

**SOUTH BANGLA AGRICULTURE AND
COMMERCE BANK LIMITED**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Hoda Vasi Chowdhury & Co

Chartered Accountants

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	
The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.	We tested the design and operating effectiveness of key controls focusing on the following:
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	<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>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 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.</p> <p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>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 accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. • Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained. <p>Considering 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.</p>
<p>See note no 8 and 13 to the financial statements</p>	

Risk	Our response to the risk
Interest income recognition	
Considering the adverse impact on economy form	Interest has been accrued in full on all

<p>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>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>
<p>See note # 21&13 to the financial statements</p>	

<p>Valuation of treasury bill and treasury bond</p>	
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>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</p>

	market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
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</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>

transitional impact and specific assumptions applied to determine the discount rates for lease are inappropriate.	Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.
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:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vii) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets as per DBI letter no. DBI-1/132/2021-1002 dated 05/04/2021 which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;

- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 4,480 person hours; and
- (xi) 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

Hoda Vasi

Shaikh Hasibur Rahman FCA
Enrolment number : 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

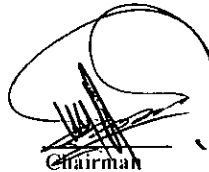
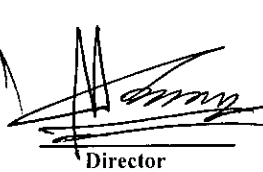

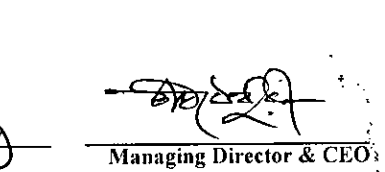


South Bangla Agriculture and Commerce Bank Limited
Balance Sheet
As at 31 December 2020

	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			
In Bangladesh	5	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:			
Government	7	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		1,152,526,195	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			
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	5,253,884,414	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


	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
 Md Nawaz 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
		2,109,603,235	2,083,542,462
Total operating expenses		1,457,666,087	2,269,175,206
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		-	-
		89,881,569	504,825,123
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.


Shaikh Hasibur Rahman, FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 26 April 2021
DVC: 2104261512AS678768



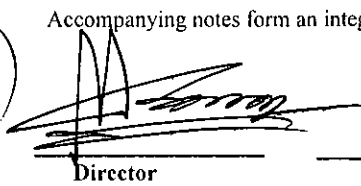
South Bangla Agriculture and Commerce Bank Limited
Cash Flow Statement
For the year ended 31 December 2020

	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)	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

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director Md Nawaz



Managing Director & CEO

South Bangla Agriculture and Commerce Bank Limited
Liquidity Statement (asset and liabilities maturity analysis)
As at 31 December 2020

Particulars	Within one month Taka	Within one to three months Taka	Within three to twelve months Taka	Within one to five years Taka	More than five years Taka	Total 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	


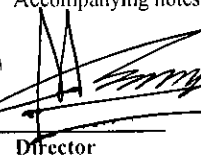
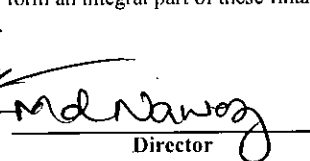
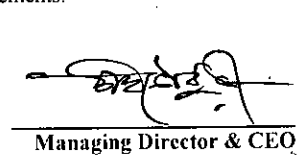
Hoda Vasi Chowdhury & Co

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			
	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		1,084,795,421	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			
	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	5,253,207,106	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

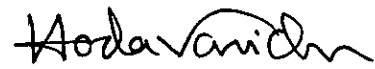
	Notes	2020 Taka	2019 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
	18		
Acceptance and endorsements		1,586,301,381	2,861,743,344
Letters of guarantee		6,887,896,263	6,583,292,050
Irrevocable letters of credit		4,095,725,239	3,920,543,820
Bills for collection		1,590,161,406	1,969,822,283
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		-	-
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.

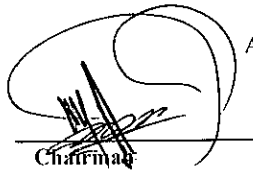
Dhaka, 26 April 2021
DVC: 2104261512AS678768


 Shaikh Hasibur Rahman, FCA
 Enrolment no 1512
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

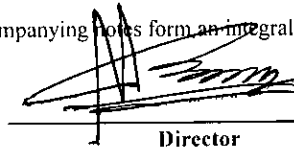


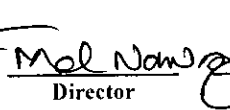
**South Bangla Agriculture and Commerce Bank Limited
Profit and Loss Account (Main Operation)
For the year ended 31 December 2020**

	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		-	-
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


Chairman

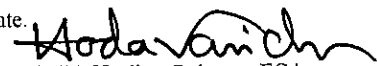
Accompanying notes form an integral part of these financial statements.


Director


Director


Managing Director & CEO

Signed in terms of our report of even date.


Shaikh Hasibur Rahman, FCA
Enrolment no 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 26 April 2021
DVC: 2104261512AS678768

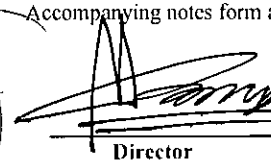


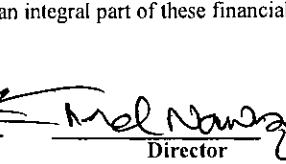
South Bangla Agriculture and Commerce Bank Limited
Cash Flow Statement (Main Operation)
For the year ended 31 December 2020

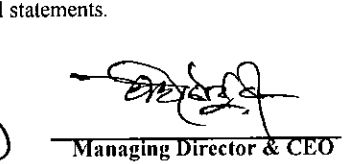
	Notes	2020 Taka	2019 Taka
A) Cash flows from operating activities			
Interest receipts in cash		5,364,431,218	7,352,758,682
Interest payments		(5,111,051,447)	(4,707,625,244)
Dividend receipts		-	-
Income from investments		1,170,366,917	703,934,378
Recoveries on loans and advances previously written-off		-	-
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
		181,029,297	6,628,218,151
Net cash from operating activities		(222,764,043)	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)		2,278,081,523	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	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

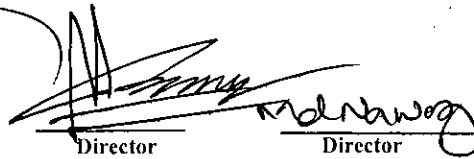
**South Bangla Agriculture and Commerce Bank Limited
Statement of Changes in Equity (Main Operation)
For the year ended 31 December 2020**

Particulars	Paid Up Capital	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	-	-	-	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

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Managing Director & CEO

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 Taka	Within one to three months Taka	Within three to twelve months Taka	Within one to five years Taka	More than five years Taka	Total 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

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	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

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.

a) All fixed assets are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.

b) Depreciation is charged for the period at the following rates using straight-line method on all fixed assets:

Category of fixed assets	Rate
Motor vehicles	20%
Machinery & equipments	20%
Furniture & Fixture	10%
Interior Decoration	10%
Computer & Accessories	20%
Software	20% or remaining usable periods
Other tools	20%
Right of use assets	Remaining lease periods

c) For additions during the period, depreciation is charged from the month those have been booked and for disposal depreciation is charged up to the previous month of disposal.

d) On disposal of fixed assets, the book value of the assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the book value of the asset and net sale proceeds.

e) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalized as part of the cost of the asset as per IAS 23.

2.14 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 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

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

	2020 Taka	2019 Taka
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)	-
	<u>9,153,677,208</u>	<u>6,414,432,491</u>
Outside Bangladesh		
Main Operation (note 5.3)	476,477,877	602,464,661
	<u>9,630,155,085</u>	<u>7,016,897,152</u>
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
	<u>9,697,885,859</u>	<u>7,016,897,152</u>
5.2 In Bangladesh		
Balance with other banks :		
In current deposit accounts with		
Sonal 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
	<u>42,174,526</u>	<u>70,431,050</u>
In special notice deposit accounts with		
Janata Bank Limited	328,536,640	130,183,167
Eastern Bank Limited	81,173,354	173,353
Sonal 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
	<u>668,416,902</u>	<u>170,001,441</u>
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	-
Sonal Bank Limited	2,300,000,000	-
	<u>5,100,000,000</u>	<u>2,500,000,000</u>
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
Haji Finance Company Limited	80,000,000	90,000,000
National Housing Finance and Investment Limited	-	300,000,000
IPDC Finance Limited	500,000,000	-
	<u>3,342,400,000</u>	<u>3,674,000,000</u>
Placement of fund with SBAC Bank Off-shore Banking Unit	68,416,554	-
	<u>9,221,407,982</u>	<u>6,414,432,491</u>

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)/748/2020-154] 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	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,	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	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	84.9000	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	-	-
	-	-

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	2020 Taka	2019 Taka
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

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	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

	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	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* Surplus / (deficit)				444,237,879	607,677,000

* 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

	2020 Taka	2019 Taka
(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	-	-
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

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	2020 Taka	2019 Taka
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	-
<p>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.</p>		
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
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

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	2020 Taka	2019 Taka
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 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	(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 encash)	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
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

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	2020 Taka	2019 Taka
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
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

	2020 Taka	2019 Taka
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
	<u>1,658,492</u>	<u>4,065,787</u>
In Short Notice Deposit Account		
Janata Bank Limited	<u>156,463</u>	<u>153,127</u>
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 Kalyan 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	-
	<u>5,578,086,633</u>	<u>5,291,698,500</u>
	<u>5,579,901,588</u>	<u>5,295,917,414</u>
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
	<u>71,451,461,330</u>	<u>71,540,162,788</u>
12.6 Unclaimed deposits for ten years and more held by the bank	<u>-</u>	<u>-</u>
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
	<u>8,152,477,139</u>	<u>8,310,830,631</u>
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
	<u>63,298,984,191</u>	<u>63,229,332,157</u>
	<u>71,451,461,330</u>	<u>71,540,162,788</u>
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
	<u>71,451,461,330</u>	<u>71,540,162,788</u>

	2020 Taka	2019 Taka
13. Other liabilities - Consolidated		
Main Operation (note 13.1)	5,253,207,106	3,543,841,415
Off-shore Banking Unit	677,308	-
	<u>5,253,884,414</u>	<u>3,543,841,415</u>
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 (note 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	-
	<u>5,253,207,106</u>	<u>3,543,841,415</u>
13.2 Provision for gratuity		
Opening balance	-	-
Add : Provision made for the period	29,000,000	18,000,000
	<u>29,000,000</u>	<u>18,000,000</u>
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
	<u>2,017,238,149</u>	<u>2,735,818,310</u>
Less : Adjustment during the year	-	1,116,038,643
Closing balance	<u>2,017,238,149</u>	<u>1,619,779,667</u>
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	638,453.00
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

	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	245,376,000	245,376,000
Stock dividend @ 0.15 against 1 existing share of Tk 10 each for the year 2016	650,246,400	650,246,400
Stock dividend @ 0.135 against 1 existing share of Tk 10 each for the year 2017	673,005,020	673,005,020
Stock dividend @ 0.10 against 1 existing share of Tk 10 each for the year 2018	565,822,740	565,822,740
Stock dividend @ 0.10 against 1 existing share of Tk 10 each for the year 2019	622,405,010	-
	<u>6,846,455,170</u>	<u>6,224,050,160</u>

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-Balancce 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
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

	2020 Taka	2019 Taka
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	-	-
	<u>14,160,084,289</u>	<u>15,335,401,497</u>
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
	<u>6,887,896,263</u>	<u>6,583,292,050</u>
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
	<u>4,095,725,239</u>	<u>3,920,543,820</u>
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
	<u>1,590,161,406</u>	<u>1,969,822,283</u>

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)			<u>125,699,229</u>	<u>-</u>

	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

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	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	-	-
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
	<u>173,589,435</u>	<u>349,335,499</u>
*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
	<u>2,394,922</u>	<u>2,029,791</u>
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
	<u>13,924,282</u>	<u>13,336,285</u>
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
	<u>37,200,922</u>	<u>42,505,550</u>
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
	<u>8,322,666</u>	<u>11,480,000</u>
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
	<u>787,750</u>	<u>442,750</u>
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
	<u>327,925,296</u>	<u>139,519,376</u>

	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/CMRRCD/2006-158/207/Admin/80) dated June 03, 2018 of Bangladesh Securities and Exchange Commission (BSEC). The members of the Audit Committee of the Board as on 31 December 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 :

- a) 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.
- b) The Committee reviewed the Management Letter / Report for the year 2019 submitted by the external auditors of the Bank.
- c) The Committee reviewed the Quarterly, Half-yearly and Annual Financial Statements of the Bank.
- d) 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.
- e) The Committee reviewed the introduction of modern, efficient Internal Control & Compliance system to mitigate the risks.
- f) The Committee reviewed the overall performance of Internal Control & Compliance Division.
- g) 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

- i) Figures appearing in these financial statements have been rounded off to the nearest Taka.
- ii) Figures of 2019 have been rearranged as per current year's presentation.

South Bangla Agriculture and Commerce Bank Limited

Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Related party information is given below:

i) Directors' interest in different entities:

SL No.	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) holding in the company	Remarks
1	Mr. S. M. Amzad Hossain	Chairman	22,000,000 & 3.21%	1. Lockpur Fish Processing Co. Ltd.	80.00%	
				2. Khulna Printing & Packaging Ltd.	20.00%	
				3. Bagerhat Seafood Ind. Ltd.	75.00%	
				4. Shampa Ice & Cold Storage Ltd.	90.00%	
				5. Western Inn International Ltd.	47.00%	
				6. Metro Bricks Ltd.	51.00%	
				7. Moon Star Jute Mills Ltd.	44.00%	
				8. Khulna Builders Ltd.	51.00%	
				9. Bangladesh Poly Printing Int'l Ltd.	50.00%	
				10. Rupsha Fish & Allied Industry Ltd.	45.00%	
				11. Ideal Polymer Export Ltd.	90.00%	
				12. Eastern Polymer Ltd.	50.00%	
				13. Moon Star Fish Ltd.	60.00%	
				14. Ocean Trade International	100.00%	
				15. Khulna Apparels Ltd.	50.00%	
				16. Women Wears Ltd.	50.00%	
				17. Moon Star Polymer Export Ltd.	99.95%	
2	Mr. Talukder Abdul Khaleque	Vice-Chairman (Independent Director)	0	1. M/S Nahar Trading	100.00%	
3	Mrs. Begum Sufia Amjad	Director	22,990,000 & 3.36%	1. Lockpur Fish Processing Co. Ltd.	20.00%	
				2. Khulna Printing & Packaging Ltd.	10.00%	
				3. Bagerhat Seafood Ind. Ltd.	25.00%	
				4. Shampa Ice & Cold Storage Ltd.	10.00%	
				5. Western Inn International Ltd.	33.00%	
				6. Metro Bricks Ltd.	49.00%	
				7. Moon Star Jute Mills Ltd.	7.41%	
				8. Khulna Builders Ltd.	49.00%	
				9. Rupsha Fish & Allied Industry Ltd.	23.00%	
				10. Moon Star Fish Ltd.	40.00%	
				11. Moonstar Polymer Ltd.	0.05%	
				12. Eastern Polymer Ltd.	50.00%	
				13. Woment Wears Ltd.	50.00%	
				14. Khulna Appareld Ltd.	50.00%	
4	Mr. Abu Zafar Mohammad Shofiuddin	Director	33,482,273 & 4.89%	1. SQ Wire & Cable Co. Ltd	32.24%	
				2. SQ Trading & Engineering	80.00%	
				3. SQ Light Ltd.	35.00%	
				4. SQ Wood Preservatives	80.00%	
				5. SQ Energy Ltd.	50.00%	
				6. SQ Power Solutions	70.00%	
				7. SQ Properties Ltd.	35.00%	
				8. SRN Power	40.00%	
				9. SQ Electricals Ltd.	70.00%	
				10. Power-Add	80.00%	
				11. Techno Electricals Ltd	16.89%	
				12. TSCO Power Ltd.	25.00%	
				13. TS Transformers Ltd	25.00%	
				14. Building Dreams Ltd.	10.00%	
				15. SQ Distribution Ltd.	60.00%	

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 & Hospital Ltd.	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 Internation	80.00%	

Hoda Vasi Chowdhury & Co

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
10	Mr. Anwar Hussain	Director	15,785,284 & 2.31%	1. SAFAH CNG Refuelling Station Ltd .	8.33%	
				3. HAR Industries Ltd.	30.00%	
				4. Abdul Gaffar & Co. (Pvt.) Ltd.	30.40%	
				5. Asuka CNG Filling Station Ltd.	25.00%	
				6. AGI Corporation	100.00%	
				7. AGI Flex Ltd.	50.00%	
				11	Capt. M. Moazzam Hossain	
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						
12	Mr. Sk. Shyed-uj-Jaman Nominated by Moonstar Ceramic Industries Ltd.	Director	2,746,700 & 0.40%	1. Mashiyat Fish Firm	100.00%	No. of shares of Moonstar Ceramic Industries Ltd. 34,231,585 & 4.99%
				2. South East Union Ceramic Industries Ltd.	5.00%	
				3. AB Siddique & Co.	100.00%	
13	Mr. Mohammad Nawaz	Director	20,495,351 & 2.99%	1. Famous Printing & Packaging Ltd.	29.15%	
				2. Famous Iberchem Flavours & Fragrances Ltd.	29.16%	
				3. Famous General Agencies Ltd.	29.05%	
				4. Matcon limited	28.96%	
				5. F.S. Printing & Packaging Ltd.	29.11%	
				6. Green Soap & Chemical Co. Ltd.	29.07%	
				7. Famous Flavours & Fragrances Ltd.	40.00%	
				8. Eden Multicare Hospital	2.50%	
14	Mr. Mohammed Ayub	Director	27,988,873 & 4.09%	1. Ayub & Co. Ltd.	80.00%	
				2. Pioneer Enterprise	100.00%	
				3. United Enterprise	100.00%	
				4. Pacific Enterprise	70.00%	
15	Ms. Mst. Nasima Begum, Nominated by Thermax Textile Mills Ltd.	Director	0	1. Thermax Textile Mills Ltd.	25.00%	No. of shares of Thermax Textile Mills Ltd. 33,482,273 & 4.89%
				2. Thermax Knit Yarn Ltd.	30.00%	
				3. Thermax Spinning Ltd.	40.00%	
				4. Thermax Blended Yarn Ltd.	30.00%	
				5. Indigo Spinning Ltd.	45.00%	
				6. Thermax Melange Spinning Mills Ltd.	40.00%	
				7. Thermax Yarn Dyeing Ltd.	50.00%	
				8. Adury Knit Composite Ltd.	50.00%	
				9. Adury Apparels Ltd.	8.00%	
				10. Thermax Woven Dyeing Ltd.	40.00%	
				11. Thermax Yarn Dyed Fabrics Ltd.	20.00%	
				12. Sister Denim Composite Ltd.	19.00%	
				13. Thermax Check Fabrics Ltd.	40.00%	
				14. Thermax Colour Cotton Ltd.	20.00%	
				15. Sultana Filling Point Ltd.	45.00%	
				16. Adury Fashion & Print Ltd.	40.00%	
				17. Adury Ring Denim Spun Ltd.	20.00%	
				18. Kadir Molla Medical College & Hospital Ltd.	25.00%	
				19. Sister Garments Ltd.	50.00%	
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%

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
17	Dr. Syed Hafizur Rahman	Independent Director	0	1. Bagerhat Poultry & Fisheries	100.00%	
				2. Coal Mark	100.00%	
				3. Aliums Trade Associate	100.00%	
18	Mr. Md. Sajidur Rahman	Independent Director	0	1. Indo-Bangla Trading	40.00%	
				2. US-DK Green Energy (BD) Ltd.	5.00%	
				3. Nitex Ltd.	3.00%	
				4. Lenden Ltd.	5.00%	
				5. JoBike	1.00%	

ii) Significant contract where bank is a party and wherein Directors have interest : NIL

iii) Shares issued to Directors and executives without consideration or exercisable at discount: NIL

iv) Related party transactions (loan to directors):

(Amount in Crore taka)

Name of the Borrower	Representing Director	Nature of Facilities	Outstanding as at 31 Dec 2020	Outstanding as at 31 Dec 2019
Haji Shakwat Anwera Eye Hospital	Mrs Tahmina Afroz	Cash Credit (Hypo)	11.03	11.08
		CC(Hypo) under Stimulus Fund	3.00	0.00
Modern Diagnostic Center Ltd.	Mrs Tahmina Afroz wife of Mr. Anwar Hossain Khan, Managing Director, Modern Digonistic Center Ltd.	Cash Credit (Hypo)	15.55	15.33
		CC(Hypo) under Stimulus Fund	2.90	0.00
Khulna Builders Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	SOD (Gen)	21.90	21.88
Eastern Polymer Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.42	0.00
Moonstar Polymer Export Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.35	0.00
Shampa Ice and Cold Storage Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.18	0.00
Rupsha Fish and Allied Industries Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.22	0.00
Moon Star Jute Mills Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	1.04	0.00
Bagerhat Seafood Industries Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.39	0.00
Radiant Dredging Ltd.	Capt. M. Moazzam Hossain	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 Inran	Mr. Anwar Hussain Brother of Mr. Mohammad Inran	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 sqft Monthly rent Tk 19.83

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 Taka
	Balance as at 01 January 2020 Taka	Additions during the period Taka	Disposals during the period Taka	Balance at 31 December 2020 Taka	Balance as at 01 January 2020 Taka	Charge for the period Taka	On disposal during the period Taka	Balance as at December 2020 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	
Machinery and equipments	265,417,167	16,869,919	-	282,287,086	186,560,507	30,352,187	-	216,912,694	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	
Interior decoration	275,831,379	27,085,699	-	302,917,078	96,086,438	28,976,700	-	125,063,138	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	
Other tools	33,652,591	4,483,700	-	38,138,291	19,953,834	5,171,988	-	25,127,822	13,010,469	
Intangible Assets :										
Softwares	165,688,176	17,500,000	-	183,188,176	118,933,576	37,318,240	-	156,253,816	26,934,360	
Right of use assets (Lease assets)										
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	
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	

Rate of Depreciation

Depreciation is charged for the period at the following rates using straight-line method on all fixed assets :

Particulars	Rate
Motor vehicles	20%
Machinery and equipments	20%
Furniture and fixtures	10%
Interior decoration	10%
Computers and accessories	20%
Other tools	20%
Softwares	20% or remaining usable periods
Right of use assets (Lease Assets)	Remaining lease period

South Bangla Agriculture and Commerce Bank Limited
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			
Loans, cash credit, overdrafts etc.	3	-	-
Bills purchased and discounted		806,799	67,730,774
		806,799	67,730,774
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

	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	-	-
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)

**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

1.1 The Off-shore Banking Units (OBU) of South Bangla Agriculture & Commerce Bank Limited are governed by the applicable rules & regulations of Bangladesh Bank. The Bank obtained the permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as at 31 December 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
	<u>806,798.98</u>	<u>67,730,774</u>
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	-	-
	<u>806,798.98</u>	<u>67,730,774</u>
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	-	-
	<u>806,798.98</u>	<u>67,730,774</u>
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	<u>806,798.98</u>	<u>67,730,774</u>

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)					-

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		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
		<u>806,798.98</u>	<u>67,730,774</u>
4.	Other assets		
	Interest accrued on loans and advances but not collected	4,328.96	363,416
		<u>4,328.96</u>	<u>363,416</u>
5.	Borrowings from other banks, financial institutions and agents		
	a) In Bangladesh		
	Borrowings from SBAC Bank, Head Office	806,798.98	67,730,774
	b) Outside Bangladesh	-	-
		<u>806,798.98</u>	<u>67,730,774</u>
6.	Other liabilities		
	Accumulated provision on loans and advances	8067.99	677,308
		<u>8067.99</u>	<u>677,308</u>
7.	Retained earnings		
	Opening balance	-	-
	Retained surplus during the year	(3,739.03)	(313,892)
	Closing balance	<u>(3,739.03)</u>	<u>(313,892)</u>
8.	Interest income		
	Interest on loans and advances	4,328.96	363,416
		<u>4,328.96</u>	<u>363,416</u>