

**South Bangla Agriculture and Commerce Bank Limited**

**Audited Financial Statements**

For the year ended 31 December 2021

# 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 Consolidated and Separate Financial Statements

#### Opinion

We have audited the consolidated financial statements of South Bangla Agriculture and Commerce Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of South Bangla Agriculture and Commerce Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and 3 and comply with the Bank Companies Act, 1991 (as amended up to date), the Companies Act, 1994 (as amended up to date), the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations.

#### Basis for Opinion

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

#### Key Audit Matters

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

Description of key audit matters	Our response to the risk
<b>Measurement of provision for loans and advances</b>	
The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.  For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.	We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"><li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li><li>• Discuss alternate procedures applied by management where the borrower's latest audited financial statements is not</li></ul>

For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.

At year end of 2021 the Bank reported total gross loans and advances of BDT 65,955.68 Million (2020: BDT 57,408.83 Million) whereas at the year end of 2021 the Bank reported total provision for loans and advances of BDT 2,397.44 Million (2020: BDT 1567.44 Million).

Furthermore as per BRPD circular no 50 dated 14 December 2021, additional 2% provision is required for clients who have taken the deferral facility under BRPD Circular no 19 dated 26 August 2021 and subsequent amendment and shown as special general provision- COVID 19 under other liabilities.

We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:

- Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019;
- For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;

Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.

available as per BRPD Circular no 04 dated 04 January 2021.

- Identification of loss events, including early warning and default warning indicators; and
- Reviewed quarterly classification ledger of loans and advances (CL);

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:

- 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.

Considering continuing adverse impact of COVID 19, Bangladesh Bank has given certain flexibility from classification requirement for loans vide issuing various circulars such as BRPD 3 dated 31 January 2021, BRPD 4 and 5 dated 24 March 2021, BRPD 13 dated 27 June 2021, BRPD 19 dated 26 August 2021 and BRPD 53 dated 30 December 2021 whereby Banks are allowed to keep a loan/customer as unclassified as long as the customer has paid 15% of the down payment due for the year 2021 by 31 December 2021.

**See note # 8, 13.4 & 13.5 to the financial statements**



Risk	Our response to the risk
<b>Interest income recognition</b>	
<p>Recognition and measurement of interest income involve complex IT environment as well as require critical estimates and judgment. Since interest income from loans and advances is one of the key performance indicators of the Bank there is an inherent risk of fraud and error in recognition of interest income.</p> <p>Moreover, as per Bangladesh Bank BRPD circular no. 53 dated 30 December 2021, considering future risk banks were allowed to recognize outstanding/ arrear interest income on loans where deferral facilities were given upon receiving at least 15% of the total receivable amount.</p> <p>Accordingly this has been considered as key audit matter.</p>	<p>We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of interest on loans and advances.</p> <p>For selected customers and loan files on sample basis we have also performed substantive test of details including recalculation and cut-of testing to check accuracy of interest income</p> <p>Finally, we also conducted substantive analytical procedures to assess reasonableness of interest recognized during the year with reference to the product wise outstanding loan balances.</p> <p>However, due to the current uncertainty of the overall economic situation and depending on the pace of post COVID 19 recovery, there is inherent risk that the actual recovery of accrued interest income especially from those clients receiving deferral facility could be materially different than the actual situation in future and a portion of interest accrued during the year ended 31 December 2021.</p>
<b>See note # 21 to the financial statements</b>	

<b>Valuation of treasury bill and treasury bond</b>	
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<b>See note no 7 to the financial statements</b>	



Risk	Our response to the risk
<b>Adequacy of income tax provision and measurement of deferred tax assets</b>	
<p>Calculation of income tax provision required compliance with the Income Tax Ordinance 1984 including careful consideration of various temporary and permanent differences. Furthermore, upon final settlement of pending tax assessments any excess or short provision of current tax is also adjusted in the current year.</p> <p>Finally, significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>Accordingly, this area has been considered as key audit matter.</p> <p>At year end of 2021 the Bank reported advance income tax of Tk 554.58 Million (2020: Tk 1777.71 Million) and corresponding income tax provision of Tk 816.75 Million (2020: 2017.24 million). In addition, total deferred tax assets/liability of BDT 21.75 million (2020: BDT (6.68)) and deferred tax income of BDT 28.43 million (2020: deferred tax expenses BDT 18.37 million).</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of both current tax and deferred tax, including the assumptions used in estimating the Bank's taxable income.</p> <p>We reviewed tax position for those years where income tax assessment is pending and assess adequacy of tax provision recorded by the Bank. Special focus attention was given to any reversal/adjustment of income tax provision from prior year.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. The Bank has sufficient taxable profit to recover the deferred tax assets in foreseeable future.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of current and deferred tax.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA on specific provision from regulatory capital.</p>
See notes no 10.2, 13.3, and 10.5 to the financial statements	

Risk	Our response to the risk
<b>IT systems and controls</b>	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>



<b>Legal and regulatory matters</b>	
<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>

<b>Implementation of IFRS 16 Leases</b>	
<p>IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contract term. With respect to operating leases of premises used by the Bank, at inception of the lease, the lessor receives a right of using the premises, in exchange of a lease debt, using an implicit discount rate</p> <p>Our key audit matter was focused on all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to determine the discount rates for lease are inappropriate.</p>	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <p>Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the Bank;</p> <p>Assessed the appropriateness of the discount rates applied in determining lease liabilities;</p> <p>Verified the accuracy of the underlying lease data by agreeing to original contract and checked the accuracy of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment; and</p> <p>Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.</p>
<p>See notes no 9, 13 to the financial statements</p>	



**Reporting on other information**

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) Bank and other applicable Laws and Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:





- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
  - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vii) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets as per DBI-3/132/2022-617 dated 19 April 2022 which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 4,170 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



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

**Dhaka, 27 April 2022**  
**DVC: 2204271512AS853888**




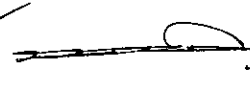


South Bangla Agriculture and Commerce Bank Limited  
Consolidated Balance Sheet  
As at 31 December 2021

	Note	2021 Taka	2020 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>			
Cash in hand (Including foreign currencies)	3	855,111,180	652,709,026
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	4	3,236,004,834	3,520,458,666
		<b>4,091,116,014</b>	<b>4,173,167,692</b>
<b>Balance with other banks and financial institutions</b>			
In Bangladesh	5	7,080,594,333	9,153,677,208
Outside Bangladesh		291,705,446	476,477,877
		<b>7,372,299,779</b>	<b>9,630,155,085</b>
<b>Money at call on short notice</b>			
<b>Investments:</b>			
Government	7	15,971,113,935	12,976,733,866
Others		1,567,081,922	151,679
		<b>17,538,195,857</b>	<b>12,976,885,545</b>
<b>Loans, advances and lease / investments</b>			
Loans, cash credit, overdrafts etc. / investments	8	63,711,064,030	56,256,303,274
Bills purchased and discounted		2,244,617,036	1,152,526,195
		<b>65,955,681,066</b>	<b>57,408,829,469</b>
Fixed assets including premises, furniture and fixtures	9	1,626,642,412	1,524,391,874
Other assets	10	1,229,812,586	2,690,016,741
Non-banking assets		-	-
<b>TOTAL ASSETS</b>		<b>97,813,747,714</b>	<b>88,403,446,406</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	11	8,763,684,070	2,391,442,263
<b>Deposits and other accounts</b>			
Current / Al-wadeeah current deposits and other accounts	12	7,295,625,630	5,613,076,615
Special notice / mudaraba special notice deposits		4,487,513,486	3,881,691,173
Bills payable		2,414,977,923	2,055,473,084
Savings bank / mudaraba savings deposits		5,943,300,533	5,569,059,301
Fixed / mudaraba term deposits		38,132,477,553	40,922,208,483
Other deposits		14,462,568,622	13,409,952,674
		<b>72,736,463,747</b>	<b>71,451,461,330</b>
Subordinated bonds		-	-
Other liabilities	13	5,685,192,573	5,253,884,414
<b>TOTAL LIABILITIES</b>		<b>87,185,340,390</b>	<b>79,096,788,007</b>
<b>Capital/ Shareholders' equity</b>			
Paid up capital	14.3	7,846,455,170	6,846,455,170
Statutory reserve	15	1,947,493,989	1,753,397,543
General reserve		-	-
Non-controlling (Minority) interest	14.11	405,167	-
Other reserve (revaluation reserve on Govt. Securities)	16	129,270,472	19,337,962
Foreign currency translation reserve	16.1	251,592	-
Surplus in profit and loss account	17	704,530,934	687,467,724
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>10,628,407,324</b>	<b>9,306,658,399</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>97,813,747,714</b>	<b>88,403,446,406</b>



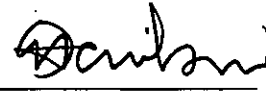
	Note	2021 Taka	2020 Taka
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
Acceptance and endorsements	18	3,444,598,165	1,586,301,381
Letters of guarantee		9,111,716,091	6,887,896,263
Irrevocable letters of credit		4,283,323,907	4,095,725,239
Bills for collection		1,700,140,692	1,590,161,406
Other contingent liabilities		-	-
<b>Total</b>		<b>18,539,778,855</b>	<b>14,160,084,289</b>
<b>Other commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total off-balance sheet items including contingent liabilities</b>		<b>18,539,778,855</b>	<b>14,160,084,289</b>
Net asset value per share (NAV)	41.1	<b>13.54</b>	<b>13.59</b>

Accompanying notes form an integral part of these financial statements.

 Chairman  
 Director  
 Director  
 Managing Director & CEO

Signed in terms of our report of even date.

Dhaka, 27 April 2022  
DVC: 2204271512AS853888

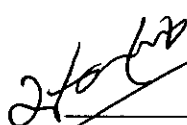
  
 Shaikh Hasibur Rahman FCA  
 Enrolment no 1512  
 Hoda Vasi Chowdhury & Co  
 Chartered Accountants

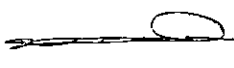


**South Bangla Agriculture and Commerce Bank Limited**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2021**

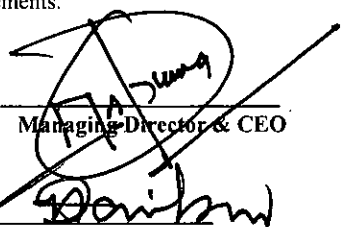
	Note	2021 Taka	2020 Taka
Interest income	21	5,610,478,463	5,855,107,528
Less: Interest paid on deposits and borrowings etc.	22	3,944,391,732	4,750,689,258
<b>Net interest income</b>		<b>1,666,086,731</b>	<b>1,104,418,270</b>
Investment income	23	3,064,157,711	1,909,924,534
Commission, exchange and brokerage	24	521,144,889	428,054,955
Other operating income	25	157,492,948	124,871,563
		<b>3,742,795,548</b>	<b>2,462,851,052</b>
<b>Total operating income</b>		<b>5,408,882,279</b>	<b>3,567,269,322</b>
Salary and allowances	26	1,326,068,623	1,147,952,923
Rent, taxes, insurance, electricity etc.	27	145,722,919	173,589,435
Legal and professional expenses	28	5,158,649	2,394,922
Postage, stamp, telecommunication etc.	29	13,099,216	13,924,282
Stationery, printing, advertisement etc.	30	37,898,568	37,200,922
Chief executive's salary and fees	31	13,186,335	8,322,666
Directors' fees	32	3,952,000	2,728,000
Auditors' fees	33	701,500	787,750
Charges on loan losses		-	-
Depreciation and repair of bank's assets	34	352,951,173	327,925,296
Other expenses	35	1,506,108,402	394,777,039
<b>Total operating expenses</b>		<b>3,404,847,385</b>	<b>2,109,603,235</b>
<b>Profit before provision</b>		<b>2,004,034,894</b>	<b>1,457,666,087</b>
<b>Provision for loan</b>			
Specific provision	13.4	629,395,545	24,870,536
Special general provision - COVID-19	13.5	177,669,663	84,370,703
General provision (including off balance sheet items)	13.4 & 13.6	181,816,203	(21,359,670)
		988,881,411	87,881,569
Provision for rebate to good borrowers	13.7	-	2,000,000
Provision for diminution in value of investments	13.11	36,403,988	-
Other provision		-	-
<b>Total provision</b>		<b>1,025,285,399</b>	<b>89,881,569</b>
<b>Total Profit before taxes</b>		<b>978,749,495</b>	<b>1,367,784,518</b>
<b>Provision for taxation</b>	36		
Current tax		467,295,307	397,458,482
Deferred tax		(28,435,622)	18,371,583
		<b>438,859,685</b>	<b>415,830,065</b>
<b>Net profit after taxation</b>		<b>539,889,810</b>	<b>951,954,453</b>
<b>Appropriations</b>			
Statutory reserve	15	194,096,446	273,619,682
General reserve		-	-
Startup fund	13.10	14,866,773	-
Retained surplus	17	330,926,591	678,334,771
		<b>539,889,810</b>	<b>951,954,453</b>
<b>Earnings per share (EPS)</b>		<b>0.74</b>	<b>1.39</b>

Accompanying notes form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Signed in terms of our report of even date.

Dhaka, 27 April 2022  
DVC: 2204271512AS853888

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



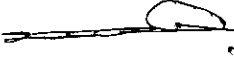
# Hoda Vasi Chowdhury & Co

**South Bangla Agriculture and Commerce Bank Limited**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2021**


	Note	2021 Taka	2020 Taka
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		5,995,989,786	5,364,431,218
Interest payments		(4,037,818,356)	(5,111,051,447)
Dividend receipts		18,027,141	-
Income from investments		1,369,657,601	1,170,366,917
Recoveries on loans and advances previously written-off		-	-
Fees and commission receipts in cash		421,836,709	288,524,252
Cash payments to employees		(1,343,206,958)	(1,159,003,589)
Cash payments to suppliers		(230,022,268)	(233,270,128)
Income taxes paid		(442,575,515)	(642,131,856)
Receipts from other operating activities		157,494,148	121,950,575
Payments for other operating activities		(288,952,185)	(203,660,987)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>1,620,430,103</b>	<b>(403,845,045)</b>
<b>Increase / decrease in operating assets and liabilities</b>			
Net proceeds from trading securities		1,457,949,506	788,811,197
Loans and advances to other banks		-	-
Loans and advances to customers		(8,161,086,974)	(1,166,827,884)
Increase / decrease of other assets		(33,169,924)	45,252,951
Deposits from other banks		(5,577,582,926)	283,984,174
Deposits from customers		6,973,564,732	(12,323,443)
Increase / decrease of other liabilities account of customers		-	-
Increase / decrease of trading liabilities		-	-
Increase / decrease of other liabilities		188,204,802	963,085,678
		<b>(5,152,120,784)</b>	<b>901,982,673</b>
<b>Net cash from operating activities</b>		<b>(3,531,690,681)</b>	<b>498,137,628</b>
<b>B) Cash flows from investing activities</b>			
Proceeds from sale of Government securities		150,546,202,920	22,308,279,638
Payments for Purchase of Government securities		(156,087,386,686)	(20,480,940,961)
Purchase of property, plant and equipment		(434,497,708)	(1,392,501,060)
Sale proceeds of property, plant and equipment		-	2,920,988
<b>Net cash from investing activities</b>		<b>(5,975,681,474)</b>	<b>437,758,605</b>
<b>C) Cash flows from financing activities</b>			
Borrowing from other banks, financial institutions and agents		6,372,241,807	1,274,402,811
Dividends paid		(304,736,408)	-
Receipts from issue of ordinary share		1,000,400,000	-
<b>Net cash from financing activities</b>		<b>7,067,905,399</b>	<b>1,274,402,811</b>
<b>D) Net increase / (decrease) in cash (A+B+C)</b>		<b>(2,439,466,756)</b>	<b>2,210,299,044</b>
<b>E) Effects of exchange rate changes on cash and cash-equivalent</b>		<b>99,559,772</b>	<b>139,530,703</b>
<b>F) Cash and cash-equivalents at beginning period</b>		<b>13,803,322,777</b>	<b>11,453,493,030</b>
<b>G) Cash and cash-equivalents at end of period (D+E+F)</b>		<b>11,463,415,793</b>	<b>13,803,322,777</b>
<b>H) Cash and cash-equivalents at end of period</b>			
Cash in hand including foreign currencies	3	855,111,180	652,709,026
Balances with Bangladesh Bank and its agent bank(s)	4	3,236,004,834	3,520,458,666
Balances with other Banks and Financial institutions	5	7,372,299,779	9,630,155,085
		<b>11,463,415,793</b>	<b>13,803,322,777</b>

Accompanying notes form an integral part of these financial statements.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

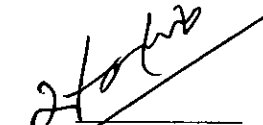
  
\_\_\_\_\_  
Managing Director & CEO

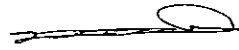


South Bangla Agriculture and Commerce Bank Limited  
Consolidated Statement of Changes in Equity  
For the year ended 31 December 2021

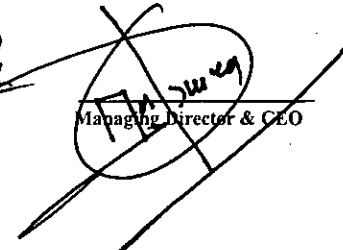
Particulars	Paid Up Capital Taka	Statutory Reserve Taka	Other Reserve Taka	F.C. Translation Reserve Taka	Retained Earnings Taka	Minority Interest Taka	Total Taka
Balance as on 01 January 2021	6,846,455,170	1,753,397,543	19,337,962	-	687,467,724	-	9,306,658,399
Issue of Shares	1,000,000,000	-	-	-	-	400,000	1,000,400,000
Prior period adjustment	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	539,889,810	-	539,889,810
Transfer to statutory reserve	-	194,096,446	-	-	(194,096,446)	-	-
Transfer to statup fund	-	-	-	-	(14,866,773)	-	(14,866,773)
Revaluation of Govt. treasury bills, bonds and other investments	-	-	109,932,510	-	-	-	109,932,510
Foreign currency translation gain/loss not recognized in the income statement	-	-	-	251,592	-	-	251,592
Non-controlling (Minority) interest	-	-	-	-	(5,167)	5,167	-
Cash Dividend paid	-	-	-	-	(313,858,214)	-	(313,858,214)
<b>Balance as on 31 December 2021</b>	<b>7,846,455,170</b>	<b>1,947,493,989</b>	<b>129,270,472</b>	<b>251,592</b>	<b>704,530,934</b>	<b>405,167</b>	<b>10,628,407,324</b>
<b>Balance as on 31 December 2020</b>	<b>6,846,455,170</b>	<b>1,753,397,543</b>	<b>19,337,962</b>	<b>-</b>	<b>687,467,724</b>	<b>-</b>	<b>9,306,658,399</b>

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

  
Chairman

  
Director

  
Director

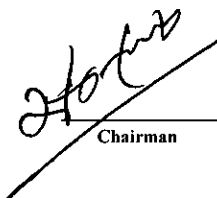
  
Managing Director & CEO

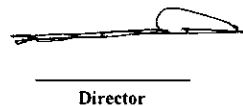


South Bangla Agriculture and Commerce Bank Limited  
Consolidated Liquidity Statement (asset and liabilities maturity analysis)  
As at 31 December 2021

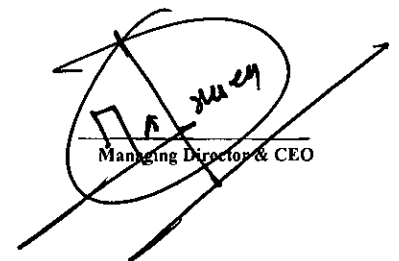
Particulars	Within one month	Within one to three months	Within three to twelve months	Within one to five years	More than five years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets:</b>						
Cash in hand (including foreign currencies)	855,111,180	-	-	-	-	855,111,180
Balance with Bangladesh Bank and its agent Banks	403,755,834	-	-	-	2,832,249,000	3,236,004,834
Balance with other banks & financial institutions	3,735,111,264	1,671,588,515	1,965,600,000	-	-	7,372,299,779
Money at call on short notice	-	-	-	-	-	-
Investments	1,386,072,851	315,133,461	123,625,231	1,898,323,349	13,815,040,965	17,538,195,857
Loans and advances	11,622,836,134	16,410,434,970	24,108,876,332	11,233,029,134	2,580,504,496	65,955,681,066
Fixed assets including premises, furniture and fixtures	23,989,666	47,979,332	215,906,993	1,338,766,421	-	1,626,642,412
Other assets	239,877,467	399,795,779	410,077,507	180,061,833	-	1,229,812,586
Non-Banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>18,266,754,396</b>	<b>18,844,932,057</b>	<b>26,824,086,063</b>	<b>14,650,180,737</b>	<b>19,227,794,461</b>	<b>97,813,747,714</b>
<b>Liabilities:</b>						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	6,244,373,109	686,819,167	1,633,523,886	60,196,357	138,771,551	8,763,684,070
Deposits and other accounts	11,422,532,737	14,853,503,585	21,929,717,596	13,547,666,911	10,983,042,918	72,736,463,747
Provisions and other liabilities	34,032,123	257,243,599	1,266,651,604	827,014,933	3,300,250,313	5,685,192,573
<b>Total Liabilities</b>	<b>17,700,937,969</b>	<b>15,797,566,351</b>	<b>24,829,893,086</b>	<b>14,434,878,201</b>	<b>14,422,064,783</b>	<b>87,185,340,390</b>
<b>Net liquidity surplus</b>	<b>565,816,427</b>	<b>3,047,365,706</b>	<b>1,994,192,977</b>	<b>215,302,536</b>	<b>4,805,729,678</b>	<b>10,628,407,324</b>
<b>Cumulative liquidity surplus</b>	<b>565,816,427</b>	<b>3,613,182,133</b>	<b>5,607,375,110</b>	<b>5,822,677,646</b>	<b>10,628,407,324</b>	

Net result of the liquidity statement represents the shareholders' equity.

  
Chairman

  
Director

  
Director

  
Managing Director & CEO



## South Bangla Agriculture and Commerce Bank Limited

### Balance Sheet As at 31 December 2021

	Note	2021 Taka	2020 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>			
Cash in hand (Including foreign currencies)	3.1	855,111,180	652,709,026
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	4.1	3,236,004,834	3,520,458,666
		<b>4,091,116,014</b>	<b>4,173,167,692</b>
<b>Balance with other banks and financial institutions</b>			
In Bangladesh	5.1	7,080,594,333	9,153,677,208
Outside Bangladesh		291,705,446	476,477,877
		<b>7,372,299,779</b>	<b>9,630,155,085</b>
<b>Money at call on short notice</b>			
	6	-	-
<b>Investments:</b>			
Government	7.1	15,971,113,935	12,976,733,866
Others		1,567,081,922	151,679
		<b>17,538,195,857</b>	<b>12,976,885,545</b>
<b>Loans, advances and lease / investments</b>			
Loans, cash credit, overdrafts etc. / investments	8.1	63,711,064,030	56,256,303,274
Bills purchased and discounted		2,244,617,036	1,152,526,195
		<b>65,955,681,066</b>	<b>57,408,829,469</b>
Fixed assets including premises, furniture and fixtures	9.1	1,626,642,412	1,524,391,874
Other assets	10.1	1,588,387,124	2,690,016,741
Non-banking assets		-	-
<b>TOTAL ASSETS</b>		<b>98,172,322,252</b>	<b>88,403,446,406</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	11.1	8,763,684,070	2,391,442,263
<b>Deposits and other accounts</b>			
Current / Al-wadeeah current deposits and other accounts	12.1	7,296,934,175	5,613,076,615
Special notice / mudaraba special notice deposits		4,494,632,154	3,881,691,173
Bills payable		2,414,977,923	2,055,473,084
Savings bank / mudaraba savings deposits		5,943,300,533	5,569,059,301
Fixed / mudaraba term deposits		38,491,349,641	40,922,208,483
Other deposits		14,462,568,622	13,409,952,674
		<b>73,103,763,048</b>	<b>71,451,461,330</b>
Subordinated bonds		-	-
Other liabilities	13.1	5,682,034,849	5,253,884,414
<b>TOTAL LIABILITIES</b>		<b>87,549,481,967</b>	<b>79,096,788,007</b>
<b>Capital/ Shareholders' equity</b>			
Paid up capital	14.3	7,846,455,170	6,846,455,170
Statutory reserve	15	1,947,493,989	1,753,397,543
General reserve		-	-
Other reserve (revaluation reserve on Govt. Securities)	16	129,270,472	19,337,962
Foreign currency translation reserve	16.1	251,592	-
Surplus in profit and loss account	17.1	699,369,062	687,467,724
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>10,622,840,285</b>	<b>9,306,658,399</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>98,172,322,252</b>	<b>88,403,446,406</b>

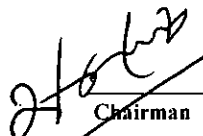




# Hoda Vasi Chowdhury & Co

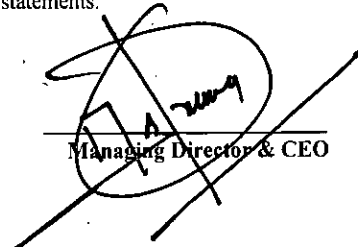
	Note	2021 Taka	2020 Taka
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
	18		
Acceptance and endorsements		3,444,598,165	1,586,301,381
Letters of guarantee		9,111,716,091	6,887,896,263
Irrevocable letters of credit		4,283,323,907	4,095,725,239
Bills for collection		1,700,140,692	1,590,161,406
Other contingent liabilities		-	-
<b>Total</b>		<b>18,539,778,855</b>	<b>14,160,084,289</b>
<b>Other commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total off-balance sheet items including contingent liabilities</b>		<b>18,539,778,855</b>	<b>14,160,084,289</b>
<b>Net asset value per share (NAV)</b>	41.2	<b>13.54</b>	<b>13.59</b>

Accompanying notes form an integral part of these financial statements.


  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Signed in terms of our report of even date.



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

Dhaka, 27 April 2022  
DVC: 2204271512AS853888

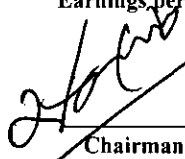


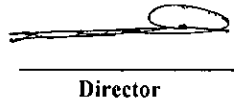
# Hoda Vasi Chowdhury & Co

**South Bangla Agriculture and Commerce Bank Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2021**

	Note	2021 Taka	2020 Taka
Interest income	21.1	5,610,478,463	5,855,107,528
Less: Interest paid on deposits and borrowings etc.	22.1	3,955,954,894	4,750,689,258
<b>Net interest income</b>		<b>1,654,523,569</b>	<b>1,104,418,270</b>
Investment income	23.1	3,064,157,711	1,909,924,534
Commission, exchange and brokerage	24.1	521,144,889	428,054,955
Other operating income	25.1	157,494,148	124,871,563
		<b>3,742,796,748</b>	<b>2,462,851,052</b>
<b>Total operating income</b>		<b>5,397,320,317</b>	<b>3,567,269,322</b>
Salary and allowances	26.1	1,326,068,623	1,147,952,923
Rent, taxes, insurance, electricity etc.	27.1	145,722,919	173,589,435
Legal and professional expenses	28.1	5,137,563	2,394,922
Postage, stamp, telecommunication etc.	29.1	13,099,216	13,924,282
Stationery, printing, advertisement etc.	30.1	37,892,768	37,200,922
Chief executive's salary and fees	31	13,186,335	8,322,666
Directors' fees	32.1	3,760,000	2,728,000
Auditors' fees	33.1	575,000	787,750
Charges on loan losses		-	-
Depreciation and repair of bank's assets	34.1	352,951,173	327,925,296
Other expenses	35.1	1,503,159,089	394,777,039
<b>Total operating expenses</b>		<b>3,401,552,686</b>	<b>2,109,603,235</b>
<b>Profit before provision</b>		<b>1,995,767,631</b>	<b>1,457,666,087</b>
<b>Provision for loan</b>			
Specific provision	13.4	629,395,545	24,870,536
Special general provision - COVID-19	13.5	177,669,663	84,370,703
General provision (including off balance sheet items)	13.4 & 13.6	181,816,203	(21,359,670)
		988,881,411	87,881,569
Provision for rebate to good borrowers	13.7	-	2,000,000
Provision for diminution in value of investments		36,403,988	-
Other provision		-	-
<b>Total provision</b>		<b>1,025,285,399</b>	<b>89,881,569</b>
<b>Total Profit before taxes</b>		<b>970,482,232</b>	<b>1,367,784,518</b>
<b>Provision for taxation</b>	36		
Current tax		464,195,083	397,458,482
Deferred tax		(28,435,622)	18,371,583
		<b>435,759,461</b>	<b>415,830,065</b>
<b>Net profit after taxation</b>		<b>534,722,771</b>	<b>951,954,453</b>
<b>Appropriations</b>			
Statutory reserve	15	194,096,446	273,619,682
General reserve		-	-
Startup fund	13.10	14,866,773	-
Retained surplus	17	325,759,552	678,334,771
		<b>534,722,771</b>	<b>951,954,453</b>
<b>Earnings per share (EPS)</b>	40.2	<b>0.74</b>	<b>1.39</b>

Accompanying notes form an integral part of these financial statements.

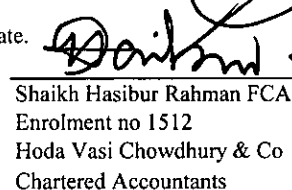
  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Signed in terms of our report of even date.

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

Dhaka, 27 April 2022  
DVC: 2204271512AS853888

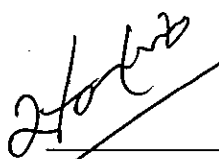


## South Bangla Agriculture and Commerce Bank Limited

### Cash Flow Statement For the year ended 31 December 2021

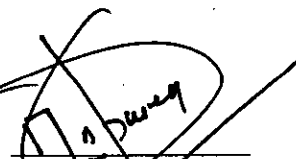
	Notes	2021 Taka	2020 Taka
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		5,994,681,241	5,364,431,218
Interest payments		(4,046,764,428)	(5,111,051,447)
Dividend receipts		18,027,141	-
Income from investments		1,369,657,601	1,170,366,917
Recoveries on loans and advances previously written-off		-	-
Fees and commission receipts in cash		421,836,709	288,524,252
Cash payments to employees		(1,343,014,958)	(1,159,003,589)
Cash payments to suppliers		(229,926,382)	(233,270,128)
Income taxes paid	10.2	(441,550,053)	(642,131,856)
Receipts from other operating activities		157,494,148	121,950,575
Payments for other operating activities		(286,001,672)	(203,660,987)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>1,614,439,347</b>	<b>(403,845,045)</b>
<b>Increase / decrease in operating assets and liabilities</b>			
Sale / purchase of trading securities		1,457,949,506	788,811,197
Loans and advances to other banks		-	-
Loans and advances to customers		(8,161,086,974)	(1,166,827,884)
Increase / decrease of other assets	36	(392,769,924)	45,252,951
Deposits from other banks		(5,577,582,926)	283,984,174
Deposits from customers		7,339,555,488	(12,323,443)
Increase / decrease of other liabilities account of customers		-	-
Increase / decrease of trading liabilities		-	-
Increase / decrease of other liabilities	37	188,204,802	963,085,678
		<b>(5,145,730,028)</b>	<b>901,982,673</b>
<b>Net cash from operating activities</b>		<b>(3,531,290,681)</b>	<b>498,137,628</b>
<b>B) Cash flows from investing activities</b>			
Proceeds from sale of securities		150,546,202,920	22,308,279,638
Payments for Purchase of securities		(156,087,386,686)	(20,480,940,961)
Purchase of property, plant and equipment		(434,497,708)	(1,392,501,060)
Sale proceeds of property, plant and equipment		-	2,920,988
<b>Net cash from investing activities</b>		<b>(5,975,681,474)</b>	<b>437,758,605</b>
<b>C) Cash flows from financing activities</b>			
Borrowing from other banks, financial institutions and agents		6,372,241,807	1,274,402,811
Dividends paid		(304,736,408)	-
Receipts from issue of ordinary share		1,000,000,000	-
<b>Net cash from financing activities</b>		<b>7,067,505,399</b>	<b>1,274,402,811</b>
<b>D) Net increase / (decrease) in cash (A+B+C)</b>		<b>(2,439,466,756)</b>	<b>2,210,299,044</b>
<b>E) Effects of exchange rate changes on cash and cash-equivalent</b>		<b>99,559,772</b>	<b>139,530,703</b>
<b>F) Cash and cash-equivalents at beginning period</b>		<b>13,803,322,777</b>	<b>11,453,493,030</b>
<b>G) Cash and cash-equivalents at end of period (D+E+F)</b>		<b>11,463,415,793</b>	<b>13,803,322,777</b>
<b>H) Cash and cash-equivalents at end of period</b>			
Cash in hand including foreign currencies	3	855,111,180	652,709,026
Balances with Bangladesh Bank and its agent bank(s) including	4	3,236,004,834	3,520,458,666
Balances with other Banks and Financial institutions	5	7,372,299,779	9,630,155,085
		<b>11,463,415,793</b>	<b>13,803,322,777</b>

Accompanying notes form an integral part of these financial statements.

  
Chairman

  
Director

  
Director


  
Managing Director & CEO

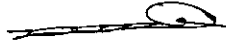


**South Bangla Agriculture and Commerce Bank Limited  
Statement of Changes in Equity  
For the year ended 31 December 2021**

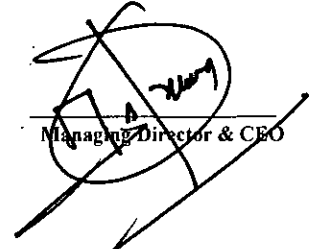
Particulars	Paid Up Capital	Statutory Reserve	Other Reserve	F.C. Translation Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01 January 2021	6,846,455,170	1,753,397,543	19,337,962	-	687,467,724	9,306,658,399
Issue of Shares	1,000,000,000			-		1,000,000,000
Prior period adjustment	-	-	-	-	-	-
Net profit for the period	-	-	-	-	534,722,771	534,722,771
Transfer to statutory reserve	-	194,096,446	-	-	(194,096,446)	-
Transfer to startup fund	-	-	-	-	(14,866,773)	(14,866,773)
Revaluation of Govt. treasury bills, bonds and other investments	-	-	109,932,510	-	-	109,932,510
Foreign currency translation gain/loss not recognized in the income statement	-	-	-	251,592	-	251,592
Cash Dividend paid	-	-	-	-	(313,858,214)	(313,858,214)
<b>Balance as on 31 December 2021</b>	<b>7,846,455,170</b>	<b>1,947,493,989</b>	<b>129,270,472</b>	<b>251,592</b>	<b>699,369,062</b>	<b>10,622,840,285</b>
<b>Balance as on 31 December 2020</b>	<b>6,846,455,170</b>	<b>1,753,397,543</b>	<b>19,337,962</b>	<b>-</b>	<b>687,467,724</b>	<b>9,306,658,399</b>

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

  
Chairman

  
Director

  
Director

  
Managing Director & CEO

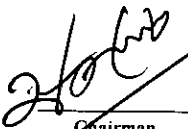



# Hoda Vasi Chowdhury & Co

South Bangla Agriculture and Commerce Bank Limited  
Liquidity Statement (asset and liabilities maturity analysis)  
As at 31 December 2021


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
<b>Assets:</b>						
Cash in hand (including foreign currencies)	855,111,180	-	-	-	-	855,111,180
Balance with Bangladesh Bank and its agent Banks	403,755,834	-	-	-	2,832,249,000	3,236,004,834
Balance with other banks & financial institutions	3,735,111,264	1,671,588,515	1,965,600,000	-	-	7,372,299,779
Money at call on short notice	-	-	-	-	-	-
Investments	1,386,072,851	315,133,461	123,625,231	1,898,323,349	13,815,040,965	17,538,195,857
Loans and advances	11,622,836,134	16,410,434,970	24,108,876,332	11,233,029,134	2,580,504,496	65,955,681,066
Fixed assets including premises, furniture and fixtures	23,989,666	47,979,332	215,906,993	1,338,766,421	-	1,626,642,412
Other assets	239,877,467	399,795,779	559,714,091	388,999,787	-	1,588,387,124
Non-Banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>18,266,754,396</b>	<b>18,844,932,057</b>	<b>26,973,722,647</b>	<b>14,859,118,691</b>	<b>19,227,794,461</b>	<b>98,172,322,252</b>
<b>Liabilities:</b>						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	6,244,373,109	686,819,167	1,633,523,886	60,196,357	138,771,551	8,763,684,070
Deposits and other accounts	11,499,149,889	14,928,509,726	22,040,456,688	13,597,142,456	11,038,504,289	73,103,763,048
Provisions and other liabilities	34,032,123	257,243,599	1,266,651,604	827,014,933	3,297,092,589	5,682,034,849
<b>Total Liabilities</b>	<b>17,777,555,121</b>	<b>15,872,572,492</b>	<b>24,940,632,178</b>	<b>14,484,353,746</b>	<b>14,474,368,429</b>	<b>87,549,481,967</b>
<b>Net liquidity surplus</b>	<b>489,199,275</b>	<b>2,972,359,565</b>	<b>2,033,090,469</b>	<b>374,764,945</b>	<b>4,753,426,031</b>	<b>10,622,840,285</b>
<b>Cumulative liquidity surplus</b>	<b>489,199,275</b>	<b>3,461,558,840</b>	<b>5,494,649,309</b>	<b>5,869,414,254</b>	<b>10,622,840,285</b>	


Net result of the liquidity statement represents the shareholders' equity.

  
Chairman

  
Director

  
Director

  
Managing Director & CEO



**South Bangla Agriculture and Commerce Bank Limited  
Notes to the Financial Statements  
as at and for the year ended 31 December 2021**

**1 General information  
1.1 Status of the bank**

South Bangla Agriculture and Commerce Bank Limited (the "Bank") was incorporated in Bangladesh as a public limited company with limited liability by shares as on February 20, 2013 under the Companies Act 1994 to carry out banking business. The registered office of the Bank is BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000, Bangladesh. It obtained license from Bangladesh Bank for carrying out banking business on March 25, 2013 under the Bank Companies Act 1991. The Bank has been carrying out its business in Bangladesh through its eighty four (84) branches; twenty one (21) sub-branches all over Bangladesh and one (01) Off-shore banking unit in head office. The Bank went for initial public offering in 2021 and its share is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited from 11 August 2021 as a publicly traded company.

**1.2 Nature of business  
Principal activities**

The principal activities of the Bank are to carry on all kinds of commercial banking business in Bangladesh i.e. accepting customer deposits, lending to retail, small and medium enterprise (SME) and corporate customers, trade financing, lease financing, project financing, issuing letters of credit, interbank borrowing and lending, dealing with government securities etc. In addition to the traditional banking system, the Bank started islamic sariah base banking business through islamic banking windows (IBW) in 10 branches of the Bank during 2021.

**Off-shore Banking Unit (OBU)**

The Off-shore Banking Unit (OBU) of the Bank is the separate business entity governed by the applicable rules & regulations and guidelines of Bangladesh Bank. The Bank obtained the permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as at 31 December 2021, located at International Division, Head Office, SBAC Bank Ltd., Dhaka.

The principal activities of the OBUs are to provide commercial banking services through its Unit within the rules & regulations and guidelines of Bangladesh Bank applicable for the Off-shore Banking Units.

**Information regarding subsidiary**

The Bank has 01 (one) subsidiary, SBAC Bank Investment Limited. Though the suscription of the subsidiary has been completed, the operation of the company is yet to start.

**SBAC Bank Investment Limited**

SBAC Bank Investment Limited, a subsidiary company of the Bank, incorporated as a private company, limited by shares, registered with the Registrar of Joint Stock Companies and Firms vide certificate of incorporation no. C-169950/2021 dated 21 March 2021 under the Companies Act 1994. SBAC Bank Investment Limited got the Trading Right Entitlement Certificate (TREC) no. Nibondhon/DSE/TREC#267/2021/294 dated 01 September 2021 of Dhaka Stock Exchange Limited (DSE). The primary activity of the company is to act as a stock broker & dealer to execute buy and sell order and to maintain its own portfolio as well as customers' portfolio under the discretion of customers. The Financial Statements of the company for the year ended 31 December 2021 are shown in Annexure - H.

**2 Basis of preparation of financial statements and significant accounting policies  
2.1 Basis of preparation of financial statements**

The financial statements of the Bank as at 31 December 2021 have been prepared on going concern basis under historical cost convention and in accordance with the "First Schedule" of the Bank Companies Act, 1991 as amended by BRPD Circular No. 14 dated 25th June 2003, other Circulars of Bangladesh Bank, International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, and other laws and rules applicable for Banks in Bangladesh. The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. As per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable. In case of any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank prevailed. Material departures from the requirements of IFRS are as follows:



**i) Presentation of Financial statements**

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

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

**ii) Investment in shares and securities**

**IFRS:** As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

**Bangladesh Bank:** As per Banking Regulation and Policy Department (BRPD) circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per net assets value of last audited balance sheet respectively. As per Department of Off-site Supervision (DOS) Circular Letter No. 03 date 12 March 2015 investments in mutual fund (close-end) is revalued at lower of cost and higher of market value and 85% of NAV. And as per DOS Circular Letter No. 10 date 28 June 2015 investments in mutual fund (open-end) is revalued at lower of cost and higher of market value and 95% of NAV. As per DOS Circular No. 01 date 10 February 2020 any investment under the special fund for investment in capital market is not revalued i.e. presented at cost. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

**iii) Revaluation gains/losses on Government securities**

**IFRS:** As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

**Bangladesh Bank:** HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains on amortization are recognized in other reserve as a part of equity.

**iv) Provision on loans and advances/investments**

**IFRS:** As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

**Bangladesh Bank:** As per BRPD circular No.24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No.4 (16 May 2019), BRPD circular No.3 (21 April 2019), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013 & BRPD circular no. 16 dated 18 November 2014, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and



100% respectively for loans and advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9. However, if there is any stay order issued by the Honorable High Court Division of the Supreme Court of Bangladesh against any non-performing loans for reporting such loans as unclassified category, the Bank maintains at least general provision for such loans under unclassified loan category as per Bangladesh Bank guidelines. Where Bangladesh Bank suggests any additional provision to be maintained for such loans, the Bank complies with that.

**v) Recognition of interest in suspense**

**IFRS:** Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified as impaired, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as a liability in the balance sheet.

**vi) Other comprehensive income and appropriation of profit**

**IFRS:** As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

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

**vii) Financial instruments – presentation and disclosure**

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

**viii) Financial guarantees**

**IFRS:** As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD Circular No. 14 dated 25th June 2003, financial guarantees such as letters of credit, letters of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn loan commitments).

**ix) Cash and cash equivalents**

**IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as money at call on short notice, treasury bills with maturity of more than three months and prize bond are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills with maturity of more than three months and prize bond are shown under investment in the balance sheet.

**x) Repo and reverse repo transactions**

**IFRS:** As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).





**Bangladesh Bank:** As per Department of Off-Site Supervision (DOS) Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book. However, as per Debt Management Department (DMD) circular letter no. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) program, whereby such banks may enter collateralized repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

**xi) Non-banking asset**

**IFRS:** No indication of Non-banking assets is found in any IFRS.

**Bangladesh Bank:** As per BRPD 14, there is a separate balance sheet item named Non-banking assets existed in the standard format.

**xii) Cash flow statement**

**IFRS:** The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD Circular No. 14 dated 25th June 2003, cash flow is the mixture of direct and indirect methods.

**xiii) Balance with Bangladesh Bank: (Cash Reserve Requirement)**

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

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

**xiv) Presentation of intangible assets**

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

**Bangladesh Bank:** There is no regulation for intangible assets in BRPD Circular No. 14 dated 25th June 2003.

**xv) Off-balance sheet items**

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

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

**xvi) Loans and advances net of provision**

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

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

**xvii) Disclosure of appropriation of profit**

**IFRS:** There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

**2.2 Basis of consolidation**

The consolidated financial statements include the financial statements of the Bank and its one subsidiary, SBAC Bank Investment Limited, made up to the end of the financial year as on 31 December 2021. The consolidated financial statements have been prepared in accordance with IFRS 10 "Consolidated Financial Statements" using purchase method. The consolidated financial statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances.

**Subsidiary**

Subsidiary is an enterprise which is controlled by the parent company. Control exists when the parent company has the power, directly and indirectly, to govern the financial and operating policies of an enterprise from the date of control commences until the date that control ceases. The financial statements of subsidiary are included in the consolidated financial statements from the date that the control effectively commences until the date that it control effectively ceases.



**Transactions eliminated on consolidation**

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and Loss resulting from transactions is also eliminated on consolidation.

**2.3 Use of estimates and judgment**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

1. Provisions on loans and advances
2. Income tax provision

**2.4 Consistency**

In accordance with IFRS framework for the presentation of financial statements together with IAS – 1 and IAS – 8, the Bank discloses its information consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies, correction of errors, the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS – 8. However, for changes in the accounting estimates the related amount is recognized prospectively in the current period and in the next period or periods.

**2.5 Foreign currency transactions**

**a) Functional and presentation currency**

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The financial statements of the group and the Bank are presented in Bangladeshi Taka which is the Bank's functional and presentation currency.

**b) Foreign currencies translation**

Foreign currency transactions are converted into equivalent BDT using the prevailing exchange rates on the dates of respective transactions as per IAS-21, "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into BDT at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into equivalent BDT.

Assets and liabilities of off-shore Banking Unit (OBU) are translated at the exchange rate prevailing at the balance sheet date. Income and expenses in the profit and loss account of OBU are translated at an average rate approximating the exchange rates at the year end. Resulting exchange differences are recognized as a separate component of equity.

As per IAS 21, Foreign Currency Transactions i.e. both the foreign currency denominated monetary and non-monetary items of the OBUs are translated at historical rate because the OBUs are considered as an integral part of the Bank's operation not a foreign operation due to specific regulations governing the OBU and its unique nature.

**c) Commitments**

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

**d) Transaction gains and losses**

The resulting exchange transaction gains and losses are included in the profit and loss account.

**2.6 Cash flow statement**

The cash flow statement has been prepared in accordance with IAS 7, Cash Flow Statements considering the requirements specified in BRPD circular No. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

**2.7 Statement of changes in equity**

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth during the year.



**2.8 Statement of liquidity**

The liquidity statement of assets and liabilities as on the reporting date has been prepared either on the basis of their maturity schedule or residual maturity term as provided in the statement.

**2.9 Reporting period**

These financial statements of the Bank cover period from 1 January to 31 December 2021.

**2.10 Investment in Govt. Securities**

In accordance with Bangladesh Bank guideline the Bank has classified investment into the following categories :

- Held to Maturity (HTM)
- Held for Trading (HFT)

In accordance with DOS circular No.05 (26 May 2008) and DOS circular 5 (28 January 2009) treasury securities held for Statutory Liquidity Ratio (SLR) compliance could be classified as either HTM or HFT. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity. Coupon interest on HTM securities is recognised in profit and loss account. HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account.

**2.11 Investment in quoted / unquoted securities**

The investment in quoted shares are revalued as per market price in the stock exchange(s). The Bank's investments in shares (unquoted) are recorded at cost and income thereon is accounted for when the right to receive payment is established. Provisions are made for any loss arising from diminution in value of investments. Bonus share in their own self will have no value as the fair value of each shareholder's interest should be unaffected by the bonus issue, hence no accounting entries are passed in the book for bonus share received.

**2.12 Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.

Loans and advances are measured at amortised cost. These are stated gross, with accumulated specific and general provisions for loans and advances being shown under other liabilities.

**2.13 Provisions on loans and advances**

At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with Bangladesh Bank BRPD circular letter no-53 dated 30 December 2021, BRPD circular no. 52 dated 29 December 2021, BRPD circular letter no. 50 dated 14 December 2021, BRPD circular no. 19 dated 26 August 2021, BRPD circular No. 05 dated 24 March 2021, BRPD circular No. 03 dated 31 January 2021, BRPD circular no. 56 dated 10 December 2020, BRPD circular no.52 dated 20 October 2020, BRPD circular no.16 dated 21 July 2020, BRPD circular No. 24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No. 5 (16 May 2019) and BRPD circular No.3 (21 April 2019), BRPD circular No.1 (20 February 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates for general provision is 1% to 5% and specific provision is 5% to 100%.

The provisioning rates are as follows:

	2021	2020
<b>General provision on:</b>		
Unclassified general loans and advances/investments	1.00%	1.00%
Unclassified small and medium enterprise financing	0.25%	0.25%
Unclassified loans/investment for housing finance	1.00%	1.00%
Unclassified loans/investment for loans to professionals	2.00%	2.00%
Unclassified consumer financing other than housing finance and loans for professionals	2.00%	5.00%
Unclassified agricultural loans	1.00%	1.00%



**Specific provision on:**

Unclassified loans/advances rescheduled under BRPD 05/2019	100.00%	100.00%
Substandard loans and advances/investments other than agricultural loans and cottage, micro & small enterprise finance	20.00%	20.00%
Substandard loans and advances on cottage, micro & small enterprise finance	5.00%	20.00%
Doubtful loans and advances/investment other than agricultural loans and cottage, micro & small enterprise finance	50.00%	50.00%
Doubtful loans and advances on cottage, micro & small enterprise finance	20.00%	50.00%
Substandard and doubtful on agricultural loans	5.00%	5.00%
Bad/loss advances/investments	100.00%	100.00%

**Special general provision for COVID 19**

Loans and advances on cottage, micro & small enterprise finance	1.50%	1.00%
Other than SME loans and advances	2.00%	1.00%

In line with Bangladesh Bank BRPD Circular no. 04 dated January 29, 2015, All restructured loans treated as Special Mention Account (SMA) for the purpose of classification. Provision was made at existing applicable rate of SMA with additional 1%.

BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorised into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

Loans are normally written off, when there is no realistic prospect of recovery of these amounts and in accordance with BRPD circular No.01 (06 February 2019), BRPD circular No.13 (07 November 2013) and BRPD circular No.2 (13 January 2003). A separate Debt Collection Unit (DCU) has been set up which monitors loans written off and legal action taken through the money loan court. These write-offs do not undermine or affect the amount claimed against the borrower by the Bank.

The DCU maintains a separate record for all individual cases written off by each branch. The DCU follow-up on the recovery efforts of these written off loans and reports to management on a periodic basis. Written off loans and advances are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

**2.14 Property, plant and equipment**

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

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

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

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

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



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

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

**2.15 Intangible asset**

An intangible asset is to be recognized only if it is probable the future economic benefits attributable to the asset will flow to the bank and the cost of the asset can be measured reliably. Recognition & measurement of intangible asset are guided by IAS 38 – “Intangible Asset”. Due to following BRPD circular no. 14 dated 25th June 2003 intangible assets are not disclosed in a separate line rather in is reported under fixed assets. However, separate line item along with the rate of amortization is identifiable in the detail schedule of fixed assets.

**2.16 Provisions for other assets**

BRPD circular No.14 (25 June 2001) requires a provision of 100% on relevant other assets which are outstanding for one year and above. The Bank maintains provision in line with this circular unless no provision is required based on objective assessment.

**Provisions on balances with other banks and financial institutions (Nostro accounts)**

Provisions for unsettled transactions on nostro accounts made are reviewed on a quarterly basis by management and certified by the Bank's external auditors on a semi-annual basis in accordance with Bangladesh Bank Foreign Exchange Policy Department (FEPD) circular No. 677 (13 September 2005).

**Provisions for off balance sheet exposures**

As per BRPD circular No.14 (23 September 2012) the Bank has recognised 1% General Provision on the following off balance sheet exposures as defined in BRPD circular No.10 (24 November 2002) considering the exemption as provided through BRPD circular No.01 (03 January 2018), BRPD circular No.7 (21 June 2018) and BRPD circular No.13 (18 October 2018).

- Acceptance and endorsements
- Letters of guarantee
- Irrevocable letters of credit

**2.17 Non banking assets**

There are no assets acquired in exchange for loan during the period of financial statements.

**2.18 Securities purchased under re-sale agreement**

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The amount lent is shown as an asset either as loans and advances to customers or loans to other banks.

The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

**2.19 Reconciliation of inter-bank and inter-branch account**

Accounts with regard to inter-bank are reconciled regularly and there are no differences which may affect the financial statements significantly. Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are Nil.

**2.20 Statutory reserve**

Bank Company Act, 1991 requires the Bank to transfer 20% of its current year's profit before tax to reserve until such reserve equals to its paid up capital.

**2.21 Other reserve**

Other reserve comprises investment revaluation reserve and fixed assets revaluation reserve. When carrying amount of an item of property, plant and equipment is increased as a result of revaluation, the increased amount is classified directly to equity under heading of assets revaluation reserve as per IAS 16 – “Property, Plant and Equipment”. As per Bangladesh Bank DOS circular no. 5 dated 26th May 2008, revaluation gain arising from revaluation of government securities under HFT category is kept directly in equity under revaluation gain account which is disclosed with other reserve while preparing the financial statements.

**2.22 Provision for startup fund**

As per Bangladesh Bank SMESPD Circular No. 04 dated 29th March 2021, the Bank is maintaining provision for startup fund @ 1.00% of net profit after taxation.



**2.23 Non-controlling (minority) interest in subsidiary**

Non-controlling (minority) interest in subsidiary is an accounting concept that refers to the portion of a subsidiary corporation's stock that is not owned by the parent corporation. The magnitude of the non-controlling (minority) interest in the subsidiary company is always less than 50% of outstanding shares, else the corporation would cease to be a subsidiary of the parent. Non-controlling (minority) interest belongs to other investors and is reported on the consolidated balance sheet of the owing company to reflect the claim on assets belonging to other, non-controlling shareholders. Also, non-controlling (minority) interest is reported on the consolidated income statement as a share of profit belonging to non-controlling (minority) shareholders.

**2.24 Deposits and other accounts**

Deposits by customers and banks are recognized when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

**2.25 Borrowings from other banks, financial institutions and agents**

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit and loss account.

**2.26 Employees benefits**

**a. Short term benefits**

Short-term benefits are employee benefits which fall due wholly within twelve month after the end of the period in which the employees render the related service. The Bank provides various short term benefits to its employees like incentive bonus, leave fare assistance etc.

**b. Provident fund**

The benefits of provident fund are given to the employees of the Bank in accordance with the Provident Fund Rules as per section 2(52) of Income Tax Ordinance, 1984. The Provident Fund was recognized by National Board of Revenue on 12th May 2015. Separate bank account is maintained to manage the fund. All confirmed employees of the Bank contribute 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount to the Fund. Interest earned from the investments of fund is credited to the members' accounts on yearly basis.

**c. Gratuity**

As per the Employees Service Rules of the Bank, gratuity shall be admissible to all regular employees who have completed continuous service for a period of 7 (seven) years in the Bank but in case of experienced banker recruited through head hunting the admissible period is 5 (five) years. The amount of gratuity shall be calculated at the rate of 2 (two) months' last drawn basic pay for each completed years of service. The Bank is developing the fund to meet up its future obligation. National Board of Revenue recognized the gratuity fund on 10 April 2016.

**d. Workers Profit Participation Fund and Welfare Fund**

SRO-336-AIN/2010 dated 5-10-2010 issued by the 'Ministry of Labour and Employment' declares the status of business of certain institutions and companies along with Bank & insurance companies as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) which deals with the workers' participation in company's profit by way of 'Workers Participation Fund' and 'Welfare Fund'. This Act requires the "Industrial Undertakings" to maintain provision for workers' profit participation fund @ 5% on net profit. Since this requirement contradicts with the 'Section 11' of the 'Bank Company Act 1991 (as amended up to 2018)', Banks in Bangladesh took up the issue collectively and sought opinion from 'Association of Bankers Bangladesh Limited (ABB)' on the same. ABB wrote a letter to the 'Ministry of Finance' of Government of People's Republic of Bangladesh on 09.03.2016 to draw attention of the honorable Finance Minister regarding relevance and applicability of Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) for Bank Companies and to obtain a direction on the issue. The 'Ministry of Finance' revealed their opinion that WPPF should not be relevant for Bank Companies and therefore, it should not be applied there. They also sought for an opinion on this issue from Bangladesh Bank. Subsequently, Bangladesh Bank agreed on all the logics and legal opinion collected by the ABB and expressed their consensus with them on 29.11.2016. In this backdrop, the 'Ministry of Finance' has given their instruction, vide letter no. 53.00.0000.311.22.002.17.130 dated 14.02.2017, for not applying Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) in Bank Companies. Therefore, no provision in this regard has been made in the financial statements for the year ended on December 31, 2021.

**e. Other benefits**

Other benefits include house building loan, consumer finance and car loan at a concessional rate.



**2.27 Provision for liabilities**

Provision are recognized in the Balance Sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".

**2.28 Provision for Off-balance sheet items:**

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. Provision @1% against off-balance sheet exposures (L/Cs and Guarantees etc) in addition to the existing provisioning arrangement is made as per BRPD Circular No. 14 dated 23rd September, 2012 and BRPD Circular No. 07 dated 21 June 2018.

**2.29 Provision for current taxation**

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates as prescribed in the Income Tax Ordinance 1984 and relevant Statutory Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. As per the Finance Act 2021 the current income tax rate applicable for the banks is 37.50%. The estimation of current tax provision involves making judgments regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

**2.30 Provision for deferred tax**

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

**2.31 Revenue recognition**

The various types of revenue are recognised by the Bank under the following ways:

**2.31.1 Interest income (conventional banking)**

In terms of the provision of the IFRS 9 – "Financial Instruments" the interest income is recognized on accrual basis. In accordance with BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as bad/loss. The interest is then kept in a memorandum account. Interest received on sub-standard loans, doubtful loans and bad/loss loans are retained in the "Interest Suspense Account" until the loan is no longer considered to be impaired.

**2.31.2 Profit on investment (islamic banking)**

Income from general investments is accounted for on accrual basis except investments under Musharaka, Mudaraba, Bai-Salam, Bai-as-Sarf and Ijarah modes, where the investment income is accounted for on realization basis. The Wing does not charge any rent during the gestation period of investment against Hire Purchase under Shirkatul Melk (HPSM) mode but it fixes the sale price of the assets at a higher level in such a way to cover its expected rate of return. Such income is recognized on realization basis.

**2.31.3 Investment income**

Income on investments is recognized on accrual basis. Investment income includes discount on treasury bills and interest on treasury bonds. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

**2.31.4 Fees and commission income**

The Bank earns fees and commission from a diverse range of services provided to its customers. Fees and commission income is recognized on realization basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

**2.31.5 Dividend income on shares**

Dividend income from an investment is recognised when the Bank's right to receive payment is established (declared and approved by the shareholders in the Annual General Meeting of the investee).

**2.31.6 Interest paid on borrowings and deposits (conventional banking)**

Interest paid on borrowings and deposits is calculated on daily basis and recognized on accrual basis.

**2.31.7 Profit shared on deposits (islamic banking)**

Profit on deposits are recognized on accrual basis. Mudaraba depositors of the IBW share income derived from investing activities deploying the Mudaraba funds. Income under these categories includes profit, dividend, capital gain,rent, exchange gain and any other gain derived from deployment of Mudaraba funds.



**2.31.8 Management and other expenses**

Expenses incurred by the Bank are recognized on accrual basis.

**2.32 Risk management**

**2.32.1 Internal Control and Compliance Management**

Operational loss may arise from error and fraud due to weakness of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodic and special audit of the branches and departments at Head Office for review of the operation and compliance with statutory requirements. The Audit Committee of the Board reviews the reports of the Internal Control and Compliance Division.

**2.32.2 Foreign Exchange Risk Management**

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements.

Treasury Department independently conducts the transactions and the Back Office of treasury is responsible for verification of the deals and recording of their entries in the books of account. All foreign exchange transactions are revalued at Mark to Market rate at the month end. All Nostro accounts are reconciled on monthly basis and outstanding entries are reviewed on regular basis.

**2.32.3 Credit Risk Management**

Credit Risk is defined as potential loss arising from the failure of a counter-party to meet financial obligations as per contractual agreement with the Bank. Bank manages credit risk meticulously. The Bank extends credit facilities to different clients in different sectors after ensuring due diligence and mitigating risk factors as per guidelines set by Bangladesh Bank, the Board of Directors and Management Credit Committee of the Bank.

The Bank has segregated duties of the executives/officers involved in credit related activities. A separate marketing division is there at Head Office entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, two separate units have been formed namely Credit Risk Management Division, Credit Administration Division. Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risks involved in lending, sanctioning credit and formulating policies/strategies for lending operation. Credit Risk Grading (CRG) is also made for individual borrowers.

**2.32.4 Asset Liability Management**

The Asset Liability Committee (ALCO) of the Bank monitors market risks and liquidity risks of the Bank. The market risks emanate from potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. ALCO reviews liquidity requirements of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategies and the liquidity contingency plan. The primary objective of the ALCO is to monitor and avert significant volatility in Net Interest Income (NII), return on assets, investment value and exchange earnings. The ALCO also monitors the Capital Adequacy Ratio on monthly/quarterly basis.

**2.32.5 Money Laundering Risk Management**

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Anti Money Laundering Compliance Officer at Head Office and Branch Anti Money Laundering Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been compiled and transaction profile has been introduced. Training has been continuously imparted to all categories of officers and executives for developing awareness and skills for identifying suspicious activities.

**2.32.6 Information and Communication Technology Security Risk Management**

Transformation of business processes in response to technology-driven customers' needs and services has brought in tremendous change in information technology platform in the bank. The bank has adopted measures to protect the information and communication platform from unauthorized access, modification, virus, disclosure and destruction in order to ensure business continuity, data safety and security thereby protecting customers' interest at large.





**2.32.7 Internal Audit Management**

Internal audit is an independent, objective assurance and consulting activity designed to add value and to detect human errors and non-compliance with Internal Control Procedures. The bank has formed an Internal Audit Department under Internal Control & Compliance Division which are conducting internal audit on a regular basis of every branch and division at Head Office and report the findings to the Audit Committee of the Board of Directors. The Audit Department takes necessary steps to regularize the irregularities detected at the time of audit.

**2.32.8 Fraud and Forgeries Management**

The Internal Control and Compliance Division takes initiatives for preparing guidelines / instructions on a regular basis to prevent and detect frauds & forgeries. The ICCD communicate the guidelines / instructions to the branches and divisions at Head Office on a regular basis. The division is constantly monitoring and supervising for compliance with the guidelines / instructions so that the occurrence of fraud & forgeries comes to nil.

**2.32.9 Operational Risk**

Operational risk can be defined as the possibilities of losses resulting from inadequacy or failed internal processes, systems and people or from external events.

Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every Bank business and function. Operational risk can not only result in financial loss, but also regulatory sanctions and damage to the Bank's reputation. South Bangla Agriculture and Commerce Bank Limited is successful at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

South Bangla Agriculture and Commerce Bank Limited manages operational risks in the following manner:

- I. Risks are identified with reference to the relevant policy manuals, processes, and practices;
- II. Departmental Control Function Check List (DCFCL) is in place for evaluation of control;
- III. Review of safety and control measures of premises and equipments;
- IV. Management of technological and information security risks; and
- V. Ensuring the Bank's business continuity while facing unforeseen crisis under a business continuity and disaster management plan.

**2.32.10 Legal risk**

In South Bangla Agriculture and Commerce Bank Limited, legal risks are covered by recognizing potential losses from litigation or possible litigation at an early stage and by formulating solutions for reducing, restricting and avoiding such risks and creating adequate provision there- against.

**2.32.11 Business risk**

Business risk covers the risk of losses arising from lower non-interest income and higher expenses from the budgeted amount. The business risk is resulted from the market condition, greater customer expectation and / or technological development that may be significantly different from the assumptions made at the time of planning.

Business risk in South Bangla Agriculture and Commerce Bank Limited is managed by setting clear targets for specific business units, in terms of business volume, income, cost, cost-income ratio, quality of assets etc. with an ongoing process of continuous improvement.

**2.32.12 Reputational Risk**

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public in South Bangla Agriculture and Commerce Bank Limited.

The branches and operational divisions are directly responsible for reputational risks arising from their business operations. Reputational risks may also arise from a deficiency in managing other risks. All risk must therefore be managed effectively in order to uphold the Bank's reputation. The management ensures that South Bangla Agriculture and Commerce Bank Limited is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. South Bangla Agriculture and Commerce Bank Limited takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.



**2.32.13 Liquidity risk**

Liquidity risk is the risk that we may not meet our financial obligation as they become due. Liquidity risks also include our inability to liquidate any asset at reasonable price in a timely manner. It is the policy of the Bank to maintain adequate liquidity at all times in both local and foreign currencies. Liquidity risks are managed on a short, medium and long-term basis. There are approved limits for credit/ deposit ratio, liquid assets to total assets ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items and borrowing from money market to ensure that loans and investments are funded by stable sources, maturity mismatches are within limits and that cash inflow from maturities of assets, customer deposits in a given period exceeds cash outflow by a comfortable margin even under a stressed liquidity scenario.

**2.32.14 Interest rate risk**

Interest rate risk is the potential impact on the Bank's earnings and net asset value due to changes in market interest rates. Interest rate risk is the result of mismatches of interest rate re-pricing of financial assets and liabilities. South Bangla Agriculture and Commerce Bank Limited uses the following tools for measuring the interest rate risk:

**Gap analysis**

Under this system, a gap i.e. the difference between the amount of financial assets and the amount of liabilities is calculated at a pre-determined time bucket. The interest rate factor is then applied on the assessed financial value of Gap for measuring the earning impact due to movement of interest rate.

**Duration analysis**

Duration is the time-weighted average maturity of the present value of the cash flows from on balance sheet assets and liabilities. It measures the relative sensitivity of the value of these instruments to changing interest rates and therefore reflects on the economic value i.e. the present value of shareholders' equity of the Bank.

**2.33 Earnings per share (EPS)**

Earnings per share (EPS) have been calculated in accordance with IAS 33 – "Earnings per Share", which is shown on the face of the Profit & Loss Account. This has been calculated by dividing the net profit after tax by the weighted average number of ordinary shares outstanding as on 31 December 2021. This represent the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighted factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

No diluted earnings per share are required to be calculated for the period, as there was no element or scope for dilution during the period under review.

**2.34 Off-setting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the Balance Sheet when and only when the Bank has a legal right to offset the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains or losses arising from a group of similar transactions.

**2.35 Leases**

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IFRS 16, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

The Bank applied IFRS 16 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments, discounted it using incremental borrowing rate at the date of initial application, and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under property, plant and equipment in the financial statements.

After initial recognition of lease liability, the Bank increase the carrying amount to reflect the interest on the lease liability and thereafter reduce the carrying amount while the lease payments has been made. And re-measured the carrying amount for any lease modifications.

While implementing IFRS 16, the Bank observed that IFRS 16 is expected to have impact on various regulatory capital and liquidity ratios as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items. Finally, paragraph 5 of IFRS 16 provide the recognition exemptions to short-term leases and leases for which the underlying asset is of low value. Although, paragraphs B3 to B8 of the Application Guidance (Appendix B) of IFRS 16 provide some qualitative guidance on low value asset, but these guidance is focused towards moveable asset. Immovable asset like rental of premises (i.e. real estate) is not covered on those guidance, nor any benchmark on quantification guidance on low value items have been agreed locally in Bangladesh.

The Bank has defined 'low value asset' which are to be excluded from IFRS 16 requirement and considered lease of 'Generator space' and 'ATM Booths and other installations' as low value asset. The Bank recognises lease payments associated with these leases as an expense. On transaction to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 6%.

Bank has applied "COVID 19 related rent concession (amendment to IFRS 16 2020, )" and "COVID 19 related rent concession (amendment to IFRS 16 2021, )" regarding the amendment of lease modification clause i.e. 46A & 46B and applied the practical expedient to rent concessions that meet the conditions in paragraph 46B.

**2.36 Dividend policy**

The Bank's policy is to maximize the shareholders' wealth. As a result, the bank tries to allocate optimum dividend to the shareholders for each operational year, after payment of income tax, transfer of fund to regulatory reserve, provision for loans and advances, etc. Final dividend is recognized when it is approved by the shareholders in the Annual General Meeting. The payment of dividend is made within the time prescribed by the Bangladesh Securities and Exchange Commission.

**2.37 Credit Rating of the Bank**

As per the BRPD instruction circular no.6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the financial statements dated 31 December 2020.

Particulars	Date of Rating	Long term	Short term	Rating Valid
Credit Rating Information and Services Limited (CRISL)	30 June 2021	A	ST-2	29 June 2022

**2.38 New accounting standards not yet adopted**

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB vide letter 1/I/ICAB-2017 decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on these financial statements.

A number of standards and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

**(a) (a) IFRS 17 Insurance contract**

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

**2.39 Utilization of IPO fund**

During the year, the Bank has fully utilized the fund collected through Initial Public Offering and subsequently obtained Auditor's report M/S G.Kibria & Co. Chartered Accountants for the utilization of fund received through IPO. The said utilization has been made withing the time stipulated in the prospectus.

**2.40 Approval of the Financial Statements**

The Board of Directors of the Bank, in its 141st meeting held on April 27, 2022, approved the financial statements of the Bank for the year ended 31 December 2021 and signed these statements on April 27, 2022.



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	2021 Taka	2020 Taka
<b>3. Cash in hand (including foreign currencies) - Consolidated</b>		
SBAC Bank Limited (note 3.1)	855,111,180	652,709,026
SBAC Bank Investment Limited	-	-
	<b>855,111,180</b>	<b>652,709,026</b>
<b>3.1 Cash in hand (including foreign currencies) of the Bank</b>		
Local currency	853,240,625	645,477,520
Foreign currencies	1,870,555	7,231,506
	<b>855,111,180</b>	<b>652,709,026</b>
<b>4. Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) - Consolidated</b>		
SBAC Bank Limited (note 4.1)	3,236,004,834	3,520,458,666
SBAC Bank Investment Limited	-	-
	<b>3,236,004,834</b>	<b>3,520,458,666</b>
<b>4.1 Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) of the Bank</b>		
Bangladesh Bank		
In local currency	3,064,258,047	3,344,278,094
In foreign currencies	171,746,787	176,180,572
	3,236,004,834	3,520,458,666
Sonali Bank Limited (as Agent of Bangladesh Bank) - local currency	-	-
	<b>3,236,004,834</b>	<b>3,520,458,666</b>
<b>4.2 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)</b>		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Company Act, 1991 (amended up to 2018) and of instructions contained in DOS Circular No. 01 dated 19 January, 2014 and MPD Circular No. 03 dated 09 April, 2020 for conventional and islamic banking and BRPD Circular No. 31 dated 18 June 2020 for off-shore banking unit.		
The Cash Reserve Requirement, calculated at the rate of 3.50% for conventional and islamic banking and 1.50% for off-shore banking unit on daily basis and 4.00% for conventional and islamic banking and 2.00% for off-shore banking unit on bi-weekly basis, based on the Bank's average time and demand liabilities of two months earlier of the reporting month (i.e. based on October), has been maintained with Bangladesh Bank in current account. The Statutory Liquidity Ratio, calculated at the rate of 13% for conventional banking and off-shore banking unit and 5.50% for islamic banking based on the Bank's average time and demand liabilities of two months earlier of the reporting month (i.e. based on October), have been maintained in the form of unencumbered treasury bills and bonds, cash in hand and daily excess of Cash Reserve.		
<b>4.2.1 Total average demand and time liabilities</b>		
Total average demand and time liabilities of October		
Conventional banking	70,599,843,000	67,234,731,000
Islamic banking	206,374,000	-
Off-shore banking unit	-	-
	<b>70,806,217,000</b>	<b>67,234,731,000</b>
<b>4.2.2 Cash Reserve Requirement (CRR) and maintained</b>		
<b>Required reserve</b>		
Conventional banking	2,823,994,000	2,689,389,000
Islamic banking	8,255,000	-
Off-shore banking unit	-	-
<b>Total required reserve</b>	<b>2,832,249,000</b>	<b>2,689,389,000</b>
<b>Actual reserve maintained</b>		
Balance with Bangladesh Bank - local currency :		
For conventional banking and OBU	2,917,148,863	3,329,192,529
For islamic banking	50,000,000	-
	<b>2,967,148,863</b>	<b>3,329,192,529</b>
<b>Surplus / (deficit) (conventional banking and OBU)</b>	<b>93,154,863</b>	<b>639,803,529</b>
<b>Surplus / (deficit) (islamic banking)</b>	<b>41,745,000</b>	<b>-</b>
<b>Maintained ratio (conventional banking and OBU)</b>	<b>4.13%</b>	<b>4.95%</b>
<b>Maintained ratio (islamic banking)</b>	<b>24.23%</b>	<b>-</b>

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.



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	2021 Taka	2020 Taka
<b>4.2.3 Statutory Liquidity Ratio (SLR) requirement and maintained (conventional banking and off-shore banking unit)</b>		
<b>Required reserve</b>		
Conventional banking	9,177,980,000	8,740,515,000
Off-shore banking unit	-	-
<b>Total required reserve</b>	<b>9,177,980,000</b>	<b>8,740,515,000</b>
<b>Available for maintenance :</b>		
Cash in hand (including foreign currencies)	839,202,564	652,709,026
Balance with Sonali Bank Limited (as an agent of Bangladesh Bank)	-	-
Excess of CRR requirement	93,154,863	639,803,529
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	15,918,541,635	12,975,172,166
	<u>16,850,899,062</u>	<u>14,267,684,721</u>
<b>Surplus / (deficit)</b>	<b>7,672,919,062</b>	<b>5,527,169,721</b>
<b>Maintained Ratio</b>	<b>23.87%</b>	<b>21.22%</b>

#### 4.2.4 Statutory Liquidity Ratio (SLR) requirement and maintained (islamic banking)

<b>Required reserve</b>	11,351,000	-
<b>Available for maintenance :</b>		
Cash in hand (including foreign currencies)	15,908,616	-
Balance with Sonali Bank Limited (as an agent of Bangladesh Bank)	-	-
Excess of CRR requirement	41,745,000	-
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	50,000,000	-
	<u>107,653,616</u>	<u>-</u>
<b>Surplus / (deficit)</b>	<b>96,302,616</b>	<b>-</b>
<b>Maintained Ratio</b>	<b>52.16%</b>	<b>-</b>



	2021 Taka	2020 Taka
<b>5. Balance with other banks and financial institutions - Consolidated</b>		
<b>In Bangladesh</b>		
SBAC Bank Limited (note 5.1)	7,080,594,333	9,153,677,208
SBAC Bank Investment Limited	365,990,756	-
	<u>7,446,585,089</u>	<u>9,153,677,208</u>
Less : Inter company transactions	365,990,756	-
	<u>7,080,594,333</u>	<u>9,153,677,208</u>
<b>Outside Bangladesh</b>		
SBAC Bank Limited (note 5.1)	291,705,446	476,477,877
SBAC Bank Investment Limited	-	-
	<u>291,705,446</u>	<u>476,477,877</u>
	<u>7,372,299,779</u>	<u>9,630,155,085</u>
<b>5.1 Balance with other banks and financial institutions of the Bank</b>		
<b>In Bangladesh</b>		
Main Operation (note 5.2)	7,638,008,901	9,221,407,982
Off-shore Banking Unit	17,600,989	-
Less: Inter bank transactions	(575,015,557)	(67,730,774)
	<u>7,080,594,333</u>	<u>9,153,677,208</u>
<b>Outside Bangladesh</b>		
Main Operation (note 5.2)	291,705,446	476,477,877
	<u>7,372,299,779</u>	<u>9,630,155,085</u>
<b>5.2 Balance with other banks and financial institutions - Main Operation</b>		
In Bangladesh (note 5.3)	7,638,008,901	9,221,407,982
Outside Bangladesh (note 5.4)	291,705,446	476,477,877
	<u>7,929,714,347</u>	<u>9,697,885,859</u>
<b>5.3 In Bangladesh</b>		
<b>Balance with other banks :</b>		
<b>In current deposit accounts with</b>		
Sonali Bank Limited	39,797,215	32,264,642
Dutch Bangla Bank Limited	1,372	2,062
Eastern Bank Limited	8,540,574	9,907,822
	<u>48,339,161</u>	<u>42,174,526</u>
<b>In special notice deposit accounts with</b>		
Janata Bank Limited	109,409,377	328,536,640
Eastern Bank Limited	15,754,105	81,173,354
Sonali Bank Limited	84,553,801	244,290,440
Mercantile Bank Limited	440,230	143,944
Bank Asia Limited	26	26
Standard Bank Limited	89,323	91,147
Jamuna Bank Limited	17,832	18,096
Al-Arafa Islami Bank Limited	14,547	14,733
Trust Bank Limited	17,355,415	11,511,385
Union Bank Limited	7,541	100,449
IFIC Bank Limited	20,083	28,220
Rupali Bank Limited	3,035,218	2,508,468
	<u>230,697,498</u>	<u>668,416,902</u>
<b>In fixed deposit accounts with</b>		
Mutual Trust Bank Limited	1,000,000,000	-
Meghna Bank Limited	-	500,000,000
Janata Bank Limited	1,821,060,000	2,300,000,000
Sonali Bank Limited	2,014,062,500	2,300,000,000
	<u>4,835,122,500</u>	<u>5,100,000,000</u>
<b>Balance with financial institutions :</b>		
Phoenix Finance Limited	213,500,000	227,300,000
International Leasing & Financial Services Limited	578,500,000	578,500,000
Prime Finance & Investment Limited	-	500,000
IDLC Finance Limited	-	580,000,000
Industrial & Infrastructure Development Finance Company Limited	78,000,000	230,000,000
Fareast Finance and Investment Limited	257,500,000	257,500,000
FAS Finance Limited	264,300,000	264,300,000
Premier Leasing and Finance Limited	131,400,000	131,400,000
Union Capital Limited	178,900,000	182,900,000
Bangladesh Finance and Investment Company Limited	213,500,000	230,000,000
Bay Leasing & Investment Limited	50,000,000	80,000,000
Haji Finance Company Limited	-	80,000,000
IPDC Finance Limited	-	500,000,000
	<u>1,965,600,000</u>	<u>3,342,400,000</u>
Placement of fund with SBAC Bank Off-shore Banking Unit	558,249,742	68,416,554
	<u>7,638,008,901</u>	<u>9,221,407,982</u>

Management conducted an impairment assessment as on 31st December 2021 and satisfied that no impairment provision is required against any FDR. As per BRPD Circular Letter no. BRPD(P-1)/661/13/2021-12262 dated 27 December 2021, banks are exempted from keeping further provision against the balance with financial institutions.



**5.4 Outside Bangladesh**

**In demand deposit accounts (non-interest bearing) with**

Particulars	Currency	2021			2020		
		Amount in foreign currency	Exchange rate for per unit	Amount in Taka	Amount in foreign currency	Exchange rate for per unit foreign currency	Amount in Taka
Mashreq Bank PSC, New York	USD	1,129,302	85.80	96,894,070	1,897,661	84.80	160,921,678
AB Bank, Mumbai	ACU	755,797	85.80	64,847,347	470,525	84.80	39,900,496
United Bank of India, Kolkata	ACU	6,507	85.80	558,339	134,944	84.80	11,443,225
National Bank of Pakistan,	JPY	3,686,947	0.7463	2,751,568	4,627,817	0.8186	3,788,332
Mashreq Bank PSC, London	GBP	-	115.71	-	-	114.48	-
Sonali Bank Ltd, Kolkata	ACU	430,144	85.80	36,906,372	460,672	84.80	39,064,977
Habib American Bank,	USD	241,363	85.80	20,708,938	2,181,036	84.80	184,951,839
Habib Metropolitan Bank Ltd., Karachi	ACU	178,679	85.80	15,330,622	158,594	84.80	13,448,773
AXIS Bank Ltd., Mumbai	ACU	470,956	85.80	40,408,058	223,399	84.80	18,944,196
Sonali Bank (UK) Ltd.	USD	43,233	85.80	3,709,401	3,524	84.80	298,798
Sonali Bank (UK) Ltd.	GBP	16,720	115.71	1,934,679	10,253	114.48	1,173,750
Sonali Bank (UK) Ltd.	EURO	9,846	97.37	958,653	20,396	103.84	2,118,267
Koomin Bank, Seoul	USD	78,058	85.80	6,697,399	4,995	84.38	423,546
				<b>291,705,446</b>			<b>476,477,877</b>
<b>In demand deposit accounts (interest bearing)</b>				-			-
<b>Total Outside Bangladesh</b>				<b>291,705,446</b>			<b>476,477,877</b>

	2021 Taka	2020 Taka
<b>5.5 Maturity grouping of balance with other banks and financial institutions of the Bank</b>		
On demand	457,511,264	518,652,403
Within one month	3,277,600,000	4,101,502,682
Within one to three months	1,636,466,015	1,850,000,000
Within three to twelve months	1,965,600,000	3,160,000,000
Within one to five years	-	-
More than five years	-	-
	<b>7,337,177,279</b>	<b>9,630,155,085</b>
<b>6. Money at call on short notice</b>		
<b>With banks</b>	-	-
<b>With non bank financial institutions</b>	-	-
	-	-



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	2021 Taka	2020 Taka
<b>7. Investments - Consolidated</b>		
<b>Government :</b>		
SBAC Bank Limited	15,971,113,935	12,976,733,866
SBAC Bank Investment Limited	-	-
	<b>15,971,113,935</b>	<b>12,976,733,866</b>
<b>Other :</b>		
SBAC Bank Limited	1,567,081,922	151,679
SBAC Bank Investment Limited	-	-
	<b>1,567,081,922</b>	<b>151,679</b>
	<b>17,538,195,857</b>	<b>12,976,885,545</b>
<b>7.1 Investments of the Bank</b>		
<b>Government securities</b>		
<b>Treasury bills</b>		
91-day treasury bills	-	-
182-day treasury bills	-	1,898,825,300
364-day treasury bills	123,625,231	698,214,300
30-day Bangladesh Bank bills	-	-
	<b>123,625,231</b>	<b>2,597,039,600</b>
<b>Treasury bonds</b>		
2-Year treasury bonds	-	71,408,577
3-Year treasury bonds	120,000,000	120,000,000
5-Year treasury bonds	1,096,189,956	97,712,479
10-Year treasury bonds	3,046,537,015	1,405,358,173
15-Year treasury bonds	6,589,005,404	5,328,530,646
20-Year treasury bonds	4,718,854,029	3,091,152,691
Ijarah Sukuk Bond	274,330,000	263,970,000
	<b>15,844,916,404</b>	<b>10,378,132,566</b>
<b>Total treasury bills and bonds</b>	<b>15,968,541,635</b>	<b>12,975,172,166</b>
Prize bonds	2,572,300	1,561,700
<b>Total Government securities</b>	<b>15,971,113,935</b>	<b>12,976,733,866</b>
<b>Other investments (note 7.4)</b>	<b>1,567,081,922</b>	<b>151,679</b>
	<b>17,538,195,857</b>	<b>12,976,885,545</b>
<b>7.2 Classification of investments</b>		
<b>Government treasury bills and bonds</b>		
Held for Trading (HFT)	4,007,106,430	5,537,495,358
Held to Maturity (HTM)	11,687,105,205	7,173,706,808
Ijarah Sukuk Bond	274,330,000	263,970,000
<b>Total treasury bills and bonds</b>	<b>15,968,541,635</b>	<b>12,975,172,166</b>
Prize bonds	2,572,300	1,561,700
<b>Total Government securities</b>	<b>15,971,113,935</b>	<b>12,976,733,866</b>
<b>Other investments (note 7.4)</b>	<b>1,567,081,922</b>	<b>151,679</b>
	<b>17,538,195,857</b>	<b>12,976,885,545</b>
<b>7.3 Maturity grouping of investments</b>		
On demand	2,572,300	454,567,812
Within one month	1,383,500,551	151,679
Within one to three months	315,133,461	1,898,641,900
Within three to twelve months	123,625,231	316,800,166
Within one to five years	1,848,323,349	691,367,428
More than five years	13,865,040,965	9,615,356,560
	<b>17,538,195,857</b>	<b>12,976,885,545</b>
<b>7.4 Other investments (Annexure - C)</b>		
In quoted shares	1,161,805,141	151,679
In quoted mutual funds	101,695,410	-
In unquoted shares	3,581,371	-
In preference shares	300,000,000	-
	<b>1,567,081,922</b>	<b>151,679</b>





**7.5 Disclosure for REPO and Reverse REPO transactions**

In terms of the instructions contained in DOS Circular No. 6 dated 15 July 2010, the disclosure requirements for REPO and Reverse REPO transactions of the Bank are furnished below :

**7.5.1 Disclosure regarding outstanding REPO as on 31 December 2021**

Sl. No.	Name of the counterparty	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
1	Agrani Bank Ltd.	29 December 2021	05 January 2022	1,507,853,215
2	Brac Bank Ltd.	30 December 2021	05 January 2022	996,644,119

**7.5.2 Disclosure regarding outstanding Reverse REPO as on 31 December 2021**

Sl. No.	Name of the counterparty	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
-	-	-	-	-

**7.5.3 Disclosure regarding overall transactions of REPO and Reverse REPO for the year ended 31 December 2021**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
	Taka	Taka	Taka
<b>Securities sold under repo :</b>			
i) with Bangladesh Bank	522,500,000	780,615,000	651,557,500
ii) with other banks & FIs	1,728,010,913	12,356,331,387	9,591,018,367
<b>Securities purchased under reverse repo</b>			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	106,445,910	4,480,781,849	322,330,037



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	2021 Taka	2020 Taka
<b>8. Loans, advances and lease / investments - Consolidated</b>		
<b>Loans , cash credit, overdrafts etc. / investments :</b>		
SBAC Bank Limited (note 8.1)	63,711,064,030	56,256,303,274
SBAC Bank Investment Limited	-	-
	<b>63,711,064,030</b>	<b>56,256,303,274</b>
<b>Bills purchased and discounted :</b>		
SBAC Bank Limited (note 8.1)	2,244,617,036	1,152,526,195
SBAC Bank Investment Limited	-	-
	<b>2,244,617,036</b>	<b>1,152,526,195</b>
	<b>65,955,681,066</b>	<b>57,408,829,469</b>
<b>8.1 Loans, advances, lease and investments of the Bank</b>		
<b>Loans , cash credit, overdrafts etc. / investments :</b>		
Main Operation	63,711,064,030	56,256,303,274
Off-shore banking unit	-	-
	<b>63,711,064,030</b>	<b>56,256,303,274</b>
<b>Bills purchased and discounted :</b>		
Main Operation	1,681,406,152	1,084,795,421
Off-shore banking unit	563,210,884	67,730,774
	<b>2,244,617,036</b>	<b>1,152,526,195</b>
	<b>65,955,681,066</b>	<b>57,408,829,469</b>
<b>8.2 Loans , cash credit, overdrafts etc. / investments of the Bank</b>		
<b>In Bangladesh:</b>		
<b>Overdrafts / bai murabaha</b>	<b>15,385,656,494</b>	<b>16,743,382,706</b>
<b>Cash credit / bai murabaha :</b>		
General cash credit / bai murabaha	5,190,441,496	5,761,162,020
Agriculture cash credit / bai murabaha	211,385,828	186,012,912
SME cash credit	9,466,854,248	9,695,814,282
General cash credit under stimulus finance	357,870,952	443,101,397
SME cash credit / bai murabaha under stimulus finance	684,588,011	680,866,172
	<b>15,911,140,535</b>	<b>16,766,956,783</b>
<b>Loans, lease and investments :</b>		
Loans against trust receipt / murabaha post import	2,427,975,398	3,121,784,060
Export packing credit	11,866,506	27,708,952
Payment against document	503,747,883	573,589,246
Time loans	3,809,113,593	2,044,216,088
EDF loans	1,795,260,933	1,562,895,233
Demand loans	2,381,972,789	1,247,618,234
Lease finance	642,356,337	530,541,268
House building finance / HPSM real estate	853,482,702	702,643,427
General term loans	15,341,038,404	9,189,332,214
SME term loans	3,171,782,827	2,794,040,391
Agriculture term loans	297,398,942	109,507,724
Short term micro credit	236,235,039	1,003,519
Personal loans	84,428,258	85,489,477
Auto loans / HPSM vehicles	44,198,548	30,656,741
Credit Card	245,951,018	220,338,028
Block account for rescheduled loan	39,838,382	30,645,920
Staff loans / HPSM	527,619,442	473,953,263
	<b>32,414,267,001</b>	<b>22,745,963,785</b>
	<b>63,711,064,030</b>	<b>56,256,303,274</b>
<b>Outside Bangladesh</b>	-	-
	<b>63,711,064,030</b>	<b>56,256,303,274</b>
<b>8.3 Bills purchased and discounted of the Bank</b>		
<b>Inside Bangladesh</b>		
Inland bills purchased and discounted	1,620,206,771	795,647,733
<b>Outside Bangladesh</b>		
Foreign bills purchased and discounted	624,410,265	356,878,462
	<b>2,244,617,036</b>	<b>1,152,526,195</b>



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	2021 Taka	2020 Taka
<b>8.4 Maturity grouping of loans, advances and lease / investments including bills purchased and discounted</b>		
On demand	6,690,125,931	5,866,473,107
Within one month	4,932,710,203	4,250,811,118
Within one to three months	16,410,434,970	13,970,807,866
Within three to twelve months	24,108,876,332	21,140,719,337
Within one to five years	11,233,029,134	9,850,078,160
More than five years	2,580,504,496	2,262,209,107
	<b>65,955,681,066</b>	<b>57,341,098,695</b>
<b>8.5 Loans, advances and lease / investments including bills purchased and discounted are classified into following broad categories</b>		
<b>(a) Loans, advances and lease / investments (note 8.2)</b>		
<b>In Bangladesh</b>		
Loans	32,414,267,001	22,745,963,785
Cash credit	15,911,140,535	16,766,956,783
Overdraft	15,385,656,494	16,743,382,706
	<b>63,711,064,030</b>	<b>56,256,303,274</b>
<b>Outside Bangladesh</b>		
	<b>63,711,064,030</b>	<b>56,256,303,274</b>
<b>(b) Bills purchased and discounted (note 8.3)</b>		
In Bangladesh	1,620,206,771	795,647,733
Outside Bangladesh	624,410,265	356,878,462
	<b>2,244,617,036</b>	<b>1,152,526,195</b>
	<b>65,955,681,066</b>	<b>57,408,829,469</b>
<b>8.6 Loans, advances and lease / investments including bills purchased and discounted on the basis of significant concentration</b>		
i. Loans, advances and lease / investments to Directors of the bank	678,198,906	601,551,001
ii. Loans, advances and lease / investments to CEO and other senior executives	314,511,318	256,876,279
iii. Loans, advances and lease / investment to staffs other than in sl. no. ii	213,108,124	217,076,984
iv. Loans, advances and lease / investments to customers' group	64,749,862,718	56,265,594,431
	<b>65,955,681,066</b>	<b>57,341,098,695</b>
<b>iv. Disclosure on large loans</b>		
Disclosure on large loans i.e. loan sanctioned to any individual or enterprise or any organization of a group amounting to 10% or more of the Bank's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under. Mentionable that, total capital (Tier I + Tier II) of the Bank was Taka 10,834,467,349 as at 31 December 2021 and Taka 9,270,576,851 as at 31 December 2020.		
<b>(a) Number of the clients to whom loans and advances sanctioned more than 10% of the Bank's total capital</b>	14	17
<b>(b) Amount of outstanding loans and advances to the clients mentioned in iv (a) above</b>	12,658,578,591	14,831,077,483
<b>(c) Amount of classified loans and advances out of the amount mentioned in iv (b) above</b>	-	-
<b>(d) Measures taken for recovery of the amount mentioned in iv (c) above</b>	-	-
<b>8.7 Geographical location-wise loans, advances and lease / investments including bills purchased and discounted</b>		
<b>Urban</b>		
Dhaka Division	40,323,404,022	32,813,052,172
Chattogram Division	6,889,061,919	6,382,265,961
Khulna Division	5,028,118,473	5,015,000,400
Rajshahi Division	1,694,899,997	1,900,532,146
Barishal Division	1,168,100,039	1,115,554,000
Sylhet Division	215,923,179	156,809,236
Rangpur Division	1,481,964,938	1,384,072,628
Mymensingh	29,604,588	26,645,132
	<b>56,831,077,155</b>	<b>48,793,931,675</b>



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>Rural</b>		
Dhaka Division	3,671,380,836	3,331,227,010
Chattogram Division	1,805,450,042	1,660,023,606
Khulna Division	2,962,109,654	3,039,486,471
Rajshahi Division	30,141,748	62,920,988
Barishal Division	431,506,866	241,039,081
Sylhet Division	139,275,142	136,640,932
Rangpur Division	84,739,623	75,828,932
	<b>9,124,603,911</b>	<b>8,547,167,020</b>
	<b>65,955,681,066</b>	<b>57,341,098,695</b>
<b>8.8 Industry-wise loans, advances and lease / investments including bills purchased and discounted</b>		
Agriculture, fisheries and forestry	185,607,327	1,269,845,704
Agro base processing industries	5,739,412,839	6,652,997,400
Small & medium enterprise financing (SMEF)	24,415,884,495	22,256,584,236
RMG & textile industries	6,920,200,276	5,531,782,128
Hospitals, clinics & medical colleges	536,043,894	430,467,041
Trade & commerce	5,516,421,904	4,054,251,831
Transport and communications	326,913,079	407,641,050
Rubber & plastic industries	1,022,787,032	1,158,079,800
Iron, steel & aluminium industries	2,963,615,350	1,729,871,836
Printing & Packaging industries	92,437,523	370,294,347
Other manufacturing industries	5,975,787,524	4,976,262,278
Housing & construction industries	870,941,258	702,643,427
Consumer credit	901,086,302	753,152,938
Others	10,488,542,263	7,047,224,679
	<b>65,955,681,066</b>	<b>57,341,098,695</b>
<b>8.9 Broad economic sector-wise segregation of loans, advances and lease / investments including bills purchased and discounted</b>		
Government and autonomous bodies	-	-
Other public sector	-	-
Private sector	65,955,681,066	56,256,303,274
	<b>65,955,681,066</b>	<b>56,256,303,274</b>
<b>8.10 Required provision for loans, advances and lease / investments including bills purchased and discounted</b>		

Particulars	Amount of outstanding loans and advances as at 31 December 2021	Base for Provision	Rate	Amount of required provision as at 31 December 2021	Amount of required provision as at 31 December 2020
<b>I) General provision :</b>					
a) Consumer finance	372,227,797	372,227,797	2.00%	7,444,556	6,767,177
b) Staff loans	527,619,442	-	0.00%	-	-
c) Housing finance	870,361,324	870,361,324	1.00%	8,703,613	7,221,646
d) Loans to professional	-	-	2.00%	-	-
e) Small & medium enterprise	22,518,629,513	22,518,629,513	0.25%	56,296,574	50,589,370
f) Loans to BH, MB, SD, etc.	1,028,691,125	1,028,691,125	2.00%	20,573,823	19,813,010
g) Agricultural and micro credit	1,856,073,270	1,856,073,270	1.00%	18,560,733	12,860,497
h) Others	34,921,177,418	34,921,177,418	1.00%	349,211,774	272,128,942
i) Special general provision- COVID-19	-	-	1%, 1.5% & 2%	187,183,129	84,370,703
	<b>62,094,779,889</b>	<b>61,567,160,447</b>		<b>647,974,201</b>	<b>453,751,345</b>
<b>II) Specific provision :</b>					
a) Unclassified	-	1,026,375,489	100.00%	1,026,375,489	601,344,335
b) Unclassified	-	-	1.00%	-	5,937,538
c) Sub-standard (CMS)	20,193,930	3,344,266	5.00%	167,213	7,308,800.15
d) Sub-standard (other)	239,231,185	233,477,950	20.00%	46,695,590	9,203,958
e) Doubtful (CMS)	719,577,437	163,394,764	20.00%	32,678,953	10,894,422
f) Doubtful (other)	170,599,256	142,027,842	50.00%	71,013,921	8,170,677
g) Bad / loss	2,711,299,369	1,019,231,715	100.00%	1,019,231,715	923,907,606
	<b>3,860,901,177</b>	<b>2,587,852,026</b>		<b>2,196,162,881</b>	<b>1,566,767,336</b>
<b>Total provision required</b>	<b>65,955,681,066</b>	<b>64,155,012,473</b>		<b>2,844,137,082</b>	<b>2,020,518,681</b>
<b>Total provision maintained</b>				<b>2,397,443,139</b>	<b>1,576,280,802</b>
<b>Provision to be maintained*</b>				<b>446,693,943</b>	<b>444,237,879</b>
<b>Surplus / (deficit)</b>					

\* As per Bangladesh Bank letter reference no. DBI-3/132/2022-617 dated April 19, 2022, Bank has total provision shortfall of Tk. 55.79 crore ( Tk. 40.03 crore against unclassified loans and advances, Tk. 11.12 crore against classified loans and advances, Tk. 4.64 crore against special general provision for COVID -19). As per Bangladesh Bank letter reference no. DOS (CAMS)1157/41(dividend)/2022-2224 dated April 25, 2022, the Bank has to maintain shortfall specific provision of Tk. 11.12 in the current year and rest of the amount of Tk. 44.67 crore has to be maintained in the year 2022, 2023 & 2024 equally.



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>8.11 Classification of loans, advances and lease / investments including bills purchased and discounted</b>		
<b>Unclassified loans and advances</b>		
<b>Main Operation</b>		
i) Standard	60,610,640,257	52,324,756,943
ii) Special mention account (SMA)	920,928,748	1,448,378,889
	<b>61,531,569,005</b>	<b>53,773,135,832</b>
<b>Off-shore Banking Unit</b>		
i) Standard	563,210,884	67,730,774
ii) Special mention account (SMA)	-	-
	<b>563,210,884</b>	<b>67,730,774</b>
	<b>62,094,779,889</b>	<b>53,840,866,606</b>
<b>Classified loans and advances</b>		
<b>Main Operation</b>		
Sub-standard	259,425,115	690,982,016
Doubtful	890,176,693	340,246,622
Bad / loss	2,711,299,369	2,536,734,225
	<b>3,860,901,177</b>	<b>3,567,962,863</b>
<b>Off-shore Banking Unit</b>		
Sub-standard	-	-
Doubtful	-	-
Bad / loss	-	-
	<b>-</b>	<b>-</b>
	<b>3,860,901,177</b>	<b>3,567,962,863</b>
<b>Total</b>	<b>65,955,681,066</b>	<b>57,408,829,469</b>
<b>8.12 Particulars of loans, advances and lease / investments including bills purchased and discounted</b>		
i) Loans considered good in respect of which the banking company is fully secured	57,329,803,104	49,819,633,376
ii) Loans considered good for which the banking company holds no security other than the debtor's personal guarantee	7,631,129,723	6,602,826,549
iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	994,748,239	918,638,770
iv) Loans adversely classified; provision not maintained there against	-	-
	<b>65,955,681,066</b>	<b>57,341,098,695</b>
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	1,205,818,348	1,075,504,264
vi) Loan due from companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies as members	678,198,906	601,551,001
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the banking companies or any of them either separately or jointly with any other persons	1,205,818,348	1,075,504,264
viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firm in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members	678,198,906	601,551,001
ix) Due from other banking companies	-	-
x) Classified loans and advances :		
(a) Amount of classified loan on which interest has not been charged	3,860,901,177	3,383,130,014



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
(b) (Decrease)/increase in specific provision	629,395,545	-
(c) Amount of loan written off during the year	-	-
(d) Amount realized against loan previously written off	-	-
(e) Amount of provision kept against loan classified as bad/loss as on the Balance Sheet date	1,019,231,715	923,907,606
(f) Interest creditable to the interest suspense accounts	1,000,624,647	617,600,554
xi) Cumulative amount of the written off loan	-	-
xii) Amount written off in the year	-	-
xiii) Amount of written off loan for which lawsuit has been filed for recovery	-	-
<b>8.13 Bills purchased and discounted</b>		
In Bangladesh	1,620,206,771	795,647,733
Outside Bangladesh	624,410,265	356,878,462
	<b>2,244,617,036</b>	<b>1,152,526,195</b>
<b>8.14 Bills purchased and discounted on the basis of the residual maturity grouping</b>		
Within one month	17,549,366	139,159,147
Within one to three months	1,342,597,889	639,454,780
Within three to six months	874,356,292	316,076,214
More than six months	10,113,489	57,836,054
	<b>2,244,617,036</b>	<b>1,152,526,195</b>

## Disclosure of Document Verification System (DVS)

As per Financial Reporting Council (FRC) letter no. 178/FRC/APR/2021/27(16) dated 07, 2021 regarding compliance of BRPD Circular No. 04 and 35 dated January 2021 and July 06, 2021 respectively.

Particulars	Compliance of BRPD Circular No. 35**		Compliance of BRPD Circular No. 04**	
	Number	%	Number	%
Complied File	50	100%	11	22
Total File	50	100%	41	100

\*\* BRPD CIRCULAR No. 04 : Regarding collection of Audited financial statements & statutory report for loan sanction/renewal.

\*\*BRPD CIRCULAR No. 35 : Regarding financial statements verified with the Document Verification system(DVS of ICAB)



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>9. Fixed Assets including premises, furniture and fixtures - Consolidated</b>		
SBAC Bank Limited (note 9.1)	1,626,642,412	1,524,391,874
SBAC Bank Investment Limited	-	-
	<b>1,626,642,412</b>	<b>1,524,391,874</b>
<b>9.1 Fixed Assets including premises, furniture and fixtures of the Bank (Annexure - B)</b>		
Motor vehicles	51,888,653	37,647,004
Machinery and equipments	298,436,443	282,287,086
Furniture and fixtures	98,700,745	88,834,216
Interior decoration	327,597,917	302,917,078
Computers and accessories	404,687,414	389,072,164
Softwares	193,446,651	183,188,176
Other tools	44,642,330	38,138,291
Right of use assets (Lease assets)	1,459,393,820	1,189,182,393
	<b>2,878,793,973</b>	<b>2,511,266,408</b>
Less : Accumulated depreciation	1,252,151,561	986,874,534
	<b>1,626,642,412</b>	<b>1,524,391,874</b>
<b>10. Other Assets - Consolidated</b>		
<b>Income generating other assets</b>		
SBAC Bank Limited	399,600,000	-
SBAC Bank Investment Limited	-	-
	<b>399,600,000</b>	<b>-</b>
<b>Non-income generating other assets</b>		
SBAC Bank Limited	1,188,787,124	2,690,016,741
SBAC Bank Investment Limited	42,334,007	-
	<b>1,231,121,131</b>	<b>2,690,016,741</b>
	<b>1,630,721,131</b>	<b>2,690,016,741</b>
Less : Inter-company transaction	400,908,545	-
<b>Total other assets</b>	<b>1,229,812,586</b>	<b>2,690,016,741</b>
<b>10.1 Other Assets of the Bank</b>		
Investment in shares of SBAC Bank Investment Limited	399,600,000	-
Advance income tax (note 10.2)	554,589,498	1,777,716,153
Stock of stationeries and stamps (note 10.3)	14,021,623	12,346,104
Advance rent, advertisement, etc. (note 10.4)	14,380,654	5,323,818
Accrued interest and commission receivable	396,692,194	689,722,963
Advance and security deposits	4,177,757	4,166,557
Central clearing, EFT, NPSB adjustment account	8,486	-
Deferred tax asset (note 10.5)	21,757,883	-
Suspense accounts (note 10.6)	183,159,029	200,741,146
	<b>1,588,387,124</b>	<b>2,690,016,741</b>
<b>10.2 Advance income tax</b>		
Opening balance	1,777,716,153	1,135,584,297
Add : Paid during the year		
Income tax deducted at source	112,030,725	44,204,858
Advance income tax paid	329,519,328	597,926,998
	<b>441,550,053</b>	<b>642,131,856</b>
	<b>2,219,266,206</b>	<b>1,777,716,153</b>
Less : Adjustment during the year	1,664,676,708	-
Closing balance	<b>554,589,498</b>	<b>1,777,716,153</b>
<b>10.2.1 Assessment year wise break up of advance income tax</b>		
2019 - 2020	-	768,735,377
2020 - 2021	-	829,637,171
2021 - 2022	382,844,196	179,343,605
2022 - 2023	171,745,302	-
	<b>554,589,498</b>	<b>1,777,716,153</b>



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>10.3 Stock of stationeries and stamps</b>		
Stock of printing stationeries	3,643,481	3,081,207
Stock of security stationeries	7,681,525	6,741,277
Stock of stamps	2,696,617	2,523,620
	<b>14,021,623</b>	<b>12,346,104</b>
<b>10.4 Advance rent, advertisement, etc.</b>		
Advance rent	14,380,654	5,323,818
Prepaid advertisement	-	-
	<b>14,380,654</b>	<b>5,323,818</b>
<b>10.5 Deferred tax asset / (liability)</b>		
Opening balance	(6,677,739)	11,693,844
Add : Deferred tax income / (expenses) for the year (note 10.5.1)	28,435,622	(18,371,583)
	<b>21,757,883</b>	<b>(6,677,739)</b>
<b>10.5.1 Detailed calculation of deferred tax assets / (liability)</b>		
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- Property, plant and equipment as per Tax (Tax Base) as on the balance sheet date	516,779,115	540,477,617
Written down value (carrying amount) of fixed assets -Property, plant and equipment	458,123,452	506,011,754
	58,655,663	34,465,863
ii) Temporary timing difference for right of use assets (tax base nil)	1,168,518,962	1,018,380,120
	(1,109,863,299)	(983,914,257)
ii) Temporary timing difference for PV of lease liability (tax base nil)	1,167,884,321	967,219,909
<b>Total amount of temporary timing difference in asset /(liability)</b>	<b>58,021,022</b>	<b>(16,694,348)</b>
Effective tax rate	37.50%	40.00%
<b>Net Deferred tax assets /(liability) at year end</b>	<b>21,757,883</b>	<b>(6,677,739)</b>
Net Deferred tax assets /(liability) at opening	(6,677,739)	11,693,844
<b>Deferred tax income /(expenses) for the year</b>	<b>28,435,622</b>	<b>(18,371,583)</b>
<b>10.6 Suspense accounts</b>		
Sundry debtors	12,066,370	11,255,943
Receivable from Stock Brokers	61,213,629	-
Application for primary shares	23,586,500	-
Advance for bKash merchant payment	480,663	5,165,467
Advance for SSL merchant payment	2,882,621	4,617,835
Receivable for payment against Sanchayapatra (interest & principal encashr	42,853,074	159,175,323
Advance against expenses	2,640,242	1,237,137
Advance against fixed assets (note 10.6.1)	31,115,405	9,293,160
Other prepaid expenses	6,320,525	9,996,281
	<b>183,159,029</b>	<b>200,741,146</b>
<b>10.6.1 Advance against fixed assets</b>		
Advance against fixed assets has been made for which final bill has not being received :		
Interior Decoration and Furniture	8,825,370	9,293,160
Software	19,740,000	-
Machineries, equipments and computer accessories	2,550,035	-
	<b>31,115,405</b>	<b>9,293,160</b>
Above amount represents advance to acquire fixed assets against total commitment of Taka 55,230,020.		
<b>11. Borrowings from other banks, financial institutions and agents - Consolidated</b>		
SBAC Bank Limited (note 11.1)	8,763,684,070	2,391,442,263
SBAC Bank Investment Limited	-	-
	<b>8,763,684,070</b>	<b>2,391,442,263</b>
<b>11.1 Borrowings from other banks, financial institutions and agents of the Bank</b>		
Main Operation (note 11.2)	8,763,684,070	2,391,442,263
Off-shore Banking Unit	557,414,568	67,730,774
Less : Inter bank transactions	(557,414,568)	(67,730,774)
	<b>8,763,684,070</b>	<b>2,391,442,263</b>





# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>11.2 Borrowings from other banks, financial institutions and agents (main operation)</b>		
<b>a) In Bangladesh</b>		
<b>Secured</b>		
<b>Refinance from Bangladesh Bank</b>		
Agro based industries	31,257,683	19,842,607
Green industries	109,890,085	123,620,725
Small enterprise entrepreneurs	370,564	3,870,500
10 Taka account	15,594	455,313
Bangladesh Bank stimulus fund	954,364,567	508,730,152
Export Development Fund (EDF)	1,794,435,577	1,534,922,966
	<u>2,890,334,070</u>	<u>2,191,442,263</u>
<b>Unsecured</b>	5,873,350,000	200,000,000
	<u>8,763,684,070</u>	<u>2,391,442,263</u>
<b>b) Outside Bangladesh</b>	-	-
	<u>8,763,684,070</u>	<u>2,391,442,263</u>

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]

<b>11.23 Residual maturity grouping of borrowings from other banks, financial institutions and agents</b>		
On demand	3,890,000,000	-
Within one month	2,354,373,109	513,608,250
Within one to three months	686,819,167	699,478,573
Within three to twelve months	1,633,523,886	1,011,688,501
Within one to five years	60,196,357	69,342,960
More than five years	138,771,551	97,323,979
	<u>8,763,684,070</u>	<u>2,391,442,263</u>

<b>12. Deposits and other accounts - Consolidated</b>		
<b>Current / Al-wadeeah current deposits and other accounts</b>		
SBAC Bank Ltd.	7,296,934,175	5,613,076,615
Less : Inter-company transactions	1,308,545	-
	<u>7,295,625,630</u>	<u>5,613,076,615</u>
<b>Special notice / mudaraba special notice deposits</b>		
SBAC Bank Ltd.	4,494,632,154	3,881,691,173
SBAC Bank Investment Ltd.	-	-
	4,494,632,154	3,881,691,173
Less : Inter-company transactions	7,118,668	-
	<u>4,487,513,486</u>	<u>3,881,691,173</u>
<b>Bills payable</b>		
SBAC Bank Ltd.	2,414,977,923	2,055,473,084
SBAC Bank Investment Ltd.	-	-
	<u>2,414,977,923</u>	<u>2,055,473,084</u>
<b>Savings bank / mudaraba savings deposits</b>		
SBAC Bank Ltd.	5,943,300,533	5,569,059,301
SBAC Bank Investment Ltd.	-	-
	<u>5,943,300,533</u>	<u>5,569,059,301</u>
<b>Fixed / mudaraba term deposits</b>		
SBAC Bank Ltd.	38,491,349,641	40,922,208,483
SBAC Bank Investment Ltd.	-	-
	38,491,349,641	40,922,208,483
Less : Inter-company transactions	358,872,088	-
	<u>38,132,477,553</u>	<u>40,922,208,483</u>
<b>Other deposits</b>		
SBAC Bank Ltd.	14,462,568,622	13,409,952,674
SBAC Bank Investment Ltd.	-	-
	<u>14,462,568,622</u>	<u>13,409,952,674</u>
	<u>72,736,463,747</u>	<u>71,451,461,330</u>



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>12.1 Deposits and other accounts of the Bank</b>		
Current / Al-wadeeah current deposits and other accounts (note : 12.2)	7,296,934,175	5,613,076,615
Special notice / mudaraba special notice deposits	4,494,632,154	3,881,691,173
Bills payable	2,414,977,923	2,055,473,084
Savings bank / mudaraba savings deposits	5,943,300,533	5,569,059,301
Fixed / mudaraba term deposits	38,491,349,641	40,922,208,483
Other deposits (note : 12.3)	14,462,568,622	13,409,952,674
	<b>73,103,763,048</b>	<b>71,451,461,330</b>
<b>12.2 Current / Al-wadeeah current deposits and other accounts</b>		
Current / Al-wadeeah current deposits	3,035,603,446	2,509,596,916
Foreign currency deposits	11,142,296	6,120,166
Exporters' retention quota accounts	17,111,860	23,164,464
Foreign currency held against BTB L/Cs	870,954,651	463,449,497
Non resident Taka account	8,092,418	17,287,897
Non resident foreign currency account	3,874,395	2,628,291
Resident foreign currency account	3,380,827	3,252,139
Margin against L/Cs	1,308,039,729	669,296,768
Margin against L/Gs	889,387,836	663,242,728
Margin on Loans	104,490,006	90,657,102
Margin on LDBP	83,400	83,400
Security deposit	25,477,192	22,557,984
Sundry deposits - excise duty	110,431,800	99,553,100
Sundry deposits - local bills	17,411,770	99,412,086
Sundry deposits - Sanchayapatra	2,600,000	12,300,000
Sundry deposits - other	28,655,670	10,561,446
Sundry deposits - foreign correspondents charge	22,689,238	27,457,621
Sundry deposits - risk fund	4,451,495	3,458,245
Sundry deposits - advance installment on Lease	1,967,672	1,923,052
Sundry deposits - Tax Deducted at source	165,301,620	126,842,605
Sundry deposits - VAT collected at source	6,341,906	4,557,649
Sundry deposits - VAT deducted Service Bills	8,803,101	6,422,229
Sundry deposits - card settlement account	30,779,470	20,062,967
Sundry deposits - Mobile App	3,730,638	3,385,674
Interest payable on deposits	616,131,739	725,802,589
	<b>7,296,934,175</b>	<b>5,613,076,615</b>
<b>12.3 Other deposits</b>		
Monthly savings scheme / mudaraba monthly savings deposits	3,991,921,493	3,543,453,869
Monthly Benefit Scheme Deposits	4,651,488,561	4,434,126,376
Lakhpoti Savings Scheme Deposits	206,888,792	169,793,660
Surokkha Millionaire Scheme Deposits	1,225,079,779	889,374,481
Kotipoti Scheme Deposits	171,635,383	82,088,207
Double Benefit Scheme Deposits	3,586,418,322	3,841,102,802
Triple Benefit Scheme	628,494,085	450,013,279
	642,207	-
	<b>14,462,568,622</b>	<b>13,409,952,674</b>
<b>12.4 Segregation of deposits and other accounts</b>		
Other than inter-bank deposits	73,101,444,386	65,871,559,742
Inter-bank deposits (Note 12.5)	2,318,662	5,579,901,588
	<b>73,103,763,048</b>	<b>71,451,461,330</b>
<b>12.5 Details of inter-bank deposits</b>		
<b>In Current Deposit Account</b>		
Mercantile Bank Limited	1,741,319	1,240,242
Trust Bank Limited	418,250	418,250
	<b>2,159,569</b>	<b>1,658,492</b>
<b>In Short Notice Deposit Account</b>		
Janata Bank Limited	159,093	156,463



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	2021 Taka	2020 Taka
<b>In Fixed Deposit Account</b>		
Agrani Bank Limited	-	2,999,855,000
Bangladesh Development Bank Limited	-	20,255,000
Sonali Bank Limited	-	599,920,000
Probashi Kallayan Bank	-	58,256,633
Mutual Trust Bank Limited	-	199,960,000
United Commercial Bank Limited	-	799,920,000
Uttara Bank Limited	-	599,960,000
NCC Bank Limited	-	299,960,000
	-	<b>5,578,086,633</b>
	<b>2,318,662</b>	<b>5,579,901,588</b>
<b>12.6 Residual maturity grouping of deposits and other accounts</b>		
On demand	2,054,729,275	1,221,852,035
Within one month	9,669,928,112	13,682,634,385
Within one to three months	15,098,601,294	14,591,093,412
Within three to six months	13,731,189,593	11,181,833,239
Within six to twelve months	10,183,104,925	10,360,461,892
Within one to five years	10,455,740,287	9,624,575,933
More than five years	11,910,469,562	10,789,010,434
	<b>73,103,763,048</b>	<b>71,451,461,330</b>
<b>12.7 Unclaimed deposits for ten years and more held by the bank</b>	-	-
<b>12.8</b> As on the reporting date of these financial statements, there were no valuable items unclaimed for ten years or more held by the bank.		
<b>12.9 Payable on demand and time deposits</b>		
<b>a) Demand deposits</b>		
Current deposits	3,035,603,446	2,509,596,916
Savings deposits (9%)	534,897,048	501,215,337
Foreign currency deposits (non interest bearing)	906,464,029	498,614,557
Security deposits	25,477,192	22,557,984
Sundry deposits	3,321,297,090	2,565,019,261
Bills Payable	2,414,977,923	2,055,473,084
	<b>10,238,716,728</b>	<b>8,152,477,139</b>
<b>b) Time deposits</b>		
Savings deposits (91%)	5,408,403,485	5,067,843,964
Fixed deposits	38,491,349,641	40,922,208,483
Special notice deposits	4,494,632,154	3,881,691,173
Deposits under schemes	14,462,568,622	13,409,952,674
Non resident Taka deposits	8,092,418	17,287,897
	<b>62,865,046,320</b>	<b>63,298,984,191</b>
	<b>73,103,763,048</b>	<b>71,451,461,330</b>
<b>12.10 Sector-wise break-up of deposits and other accounts</b>		
Government	2,081,908,540	2,323,307,036
Deposit money banks	2,318,662	5,579,901,588
Other public	9,374,105,693	7,698,569,130
Foreign currency	906,464,029	498,614,557
Private	60,738,966,124	55,351,069,019
	<b>73,103,763,048</b>	<b>71,451,461,330</b>
<b>13. Other liabilities - Consolidated</b>		
SBAC Bank Limited (note 13.1)	5,682,034,849	5,253,884,414
SBAC Bank Investment Limited	3,157,724	-
	<b>5,685,192,573</b>	<b>5,253,884,414</b>
Less : Inter-company transactions	-	-
	<b>5,685,192,573</b>	<b>5,253,884,414</b>



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	2021 Taka	2020 Taka
<b>13.1 Other liabilities of the Bank</b>		
Sundry creditors	10,437,261	18,820,547
Provision for expenses	38,429,305	26,362,902
Central clearing, EFT, NPSB adjustment account	-	4,006,504
Unearned profit (Markup)	2,740,530	-
Provision for gratuity (note 13.2)	-	-
Provision for taxation (note 13.3)	816,756,524	2,017,238,149
Provision on loans & advances (note 13.4)	2,210,260,010	1,567,444,644
Special general provision - COVID-19 (noter 13.5)	187,183,129	9,513,466
General provision on Off Balance Sheet exposures (note 13.6)	168,396,382	-
Provision for rebate to good borrowers (note 13.7)	19,000,000	19,000,000
Present value of lease liability (note 13.8)	1,167,814,501	967,219,909
Interest suspense account (note 13.9)	1,000,624,647	617,600,554
Deferred tax liability (note 10.5)	-	6,677,739
Startup fund (note 13.10)	14,866,773	-
Provision for diminution in value of investments (note 13.11)	36,403,988	-
Unclaimed dividend	9,121,799	-
	<b>5,682,034,849</b>	<b>5,253,884,414</b>
<b>13.2 Provision for gratuity</b>		
Opening balance	-	-
Add : Provision made for the period	104,500,000	29,000,000
	104,500,000	29,000,000
Less : transferred to gratuity fund during the period	104,500,000	29,000,000
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>13.3 Provision for taxation</b>		
Opening balance	2,017,238,149	1,619,779,667
Add : Provision made for the year (Note 13.3.2)	464,195,083	397,458,482
	2,481,433,232	2,017,238,149
Less : Adjustment during the year	1,664,676,708	-
<b>Closing balance</b>	<b>816,756,524</b>	<b>2,017,238,149</b>

### 13.3.1 Status of income tax assessment

Accounting Year	Assessment Year	Status
2013	2014-2015	Assessment completed
2014	2015-2016	Assessment completed
2015	2016-2017	Assessment completed
2016	2017-2018	Assessment completed
2017	2018-2019	Assessment completed
2018	2019-2020	Assessment completed
2019	2020-2021	Assessment completed
2020	2021-2022	Return submitted, assessment yet to complete

### 13.3.2 Tax reconciliation or relationship between tax expense and tax on accounting profit

Particulars	2021		2020	
	%	Taka	%	Taka
<b>Profit before tax as per profit and loss account</b>		<b>1,995,767,631</b>		<b>1,457,666,087</b>
Corporate as per applicable tax rate	37.50%	748,412,862	40.00%	583,066,435
<b>Factors affecting the tax charge for current year</b>				
Non-deductible and inadmissible expenses	19.23%	383,697,356	11.81%	172,220,682
Admissible expenses	-6.20%	(123,724,772)	-3.75%	(54,717,001)
Tax savings from reduced tax rates	-29.52%	(589,087,403)	-20.79%	(303,111,634)
Effect of deferred tax	-1.42%	(28,435,622)	1.26%	18,371,583
Prior year provision shortfall as per	2.25%	44,897,041	0.00%	-
<b>Effective tax rate</b>	<b>21.83%</b>	<b>435,759,461</b>	<b>28.53%</b>	<b>415,830,065</b>

### 13.4 Provision for loans and advances

#### A. General provision on loans and advances - Main Operation

Opening balance	-	383,923,138
General provision for the year	8,465,020	(14,080,415)
Transferred to specific provision	-	(369,842,723)
<b>Provision held at the year end</b>	<b>8,465,020</b>	<b>-</b>



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	2021 Taka	2020 Taka
<b>B. Specific provision against classified loans and advances - Main Operation</b>		
Opening balance	1,566,767,336	971,497,611
Less : Fully provided debt written-off (for final settlement)	-	-
Add : Recoveries of amounts previously written-off	-	-
Add : Specific provision for the year	866,353,374	309,627,614
Add : Transferred from general provision	-	570,399,189
Less : Specific provision no more required as loans	236,957,829	284,757,078
Add : Net charge to profit and loss account	-	-
<b>Provision held at the end of the year</b>	<b>2,196,162,881</b>	<b>1,566,767,336</b>
<b>C. General provision on loans and advances - OBU</b>		
Opening balance	677,308	-
General provision for the year	4,954,801	677,308
<b>Provision held at the year end</b>	<b>5,632,109</b>	<b>677,308</b>
<b>Total (A + B + C)</b>	<b>2,210,260,010</b>	<b>1,567,444,644</b>
<b>13.5 Special general provision - COVID-19 (note 8.10)</b>		
Opening balance	9,513,466	-
Add : Provision made for the year	177,669,663	84,370,703
Less : Transferred to specific provision	-	74,857,237
	<b>187,183,129</b>	<b>9,513,466</b>
<b>13.6 Provision for off balance sheet exposures (note 18.4)</b>		
Opening balance	-	133,655,792
Add : Provision made for the year	168,396,382	(7,956,563)
Less : Transferred to specific provision	-	125,699,229
	<b>168,396,382</b>	<b>-</b>
<b>13.7 Provision for rebate to good borrowers</b>		
Opening balance	19,000,000	17,000,000
Add : Provision made for the year	-	2,000,000
	<b>19,000,000</b>	<b>19,000,000</b>
Less: Paid during the period	-	-
<b>Closing balance</b>	<b>19,000,000</b>	<b>19,000,000</b>
Vide BRPD circular letter no.14 dated 18 June 2020, Bangladesh Bank withdrew the provision of mandatory payment of good borrowers' incentive after 30 September 2019.		
<b>13.8 Present value of lease liability</b>		
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%.		
<b>13.9 Interest suspense account</b>		
Balance as on 1 January	617,600,554	376,336,448
Add : Amount transferred to "interest suspense" account during the year	451,285,411	274,129,249
Less : Amount recovered from "interest suspense" account during the year	68,261,318	32,865,143
Less : Amount written-off during the year	-	-
<b>Balance as on 31 December</b>	<b>1,000,624,647</b>	<b>617,600,554</b>
<b>13.10 Startup fund</b>		
Opening balance	-	-
Add : Transferred during the year	14,866,773	-
	<b>14,866,773</b>	<b>-</b>
<b>13.11 Provision for diminution in value of investments</b>		
Opening balance	-	-
Add : Provision made for the year	36,403,988	-
	<b>36,403,988</b>	<b>-</b>



	2021 Taka	2020 Taka
<b>14. Share capital</b>		
<b>14.1 Authorized share capital</b>		
1,000,000,000 ordinary shares of Tk. 10/- each	10,000,000,000	10,000,000,000
<b>14.2 Issued, subscribed and paid up share capital</b>		
784,645,517 ordinary shares of Tk. 10/- each	7,846,455,170	6,846,455,170
<b>14.3 Paid up capital</b>		
The paid up capital of the Bank was raised in the following manner :		
<b>From the sponsor shareholders</b>		
By issuing 408,960,000 ordinary shares of Taka 10 each	4,089,600,000	4,089,600,000
<b>From Initial Public Offering</b>		
By issuing 100,000,000 ordinary shares of Taka 10 each	1,000,000,000	-
<b>Stock dividend</b>		
Stock dividend @ 0.06 against 1 existing share of Tk 10 each for the year 2015	245,376,000	245,376,000
Stock dividend @ 0.15 against 1 existing share of Tk 10 each for the year 2016	650,246,400	650,246,400
Stock dividend @ 0.135 against 1 existing share of Tk 10 each for the year 2017	673,005,020	673,005,020
Stock dividend @ 0.10 against 1 existing share of Tk 10 each for the year 2018	565,822,740	565,822,740
Stock dividend @ 0.10 against 1 existing share of Tk 10 each for the year 2019	622,405,010	622,405,010
	<b>7,846,455,170</b>	<b>6,846,455,170</b>

Stock dividend @ 0.04 against 1 existing share of Tk 10 each for the year 2020 i.e. 31,385,820 nos of shares @ Tk 10 each yet to issue.

#### 14.4 Group-wise shareholding position

Particulars	2021			2020		
	No. of shares	Percentage (%) of holding	Taka	No. of shares	Percentage (%) of holding	Taka
Sponsor directors	393,696,435	50.18%	3,936,964,350	425,908,582	62.21%	4,259,085,820
Sponsor shareholders	182,831,294	23.30%	1,828,312,940	160,739,844	23.48%	1,607,398,440
Financial Institutions	91,337,949	11.64%	913,379,490	-	-	-
Foreign Investors	-	0.00%	-	-	-	-
Non-resident Bangladeshi	1,156,537	0.15%	11,565,370	-	-	-
General Public	115,623,302	14.74%	1,156,233,020	97,997,091	14.31%	979,970,910
<b>Total</b>	<b>784,645,517</b>	<b>100.00%</b>	<b>7,846,455,170</b>	<b>684,645,517</b>	<b>100.00%</b>	<b>6,846,455,170</b>

#### 14.5 Range-wise shareholdings as on 31 December 2021

Range of holding of shares	No of share holders	Percentage % of share	No of shares	Taka
Less than 500	88,504	1.61%	12,607,910	126,079,100
500 - 5,000	11,100	2.17%	17,045,121	170,451,210
5,001 - 10,000	1,300	1.27%	9,957,616	99,576,160
10,001 - 20,000	780	1.45%	11,399,238	113,992,380
20,001 - 30,000	307	0.98%	7,688,146	76,881,460
30,001 - 40,000	143	0.65%	5,076,461	50,764,610
40,001 - 50,000	107	0.64%	4,988,891	49,888,910
50,001 - 100,000	180	1.61%	12,636,115	126,361,150
100,001 - 1,000,000	105	2.67%	20,936,654	209,366,540
1,000,001 and above	54	86.96%	682,309,365	6,823,093,650
<b>Total</b>	<b>102,580</b>	<b>100.00%</b>	<b>784,645,517</b>	<b>7,846,455,170</b>

#### 14.6 Capital to Risk Weighted Assets Ratio

As per Section 13(2) of the Bank Companies Act, 1991 (Amended upto 2018) and instructions contained in BRPD Circular Letter No. 11 dated 14 August 2008, BRPD Circular No. 10 dated 10 March 2010, BRPD Circular No. 35 dated 29 December 2010, BRPD Circular No. 07 dated 31 March 2014, BRPD Circular No. 18 dated 21 December 2014, BRPD Circular Letter No. 05 dated 31 May 2016 [Guidelines on Risk Based capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)], the total capital (eligible regulatory capital) (consolidated) of the Bank as of 31 December 2021 stood at Taka 10,830,034,388 (Tier-I Capital Taka 10,460,357,748 and Tier-II Capital Taka 369,676,640) against the risk based capital requirement of Taka 9,732,551,286 As a result, there was a capital surplus of Taka 1,097,483,102 in risk based capital adequacy as on 31 December 2021.



	2021 Taka	2020 Taka
<b>14.7 Details of capital adequacy ratio are furnished below - Consolidated :</b>		
<b>A. Total common equity Tier - I capital</b>		
Paid up capital	7,846,455,170	6,846,455,170
Statutory reserve	1,947,493,989	1,753,397,543
Retained earnings	704,530,934	687,467,724
Non-controlling (minority) interest	405,167	-
	<b>10,498,885,261</b>	<b>9,287,320,437</b>
Less : Regulatory Adjustments	38,527,513	26,934,360
	<b>10,460,357,748</b>	<b>9,260,386,077</b>
<b>B. Additional Tier - I capital</b>	-	-
<b>C. Total Tier - I Capital (A + B)</b>	<b>10,460,357,748</b>	<b>9,260,386,077</b>
<b>D. Tier - II capital</b>		
General provision on unclassified loans and off-balance sheet exposures	369,676,640	9,513,466
50% of Revaluation reserve as on 31 December 2014	22,014,417	22,014,417
	391,691,057	31,527,883
Less : Regulatory Adjustments:		
Revaluation reserve for HFT securities	22,014,417	22,014,417
	<b>369,676,640</b>	<b>9,513,466</b>
<b>E. Total capital (C + D)</b>	<b>10,830,034,388</b>	<b>9,269,899,543</b>
<b>F. Total risk weighted assets (RWA)</b>	<b>77,860,410,286</b>	<b>68,899,944,990</b>
<b>G. Minimum capital requirement (MCR) with Capital Conservation Buffer (CCB)     [12.50% of risk weighted assets]</b>	<b>9,732,551,286</b>	<b>8,612,493,124</b>
<b>H. Surplus/(shortfall) of capital (E - G)</b>	<b>1,097,483,102</b>	<b>657,406,419</b>
<b>I. Total Exposure</b>	<b>103,736,551,174</b>	<b>92,435,602,064</b>
Capital to risk weighted assets ratio (CRAR) (E/F X 100)	13.91%	13.45%
Common equity Tier-I to risk weighted assets ratio (A/F X 100)	13.43%	13.44%
Tier-I capital to risk weighted assets ratio (C/F X 100)	13.43%	13.44%
Tier-II capital to risk weighted assets ratio (D/F X 100)	0.47%	0.01%
Leverage ratio (C/I X 100)	10.08%	10.02%
<b>14.8 Total risk weighted assets (RWA) - Consolidated</b>		
<b>A. Credit risk weighted assets</b>		
On-Balance Sheet	56,778,488,059	54,424,742,985
Off-Balance Sheet	8,495,646,182	5,958,284,949
	<b>65,274,134,241</b>	<b>60,383,027,934</b>
<b>B. Market risk weighted assets</b>	4,924,742,294	1,994,709,883
<b>C. Operational risk weighted assets</b>	7,661,533,751	6,522,207,173
<b>Total risk weighted assets (RWA)</b>	<b>77,860,410,286</b>	<b>68,899,944,990</b>
<b>14.9 Details of capital adequacy ratio are furnished below - Solo :</b>		
<b>A. Total common equity Tier - I capital</b>		
Paid up capital	7,846,455,170	6,846,455,170
Statutory reserve	1,947,493,989	1,753,397,543
Retained earnings	699,369,062	687,467,724
	<b>10,493,318,222</b>	<b>9,287,320,437</b>
Less : Regulatory Adjustments	28,527,513	26,934,360
	<b>10,464,790,709</b>	<b>9,260,386,077</b>
<b>B. Additional Tier - I capital</b>	-	-
<b>C. Total Tier - I Capital (A + B)</b>	<b>10,464,790,709</b>	<b>9,260,386,077</b>
<b>D. Tier - II capital</b>		
General provision on unclassified loans and off-balance sheet exposures	369,676,640	10,190,774
50% of Revaluation reserve as on 31 December 2014	22,014,417	22,014,417
	391,691,057	32,205,191
Less : Regulatory Adjustments:		
Revaluation reserve for HFT securities	22,014,417	22,014,417
	<b>369,676,640</b>	<b>10,190,774</b>
<b>E. Total capital (C + D)</b>	<b>10,834,467,349</b>	<b>9,270,576,851</b>
<b>F. Total risk weighted assets (RWA)</b>	<b>77,701,662,149</b>	<b>68,899,944,990</b>
<b>G. Minimum capital requirement (MCR) with Capital Conservation Buffer (CCB)     [12.50% of risk weighted assets]</b>	<b>9,712,707,769</b>	<b>8,612,493,124</b>
<b>H. Surplus/(shortfall) of capital (E - G)</b>	<b>1,121,759,580</b>	<b>658,083,727</b>
<b>I. Total Exposure</b>	<b>103,736,551,174</b>	<b>92,435,602,064</b>
Capital to risk weighted assets ratio (CRAR) (E/F X 100)	13.94%	13.46%
Common equity Tier-I to risk weighted assets ratio (A/F X 100)	13.47%	13.44%
Tier-I capital to risk weighted assets ratio (C/F X 100)	13.47%	13.44%
Tier-II capital to risk weighted assets ratio (D/F X 100)	0.48%	0.01%
Leverage ratio (C/I X 100)	10.09%	10.02%



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	2021 Taka	2020 Taka
<b>14.10 Total risk weighted assets (RWA) - Solo</b>		
<b>A. Credit risk weighted assets</b>		
On-Balance Sheet	56,625,520,903	54,424,742,985
Off-Balance Sheet	8,495,646,182	5,958,284,949
	<u>65,121,167,085</u>	<u>60,383,027,934</u>
<b>B. Market risk weighted assets</b>	4,924,742,294	1,994,709,883
<b>C. Operational risk weighted assets</b>	7,655,752,770	6,522,207,173
<b>Total risk weighted assets (RWA)</b>	<u><u>77,701,662,149</u></u>	<u><u>68,899,944,990</u></u>
<b>14.11 Non-controlling (Minority) interest</b>		
Share capital	400,000	-
Retained earnings	5,167	-
	<u><u>405,167</u></u>	<u><u>-</u></u>
<b>15. Statutory reserve</b>		
As per Section 24(1) of the Bank Companies Act, 1991, an amount equivalent to 20% of profit before taxes for the year has been transferred to the statutory reserve fund.		
Opening balance	1,753,397,543	1,479,777,861
Add : Transferred from profit during the year	194,096,446	273,619,682
<b>Closing balance</b>	<u><u>1,947,493,989</u></u>	<u><u>1,753,397,543</u></u>
<b>16. Other reserve (revaluation reserve on Govt. Securities)</b>		
Opening balance	19,337,962	27,595,805
Add : Amortization / revaluation gain	945,699,914	546,430,113
	<u>965,037,876</u>	<u>574,025,918</u>
Less : Adjustment of amortization / revaluation gain against sale / maturity	835,767,404	554,687,956
<b>Closing balance</b>	<u><u>129,270,472</u></u>	<u><u>19,337,962</u></u>
<b>16.1 Foreign currency translation reserve</b>		
Opening balance	-	-
Add : Addition during year	251,592	-
	<u>251,592</u>	<u>-</u>
Less : Adjustment during the year	-	-
<b>Closing balance</b>	<u><u>251,592</u></u>	<u><u>-</u></u>
<b>17. Surplus in profit and loss account - Consolidated</b>		
<b>Opening balance</b>	687,467,724	631,537,963
Add : Net profit during the year	539,889,810	951,954,453
	<u>1,227,357,534</u>	<u>1,583,492,416</u>
Less : Dividend paid	(313,858,214)	(622,405,010)
Less : Transferred to statutory reserve	(194,096,446)	(273,619,682)
Less : Transferred to start up fund	(14,866,773)	-
	<u>704,536,101</u>	<u>687,467,724</u>
Less : Non-controlling (Minority) interest	5,167	-
<b>Closing balance</b>	<u><u>704,530,934</u></u>	<u><u>687,467,724</u></u>
<b>17.1 Surplus in profit and loss account of the Bank</b>		
Opening balance	687,467,724	631,537,963
Add : Net profit during the year	534,722,771	951,954,453
	<u>1,222,190,495</u>	<u>1,583,492,416</u>
Less : Dividend paid	(313,858,214)	(622,405,010)
Less : Transferred to statutory reserve	(194,096,446)	(273,619,682)
Less : Transferred to start up fund	(14,866,773)	-
<b>Closing balance</b>	<u><u>699,369,062</u></u>	<u><u>687,467,724</u></u>
Stock dividend @ 0.04 against 1 existing share of Tk 10 each for the year 2020 i.e. 31,385,820 nos of shares @ Tk 10 each yet to issue.		
<b>18. Contingent liabilities - Consolidated</b>		
<b>SBAC Bank Limited</b>		
Acceptances and endorsements	3,444,598,165	1,586,301,381
Letters of Guarantee (note 18.1)	9,111,716,091	6,887,896,263
Irrevocable letters of credit (note 18.2)	4,283,323,907	4,095,725,239
Bills for collection (note 18.3)	1,700,140,692	1,590,161,406
Other contingent liabilities	-	-
	<u>18,539,778,855</u>	<u>14,160,084,289</u>
<b>SBAC Bank Investment Limited</b>		
	-	-
	<u><u>18,539,778,855</u></u>	<u><u>14,160,084,289</u></u>





# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka		
<b>18.1 Letters of guarantee</b>				
Money for which the bank is contingently liable in respect of guarantees issued favoring:				
Directors	-	-		
Government	2,485,826,430	1,229,894,858		
Banks and other financial institutions	-	-		
Others	6,625,889,661	5,658,001,405		
	<u>9,111,716,091</u>	<u>6,887,896,263</u>		
<b>18.2 Irrevocable letters of credit</b>				
<b>Local</b>				
Irrevocable letters of credit (sight)	1,658,411,965	2,452,096,712		
Irrevocable letters of credit (usance)	39,908,544	1,029,219,956		
Irrevocable letters of credit - back to back	749,648,704	253,178,358		
	2,447,969,213	3,734,495,026		
<b>Foreign</b>				
Irrevocable letters of credit (sight)	-	8,495,001		
Irrevocable letters of credit (usance)	1,493,018,210	193,240,049		
Irrevocable letters of credit - back to back	342,336,484	159,495,163		
	1,835,354,694	361,230,213		
	<u>4,283,323,907</u>	<u>4,095,725,239</u>		
<b>18.3 Bills for collection</b>				
Outward local bills	8,893,630	18,107,584		
Local documentary bills for collection	1,057,282,256	922,152,176		
Foreign documentary bills for collection	633,964,806	649,901,646		
	<u>1,700,140,692</u>	<u>1,590,161,406</u>		
<b>18.4 Particulars of required provision on off-balance sheet exposures</b>				
			Required provision	
			2021 Taka	2020 Taka
Acceptances and endorsements	3,444,598,165	1.00%	34,445,982	15,863,014
Letters of Guarantee (note 18.1)	9,111,716,091	1.00%	91,117,161	68,878,963
Irrevocable letters of credit (note 18.2)	4,283,323,907	1.00%	42,833,239	40,957,252
Bills for collection (note 18.3)	1,700,140,692	0.00%	-	-
Other contingent liabilities	-	1.00%	-	-
<b>Total</b>	<b>18,539,778,855</b>		<b>168,396,382</b>	<b>125,699,229</b>
Total Provision Maintained			168,396,382	-
Provision to be maintained (note 8.9)			-	-



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>19. Particulars of profit and loss account of the Bank</b>		
<b>Income</b>		
Interest, discount and similar income (note 21.1)	5,610,478,463	5,855,107,528
Dividend income (note 23.1)	39,733,293	-
Fees, commission and brokerage (note 24.1)	316,602,244	211,991,182
Gains less losses arising from dealing in securities (note 23.1)	-	-
Gains less losses arising from investment securities (note 23.1)	3,024,424,418	1,909,924,534
Gains less losses arising from dealing in foreign currencies (note 24.1)	204,542,645	216,063,773
Income from non-banking assets	-	-
Other operating income (note 25.1)	157,494,148	124,871,563
Profit less losses in interest rate changes	-	-
	<b>9,353,275,211</b>	<b>8,317,958,580</b>
<b>Expenses</b>		
Interest, fee and commission (note 22.1)	3,955,954,894	4,750,689,258
Losses on loans and advances	-	-
Administrative expenses (note 20)	1,566,146,427	1,403,949,142
Other operating expenses (note 35.1)	1,503,159,089	394,777,039
Depreciation on bank's assets (note 34.1)	332,247,170	310,877,054
	<b>7,357,507,580</b>	<b>6,860,292,493</b>
	<b>1,995,767,631</b>	<b>1,457,666,087</b>
<b>Profit before provision</b>		
<b>20. Administrative expenses</b>		
Salary and allowances (note 26.1)	1,326,068,623	1,147,952,923
Rent, taxes, insurance, electricity etc. (note 27.1)	145,722,919	173,589,435
Legal & professional expenses (note 28.1)	5,137,563	2,394,922
Postage, stamp, telecommunication etc. (note 29.1)	13,099,216	13,924,282
Stationery, printing, advertisement etc. (note 30.1)	37,892,768	37,200,922
Chief executive's salary and fees (note 31)	13,186,335	8,322,666
Directors' fees and other benefits (note 32.1)	3,760,000	2,728,000
Audit fees (note 33.1)	575,000	787,750
Repair of bank's assets (note 34.1)	20,704,003	17,048,242
	<b>1,566,146,427</b>	<b>1,403,949,142</b>
<b>21. Interest income / profit on investment - Consolidated</b>		
SBAC Bank Limited (note 21.1)	5,610,478,463	5,855,107,528
SBAC Bank Investment Limited	11,563,162	-
	<b>5,622,041,625</b>	<b>5,855,107,528</b>
Less : Inter company transactions	11,563,162	-
	<b>5,610,478,463</b>	<b>5,855,107,528</b>
<b>21.1 Interest income / profit on investments of the Bank</b>		
<b>Interest on loans and advances / profit on investments</b>		
Cash credit	1,371,217,015	1,598,872,297
Secured overdraft / bai murabaha	1,266,751,913	1,608,020,972
General overdraft	89,085,011	199,427,358
Local bills purchased	93,277,963	117,812,256
Foreign bills purchased	14,625,571	28,986,300
Import finance / murabaha	316,545,202	351,941,357
Export finance	2,406,376	2,055,569
Other demand loans	526,475,374	428,708,936
Lease finance / HPSM	57,756,687	46,234,837
House building loans / HPSM	55,817,114	78,416,682
General term loans / bai murabaha	819,598,335	766,125,212
SME loans / bai murabaha	222,932,246	190,115,182
Consumer credit scheme	4,907,525	2,812,291
Credit card	34,946,983	33,726,969
Agriculture & rural credit / bai murabaha	57,500,875	17,889,956
Staff loans / HPSM	23,305,231	19,802,538
	<b>4,957,149,421</b>	<b>5,490,948,712</b>
Interest on money at call and short notice	723,042	1,213,125
Interest on FDR with other banks	517,929,901	309,359,877
Interest on SND with other banks	111,904,140	53,222,398
	<b>5,587,706,504</b>	<b>5,854,744,112</b>
Interest Income - Off-shore Banking Unit	22,771,959	363,416
	<b>5,610,478,463</b>	<b>5,855,107,528</b>



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>22. Interest / profit paid on deposits, borrowings etc.</b>		
SBAC Bank Limited (note 22.1)	3,955,954,894	4,750,689,258
SBAC Bank Investment Limited	-	-
	<u>3,955,954,894</u>	<u>4,750,689,258</u>
Less : Inter company transactions	11,563,162	-
	<u>3,944,391,732</u>	<u>4,750,689,258</u>
<b>22.1 Interest / profit paid on deposits, borrowings etc. of the Bank</b>		
<b>Interest / profit paid on deposits</b>		
Savings bank / mudaraba savings deposits	216,054,317	229,225,208
Special notice / mudaraba special notice deposits	102,837,749	118,568,685
Monthly savings schemes / mudaraba monthly savings deposits	445,875,098	359,574,145
Monthly benefit schemes	423,718,820	420,579,985
Special deposit schemes	412,749,486	432,505,830
Fixed /mudaraba term deposits	2,093,864,587	3,042,193,657
	<u>3,695,100,057</u>	<u>4,602,647,510</u>
Interest on call borrowing	62,776,581	18,066,986
Interest on credit lines	40,426,066	3,331,389
Interest on Bangladesh Bank Re-financing facilities	38,676,877	8,995,156
Interest on borrowing under REPO	118,975,313	117,648,217
	<u>3,955,954,894</u>	<u>4,750,689,258</u>
<b>23. Investment income - Consolidated</b>		
SBAC Bank Limited (note 23.1)	3,064,157,711	1,909,924,534
SBAC Investment Limited	-	-
	<u>3,064,157,711</u>	<u>1,909,924,534</u>
<b>23.1 Investment income of the Bank</b>		
Dividend on shares	39,733,293	-
Income on treasury bills, bonds and debentures		
Interest / profit on treasury bonds	1,434,543,319	916,865,098
Interest / profit on treasury bills	736,290	229,957,853
Interest on reverse REPO	3,843,850	5,301,685
Gains on trading of government securities	1,461,763,132	757,716,643
	<u>2,900,886,591</u>	<u>1,909,841,279</u>
Gains on Capital Market	123,537,827	83,255
	<u>3,064,157,711</u>	<u>1,909,924,534</u>
<b>24. Commission, exchange and brokerage - Consolidated</b>		
SBAC Bank Limited (note 24.1)	521,144,889	428,054,955
SBAC Investment Limited	-	-
	<u>521,144,889</u>	<u>428,054,955</u>
<b>24.1 Commission, exchange and brokerage of the Bank</b>		
<b>Fees, commission and brokerage</b>		
Commission on bills & remittance	5,092,299	3,694,250
Commission on letters of credit	120,765,596	89,853,677
Commission on letters of guarantee	143,757,378	86,070,452
Commission on acceptances	42,003,920	25,595,550
Commission on add confirmation	1,031,358	3,313,768
Commission on bank underwriting	3,951,693	3,463,485
	<u>316,602,244</u>	<u>211,991,182</u>
Exchange earnings (net)	204,542,645	216,063,773
	<u>521,144,889</u>	<u>428,054,955</u>
<b>25. Other operating income - Consolidated</b>		
SBAC Bank Limited (note 25.1)	157,494,148	124,871,563
SBAC Investment Limited	-	-
	<u>157,494,148</u>	<u>124,871,563</u>
Less : Inter company transactions	1,200	-
	<u>157,492,948</u>	<u>124,871,563</u>
<b>25.1 Other operating income of the Bank</b>		
Banking service charge	132,563,523	97,724,963
Card operation charge	14,123,431	11,329,633
Locker rent	93,850	133,000
Income from sale of fixed assets (note 25.2)	-	2,920,988
Miscellaneous income	10,713,344	12,762,979
	<u>157,494,148</u>	<u>124,871,563</u>



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>25.2 Calculation income from sale of fixed assets</b>		
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
<b>26. Salaries and allowances - Consolidated</b>		
SBAC Bank Limited (note 26.1)	1,326,068,623	1,147,952,923
SBAC Investment Limited	-	-
	<b>1,326,068,623</b>	<b>1,147,952,923</b>
<b>26.1 Salaries and allowances of the Bank</b>		
Basic salary	431,227,081	382,756,556
House rent allowance	205,810,069	177,963,936
Conveyance allowance	36,068,176	33,234,548
Medical allowance	55,318,560	51,208,011
Other allowances	205,247,210	186,193,609
Festival bonus	74,518,218	68,008,948
Incentive bonus for previous year	61,370,391	60,220,723
COVID-19 Incentive	-	22,217,856
Bank's contribution on provident fund	41,699,989	35,815,444
Gratuity	104,500,000	29,000,000
Casual labourer & wages	110,308,929	101,333,292
	<b>1,326,068,623</b>	<b>1,147,952,923</b>
<b>27. Rent, taxes, insurance, electricity etc. - Consolidated</b>		
SBAC Bank Limited (note 27.1)	145,722,919	173,589,435
SBAC Investment Limited	-	-
	<b>145,722,919</b>	<b>173,589,435</b>
<b>27.1 Rent, taxes, insurance, electricity etc. of the Bank</b>		
Rent - Office Premises, ATM Booths and other installations	14,484,111	66,229,460
Rates and taxes	33,054,958	16,083,418
Utilities	40,320,963	38,811,276
Insurance	57,862,887	52,465,281
	<b>145,722,919</b>	<b>173,589,435</b>
<b>28. Legal and professional expenses - Consolidated</b>		
SBAC Bank Limited (note 28.1)	5,137,563	2,394,922
SBAC Investment Limited	21,086	-
	<b>5,158,649</b>	<b>2,394,922</b>
<b>28.1 Legal and professional expenses of the Bank</b>		
Legal expenses	1,599,492	1,178,953
Professional fees	3,538,071	1,215,969
	<b>5,137,563</b>	<b>2,394,922</b>
<b>29. Postage, stamp, telecommunication etc. - Consolidated</b>		
SBAC Bank Limited (note 29.1)	13,099,216	13,924,282
SBAC Investment Limited	-	-
	<b>13,099,216</b>	<b>13,924,282</b>
<b>29.1 Postage, stamp, telecommunication etc. of the Bank</b>		
Postage	990,837	1,068,178
Telephone, fax etc.	5,963,358	5,820,564
Internet & SWIFT	6,145,021	7,035,540
	<b>13,099,216</b>	<b>13,924,282</b>
<b>30. Stationery, printing, advertisement etc. - Consolidated</b>		
SBAC Bank Limited (note 30.1)	37,892,768	37,200,922
SBAC Investment Limited	5,800	-
	<b>37,898,568</b>	<b>37,200,922</b>

As per IFRS 16, an entity shall recognize its right-of-use (ROU) asset (i.e. the right to use the office building, branches, service centers, etc.) and a corresponding lease liability. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'. Actual rent paid during the year was Taka 208,918,086.



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>30.1 Stationery, printing, advertisement etc. of the Bank</b>		
Office stationery	9,409,954	19,118,407
Printing stationery	11,467,170	3,758,454
Petty stationery	5,197,129	
Security stationery	1,520,067	1,500,806
Advertisement	10,298,448	8,162,928
Publicity- purchase of diary, calendar etc.		4,660,327
	<u>37,892,768</u>	<u>37,200,922</u>
<b>31. Chief executive's salary and fees of the Bank</b>		
Basic salary	6,000,000	3,858,333
House rent allowance	1,680,000	1,608,000
House maintenance / furnishing allowance	1,200,000	614,000
Medical allowance	666,335	1,019,333
Bank's contribution on provident fund	480,000	
Festival bonus	960,000	606,000
Incentive bonus for previous year	1,000,000	-
Other allowances	1,200,000	617,000
	<u>13,186,335</u>	<u>8,322,666</u>
<b>32. Directors' fees - Consolidated</b>		
SBAC Bank Limited (note 32.1)	3,760,000	2,728,000
SBAC Investment Limited	192,000	-
	<u>3,952,000</u>	<u>2,728,000</u>
<b>32.1 Directors' fees of the Bank</b>		
Meeting attendance fees	<u>3,760,000</u>	<u>2,728,000</u>
Each director of the bank was paid Tk. 8,000/- per attendance in board meeting and committee meeting held.		
<b>33. Auditors' fees - Consolidated</b>		
SBAC Bank Limited (note 33.1)	575,000	787,750
SBAC Investment Limited	126,500	-
	<u>701,500</u>	<u>787,750</u>
<b>33.1 Auditors' fees of the Bank</b>		
Audit fees (annual audit)	400,000	385,000
Audit fees (interim audit)	-	300,000
Audit fees (provident fund & gratuity fund)	100,000	-
VAT on audit fees	75,000	102,750
	<u>575,000</u>	<u>787,750</u>
<b>34. Depreciation and repairs &amp; maintenance - Consolidated</b>		
SBAC Bank Limited (note 34.1)	352,951,173	327,925,296
SBAC Investment Limited	-	-
	<u>352,951,173</u>	<u>327,925,296</u>
<b>34.1 Depreciation and repairs &amp; maintenance of Bank's Assets</b>		
Depreciation / amortization		
Motor vehicles	5,339,019	4,030,539
Machinery and equipments	26,607,101	30,352,187
Furniture & fixtures	8,840,553	8,236,264
Interior decoration	31,688,963	28,976,700
Computer and peripherals	46,050,848	25,988,863
Software	21,246,222	37,318,240
Office tools and accessories	5,431,736	5,171,988
Depreciation on right of use assets (lease assets)	187,042,728	170,802,273
	332,247,170	310,877,054
Repairs & maintenance of bank's assets	20,704,003	17,048,242
	<u>352,951,173</u>	<u>327,925,296</u>
<b>35. Other expenses</b>		
SBAC Bank Limited (note 35.1)	1,503,159,089	394,777,039
SBAC Investment Limited	2,950,513	-
	1,506,109,602	394,777,039
Less : Inter company transactions	1,200	-
	<u>1,506,108,402</u>	<u>394,777,039</u>



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>35.1 Other expenses of the Bank</b>		
Entertainment expenses	13,480,970	11,061,179
Training & workshop expenses	1,504,660	816,820
Travel and daily allowance	3,032,702	3,920,182
Fuel and lubricants expenses - bank's vehicles	1,522,182	725,605
Subscriptions to trade associations	5,701,027	3,918,951
Donations	104,500,000	75,000,000
Business promotion and development	5,324,514	9,162,286
Books, magazines & news papers etc.	459,709	458,270
Charges & duties to Government	722,744	850,806
Local conveyance	6,745,121	2,654,243
Cash carrying expenses	3,504,240	3,660,270
Cartage and freight	326,155	156,345
Washing and cleaning	3,202,359	3,297,774
Other bank charges paid	9,347,951	7,671,395
Expenses on AGM	52,350	93,162
Expenses on managers' conference	723,560	538,145
Antivirus and other software	23,971,122	18,951,918
Branch & head office inauguration expenses	791,373	1,620,748
Miscellaneous expenses	2,457,112	1,971,031
Expenses on initial public offering	37,249,401	-
Interest on lease liability	61,382,420	57,131,857
Loss on sale/purchase of securities & investments	847,399,228	28,262,919
Loss on revaluation of investment	369,758,189	162,853,133
	<b>1,503,159,089</b>	<b>394,777,039</b>
<b>36. Provision for taxation</b>		
<b>Current tax</b>		
SBAC Bank Limited (note 13.3)	464,195,083	397,458,482
SBAC Investment Limited	3,100,224	-
	467,295,307	397,458,482
<b>Deferred tax</b>		
SBAC Bank Limited (note 10.5.1)	(28,435,622)	18,371,583
SBAC Investment Limited	-	-
	(28,435,622)	18,371,583
	<b>438,859,685</b>	<b>415,830,065</b>
<b>37. Increase / decrease of other assets of the Bank</b>		
<b>Closing -</b>		
Stock of stationeries and stamps	14,021,623	12,346,104
Advance rent, advertisement, etc.	14,380,654	5,323,818
Security deposits	4,177,757	4,166,557
Central clearing, EFT, NPSB adjustment account	8,486	-
Suspense accounts	183,159,029	200,741,146
Investment in subsidiary	399,600,000	-
	<b>615,347,549</b>	<b>222,577,625</b>
<b>Opening -</b>		
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
	<b>222,577,625</b>	<b>267,830,576</b>
	<b>392,769,924</b>	<b>(45,252,951)</b>
<b>37.1 Increase / decrease of other assets - Consolidated</b>		
<b>Closing -</b>		
Stock of stationeries and stamps	14,021,623	12,346,104
Advance rent, advertisement, etc.	14,380,654	5,323,818
Security deposits	44,177,757	4,166,557
Central clearing, EFT, NPSB adjustment account	8,486	-
Suspense accounts	183,159,029	200,741,146
	<b>255,747,549</b>	<b>222,577,625</b>
<b>Opening -</b>		
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
	<b>222,577,625</b>	<b>267,830,576</b>
	<b>33,169,924</b>	<b>(45,252,951)</b>



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>38. Increase / decrease of other liabilities of the Bank</b>		
Closing -		
Sundry creditors	10,437,261	18,820,547
Central clearing, EFT, NPSB adjustment account	-	4,006,504
Present value of lease liability	1,167,814,501	967,219,909
	<u>1,178,251,762</u>	<u>990,046,960</u>
Opening -		
Sundry creditors	18,820,547	17,399,651
Central EFT adjustment account	4,006,504	9,561,631
Present value of lease liability	967,219,909	-
	<u>990,046,960</u>	<u>26,961,282</u>
	<u>188,204,802</u>	<u>963,085,678</u>
<b>38.1 Increase / decrease of other liabilities - Consolidated</b>		
Closing -		
Sundry creditors	10,437,261	18,820,547
Central clearing, EFT, NPSB adjustment account	-	4,006,504
Present value of lease liability	1,167,814,501	967,219,909
	<u>1,178,251,762</u>	<u>990,046,960</u>
Opening -		
Sundry creditors	18,820,547	17,399,651
Central EFT adjustment account	4,006,504	9,561,631
Present value of lease liability	967,219,909	-
	<u>990,046,960</u>	<u>26,961,282</u>
	<u>188,204,802</u>	<u>963,085,678</u>
<b>39.1 Reconciliation between Operating profit of the Bank and Cash flows from operating activities of the Bank</b>		
<b>Profit before provision</b>	<b>1,995,767,631</b>	<b>1,457,666,087</b>
Depreciation on fixed assets	332,247,170	310,877,054
(Gain) / loss on sale of fixed assets	-	(2,920,988)
(Increase) / decrease of interest receivable	314,736,920	(472,434,029)
Increase / (decrease) of interest payable	(90,809,534)	(360,362,189)
Increase / (decrease) of expenses payable	(6,794,913)	11,675,425
(Increase) / decrease of dividend receivable	(21,706,152)	-
Advance tax paid	(441,550,053)	(642,131,856)
Gain on Trading of Govt Securities	(1,461,763,132)	(757,716,643)
Gain from sale of shares	(123,537,827)	(83,255)
Loss on revaluation of Government Securities	369,758,189	162,853,133
Loss on sale of Government Securities	847,399,228	28,262,919
Effects of exchange rate changes on cash and cash-equivalent	(99,308,180)	(139,530,703)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,614,439,347</b>	<b>(403,845,045)</b>
<b>Increase / decrease in operating assets and liabilities</b>		
Sale / purchase of trading securities	1,457,949,506	788,811,197
Loans and advances to other banks	-	-
Loans and advances to customers	(8,161,086,974)	(1,166,827,884)
Increase / decrease of other assets	(392,769,924)	45,252,951
Deposits from other banks	(5,577,582,926)	283,984,174
Deposits from customers	7,339,555,488	(12,323,443)
Increase / decrease of other liabilities account of customers	-	-
Increase / decrease of trading liabilities	-	-
Increase / decrease of other liabilities	188,204,802	963,085,678
	<u>(5,145,730,028)</u>	<u>901,982,673</u>
<b>Net cash from operating activities</b>	<b>(3,531,290,681)</b>	<b>498,137,628</b>
<b>39.2 Reconciliation between Operating profit of the Bank and Cash flows from operating activities - Consolidated</b>		
<b>Profit before provision</b>	<b>2,004,034,894</b>	<b>1,457,666,087</b>
Depreciation on fixed assets	332,247,170	310,877,054
(Gain) / loss on sale of fixed assets	-	(2,920,988)
(Increase) / decrease of interest receivable	316,045,465	(472,434,029)
Increase / (decrease) of interest payable	(93,426,624)	(360,362,189)
Increase / (decrease) of expenses payable	(6,737,413)	11,675,425
(Increase) / decrease of dividend receivable	(21,706,152)	-
Advance tax paid	(442,575,515)	(642,131,856)
Gain on Trading of Govt Securities	(1,461,763,132)	(757,716,643)
Gain from sale of shares	(123,537,827)	(83,255)
Loss on revaluation of Government Securities	369,758,189	162,853,133
Loss on sale of Government Securities	847,399,228	28,262,919
Effects of exchange rate changes on cash and cash-equivalent	(99,308,180)	(139,530,703)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,620,430,103</b>	<b>(403,845,045)</b>



# Hoda Vasi Chowdhury & Co

	2021 Taka	2020 Taka
<b>Increase / decrease in operating assets and liabilities</b>		
Sale / purchase of trading securities	1,457,949,506	788,811,197
Loans and advances to other banks	-	-
Loans and advances to customers	(8,161,086,974)	(1,166,827,884)
Increase / decrease of other assets	(33,169,924)	45,252,951
Deposits from other banks	(5,577,582,926)	283,984,174
Deposits from customers	6,973,564,732	(12,323,443)
Increase / decrease of other liabilities account of customers	-	-
Increase / decrease of trading liabilities	-	-
Increase / decrease of other liabilities	188,204,802	963,085,678
	<u>(5,152,120,784)</u>	<u>901,982,673</u>
<b>Net cash from operating activities</b>	<b><u>(3,531,690,681)</u></b>	<b><u>498,137,628</u></b>
<b>40.1 Basic Earning per share (EPS) - Consolidated</b>		
a) Net profit after tax	539,884,643	951,954,453
b) weighted average number of ordinary shares	727,111,270	684,645,517
<b>Earnings per share ( a ÷ b)</b>	<b><u>0.74</u></b>	<b><u>1.39</u></b>
<b>40.2 Basic Earning per share (EPS) of the Bank</b>		
a) Net profit after tax	534,722,771	951,954,453
b) weighted average number of ordinary shares	727,111,270	684,645,517
<b>Earnings per share ( a ÷ b)</b>	<b><u>0.74</u></b>	<b><u>1.39</u></b>

#### 40.3 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year multiplied by a time-weighting factor.

Particulars	No. of Shares	Time-weighting factor	2021	2020
Outstanding shares as at 01 Janury	684,645,517	365 Days	684,645,517	622,405,016
Effect of issue of ordinary shares on 29 July 2021	100,000,000	155 Days	42,465,753.42	-
Effect of stock dividend issued	-	-	-	62,240,501
			<u>727,111,270</u>	<u>684,645,517</u>

#### 40.4 Current year's financial results i.e. Earning Per Shares (EPS) has been deteriorated by 47.11% over last year. Reasons of such deterioration in EPS were as follows :

- No. of outstanding shares has been increased by 14.61% over last year due to IPO. No. of outstanding shares as on 31 December 2021 is 784,645,517 which was 684,645,517 on 31 December 2020.
- To comply with the Government decision the Bank has to reduced its interest rates on loans and advances from April 2020, therefore lower interest has been earned.
- To comply with Bangladesh Bank circulars for maintaining provision against loans and advances and other assets, a significant amount has been kept as provision.

#### 40.5 Diluted earning per share

No diluted earning per share is required to be calculated for the year as there was no scope for dilution during these period.

#### 41.1 Net asset value (NAV) per share - Consolidated

a) Capital / shareholders' equity for the period	10,628,002,157	9,306,658,399
b) Number of outstanding shares	784,645,517	684,645,517
<b>Net asset value (NAV) per share ( a÷b)</b>	<b><u>13.54</u></b>	<b><u>13.59</u></b>

#### 41.2 Net asset value (NAV) per share of the Bank

	2021 Taka	2020 Taka
a) Capital / shareholders' equity for the period	10,622,840,285	9,306,658,399
b) Number of outstanding shares	784,645,517	684,645,517
<b>Net asset value (NAV) per share ( a÷b)</b>	<b><u>13.54</u></b>	<b><u>13.59</u></b>

#### 42.1 Net operating cash flow per share (NOCFPS) per share - Consolidated

a) Operating cash flow for the period	(3,531,690,681)	498,137,628
b) Weighted average number of share	727,111,270	684,645,517
<b>Net operating cash flow per share ( a÷b)</b>	<b><u>(4.86)</u></b>	<b><u>0.73</u></b>





**42.2 Net operating cash flow per share (NOCFPS) per share of the Bank**

a) Operating cash flow for the period	(3,531,290,681)	498,137,628
b) Weighted average number of share	727,111,270	684,645,517
<b>Net operating cash flow per share ( a÷b)</b>	<b>(4.86)</b>	<b>0.73</b>

**42.3** The net operating cash flow has been decreased due to substantial withdrawal of deposits by other banks and financial institutions. To comply with the Government decision the Bank has to reduced its interest rates on loans and advances from April 2020, therefore lower interest has been earned. Disbursement of loans and advances to the customers of the bank. And more investments in trading securities during the year.

**43. Events after the balance sheet date**

**A. Issue of stock dividend for the year 2020**

The Bank issued stock dividend for the year 2020 @ 0.04 against 1 existing share of Tk 10 each i.e. 31,385,820 nos of shares @ Tk 10 each.

**B. Dividend**

The Board of Directors in its 141th meeting held on April 27, 2022 recommended cash dividend @ 3% and stock dividend @ 1% (Total 4 %) for the year 2021. The total amount of dividend is Tk 326,412,535 (Taka Thirty two crore sixty four lac twelve thousand five hundred and thirty five) only.

**44. Risk Factors and Risk Management**

The Bank is following comprehensive Core Risks Management guidelines issued by Bangladesh Bank. Credit Risk Grading is done for all commercial exposures to minimize credit risks. Bank's Asset Liability Committee is entrusted with the responsibility of managing short-term & long-term liquidity. ALM guidelines have also been implemented. The Bank has established its KYC & operation control procedures for prevention of Money Laundering. The Bank has strengthened the internal control system and audit division to guard against lapses, fraud and forgeries. A comprehensive ICT policy has been formulated as per Bangladesh Bank guidelines and approved by the board of directors to minimize ICT risks which is followed meticulously.

**45. Disclosure on audit committee of the Board**

The Audit Committee of the Board was duly reconstituted by the Board of Directors of the Bank in its 129th meeting held on 31 October 2021 compliance with BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank and Corporate Governance Guidelines (BSEC/CMRRCD/2006-158/207/Admin/80) dated June 03, 2018 of Bangladesh Securities and Exchange Commission (BSEC). The members of the Audit Committee of the Board as on 31 December 2021 is as under:

Name of the Member	Status with the Bank	Status in the Committee	Educational Qualification
Mr. Md. Sajidur Rahman	Independent Director	Chairman	Masters
Mr. Abu Zafar Mohammad Shofiuddin	Director	Member	M. Com
Mr. Sk. Shyedujjaman	Director	Member	MBA
Mr. Mohammad Moqbul Hossain	Independent Director	Member	M. Com

The Audit Committee of the Board convened 04 (four) meetings during the period further in which, among others, the following salient issues were discussed :

- 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 2020 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 overall position as on 31 December 2020 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 2021.

**46. Number of employees**



As per the Schedule XI of the Companies Act, 1994, the number of employees (including contractual employees) engaged for the whole year or part thereof who received more than total remuneration of Tk 36,000 per annum or Tk 3,000 per month were 997 as at 31 December 2021 compared to 886 as at 31 December 2020.

**47. General**

- i) Figures appearing in these financial statements have been rounded off to the nearest Taka.
- ii) Figures of 2020 have been rearranged as per current year's presentation.



## South Bangla Agriculture and Commerce Bank Limited Related party disclosures

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

i) **Directors' interest in different entities:**

SL No.	Name of the Director	Status with the Bank	No. of shares and percentage (%) share holding in the Bank	Name of the firms/companies/others (Trade Commerce, Financial, Agriculture & others) in which they are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Percentage (%) holding in the company	Remarks
1	Mr. Abdul Kadir Molla	Chairman	33,482,273 & 4.27%	1. Thermax Textile Mills Ltd. 2. Thermax Knit Yarn Ltd. 3. Thermax Spinning Ltd. 4. Thermax Blended Yarn Ltd. 5. Indigo Spinning Ltd. 6. Thermax Melange Spinning Mills Ltd. 7. Thermax Yarn Dyeing Ltd. 8. Adury Knit Composite Ltd. 9. Adury Apparels Ltd. 10. Thermax Woven Dyeing Ltd. 11. Thermax Yarn Dyed Fabrics Ltd. 12. Sister Denim Composite Ltd. 13. Thermax Check Fabrics Ltd. 14. Thermax Colour Cotton Ltd. 15. Sister Garments Ltd. 16. Sultana Filling Point Ltd. 17. Adury Fashion & Print Ltd. 18. Adury Ring Denim Spun Ltd. 19. Kadir Molla Medical College & Hospital Ltd. 20. Sultana Enterprise 21. Sister Denim Composite (Unit-2) Ltd.	29.98% 20.00% 60.00% 20.00% 55.00% 60.00% 50.00% 50.00% 20.00% 60.00% 20.00% 19.00% 60.00% 20.00% 50.00% 55.00% 60.00% 20.00% 30.00% 100.00% 20.00%	
2	Al-Haj Mizanur Rahman	Vice Chairman	24,200,000 & 3.08%	1. M R Trading Co. 2. Moon Bangladesh Ltd.	100.00% 90.00%	
3	Mr. Abu Zafar Mohammad Shofiuddin	Director	33,482,273 & 4.27%	1. SQ Wire & Cable Co. Ltd 2. SQ Trading & Engineering 3. SQ Light Ltd. 4. SQ Wood Preservatives 5. SQ Energy Ltd. 6. SQ Power Solutions 7. SQ Properties Ltd. 8. SRN Power 9. SQ Electricals Ltd. 10. Power-Add 11. Techno Electricals Ltd. 12. TSCO Power Ltd. 13. TS Transformers Ltd 14. Building Dreams Ltd. 15. SQ Distribution Ltd.	32.24% 30.00% 35.00% 80.00% 50.00% 70.00% 35.00% 40.00% 70.00% 80.00% 16.89% 25.00% 25.00% 10.00% 60.00%	
4	Engr. Md. Moklesur Rahman	Director	33,482,273 & 4.27%	1. Contech Construction Ltd. 2. Pre Stressed Pole Ltd. 3. B&T Cables Ltd. 4. B&T Cold Storage Ltd. 5. B&T Development Ltd. 6. B&T Meter Ltd. 7. Tushar Ceramics Ltd. 8. B&T Transformers Ltd. 9. Nexus Securities Ltd. 10. BD Game Studio Ltd. 11. Smart Meter	65.00% 65.00% 70.00% 6.67% 25.00% 55.00% 25.00% 33.33% 20.00% 20.00% 100.00%	



# 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
5	Mrs. Tahmina Afroz	Director	33,482,273 & 4.27%	1. Anwer Khan Modern Hospital Ltd.	10.00%	
				2. Haji Shakhawat Anwara Eye Hospital Ltd.	10.00%	
				3. Modern Diagnostic Centre Ltd.	10.00%	
				4. Mother Trade Centre	100.00%	
				5. Modern Holdings Ltd.	50.00%	
				6. Anwer Khan Modern University	Member, Board of Governor	
				7. Anwer Khan Modern Medical College	Member, Board of Governor	
6	Mrs. Begum Sufia Amjad	Director	22990000 & 2.93%	1. Lockpur Fish Processing Co. Ltd.	20.00%	
				2. Khulna Printing & Packaging Ltd.	10.00%	
				3. Bagerhat Seafood Ind. Ltd.	25.00%	
				4. Shampa Ice & Cold Storage Ltd.	10.00%	
				5. Western Inn International Ltd.	33.00%	
				6. Metro Bricks Ltd.	49.00%	
				7. Moon Star Jute Mills Ltd.	7.41%	
				8. Khulna Builders Ltd.	49.00%	
				9. Rupsha Fish & Allied Industry Ltd.	23.00%	
				10. Moon Star Fish Ltd.	40.00%	
				11. Moonstar Polymer Ltd.	0.05%	
				12. Eastern Polymer Ltd.	50.00%	
				13. Woment Wears Ltd.	50.00%	
				14. Khulna Appareld Ltd.	50.00%	
7	Mr. Mohammed Ayub	Director	27,988,873 & 3.57%	1. Ayub & Co. Ltd.	80.00%	
				2. Pioneer Enterprise	100.00%	
				3. United Enterprise	100.00%	
				4. Pacific Enterprise	70.00%	
				5 M/S Ishmam Enterprise	20.00%	
8	Mr. Mohammad Nawaz	Director	20,495,351 & 2.61%	1. Famous Printing & Packaging Ltd.	29.15%	
				2. Famous Iberchem Flavours & Fragnances Ltd.	29.16%	
				3. Famous General Agencies Ltd.	29.05%	
				4. Matcon limited	28.96%	
				5. F.S. Printing & Packaging Ltd.	29.11%	
				6. Green Soap & Chemical Co. Ltd.	29.07%	
				7. Famous Flavours & Fragnances Ltd.	40.00%	
				8. Eden Multicare Hospital	2.50%	
				9. NY Trading	50.00%	
9	Mr. Anwar Hussain	Director	15,785,284 & 2.01%	1. SAFAH CNG Refuelling Station Ltd .	8.33%	
				2. HAR Industries Ltd.	30.00%	
				3. Abdul Gaffar & Co. (Pvt.) Ltd.	30.40%	
				4. Asuka CNG Filling Station Ltd.	25.00%	
				5. AGI Corporation	100.00%	
				6. AGI Flex Ltd.	50.00%	
10	Mr. Hafizur Rahman Babu	Director	25,111,704 & 3.20%	1. Joytun Securities International Ltd.	85.12%	
				2. Joytun Developers Ltd.	50.00%	
				3. S.B. Agro Fertilizer Industries Ltd.	33.34%	
				4. Sheikh Cement Mills Ltd.	18.99%	
				5. Gold Hill Properties Ltd.	15.00%	
				6. Sheikh Jute Mills Ltd.	16.67%	
				7. M/S. Sheikh Brothers	100.00%	
				8. M/S. Hafizur Rahman Babu	100.00%	
				9. Sheikh Shipping Lines Ltd.	33.34%	
				10. Sheikh Agro Food Industries	100.00%	
				11. Arising Trade Internation	80.00%	



# 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
11	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 & 4.27%
				2. Thermax Knit Yarn Ltd.	20.00%	
				3. Thermax Spinning Ltd.	40.00%	
				4. Thermax Blended Yarn Ltd.	20.00%	
				5. Indigo Spinning Ltd.	45.00%	
				6. Thermax Melange Spinning Mills Ltd.	40.00%	
				7. Thermax Yarn Dyeing Ltd.	50.00%	
				8. Adury Knit Composite Ltd.	50.00%	
				9. Adury Apparels Ltd.	20.00%	
				10. Thermax Woven Dyeing Ltd.	40.00%	
				11. Thermax Yarn Dyed Fabrics Ltd.	20.00%	
				12. Sister Denim Composite Ltd.	19.00%	
				13. Thermax Check Fabrics Ltd.	40.00%	
				14. Thermax Colour Cotton Ltd.	20.00%	
				15. Sultana Filling Point Ltd.	45.00%	
				16. Adury Fashion & Print Ltd.	40.00%	
				17. Adury Ring Denim Spun Ltd.	20.00%	
				18. Kadir Molla Medical College & Hospital Ltd.	25.00%	
				19. Sister Garments Ltd.	50.00%	
				20. Sister Denim Composite (Unit-2) Ltd.	20.00%	
12	Mr. Sk. Shyed-uj-Jaman Nominated by Moonstar Ceramic Industries Ltd.	Director	2,746,700 & 0.35%	1. Mashiyat Fish Firm	100.00%	No. of shares of Moonstar Ceramic Industries Ltd. 34,231,585 & 4.36%
				2. South East Union Ceramic Industries Ltd.	5.00%	
				3. AB Siddique & Co.	100.00%	
13	Mr. S. M. Amzad Hossain	Director	22000000 & 2.80%	1. Lockpur Fish Processing Co. Ltd.	80.00%	
				2. Khulna Printing & Packaging Ltd.	20.00%	
				3. Bagerhat Seafood Ind. Ltd.	75.00%	
				4. Shampa Ice & Cold Storage Ltd.	90.00%	
				5. Western Inn International Ltd.	47.00%	
				6. Metro Bricks Ltd.	51.00%	
				7. Moon Star Jute Mills Ltd.	44.00%	
				8. Khulna Builders Ltd.	51.00%	
				9. Bangladesh Poly Printing Int'l Ltd.	50.00%	
				10. Rupsha Fish & Allied Industry Ltd.	45.00%	
				11. Ideal Polymer Export Ltd.	90.00%	
				12. Eastern Polymer Ltd.	50.00%	
				13. Moon Star Fish Ltd.	60.00%	
				14. Ocean Trade International	100.00%	
				15. Khulna Apparels Ltd.	50.00%	
				16. Women Wears Ltd.	50.00%	
				17. Moon Star Polymer Export Ltd.	99.95%	
14	Mr. Mohammad Helal Uddin, Nominated by Hazi Shakhawat Anwara Eye Hospital Ltd.	Director	0	Nil	Nil	No. of shares of Hazi Shakhawat Anwara Eye Hospital Ltd. 33,482,273 & 4.27%
15	Professor Mohammad Moqbul Hossain Bhuiyan	Independent Director	0	Nil	Nil	
16	Mr. Md. Sajidur Rahman	Independent Director	0	1. Indo-Bangla Trading	40.00%	
				2. US-DK Green Energy (BD) Ltd.	5.00%	
				3. Nitex Ltd.	3.00%	
				4. Lenden Ltd.	5.00%	
				5. JoBike	1.00%	



- ii) Significant contract where bank is a party and wherein Directors have interest : NIL
- iii) Shares issued to Directors and executives without consideration or exercisable at discount: NIL
- iv) Related party transactions (loan to directors):

(Amount in Crore taka)

Name of the Borrower	Representing Director	Nature of Facilities	Outstanding as at 31 Dec 2021	Outstanding as at 31 Dec 2020
Haji Shakwat Anwera Eye Hospital	Mrs Tahmina Afroz	Cash Credit (Hypo)	11.03	11.08
		CC(Hypo) under Stimulus Fund	3.00	0.00
Modern Diagnostic Center Ltd.	Mrs Tahmina Afroz wife of Mr. Anwar Hossain Khan, Managing Director, Modern Digonistic Center Ltd.	Cash Credit (Hypo)	15.55	15.33
		CC(Hypo) under Stimulus Fund	2.90	0.00
Khulna Builders Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	SOD (Gen)	21.90	21.88
Eastern Polymer Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.42	0.00
Moonstar Polymer Export Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.35	0.00
Shampa Ice and Cold Storage Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.18	0.00
Rupsha Fish and Allied Industries Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.22	0.00
Moon Star Jute Mills Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	1.04	0.00
Bagerhat Seafood Industries Ltd.	Mr. SM Amzad Hossain & Mrs. Begum Sufia Amzad	Term Loan - Financial Stimulus Fund	0.39	0.00
Radiant Dredging Ltd.	Capt. M. Moazzam Hossain, Ex Director	Lease Finance	1.37	2.64
		SOD (Gen)	0.04	0.00
Anwar Hussain	Mr. Anwar Hussain	House Building Loan	0.80	0.90
Mohammad Imran	Mr. Anwar Hussain Brother of Mr. Mohammad Imran	House Building Loan	0.80	0.90
M.R. Trading Co.	Mr. Md. Mizanur Rahman	SOD (Gen)	0.15	4.72

- v) Lending policies to related parties:  
Related parties are allowed loans and advances as per the guidelines of Bangladesh Bank and credit policy of the bank.
- vi) Business other than banking business with any related concern of the directors as per section 8 (2) of the Banking Companies Act 1991:

a) Lease agreement made with the directors / related concerns:

Nature of contract	Branch Name	Name of the Director and related by	Remarks
Lease agreement	Katakhali Branch	Mr. S. M. Amzad Hossain, Member, Board of Directors, SBAC Bank Ltd. and owner of the premises.	Lease period : 01 July 2013 to 30 June 2023 Rental space 4,000 sft Monthly rent Tk 19.83
Lease agreement	Head Office, Level # 10, Sun Moon Star Tower	Mr. Al-Haj Mizanur Rahman, Member, Board of Directors, SBAC Bank Ltd. and owner of the premises.	Lease period : 12 Years starting from 05 October 2021 Rental space 31,154 sft Monthly rent Tk 50.00

b) Brokerage house :

Name of the Party	Name of the Director and related by	Nature of Transaction	Amount
E-Securities Ltd.	Capt. M. Moazzam Hossain, Ex Director of the Bank and Director of E-Securities Ltd.	Brokerage house commission and charges	Tk. 3,772,611

- vii) Investment in securities of the Directors and their related concern: NIL
- viii) The Managing Director & CEO is considered as key management personnel and related remuneration are disclosed in Note 31.



**South Bangla Agriculture and Commerce Bank Limited**  
**Schedule of Fixed Assets**  
**as at 31 December 2021**

Particulars	Cost				Accumulated Depreciation				Net book value as at 31 December 2021 Taka
	Balance as at 01 January 2021 Taka	Additions during the period Taka	Disposals during the period Taka	Balance at 31 December 2021 Taka	Balance as at 01 January 2021 Taka	Charge for the period Taka	On disposal during the period Taka	Balance as at December 2021 Taka	
<b>Tangible Assets :</b>									
Motor vehicles	37,647,004	14,241,649	-	51,888,653	30,916,529	5,339,019	-	36,255,548	15,633,105
Machinery and equipments	282,287,086	16,149,357	-	298,436,443	216,912,694	26,607,101	-	243,519,795	54,916,648
Furniture and fixtures	88,834,216	9,866,529	-	98,700,745	45,088,874	8,840,553	-	53,929,427	44,771,318
Interior decoration	302,917,078	24,680,839	-	327,597,917	125,063,138	31,688,963	-	156,752,101	170,845,816
Computers and accessories	389,072,164	15,615,250	-	404,687,414	216,709,388	46,050,848	-	262,760,236	141,927,178
Other tools	38,138,291	6,504,039	-	44,642,330	25,127,822	5,431,736	-	30,559,558	14,082,772
<b>Intangible Assets :</b>									
Softwares	183,188,176	10,258,475	-	193,446,651	156,253,816	21,246,222	-	177,500,038	15,946,613
<b>Right of use assets (Lease assets)</b>	<b>1,189,182,393</b>	<b>361,472,749</b>	<b>91,261,322</b>	<b>1,459,393,820</b>	<b>170,802,273</b>	<b>187,042,728</b>	<b>66,970,143</b>	<b>290,874,858</b>	<b>1,168,518,962</b>
<b>At 31 December 2021</b>	<b>2,511,266,408</b>	<b>458,788,887</b>	<b>91,261,322</b>	<b>2,878,793,973</b>	<b>986,874,534</b>	<b>332,247,170</b>	<b>66,970,143</b>	<b>1,252,151,561</b>	<b>1,626,642,412</b>
<b>At 31 December 2020</b>	<b>1,128,398,348</b>	<b>1,392,501,060</b>	<b>9,633,000.00</b>	<b>2,511,266,408</b>	<b>685,630,480</b>	<b>310,877,054</b>	<b>9,633,000</b>	<b>986,874,534</b>	<b>1,524,391,874</b>

**Rate of Depreciation**

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

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



**South Bangla Agriculture and Commerce Bank Limited**  
**Investment in Shares**  
**As at 31 December 2021**

Sl. No.	Name of Company	Face Value	No. Of Share	Total Book Value	Average cost per share	Market value per share as on 31 December 2021	Total Market Value
<b>Quoted Shares</b>							
1	ACI Limited	10.00	80,500	24,491,012	304.24	285.40	22,974,700
2	Agricultural Marketing Company Ltd. (Pran)	10.00	500	163,108	326.22	292.50	146,250
3	Bangladesh Lamps Limited	10.00	670	126,910	189.42	192.70	129,109
4	British American Tobacco bangladesh Company Limited	10.00	68,000	43,105,665	633.91	635.60	43,220,800
5	Bangladesh Export Import Company Ltd.	10.00	200,000	30,042,517	150.21	148.40	29,680,000
6	Bangladesh General Insurance Company Ltd.	10.00	58,892	3,640,934	61.82	54.20	3,191,946
7	Bangladesh Submarine Cable Company Limited	10.00	134,971	25,646,180	190.01	210.10	28,357,407
8	Beximco Pharmaceuticals Ltd.	10.00	30,000	7,212,659	240.42	192.70	5,781,000
9	Coppertech Industries Limited	10.00	200,000	8,919,057	44.60	33.60	6,720,000
10	Delta Life Insurance Company Ltd.	10.00	275,000	57,861,426	210.41	196.50	54,037,500
11	Eastern Insurance Company Ltd.	10.00	144,151	17,645,807	122.41	115.10	16,591,780
12	Eastern Housing Limited	10.00	100,000	6,513,659	65.14	46.80	4,680,000
13	Fortune Shoes Limited	10.00	75,000	8,045,749	107.28	92.10	6,907,500
14	Grameenphone Ltd.	10.00	14,777	4,999,069	338.30	349.50	5,164,562
15	GPH Ispat Ltd.	10.00	220,063	14,329,730	65.12	53.00	11,663,339
16	Investment Corporation Of Bangladesh	10.00	3,751	593,962	158.35	123.90	464,749
17	Krishibid Feed Limited	10.00	86,526	865,260	10.00	10.00	865,260
18	LafargeHolcim Bangladesh Limited	10.00	126,205	12,591,493	99.77	71.10	8,973,176
19	Matin Spinning Mills Ltd.	10.00	320,000	21,905,338	68.45	55.10	17,632,000
20	Maksons Spinning Mills Limited	10.00	400,000	13,505,076	33.76	24.70	9,880,000
21	Master feed Agrotec Ltd.	10.00	26,649	266,490	10.00	9.60	255,830
22	Mostafa Metal Industries Limited	10.00	24,509	245,090	10.00	10.70	262,246
23	Power Grid Company of Bangladesh Ltd.	10.00	59,350	4,167,074	70.21	59.60	3,537,260
24	Paramount Textile Limited	10.00	5,000	434,454	86.89	94.10	470,500
25	Robi Axiata Limited	10.00	300,000	14,874,810	49.58	34.60	10,380,000
26	Rangpur Dairy & Food Products Ltd.	10.00	509,557	26,207,271	51.43	52.90	26,955,565
27	Oryza Agro Industries Ltd.	10.00	27,244	272,440	10.00	10.40	283,338
28	Simtex Industries Limited	10.00	820,000	20,090,163	24.50	17.00	13,940,000
29	Square Pharmaceuticals Ltd.	10.00	100,000	21,157,210	211.57	214.30	21,430,000
30	Unilever Consumer Care Limited	10.00	5,359	15,804,851	2,949.22	2,977.10	15,954,279
<b>Sub-total</b>				<b>405,724,463</b>			<b>370,530,096</b>
<b>Quoted Shares (Special Fund)</b>							
1	Asia Pacific General Insurance Co. Ltd.	10.00	200,000	15,095,138	75.48	68.50	13,700,000
2	British American Tobacco bangladesh Company Limited	10.00	110,041	65,016,587	590.84	635.60	69,942,060
3	Bangladesh General Insurance Company Ltd.	10.00	1,036,879	63,293,631	61.04	54.20	56,198,842
4	Beximco Pharmaceuticals Ltd.	10.00	50,000	12,674,771	253.50	192.70	9,635,000
5	Central Insurance Company Ltd.	10.00	292,168	18,273,842	62.55	55.50	16,215,324
6	The City Bank Ltd.	10.00	200,000	5,931,840	29.66	27.30	5,460,000
7	City General Insurance Co. Ltd.	10.00	549,970	27,002,931	49.10	42.90	23,593,713
8	Eastland Insurance Company Ltd.	10.00	200,000	8,957,880	44.79	38.70	7,740,000
9	Eastern Bank Ltd.	10.00	800,000	28,667,220	35.83	38.50	30,800,000
10	Eastern Housing Limited	10.00	519,937	32,308,632	62.14	46.80	24,333,052
11	Grameenphone Ltd.	10.00	50,000	17,618,737	352.37	349.50	17,475,000





Sl. No.	Name of Company	Face Value	No. Of Share	Total Book Value	Average cost per share	Market value per share as on 31 December 2021	Total Market Value
12	IDLC Finance Ltd.	10.00	512,003	36,048,216	70.41	60.30	30,873,781
13	Jamuna Bank Ltd.	10.00	2,573,010	55,996,563	21.76	23.40	60,208,434
14	Kohinoor Chemicals Company (Bangladesh) Ltd.	10.00	21,275	9,099,978	427.73	398.10	8,469,578
15	KDS Accessories Limited	10.00	613,054	46,706,718	76.19	70.00	42,913,780
16	LankaBangla Finance Ltd.	10.00	300,000	13,220,388	44.07	37.30	11,190,000
17	Mercantile Bank Ltd.	10.00	1,200,000	20,693,289	17.24	17.10	20,520,000
17	MJL Bangladesh Limited	10.00	275,232	22,918,218	83.27	88.30	24,302,986
18	National Housing Fin. and Inv. Ltd.	10.00	200,000	14,428,800	72.14	49.70	9,940,000
19	National Polymer Industries Ltd.	10.00	300,000	19,899,720	66.33	50.20	15,060,000
20	Premier Cement Mills Limited	10.00	70,000	6,348,672	90.70	65.10	4,557,000
21	Queen South Textile Mills Limited	10.00	499,980	16,308,853	32.62	24.40	12,199,512
22	Reliance Insurance Ltd.	10.00	94,481	9,760,473	103.31	87.50	8,267,088
23	Singer Bangladesh Limited	10.00	200,904	36,993,064	184.13	169.90	34,133,590
24	Square Pharmaceuticals Ltd.	10.00	302,049	67,593,633	223.78	214.30	64,729,101
25	Standard Insurance Limited	10.00	375,044	34,563,169	92.16	76.20	28,578,353
26	Summit Power Limited	10.00	944,907	41,582,148	44.01	38.90	36,756,882
27	United Commercial Bank Ltd.	10.00	541,021	9,077,567	16.78	15.30	8,277,621
<b>Sub-total</b>				<b>756,080,678</b>			<b>696,070,694</b>
<b>Total Quoted Shares</b>				<b>1,161,805,141</b>			<b>1,066,600,790</b>
<b>Unquoted Shares</b>							
1	SWIFT		6	3,581,371		-	3,581,371
<b>Total unquoted shares</b>				<b>3,581,371</b>			<b>3,581,371</b>
<b>Preference Shares</b>							
1	Impress-Newtex Composite Textile Limited	10.00	30,000,000	300,000,000		10.00	300,000,000
<b>Total preference shares</b>				<b>300,000,000</b>			<b>300,000,000</b>

**Mutual Fund (Quoted)**

Sl. No.	Name of Company	Face Value	No. of Share	Total Book Value	Average cost per share	Market value per share as on 31 December 2021	Total Market Value	85% of Net Asset Value
1	EBL First Mutual Fund	10.00	4,725,555	45,721,309	9.68	7.50	35,441,663	44,625,779
2	First Janata Bank Mutual Fund	10.00	4,400,000	40,994,531	9.32	6.20	27,280,000	41,065,200
3	Reliance One the first scheme of Reliance Insurance Mutual Fund	10.00	1,205,378	14,979,570	12.43	11.60	13,982,385	14,794,810
<b>Total Mutual Fund</b>				<b>101,695,410</b>			<b>76,704,048</b>	<b>100,485,789</b>
<b>Total Investments in Shares</b>				<b>1,567,081,922</b>			<b>1,446,886,209</b>	

**Calculation of required provision against investment in shares :**

Sl. No.	Particulars	Cost Value	Value Considered for Maintaining Provision	Required Provision	Remarks
1	Quoted shares	405,724,463	370,530,096	35,194,367	
2	Quoted shares (Special Fund)	756,080,678	696,070,694	-	No provision required as per DOS Circular No. 01 dated 10 February 2020.
3	Mutual fund	101,695,410	100,485,789	1,209,621	Considered 85% of net assets value as per DOS Circular No. 03 dated 12 March 2015 & DOS Circular no. 10 dated 28 June 2015.
4	Unquoted shares	3,581,371	3,581,371	-	
5	Preference shares	300,000,000	300,000,000	-	
<b>Total</b>		<b>1,567,081,922</b>		<b>36,403,988</b>	



**South Bangla Agriculture and Commerce Bank Limited**  
**Consolidated Financial Highlights on the overall activities of the bank**  
**For the year ended 31 December 2021**

(Amount in Tk.)			
Sl. No.	Particulars	2021	2020
01	Paid up capital	7,846,455,170	6,846,455,170
02	Total regulatory capital (Tier I +II)	10,830,034,388	9,269,899,543
03	Capital surplus/(deficit)	1,097,483,102	657,406,419
04	Total assets	97,813,747,714	88,403,446,406
05	Total deposits	72,736,463,747	71,451,461,330
06	Total loans and advances	65,955,681,066	57,408,829,469
07	Total contingent liabilities and commitments	18,539,778,855	14,160,084,289
08	Advance deposits ratio (%) - Traditional Banking*	83.69%	80.31%
09	Advance deposits ratio (%) - Islamic Banking*	23.88%	-
10	Classified loans to advance ratio ( %)	5.85%	6.22%
11	Profit after tax and provision	539,889,810	951,954,453
12	Classified loans and advances at the end of the year	3,860,901,177	3,567,962,863
13	Provision kept against classified loans and advances	2,196,162,881	1,566,767,336
14	Surplus/(deficit) provision against loans and advances	446,693,943	569,937,108
15	Cost of fund including operating cost (%)	8.41%	9.45%
16	Interest earning assets	85,097,313,822	75,928,417,374
17	Non interest earning assets	12,716,433,892	12,475,029,032
18	Return on investments (ROI) [Income from Investment/ Average Investments]	12.11%	13.64%
19	Return on Assets (ROA) [PAT/Average assets]	0.58%	1.10%
20	Return on Equity (ROE) [PAT/Average shareholders equity]	5.42%	10.78%
21	Net Asset Value per Share (NAV) [Shareholders equity/No. of Ordinary Share]	13.54	13.59
22	Income from investments	1,847,000,294	1,718,808,482
23	Earnings per share	0.74	1.39
24	Net income per share	0.74	1.39
25	Price - earnings ratio (times)	20.47	N/A

\* Advance deposit ratio calculation is made as per Bangladesh Bank guidelines.



**South Bangla Agriculture and Commerce Bank Limited**  
**Highlights on the overall activities of the bank**  
**For the year ended 31 December 2021**

(Amount in Tk.)

Sl. No.	Particulars	31 December 2021	31 December 2020
01	Paid up capital	7,846,455,170	6,846,455,170
02	Total capital (Tier I +II)	10,834,467,349	9,270,576,851
03	Capital surplus/(deficit)	1,121,759,580	658,083,727
04	Total assets	98,172,322,252	88,403,446,406
05	Total deposits	73,103,763,048	71,451,461,330
06	Total loans and advances	65,955,681,066	57,408,829,469
07	Total contingent liabilities and commitments	18,539,778,855	14,160,084,289
08	Advance deposits ratio (%) - Traditional Banking*	83.69%	80.31%
09	Advance deposits ratio (%) - Islamic Banking*	23.88%	-
10	Classified loans to advance ratio (%)	5.85%	6.22%
11	Profit after tax and provision	534,722,771	951,954,453
12	Classified loans and advances at the end of the year	3,860,901,177	3,567,962,863
13	Provision kept against classified loans and advances	2,196,162,881	1,566,767,336
14	Surplus/(deficit) provision against classified advances	-	-
15	Cost of fund including operating cost (%)	8.41%	9.45%
16	Interest earning assets	85,097,313,822	75,928,417,374
17	Non interest earning assets	13,075,008,430	12,475,029,032
18	Return on investments (ROI) [Income from Investment/ Average Investments]	12.11%	13.64%
19	Return on Assets (ROA) [PAT/Average assets]	0.57%	1.10%
20	Return on Equity (ROE) [PAT/Average shareholders equity]	5.36%	10.78%
21	Net Asset Value per Share (NAV) [Shareholders equity/No. of Ordinary Share]	13.54	13.59
22	Income from investments	1,847,000,294	1,718,808,482
23	Earnings per share	0.74	1.39
24	Net income per share	0.74	1.39
25	Price - earnings ratio (times)	20.67	N/A

\* Advance deposit ratio calculation is made as per Bangladesh Bank guidelines.



**South Bangla Agriculture and Commerce Bank Limited**  
**Islamic Banking Windows**  
**Balance Sheet**  
**As at 31 December 2021**

Particulars	Notes	2021 Taka
<b>PROPERTY AND ASSETS</b>		
<b>Cash in hand</b>		
Cash in hand (including foreign currencies)	3	15,908,616
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4	51,113,875
		<b>67,022,491</b>
<b>Balance with other banks and financial institutions</b>		
In Bangladesh	5	-
Outside Bangladesh		-
<b>Placement with banks &amp; other financial institutions</b>		
Investments in shares & securities	6	-
Government	7	50,000,000
Others		-
		<b>50,000,000</b>
<b>Investments</b>		
General investments etc.	8	78,794,284
Bills purchased and discounted		-
		<b>78,794,284</b>
<b>Fixed assets including premises, furniture and fixtures</b>		
Other assets	9	286,360
Non - banking assets	10	136,440,740
		-
<b>Total assets</b>		<b>332,543,875</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Placements from other banks, financial institutions</b>		
Deposits and other accounts	11	-
Mudaraba savings deposits	12	31,865,267
Mudaraba term deposits		258,234,125
Al-wadeeah current deposits and other deposit accounts		27,304,079
Mudaraba special notice deposits		11,140,342
Bills payable		333,616
Other deposits		642,207
		<b>329,519,636</b>
Other liabilities	13	3,992,564
<b>Total liabilities</b>		<b>333,512,200</b>
<b>Capital / Shareholders' equity</b>		
Paid up capital		-
Statutory reserve		-
Revaluation gain / (loss) on investments		-
Revaluation reserve		-
Other reserve		-
Surplus in profit and loss account / Retained earnings	14	(968,325)
<b>Total Shareholders' equity</b>		<b>(968,325)</b>
<b>Total liabilities and Shareholders' equity</b>		<b>332,543,875</b>
<b>OFF- BALANCE SHEET EXPOSURE</b>		
<b>Contingent liabilities</b>		
Acceptances and endorsements	15	-
Letters of guarantee		27,995,612
Irrevocable letters of credit		26,995,202
Bills for collection		-
Other contingent liabilities		-
		<b>54,990,814</b>
<b>Other commitments</b>		
Documentary credits and short term trade -related transactions		-
Forward assets purchased and forward deposits placed		-
Undrawn note issuance and revolving underwriting facilities		-
Undrawn formal standby facilities , credit lines and other commitments		-
Other commitments		-
		-
<b>Total Off-Balance Sheet exposure including contingent liabilities</b>		<b>54,990,814</b>



**South Bangla Agriculture and Commerce Bank Limited**  
**Islamic Banking Windows**  
**Profit and Loss Account**  
**For the period ended 31 December 2021**

Particulars	Notes	2021 Taka
Investment income	16	1,150,327
Profit paid on deposits	17	1,303,569
<b>Net investment income</b>		<b>(153,242)</b>
Income from investment in shares / securities	18	697,111
Commission, exchange and brokerage	19	794,388
Other operating income	20	138,419
<b>Total operating income (A)</b>		<b>1,476,676</b>
Salaries and allowances	21	368,760
Rent, taxes, insurance, electricity, etc.		-
Legal expenses		-
Postage, stamp, telecommunication, etc.		-
Stationery, printing, advertisements, etc.	22	862,739
Chief Executive's salary and fees		-
Directors' fees & expenses		-
Auditor's fees		-
Shariah supervisory committee's fees and expenses	23	112,000
Depreciation and repair of Bank's assets	24	21,036
Zakat expenses		-
Other expenses	25	76,733
<b>Total operating expenses (B)</b>		<b>1,441,268</b>
<b>Profit / (loss) before provision and tax (C=A-B)</b>		<b>35,408</b>
<b>Provision for investments</b>		
General provision	13.1	453,825
Specific provision		-
		<b>453,825</b>
Provision for Off Balance sheet item	13.2	549,908
Provision for diminution in value of investments		-
<b>Total provision (D)</b>		<b>1,003,733</b>
<b>Total profit before taxes (C-D)</b>	14	<b>(968,325)</b>



**South Bangla Agriculture and Commerce Bank Limited  
Islamic Banking Windows  
Cash Flow Statement  
For the period ended 31 December 2021**

Particulars	2021 Taka
<b>A) Cash flows from operating activities</b>	
Investment income receipt in cash	1,150,327
Profit paid on deposits	(1,109,309)
Dividend receipts	-
Income from investments in shares and securities	684,226
Recoveries on investments previously written-off	-
Fees and commission receipts in cash	794,388
Cash payments to employees	(480,760)
Cash payments to suppliers	(862,739)
Income taxes paid	(58,625)
Receipts from other operating activities	138,419
Payments for other operating activities	(88,455)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>167,472</b>
<b>Increase / (decrease) in operating assets and liabilities</b>	
Net proceeds from trading securities	-
Investments to other banks	-
Investments to customers	(76,053,754)
Increase / decrease of other assets	(136,369,230)
Deposits from other banks	-
Deposits from customers	329,519,636
Increase / decrease of other liabilities account of customers	-
Increase / decrease of trading liabilities	-
Increase / decrease of other liabilities	54,041
	<u>117,150,693</u>
<b>Net cash from operating activities</b>	<b>117,318,165</b>
<b>B) Cash flows from investing activities</b>	
Proceeds from sale of Government securities	-
Payments for Purchase of Government securities	(50,000,000)
Purchase of property, plant and equipment	(295,674)
Sale proceeds of property, plant and equipment	-
<b>Net cash used in investing activities</b>	<b>(50,295,674)</b>
<b>C) Cash flows from financing activities</b>	
Borrowing from other banks, financial institutions and agents	-
Dividends paid	-
Receipts from issue of ordinary share	-
<b>Net Cash from financing activities</b>	<b>-</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>67,022,491</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>-</b>
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	<b>67,022,491</b>
<b>Cash and cash equivalents at end of the year</b>	
Cash in hand (including foreign currencies)	15,908,616
Prize bond	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	51,113,875
	<u><u>67,022,491</u></u>



South Bangla Agriculture and Commerce Bank Limited  
Islamic Banking Windows  
Statement of Changes in Equity  
For the period ended 31 December 2021

Particulars	Amount in Taka				
	Paid-up Capital	Statutory reserve	Revaluation reserve	Retained earnings	Total
Balance as at 01 January 2021	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Net profit for the year	-	-	-	(968,325)	(968,325)
Transfer to statutory reserve	-	-	-	-	-
Revaluation of Govt. treasury bills, bonds and other investments	-	-	-	-	-
Issue of share capital	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	-	-	-	<b>(968,325)</b>	<b>(968,325)</b>
<b>Balance as at 31 December 2020</b>	-	-	-	-	-



**South Bangla Agriculture and Commerce Bank Limited  
Islami Banking Windows  
Notes to the Financial Statements  
as at and 31 December 2021**

**01 Islami Banking Wing and its activities**

**Status**

The Islamic Banking Wing (IBW) of South Bangla Agriculture and Commerce Bank Limited (the Bank) started its operation on July 05, 2021 with permission from Bangladesh Bank vide letter no. BRPD(P-3)745(68)/2021/-4872 dated June 13, 2021. The Islamic Banking Wing of the Bank is operating its business through 10 (ten) windows in 10 (ten) branches of the Bank.

**Principal activities**

The Bank offers all kinds of banking services to its customers through the Islamic Banking Windows in the branches complying Shariah Principles following the provisions of the Banking Companies Act, 1991 (as amended up to 2018), Bangladesh Bank's directives and directives of other regulatory authorities. In Islamic Banking Windows, deposits are collected under Al-wadeeah and Mudaraba principles and investments are made following Bai-Murabaha, Bai-Salam, Bai-as-Sarf, hire purchase under Shirkatul Melk, Ijarah principles.

**02 Significant accounting policies**

The accounting policies set out in the financial statements of the Bank have been applied consistently to all the periods presented in these financial statements and have been applied consistently by the wing.

**02.01 Going concern**

When preparing financial statements, management makes an assessment of the entity's ability to continue as a going concern. The Wing prepares financial statements on a going concern basis.

**02.02 Reporting period**

As per IFRS and Bangladesh Bank guidelines the financial statements of the IBW cover one calendar year from 01 January to 31 December. However, for the first year of operation these financial statements cover the period from 05 July 2021 to 31 December 2021.

**02.03 Revenue**

As per IFRS 15, revenue should be recognised on accrual basis, but due to the unique nature of Islamic Banking, income from investments under Bai-Murabaha, Bi-Salam, Bai-Istisna, HPSM, Ijarah, Quard, IDBP and FDBP modes are accounted for on realization basis as per AAOIFI and Bangladesh Bank guidelines.

**02.04 Investment Income**

Income from general investments is accounted for on accrual basis except investments under Musharaka, Mudaraba, Bai-Salam, Bai-as-Sarf and Ijarah modes, where the investment income is accounted for on realization basis. The Wing does not charge any rent during the gestation period of investment against Hire Purchase under Shirkatul Melk (HPSM) mode but it fixes the sale price of the assets at a higher level in such a way to cover its expected rate of return. Such income is recognized on realization basis.

Profit/Rent/Compensation accrued on classified investments are suspended and accounted for as per circulars issued by Bangladesh Bank in this regard from time to time. At the time of recovery or regularization of those investments the related income which was suspended and shown as a liability is taken as investment income (except compensation) as per circulars issued by Bangladesh Bank. As a result, all the transferred amount to investment income from suspense during the year has already been included in the investment income of the Wing.

Profit on deposits with other banks & financial institutions is accounted for on accrual basis.

**02.05 Sharing of investment income**

In case of investment, Mudaraba fund gets preference over cost free fund. The investment income earned through deployment of Mudaraba Fund is shared by the IBW of the Bank and the Mudaraba depositors at the pre-agreed ratio.

**02.06 Income on Investments in Securities**

Income on investments in securities is recognised on accrual basis.

**02.07 Profit Suspense/Compensation Account & Shari'ah Non-Compliance Income**

Profit/compensation accrued on classified investments is suspended and accounted for as per circulars issued by the Bangladesh Bank.

Moreover, income which is irregular (doubtful) as per Shari'ah is also not included in the distributable income of the Wing. The entity (Wing) charges compensation on unclassified overdue investments. Such compensation is not permissible as regular income of the Bank as per Shari'ah.

Interest received from the balances held with Foreign Banks abroad and from Foreign Currency Clearing Account with the Bangladesh Bank and also other interest based Banks are also not credited to regular income since it is not permissible as per Shari'ah. Such doubtful income is being appropriated for charitable purpose.

**02.08 Profit shared on deposits**

Profit on deposits are recognized on accrual basis.

Mudaraba depositors of the IBW share income derived from investing activities deploying the Mudaraba funds. Income under these categories includes profit, dividend, capital gain, rent, exchange gain and any other gain derived from deployment of Mudaraba funds.





	2021 Taka
<b>3. Cash in hand</b>	
<b>In hand</b>	
In local currency	15,908,616
In foreign currency	-
	<u>15,908,616</u>
<b>4. Balance with Bangladesh Bank and its agents</b>	
Balance with Bangladesh Bank	
In local currency	51,113,875
In Foreign currency	-
	<u>51,113,875</u>
Balance with Sonali Bank (as agent of Bangladesh Bank)- local currency	-
	<u>51,113,875</u>
<b>4.1.1 Cash Reserve Requirement (CRR) : 4.00% of average demand and time liabilities</b>	
<b>Required reserve</b>	<b>8,255,000</b>
Actual reserve maintained	
Balance with Bangladesh Bank - local currency	50,000,000
<b>Surplus / (deficit)</b>	<u>41,745,000</u>
<b>Maintained ratio</b>	<u>24.23%</u>
<b>4.1.2 Statutory Liquidity Ratio (SLR) : 5.50% of average demand and time liabilities</b>	
<b>Required reserve</b>	<b>11,351,000</b>
Available for maintenance :	
Cash in hand (including foreign currencies)	15,908,616
Balance with Sonali Bank Limited (as an agent of Bangladesh Bank)	-
Excess of CRR requirement	41,745,000
Unencumbered approved securities (treasury bills and bonds, debentures etc.)	50,000,000
	<u>107,653,616</u>
<b>Surplus / (deficit)</b>	<u>96,302,616</u>
<b>Maintained Ratio</b>	<u>52.16%</u>
<b>Total average time and demand liabilities</b>	<u>206,374,000</u>
<b>5. Balance with other banks and financial institutions</b>	
In Bangladesh	-
Outside Bangladesh	-
	<u>-</u>
<b>6. Placement with banks &amp; other financial institutions</b>	<u>-</u>
<b>7. Investments in share &amp; securities</b>	
Government (note 7.1)	50,000,000
Others	-
	<u>50,000,000</u>
<b>7.1 Government</b>	
Ijarah Sukuk Bond	<u>5,000,000</u>
<b>8. Investments</b>	
General investment (note 8.1)	78,794,284
Bills purchaseed and negotiated (note 8.2)	-
	<u>78,794,284</u>
<b>8.1 General investment</b>	
<b>Inside Bangladesh</b>	
BAI Murabaha CSME under stimulus finance	3,267,755
BAI Murabaha - work order	11,968,838
BAI Murabaha - commercial	12,994,719
BAI Murabaha - agriculture	2,705,778
Murabaha post import finance	7,650,806
HPSM (Staff)	9,162,255
HPSM (car)	2,662,082
HPSM (real estate)	28,382,051
	<u>78,794,284</u>
<b>Outside Bangladesh</b>	-
	<u>78,794,284</u>
<b>8.2 Bills purchaseed and negotiated</b>	
Payable Inside Bangladesh	-
Payable Outside Bangladesh	-
	<u>-</u>
	<u>78,794,284</u>



	2021 Taka
<b>9. Fixed assets including premises, furniture and fixtures</b>	
<b>Property, Plant &amp; Equipment</b>	
Furniture & Fixtures	149,784
Machineries and Equipments	5,190
Computer and Peripherals	140,700
<b>Total fixed assets at cost</b>	<b>295,674</b>
Less: Accumulated depreciation	9,314
<b>Net book value at the end of the year</b>	<b>286,360</b>
<b>10. Other assets</b>	
Stationeries	700,183
Stamps	10,520
Accrued profit from investment in Bond	12,885
Advance Income Tax	58,625
Suspense	350
Receiveable from convetional Banking	135,658,177
	<b>136,440,740</b>
<b>11. Placements from other banks, financial institutions</b>	
In Bangladesh	-
Outside Bangladesh	-
	-
<b>12. Deposits and other accounts</b>	
Al wadeeah current deposits and other accounts	27,304,079
Mudaraba savings deposits	31,865,267
Mudaraba term deposits	258,234,125
Mudaraba special notice deposits	11,140,342
Others deposit	642,207
Bill Payable	333,616
	<b>329,519,636</b>
<b>13. Other liabilities</b>	
Profit payable on deposit	194,260
Unearned Profit	2,740,530
Provision against investments (note 10.1)	453,825
Provision against off balance sheet exposures (note 10.2)	549,908
Others	54,041
	<b>3,992,564</b>
<b>13.1 Provision against investments</b>	
<b>A. General provision against investments</b>	
Opening balance	-
General provision for the year	453,825
<b>Provision held at the year end</b>	<b>453,825</b>
<b>B. Specific provision against classified investments</b>	
Opening balance	-
Less : Fully provided debt written-off (for final settlement)	-
Add : Recoveries of amounts previously written-off	-
Add : Specific provision for the year	-
Less : Specific provision no more required as loans realized/regularized	-
Add : Net charge to profit and loss account	-
<b>Provision held at the end of the year</b>	<b>453,825</b>
<b>13.2 Provision against off balance sheet exposures</b>	
Opening balance	-
General provision for the year	549,908
<b>Provision held at the year end</b>	<b>549,908</b>
<b>14. Surplus in profit and loss account / Retained earnings</b>	
Opening balance	-
Add : Net profit during the year	(968,325)
<b>Closing balance</b>	<b>(968,325)</b>
<b>15. Contingent liabilities</b>	
Acceptances and endorsements	-
Letters of guarantee	27,995,612
Irrevocable Letters of Credit	26,995,202
Bills for collection	-
Others	-
	<b>54,990,814</b>



# Hoda Vasi Chowdhury & Co

	2021 Taka
<b>16. Investment income</b>	
<b>Income from general investment</b>	
Bai-Murabaha	480,407
Bai-Muajjal (CC hypo)	-
Bai-Salam (packing credit)	-
Hire purchase	669,920
Other investments	-
<b>Sub-total (i)</b>	<b>1,150,327</b>
<b>Profit on deposits with other Islamic banks</b>	
In Bangladesh	
Out side Bangladesh	
<b>Sub-total (ii)</b>	<b>-</b>
<b>Grand total (i+ii)</b>	<b>1,150,327</b>
<b>17. Profit paid on deposits</b>	
a) Profit paid on deposits:	
Mudaraba savings deposits	93,149
Mudaraba special notice deposits	13,314
Mudaraba term deposits	716,946
Others deposits	480,160
	<b>1,303,569</b>
<b>18. Income from investment in shares / securities</b>	
Profit earned from Sukuk bond	697,111
Others	-
	<b>697,111</b>
<b>19. Commission, exchange and brokerage</b>	
Commission on L/Cs-sight	221,831
Commission on L/Gs	486,988
Commission on acceptance	-
Exchange	77,579
Other commission	7,990
	<b>794,388</b>
<b>20. Other operating income</b>	
Service and other charges	125,421
RTGS charges	1,150
Miscellaneous earnings	11,848
	<b>138,419</b>
<b>21. Salaries and allowances</b>	
Basic salary	165,600
House rent allowance	82,800
Conveyance allowance	24,000
Medical allowance	24,000
Other allowances	55,800
Bank's contribution to provident fund	16,560
	<b>368,760</b>
<b>22. Stationery, printing and advertisements, etc.</b>	
Stationery	147,623
Publicity and advertisement	715,116
	<b>862,739</b>
<b>23. Shariah supervisory committee's fees and expenses</b>	
Meeting attendance fees	112,000
	<b>112,000</b>
<b>24. Depreciation and repair of Bank's assets</b>	
<b>Depreciation</b>	
Fixed assets	9,314
Leased assets	-
	<b>9,314</b>
<b>Repairs</b>	
Repair & Maintenance	11,722
	<b>11,722</b>
	<b>21,036</b>
<b>25. Other expenses</b>	
Entertainment	47,763
Cash carrying charges	1,500
Local Conveyance	1,520
Miscellaneous expenses	25,950
	<b>76,733</b>



South Bangla Agriculture and Commerce Bank Limited  
Balance Sheet (Off-Shore Banking Unit)  
As at 31 December 2021

	Notes	2021		2020	
		USD	Taka	USD	Taka
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>					
Cash in hand (Including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		-	-	-	-
<b>Balance with other banks and financial institutions</b>	3				
In Bangladesh		205,499	17,600,989	-	-
Outside Bangladesh		-	-	-	-
		<b>205,499</b>	<b>17,600,989</b>	-	-
<b>Money at call on short notice</b>		-	-	-	-
<b>Investments:</b>					
Government		-	-	-	-
Others		-	-	-	-
<b>Loans and advances</b>	4				
Loans, cash credit, overdrafts etc.		-	-	-	-
Bills purchased and discounted		6,575,725	563,210,884	806,799	67,730,774
		<b>6,575,725</b>	<b>563,210,884</b>	<b>806,799</b>	<b>67,730,774</b>
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	5	-	-	4,329	363,416
Non-banking assets		-	-	-	-
<b>TOTAL ASSETS</b>		<b>6,781,224</b>	<b>580,811,873</b>	<b>811,128</b>	<b>68,094,190</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
Borrowings from other banks, financial institutions and agents	6	6,508,051	557,414,568	806,799	67,730,774
<b>Deposits and other accounts</b>					
Current accounts and other accounts		-	-	-	-
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Term deposits		-	-	-	-
Subordinated bonds		-	-	-	-
Other liabilities	7	65,757	5,632,109	8,068	677,308
<b>TOTAL LIABILITIES</b>		<b>6,573,808</b>	<b>563,046,677</b>	<b>814,867</b>	<b>68,408,082</b>
<b>Capital/ Shareholders' equity</b>					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
General reserve		-	-	-	-
Foreign currency translation gain/(loss)	8	-	251,592	-	-
Profit and loss account - retained earnings	9	207,416	17,513,604	(3,739)	(313,892)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>207,416</b>	<b>17,765,196</b>	<b>(3,739)</b>	<b>(313,892)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,781,224</b>	<b>580,811,873</b>	<b>811,128</b>	<b>68,094,190</b>



Notes	2021		2020	
	USD	Taka	USD	Taka
<b>OFF-BALANCE SHEET ITEMS</b>				
<b>Contingent liabilities</b>				
Acceptance and endorsements	-	-	-	-
Letters of guarantee	-	-	-	-
Irrevocable letters of credit	-	-	-	-
Bills for collection	-	-	-	-
Other contingent liabilities	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Other commitments</b>				
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	-	-	-	-
Claims against the Bank not acknowledged as debt	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Total off-balance sheet items including contingent liabilities</b>	-	-	-	-



**South Bangla Agriculture and Commerce Bank Limited**  
**Profit and Loss Account (Off-shore Banking Unit)**  
**For the year ended 31 December 2021**

	Notes	2021		2020	
		USD	Taka	USD	Taka
Interest income	10	268,722	22,771,959	4,329	363,416
Less: Interest paid on deposits and borrowings etc.		-	-	-	-
<b>Net interest income</b>		<b>268,722</b>	<b>22,771,959</b>	<b>4,329</b>	<b>363,416</b>
Investment income		-	-	-	-
Commission, exchange and brokerage		-	-	-	-
Other operating income		122	10,338	-	-
		122	10,338	-	-
<b>Total operating income</b>		<b>268,844</b>	<b>22,782,297</b>	<b>4,329</b>	<b>363,416</b>
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		-	-	-	-
<b>Total operating expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit before provision</b>		<b>268,844</b>	<b>22,782,297</b>	<b>4,329</b>	<b>363,416</b>
<b>Provision for loan</b>					
Specific provision		-	-	-	-
General provision (including off balance sheet items)	4.4	57,689	4,954,801	8,068	677,308
		57,689	4,954,801	8,068	677,308
Other provisions		-	-	-	-
<b>Total provision</b>		<b>57,689</b>	<b>4,954,801</b>	<b>8,068</b>	<b>677,308</b>
<b>Total Profit before taxes</b>		<b>211,155</b>	<b>17,827,496</b>	<b>(3,739)</b>	<b>(313,892)</b>
<b>Provision for taxation</b>					
Current tax		-	-	-	-
Deferred tax		-	-	-	-
		-	-	-	-
<b>Net profit after taxation</b>	9	<b>211,155</b>	<b>17,827,496</b>	<b>(3,739)</b>	<b>(313,892)</b>



**South Bangla Agriculture and Commerce Bank Limited**  
**Cash Flow Statement (Off-shore Banking Unit)**  
**For the year ended 31 December 2021**

Notes	2021		2020	
	USD	Taka	USD	Taka
<b>A) Cash flows from operating activities</b>				
Interest receipts in cash	273,051	23,135,375	-	-
Interest payments	-	-	-	-
Dividend receipts	-	-	-	-
Income from investments	-	-	-	-
Recoveries on loans and advances previously written-off	-	-	-	-
Fees and commission receipts in cash	-	-	-	-
Cash payments to employees	-	-	-	-
Cash payments to suppliers	-	-	-	-
Income taxes paid	-	-	-	-
Receipts from other operating activities	122	10,338	-	-
Payments for other operating activities	-	-	-	-
<b>Operating profit before changes in operating assets and liabilities</b>	<b>273,173</b>	<b>23,145,713</b>	-	-
<b>Increase / decrease in operating assets and liabilities</b>				
Statutory deposits	-	-	-	-
Sale of trading securities	-	-	-	-
Purchase of trading securities	-	-	-	-
Loans and advances to other banks	-	-	-	-
Loans and advances to customers	(5,768,926)	(495,480,110)	(806,799)	(67,730,774)
Increase / decrease of other assets	-	-	-	-
Deposits from other banks	-	-	-	-
Deposits from customers	-	-	-	-
Increase / decrease of other liabilities account of customers	-	-	-	-
Increase / decrease of trading liabilities	-	-	-	-
Increase / decrease of other liabilities	-	-	-	-
	<b>(5,768,926)</b>	<b>(495,480,110)</b>	<b>(806,799)</b>	<b>(67,730,774)</b>
<b>Net cash from operating activities</b>	<b>(5,495,753)</b>	<b>(472,334,397)</b>	<b>(806,799)</b>	<b>(67,730,774)</b>
<b>B) Cash flows from investing activities</b>				
Proceeds from sale of Government securities	-	-	-	-
Payments for Purchase of Government securities	-	-	-	-
Purchase of property, plant and equipment	-	-	-	-
Sale of property, plant and equipment	-	-	-	-
<b>Net cash from investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C) Cash flows from financing activities</b>				
Borrowing from other banks, financial institutions and agents	5,701,252	489,683,794	806,799	67,730,774
Dividends paid	-	-	-	-
<b>Net cash from financing activities</b>	<b>5,701,252</b>	<b>489,683,794</b>	<b>806,799</b>	<b>67,730,774</b>
<b>D) Net increase / (decrease) in cash (A+B+C)</b>	<b>205,499</b>	<b>17,349,397</b>	-	-
<b>E) Effects of exchange rate changes on cash and cash-equivalent</b>	-	251,592	-	-
<b>F) Cash and cash-equivalents at beginning period</b>	-	-	-	-
<b>G) Cash and cash-equivalents at end of period (D+E+F)</b>	<b>205,499</b>	<b>17,600,989</b>	-	-
<b>H) Cash and cash-equivalents at end of period</b>				
Cash in hand including foreign currencies	-	-	-	-
Balances with Bangladesh Bank and its agent bank(s) including foreign currencies	-	-	-	-
Balances with other Banks and Financial institutions	205,499	17,600,989	-	-
	<b>205,499</b>	<b>17,600,989</b>	-	-



## South Bangla Agriculture and Commerce Bank Limited Notes to the Financial Statements (Off-shore Banking Unit) As at and for the year ended 2021

### 1. Status of the unit

1.1 The Off-shore Banking Units (OBU) of South Bangla Agriculture & Commerce Bank Limited are governed by the applicable rules & regulations of Bangladesh Bank. The Bank obtained the permission for conducting the activities of OBU under reference letter no. BRPD (03)/744(127)/2020-5140 dated 15 July 2020 of Bangladesh Bank. The Bank started the operation of OBU on 22 October 2020. The number of OBU was one as at 31 December 2021, located at International Division, Head Office, Dhaka.

### 1.2 Nature of business

The principal activities of Bank are to carry on all kinds of banking business in accordance with applicable rules and regulations of Bangladesh Bank for operations of Off-shore Banking Unit in Bangladesh.

### 2. Significant accounting policies and basis of preparation of financial statements

#### 2.1 Basis of accounting

The financial statements of Bank have been prepared under historical cost convention and in accordance with the Bank Companies Act, 1991 as amended under sub-section 38(4) of the Act, relevant Bangladesh Bank Circulars, International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other rules and regulations applicable in Bangladesh.

#### 2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revision of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### 2.3 Functional and presentation currency

The functional currency of OBU is US Dollar (USD). Transactions are recorded in the functional currency (USD). The financial statements are presented both in USD and equivalent Bangladesh Taka (BDT). For preparation of financial statements, all the balance sheet items are converted into equivalent BDT using the closing exchange rate (USD 1 = BDT 85.65), while the revenue items are converted into BDT at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month (USD 1 = BDT 84.74). Resulting exchange differences are recognized as a separate component of equity.

#### 2.4 Foreign currency transactions

##### a) Foreign currencies translation

Amounts in foreign currency are translated in accordance with the principles set forth in IAS 21 - "The Effects of Changes in Foreign Exchange Rates".

##### b) Transaction gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account.

#### 2.5 Loans and advances

a) Loans and advances are started at gross amount. While the provision and interest suspense against loans and advances are shown separately as other liabilities.

b) Interest income is calculated on daily product basis and accounted for on quarterly rest on accrual basis until the loans and advances are defined as classified accounts as per Bangladesh Bank guidelines. As per Bangladesh Bank directives, interest on loans and advances classified as bad/loss is not accounted for. A separate memorandum record is maintained for such interest on bad/loss loans.

c) Provision for loans and advances is made on the basis of the year end review by the management of the Bank in line with the instructions contained in BRPD Master Circular No. 14 dated 23 September 2012, BRPD Circular No. 19 dated 27 December 2012, BRPD Circular No. 05 and 06 dated 29 May 2013, BRPD Circular No. 15 dated 23 December 2013, BRPD Circular No. 16 dated 18 November 2014, BRPD Circular No. 08 dated 02 August 2015, BRPD Circular No. 01 dated 20 February 2018, BRPD circular No. 24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No. 4 (16 May 2019), BRPD circular No. 3 (21 April 2019), BRPD circular No. 16 (21 July 2020) and BRPD circular No. 52 (20 October 2020), issued by Bangladesh Bank.

#### 2.6 Provision for taxation

Offshore Banking Unit (OBU) is an integral business unit of the Bank. The income from OBU is included in the separate financial statement of the Bank and tax has been provided on total income of the Bank including income from OBU. Hence provision for tax has not been calculated for OBU portion separately.

#### 2.7 Revenue recognition

The revenues of the OBU during the year have been recognized in terms of the provision of International Financial Reporting Standards 15, 'Revenue from Contracts with Customers' as outlined below:

##### 2.7.1 Interest income

Interest income from loans and advances is recognized on accrual basis.

##### 2.7.2 Fees and commission income

Fees and commission income arising from different services provided by the Units are recognized on cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the

##### 2.7.3 Interest paid on deposits and borrowings

Interest paid on deposits, borrowings etc. are accounted for on accrual basis.





## 2.8 Cash flow statement

Cash flow statement has been prepared in accordance with the International Accounting Standard (IAS) 7, 'Statement of Cash Flow' under Direct method as recommended in the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh bank.

## 2.9 Cash and cash equivalents

Cash and cash equivalents includes notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the unit management for its short-term commitments.

## 2.10 Reporting period

These financial statements of the OBU cover period from 1 January to 31 December 2021. Whereas the comparative figure cover from 22 October 2020 to 31 December 2020.

## 2.11 General

i) Figures appearing in these financial statements have been rounded off to the nearest USD and BDT.

	2021		2020	
	USD	Taka	USD	Taka
<b>3. Balance with other banks and financial institutions</b>				
In Bangladesh (note 3.1)	205,499	17,600,989	-	-
Outside Bangladesh	-	-	-	-
	<b>205,499</b>	<b>17,600,989</b>	-	-
<b>3.1 Balance with other banks and financial institutions</b>				
SBAC Bank Limited	205,499	17,600,989	-	-
<b>4. Loans and advances</b>				
Loans , cash credit, overdrafts etc.	-	-	-	-
Bills purchased and discounted	6,575,725	563,210,884	806,799	67,730,774
	<b>6,575,725</b>	<b>563,210,884</b>	<b>806,799</b>	<b>67,730,774</b>
<b>4.1 Net loans and advances including bills purchased and discounted</b>				
Total loans and advances including bills purchased and discounted	6,575,725	563,210,884	806,799	67,730,774
Less: Provision against loans and advances (specific and general)	-	-	-	-
Less: Cumulative balance of interest suspense account	-	-	-	-
	<b>6,575,725</b>	<b>563,210,884</b>	<b>806,799</b>	<b>67,730,774</b>
<b>4.2 Residual maturity grouping of loans and advances including bills purchased and discounted</b>				
Payable				
On demand	-	-	-	-
Within one month	-	-	-	-
Within one to three months	993,406	85,085,204	-	-
Within three to twelve months	5,582,319	478,125,680	806,799	67,730,774
Within one to five years	-	-	-	-
More than five years	-	-	-	-
	<b>6,575,725</b>	<b>563,210,884</b>	<b>806,799</b>	<b>67,730,774</b>
<b>4.3 Classification status of loans and advances including bills purchased and discounted</b>				
<b>Unclassified loans and advances (including staff loans)</b>				
i) Standard	6,575,725	563,210,884	806,799	67,730,774
ii) Special mention account (SMA)	-	-	-	-
	<b>6,575,725</b>	<b>563,210,884</b>	<b>806,799</b>	<b>67,730,774</b>
<b>Classified loans and advances</b>				
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad / loss	-	-	-	-
<b>Total</b>	<b>6,575,725</b>	<b>563,210,884</b>	<b>806,799</b>	<b>67,730,774</b>



#### 4.4 Classification and provisioning of loans and advances including bills purchased and discounted

Classification / Status of loans and advances	Amount of outstanding loans and advances as at 31 December 2021		Base for Provision (Taka)	Percentage (%) of provision required as per Bangladesh Bank	Amount of provision required as at 31 December 2021 (USD)	Amount of provision required as at 31 December 2021 (Taka)
	USD	Taka				
Unclassified loans and advances						
Small & medium enterprise financing	-	-	-	0.25%	-	-
Other than small medium enterprise financing	6,575,725	563,210,884	563,210,884	1.00%	65,757	5,632,109
Special mention account	-	-	-	1.00%	-	-
<b>Total unclassified loans and advances</b>	<b>6,575,725</b>	<b>563,210,884</b>	<b>563,210,884</b>		<b>65,757</b>	<b>5,632,109</b>
Classified loans and advances						
Sub-standard	-	-	-	20.00%	-	-
Doubtful	-	-	-	50.00%	-	-
Bad / loss	-	-	-	100.00%	-	-
<b>Total classified loans and advances</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Total</b>	<b>6,575,725</b>	<b>563,210,884</b>	<b>563,210,884</b>		<b>65,757</b>	<b>5,632,109</b>
<b>Total provision maintained</b>					<b>65,757</b>	<b>5,632,109</b>
<b>Total provision surplus / (deficit)</b>					-	-

	2021		2020	
	USD	Taka	USD	Taka
<b>4.5 Geographical location-wise loans and advances including bills purchased and discounted</b>				
Dhaka Division	2,260,926	193,648,359	-	-
Chattogram Division	4,314,799	369,562,525	806,799	67,730,774
	<b>6,575,725</b>	<b>563,210,884</b>	<b>806,799</b>	<b>67,730,774</b>
<b>5. Other assets</b>				
Interest accrued on loans and advances but not collected	-	-	4,329	363,416
	-	-	<b>4,329</b>	<b>363,416</b>
<b>6. Borrowings from other banks, financial institutions and agents</b>				
<b>a) In Bangladesh</b>				
Borrowings from SBAC Bank, Head Office	6,508,051	557,414,568	806,799	67,730,774
<b>b) Outside Bangladesh</b>	-	-	-	-
	<b>6,508,051</b>	<b>557,414,568</b>	<b>806,799</b>	<b>67,730,774</b>
<b>7. Other liabilities</b>				
Accumulated provision on loans and advances (note 7.1)	65,757	5,632,109	8,068	677,308
	<b>65,757</b>	<b>5,632,109</b>	<b>8,068</b>	<b>677,308</b>
<b>7.1 Accumulated provision on loans and advances</b>				
General provision on loans and advances				
Opening balance	8,068	677,308	-	-
Add : Provision made during the year	57,689	4,954,801	8,068	677,308
Closing balance	<b>65,757</b>	<b>5,632,109</b>	<b>8,068</b>	<b>677,308</b>
<b>8. Foreign currency translation gain/(loss)</b>				
Opening balance	-	-	-	-
Add : Addition during year	-	251,592	-	-
	-	<b>251,592</b>	-	-
Less : Adjustment during the year	-	-	-	-
Closing balance	-	<b>251,592</b>	-	-
<b>9. Profit and loss account - retained earnings</b>				
Opening balance	(3,739)	(313,892)	-	-
Net profit / (loss) during the year	211,155	17,827,496	(3,739)	(313,892)
Closing balance	<b>207,416</b>	<b>17,513,604</b>	<b>(3,739)</b>	<b>(313,892)</b>
<b>10. Interest Income</b>				
Interest on loans and advances	268,722	22,771,959	4,329	363,416
	<b>268,722</b>	<b>22,771,959</b>	<b>4,329</b>	<b>363,416</b>



**SBAC Bank Investment Limited**  
Statement of Financial Position  
As at 31 December 2021

Particulars	Notes	Amount in Taka 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment		-
Investments		-
Intangible assets	4	10,000,000
Security deposit with stock exchange	5	30,000,000
<b>Total non-current assets</b>		<b>40,000,000</b>
<b>Current assets</b>		
Investment in quoted shares		-
Interest receivable	6	1,308,545
Advances, deposits and prepayments	7	1,025,462
Cash and cash equivalents	8	365,990,756
<b>Total current assets</b>		<b>368,324,763</b>
<b>Total assets</b>		<b>408,324,763</b>
<b>Shareholders' equity &amp; liabilities</b>		
<b>Shareholder's Equity</b>		
Share capital	9	400,000,000
Retained earnings	10	5,167,039
<b>Total equity</b>		<b>405,167,039</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Term loan		-
<b>Total non-current liabilities</b>		-
<b>Current liabilities</b>		
Liabilities for expenses	11	57,500
Provision for diminution in value of investments		-
Provision for taxation	12	3,100,224
<b>Total current liabilities</b>		<b>3,157,724</b>
<b>Total equity and liabilities</b>		<b>408,324,763</b>
<b>Net asset value per share</b>		<b>10.13</b>

The annexed notes form an integral part of these financial statements.

<u>SD</u> Chairman	<u>SD</u> Director	<u>SD</u> Director	<u>SD</u> Managing Director & CEO
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Signed in terms of our separate report of even date annexed.

Dhaka, 22 MAR 2022  
DVC: 2204071512AS850310

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



**SBAC Bank Investment Limited**  
Statement of Profit or Loss and Other Comprehensive Income  
For the period ended 31 December 2021

Particulars	Notes	Amount in Taka 2021
<b>Operating income</b>		
Brokerage commission income		-
Brokerage commission expenses		-
<b>Net brokerage commission income</b>		-
Interest income	13	11,563,162
Interest expenses		-
<b>Net interest income</b>		11,563,162
Other service income		-
<b>Total operating income</b>		<b>11,563,162</b>
<b>Operating expenses</b>		
Salaries and allowances		-
Rent, taxes, insurance, utilities, etc		-
Repairs, maintenance and depreciation		-
Stationery, printing and advertising	14	5,800
Postage, stamp and telecommunication		-
Audit fee	15	115,000
Directors' remuneration	16	192,000
Legal and professional fees	17	32,586
Finance Cost	18	81,380
Other expenses	19	2,869,133
<b>Total operating expenses</b>		<b>3,295,899</b>
<b>Profit/(Loss) before provisions and tax</b>		<b>8,267,263</b>
Provision for diminution in value of investments		-
<b>Profit before tax</b>		<b>8,267,263</b>
<b>Income tax</b>		
Current tax	15.1	3,100,224
Deferred tax (income)/expenses		-
<b>Net profit /(Loss)</b>		<b>5,167,039</b>
Other comprehensive income		-
<b>Total comprehensive income</b>		<b>5,167,039</b>
<b>Earnings Per Share (EPS)</b>		<b>0.13</b>

The annexed notes form an integral part of these financial statements.

SD  
Chairman

SD  
Director

SD  
Director

SD  
Managing Director & CEO

Signed in terms of our separate report of even date annexed.

Dhaka, 22 MAR 2022  
DVC: 2204071512AS850310

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



**SBAC Bank Investment Limited**  
Statement of Changes in Equity  
For the period ended 31 December 2021

<b>Particulars</b>	<b>Share capital</b>	<b>Share Premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Opening balance</b>				-
Issue of share capital	400,000,000			400,000,000
Total comprehensive income for the period	-		5,167,039	5,167,039
<b>Balance at 31 December 2021</b>	<b>400,000,000</b>		<b>5,167,039</b>	<b>405,167,039</b>

Accompanying notes form an integral part of these financial statements.

SD  
**Chairman**

SD  
**Director**

SD  
**Director**

SD  
**Managing Director & CEO**



**SBAC Bank Investment Limited**  
Statement of Cash Flows  
For the period ended 31 December 2021

Particulars	Amount in Taka 2021
<b>A. Cash flows from operating activities</b>	
Fees and commission from portfolio management service	-
Interest received in cash	10,254,617
Operating expenses	(3,238,399)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>7,016,218</b>
<b>Increase/decrease in operating assets and liabilities</b>	
Security deposit	(30,000,000)
	<b>(30,000,000)</b>
<b>Cash generated from operating activities</b>	<b>(22,983,782)</b>
Interest paid	-
Advance income tax	(1,025,462)
<b>Net cash from/ (used in) operating activities</b>	<b>(24,009,244)</b>
<b>B. Cash flows from investing activities</b>	
Payment for investment	-
Proceeds from sale of fixed asset	-
Acquisition of Intangible asset	(10,000,000)
Acquisition of property plant and equipment	-
<b>Net cash from/(used in) investing activities</b>	<b>(10,000,000)</b>
<b>C. Cash flows from financing activities</b>	
Issue of share capital	400,000,000
<b>Net cash from/(used in) financing activities</b>	<b>400,000,000</b>
<b>D. Net changes in cash and cash equivalents (A+B+C)</b>	<b>365,990,756</b>
<b>E. Opening cash and cash equivalents</b>	-
<b>F. Closing cash and cash equivalents</b>	<b>365,990,756</b>

Accompanying notes form an integral part of these financial statements.

SD	SD	SD	SD
_____ Chairman	_____ Director	_____ Director	_____ Managing Director & CEO



**SBAC Bank Investment Limited**  
Notes to the Financial Statements  
As at and for the period ended 31 December 2021

**01.00 Company and its activities**

**01.01 Legal status and nature of the company**

SBAC Bank Investment Limited (herein after referred to as "the company") is one of the brokerage firms domiciled in Bangladesh which has been constituted as a private limited company incorporated under the Companies Act 1994 incorporation no. C-169950/2021 dated 21 March 2021. SBAC Bank Investment Limited is the TREC holder (Trading Right Entitlement Certificate) of Dhaka Stock Exchange (DSE) bearing TREC No-Niboundhon/DSE/TREC#267/2021/294 dated 01 September 2021. The registered office of the Bank is BSC Tower, 2-3 Rajuk Avenue, Motijheel, Dhaka-1000, Bangladesh. The company is a subsidiary of South Bangla Agriculture & Commerce Bank Limited, a Banking Institution incorporated in Bangladesh under the Bangladesh Bank.

**01.02 Principal activities and nature of operation**

The principal activities of the company are to act as a TREC holder of Dhaka Stock Exchange Limited and to carry on the business of broker, jobbers or dealers in stocks, shares, securities, bonds, debentures. The Company is also authorized to buy, sell, hold or otherwise acquire or invest the capital of company in shares, stocks and fixed income securities, etc..

**02.00 Basis of preparation and significant accounting policies**

**02.01 Statement of compliance**

The financial statements of SBAC Bank Investment Limited have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), Companies Act 1994 and other applicable laws in Bangladesh.

As required, SBAC Bank Investment Limited also complies with the applicable provisions of the following major laws/ statutes:

- Securities and Exchange Rules, 1987
- Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized representatives) Rules 2000
- Dhaka Stock Exchange Limited (DSE) Rules
- Negotiable Instrument Act, 1881; and Other applicable laws and regulations

**02.02 Basis of measurement**

These financial statements have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs).

**02.03 Components of financial statements**

The financial statements comprise of :

- a) Statement of Financial Position as at 31 December 2021;
- b) Statement of Profit or Loss and other Comprehensive Income for the period ended December 31, 2021
- c) Statement of Changes in Equity for the period ended December 31, 2021;
- d) Statement of Cash Flows for the period ended December 31, 2021; and
- e) Notes to the Financial Statements.

**02.04 Functional and presentational currency**

The financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.) currency, which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.



**02.05 Use of estimates and judgments**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the year end. Provisions and accrued expenses are recognized in the financial statements in line with International Accounting Standard (IAS) 37: "Provisions, Contingent Liabilities and Contingent Assets" when

- i. The Company has a legal or constructive obligation as a result of past event.
- ii. It is probable that an outflow of economic benefit will be required to settle the obligation.
- iii. A reliable estimate can be made for the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which from the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

**02.06 Consistency**

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, SBAC Bank Investment Ltd. applies the accounting disclosure principles consistently from one Year to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, corrections of errors, the amounts involved are accounted for and retrospectively accordance with the requirement of IAS 8.

**02.07 Going concern**

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern assumption in preparing the financial statements. The current credit facilities and adequate resources of the company provide sufficient funds to meet the present requirements of its existing businesses and operations.

**02.08 Date of authorization**

These financial statements have been authorized for issue by the Board of Directors on 22 March 2022.

**02.09 Reporting period**

The financial period of the Company has been determined to be from 01 January to 31 December each year. However, for the first year of operation, these financial statements cover the period from 21 March 2021 to 31 December 2021.

**02.10 Statement of cash flows**

Cash and cash equivalents consist of cash in hand, bank balances and short-term liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Cash flow statement has been prepared in accordance with the International Accounting Standards (IASs) 7, "Cash flow statement" under direct method.

**02.11 Comparative information**

The Company incorporated on 21 March 2021 and the financial statement prepared for the first time hence no comparative information has been presented.





**02.12 Investment in stock exchanges for membership**

In accordance with section 8 of the Exchanges Demutualization Act, 2013, both stock exchange membership have been converted into shares through the issuance of two completely de-linked assets to the former members in the Exchange, namely (a) fully paid-up shares and (b) trading right. Exchanges shall have the authority to issue Trading Right Entitlement Certificate (TREC), as per the Exchanges Demutualization Act, 2013 and as outlined in the scheme, to provide the right to trade any securities enlisted in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) to eligible brokers and dealers. Such TRECs will be totally separated from the ownership of the Exchange as there is no obligation for TREC holders to be or remain shareholders of the exchange.

**03.00 Significant accounting policies:**

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

**3.01 Property, plant and equipment**

**3.1.1 Recognition and measurement**

These are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is providing at the rearranged/ re-fixed following rates on straight-line IAS is in accordance with IAS 16 over the years appropriate to the estimated useful lives of the different types of assets. The new rate of depreciation considering estimated useful lives of the assets, the shortfall amount if necessary, have been charged during the Year.

**3.1.2 Related party disclosure**

As per International Accounting Standard (IAS) 24: "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties.

**3.1.3 Subsequent costs**

The cost of replacing part of an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss account as incurred.

**3.1.4 Depreciation & amortization**

Depreciation on property, plant and equipment is charged using straight line method on all assets. Depreciation is charged from the date when the asset are ready to use. During the period the company did not charge any depreciation expenses as there are no depreciable assets on balance sheet date.

**3.1.5 Disposal of fixed assets**

On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.



**3.2 Intangible assets**

An intangible asset shall only be recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization. The main item included in Intangible assets is investment in DSE for obtaining the TREC license from which the company will receive future economic benefits through use the TREC license.

**3.2.1 Recognition and measurement**

The only item in intangible assets is computer software and is measured at cost less accumulated amortization and impairment loss, if any.

**3.2.2 Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

**3.2.3 Amortization**

The company's intangible asset has indefinite useful life. Hence, the asset is not amortise.

**3.3 Impairment**

The carrying value of the Company's assets other than inventories, are reviewed at closing date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account. The company has no such assets.

**3.4 Cash and cash equivalents:**

Cash and cash equivalents include cash in hand, cash at bank and fixed deposits which are held and are available for use by the Company without any restriction. There is insignificant risk of change in the value of the above items.

**3.5 Receivable**

Accounts receivables are stated at nominal values as reduced by the appropriate allowances for estimated doubtful amounts. No such receivables are accounted for if the loans are classified as bad and loss. Receivable include the amount receivable both from DSE and CSE against daily transaction settlement and dividend income from investments and receiveable from FRD etc.

**3.6 Provision for tax**

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, in accordance with provisions of Income Tax Ordinance, 1984. It is measured using tax rates enacted or substantively enacted at the reporting date. Applicable tax rate for the Company for the year 2021 will be declared by Finance Act 2021.

**Deferred tax**

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12: "Income Taxes". Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured at the tax rates that are expected to be applied to the



temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the date of reporting of the financial statements. However, the Company did not acquire any property, plant and equipment during our audit period hence, no temporary differences arises.

**3.7 Revenue recognition**

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the International Financial Reporting Standard (IFRS)-15 "Revenue from Contracts with Customers":

**3.8 Interest income**

Interest income is recognized on the loan balance of portfolio clients on monthly accrual basis and charged to clients' balance on quarterly basis. Interest income on FDR is recognised on accrual basis.

**3.9 Events after the balance sheet date**

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting events have been disclosed in the notes when material.

**03.10 General:**

i) Figures have been rounded off to the nearest integer.



		Amount in Taka 2021
<b>4</b>	<b>Intangible assets</b>	
	<b>A. cost</b>	
	Opening balance	-
	Add: Addition during the year	10,000,000
		<u>10,000,000</u>
	Less: Disposal during the year	-
	Closing balance	<u>10,000,000</u>
	<b>B. Amortization</b>	
	<b>A. cost</b>	
	Opening balance	-
	Add: Charge during the year	-
		<u>-</u>
	Less: Adjustment during the year	-
	Closing balance	<u>-</u>
	<b>C. Carrying amount (A-B)</b>	<u>10,000,000</u>
	This amount represents TREC License fee paid to DSE BDT 10,000,000/- that permits to the entity to perform TREC Business and enable to generate future economic benefits through use of this tracking license.	
<b>5</b>	<b>Security deposit with stock exchange</b>	
	Security deposit with DSEL	30,000,000
		<u>30,000,000</u>
<b>6</b>	<b>Interest receivable</b>	
	Interest receivable from fixed deposits with SBAC Bank Ltd	1,308,545
		<u>1,308,545</u>
<b>7</b>	<b>Advances, deposits and prepayments</b>	
	Advance income tax	1,025,462
		<u>1,025,462</u>
<b>7.01</b>	<b>Advance income tax</b>	
	Interest income on bank deposit with SBAC Bank Ltd	35,230
	Interest income on FDR with SBAC Bank Ltd	990,232
		<u>1,025,462</u>
<b>8</b>	<b>Cash and cash equivalents</b>	
	Bank balance with SBAC Bank Limited (SND Account)	7,118,668
	Fixed deposit receipt with SBAC Bank Ltd	358,872,088
		<u>365,990,756</u>
<b>9</b>	<b>Share capital</b>	
	<b>Authorised Capital</b>	
	50,000,000 ordinary shares of Tk. 10 each	500,000,000
	<b>Issued, Subscribed and Paid-up Capital</b>	
	Issued against Cash	400,000,000

Name of shareholder	No. of shares	% of share holding	Value of Shares
SBAC Bank Limited	39,960,000	99.90	399,600,000
SBAC Bank Foundation	40,000	0.10	400,000
	<u>40,000,000</u>	<u>100</u>	<u>400,000,000</u>



		Amount in Taka 2021
<b>10</b>	<b>Retained earnings</b>	
	Opening Balance	-
	Net profit/(loss) for the year	5,167,039
	Dividend paid	-
		<u>5,167,039</u>
<b>11</b>	<b>Liabilities for expenses</b>	
	Payable-Auditors' Fees	57,500
	Others payable	-
		<u>57,500</u>
<b>12</b>	<b>Provision for taxation</b>	
	Opening balance	-
	Add: Provision made during the year(12.01)	3,100,224
	Less: Adjustment for over provision in prior years	-
		<u>3,100,224</u>
	Less: Paid/Adjustment during the year	-
		<u>3,100,224</u>
<b>12.01</b>	<b>Calculation of current tax</b>	
	Tax to be paid has been calculated as per ITO 1984.	
	Profit before tax	8,267,263
	Add: Admissible expenses	-
	Less: Inadmissible expenses	-
	Taxable income	<u>8,267,263</u>
A.	Tax on total taxable business profit@37.5%	<u>3,100,224</u>
B.	Minimum tax on gross receipts (11563162 * 0.6%)	<u>69,379</u>
C.	Tax deducted on income under 82 (C) income	<u>1,025,462</u>
	<b>Tax payable during the year</b>	<u>3,100,224</u>
	<b>(Higher of minimum tax and regular Tax)</b>	
<b>13</b>	<b>Interest income</b>	
	Interest on margin loan	-
	Interest on fixed deposit	11,210,865
	SND Interest Income	352,297
		<u>11,563,162</u>
<b>14</b>	<b>Stationery, printing and advertising</b>	
	Printing and stationery	5,800
		<u>5,800</u>
<b>15</b>	<b>Audit fee</b>	
	Statutory Audit	57,500
	Special Audit	57,500
		<u>115,000</u>
<b>16</b>	<b>Directors' remuneration</b>	
	Directors' remuneration	192,000
		<u>192,000</u>



		<b>Amount in Taka 2021</b>
<b>17</b>	<b>Legal and professional fees</b>	
	Legal and professional fees	32,586
		<u>32,586</u>
<b>18</b>	<b>Finance Cost</b>	
	Bank charges (including VAT)	1,380
	Excise duty	80,000
		<u>81,380</u>
<b>19</b>	<b>Other expenses</b>	
	RJSC expenses	481,633
	Subscription fees- DSE & CSE	200,000
	Document Processing fee Stock-Broker, Stock Dealer and others	2,187,500
		<u>2,869,133</u>
<b>20</b>	<b>Related parties</b>	
	Parent company	
	SBAC Bank Limited (CBBL) owns 99.90% shares of the Company. Thus, SBAC Bank Limited holds the controlling interest in the Company.	

**21 Related party transactions**

<b>Name of the party</b>	<b>Nature of Transaction</b>	<b>Relationship</b>	<b>Amount</b>
SBAC Bank Limited	Issue of share capital	Parent	399,600,000
SBAC Bank Limited	Deposit as FDR	Parent	350,000,000
SBAC Bank Limited	Deposit in SND account	Parent	400,000,000
SBAC Bank Limited	Interest received from FDR and SND	Parent	11,563,162
SBAC Bank Limited	Bank charges	Parent	1,200

