাবধারীর জন্য কমপ্লিমেন্টারি ডেবিট কার্ড।
- দুর্ঘটনাজনিত মৃত্যুতে ৫ লাখ টাকা এবং স্বাভাবিক মৃত্যুতে ৫০ হাজার টাকার ইনস্যুরেন্স কভারেজ।
- ব্যাংকই পরিশোধ করবে আপনার ইনস্যুরেন্স এর প্রিমিয়াম।



88-02-9577207-11



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সাউথ বাংলা এগ্রিকালচার এন্ড কমার্স ব্যাংক লিঃ

Proxy Form & Attendance Slip

South Bangla Agriculture & Commerce Bank Limited

Head Office:
BSC Tower, 05th-16th Floor
2-3 Rajuk Avenue Motijheel C/A, Dhaka-1000, Bangladesh.

PROXY FORM

I/We

Of (Address)

being a Member(s) of South Bangla Agriculture & Commerce Bank Limited and entitled to vote, hereby appoint
Mr./Mrs./Ms/Miss

..... Of
(Address) as my/our Proxy

to attend and vote on my/our behalf at the 8th AGM of the Company to be held online (virtual platform) at 3:30
PM on Thursday, October 21, 2021 or at any adjournment thereof.

Signed this day of, 2021.

Signature of Proxy

Signature of Member

Folio No. / BO No.

No. of Shares held on Record date

Revenue
Stamp

Tk. 20/-

N.B: This Proxy Form, duly completed (as recorded with the Bank) and signed (in accordance with the specimen signature recorded with Bank), must be sent through email at cs@sbacbank.com / deposited at the Registered Office of the Company no later than 72 (seventy two) hours before commencement of the AGM. Proxy is invalid if not signed and stamped as explained above.

ATTENDANCE SLIP

I hereby record my attendance at the 8th AGM of the Company being held on Thursday, 21st October, 2021, at 3:30 PM, online (virtual platform), organised from Head office, South Bangla Agriculture and Commerce Bank Limited, BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000.

Name of Member/Proxy (In Block Letters).....

Folio No. / BO No.

No. of Shares held on Record date

Signature of the Member/Proxy

Date



South Bangla Agriculture & Commerce Bank Limited

Head office

BSC Tower, 05th-16th Floor, 2-3 Rajuk Avenue, Motijheel C/A, Dhaka 1000, Bangladesh.

Tel: +8802 223357207-11, Web: sbacbank.com SWIFT: SBACBDDH