

Directors' Report

Bismillahir Rahmanir Rahim

Dear Shareholders,

The Board of Directors of Southeast Bank Limited takes this opportunity to welcome you all to the 28th Annual General Meeting of the Shareholders and has immense pleasure to lay before you the 28th Annual Report of the Bank together with the Auditors' Report for the year ended December, 2022.

1. World Economic Scenario in 2022 and outlook for 2023

While global economy was recovering strongly from the COVID-19 pandemic, the war in Ukraine posed setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. Higher inflation than in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the prolonged COVID-19 pandemic all weigh heavily on the global economy.

According to IMF's World Economic Outlook, Global growth is forecasted to slowdown from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. About a third of the world economy faces two consecutive quarters of negative growth. Global inflation is forecasted to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024.

Policy paths in the largest economies could continue to diverge, leading to further US dollar appreciation and cross-border tensions. More energy and food price shocks might cause inflation to persist for longer. Global tightening in financing conditions could trigger widespread emerging market debt distress. Halting gas supplies by Russia could depress output in Europe. A resurgence of COVID-19 or new global health scares might further stunt growth.

The war in Ukraine is leading to high commodity prices, adding to supply disruptions, increasing food insecurity and poverty, aggravating inflation, contributing to tighter financial conditions, magnifying financial vulnerability, and heightening policy uncertainty. As per World Bank's Global Economic Prospect, due to the negative shock to global activity

in 2022, global growth is forecasted to grow up only 3 percent in 2023.

Global Inflation has accelerated in both advanced economies and Emerging Market and Developing Economies (EMDEs), reflecting firming demand; persistent supply disruptions; tight labor markets in some countries; and, especially, surging commodity prices, which have been pushed up further by the invasion. Global median headline CPI inflation rose to 7.8 percent (y/y) in 2022, its highest level since 2008. While increases in food and energy prices have mainly driven the sharp rise in headline inflation, core inflation has also risen globally. In 2022, the housing, fuel, transport, and furnishing sectors contributed about two-thirds and two-fifths to total headline inflation.

Goods trade slowed in 2022 as supply chains continued to be affected by the lingering effects of the pandemic, including disruptions in major Asian ports and lockdowns in key cities in China. In addition, Russia's invasion of Ukraine and its consequences have led to severe physical and logistical disruptions that have magnified pre-existing bottlenecks. Many global industries rely on supplies of key commodities produced in the two countries, especially in Russia.

Shortages and unprecedented increases in the prices of these inputs have rippled through global value chains (GVCs), leading to production standstills and elevated producer prices. At the same time, transport costs have increased.

Global trade growth is expected to moderate to an average of 4.1 percent in 2023-24 as global demand for tradable goods continues to slow down. Prolonged closures of factories and key ports in China as a result of COVID-19 lockdowns pose a significant downside risk to the near-term trade outlook.

Commodity prices surged in 2022. The increase in prices was particularly noticeable for commodities of which Russia and Ukraine are large exporters, including energy and wheat, as the war resulted in major disruptions to production and trade.

Prices of oil products, notably diesel and gasoline, rose much more than crude oil prices as a result of insufficient refining capacity and disruption to Russia's exports of refined oil products. The International

Energy Agency estimates that, under current situation, Russia's oil exports could be temporarily reduced by 2.5 million barrels per day, about 30 percent of its current exports and about 3 percent of global supply (IEA 2022). Against this backdrop, energy prices are forecasted to rise 52 percent in 2023.

Brent crude oil prices are projected to moderate in 2023 as production rises; however, they will remain well above the average of the past five years.

Agricultural prices are forecasted to rise 18 percent this year, above previous projections, reflecting weaker grain production in Ukraine as well as much higher input costs, including for fuel, chemicals, and fertilizers. Fertilizer prices are expected to increase by nearly 70 percent in 2023, due to soaring input costs, reduced production, and trade disruptions (World Bank 2022). Russia and Ukraine are key exporters of wheat, together accounting for about one-quarter of global wheat exports. Russia is also the world's largest exporter of fertilizers. Russia's invasion is likely to partially disrupt agricultural production in Ukraine for 2023 including for corn, barley, and sunflowers. Agricultural prices are forecasted to moderate in 2023, considering increased supplies from the rest of the world, particularly for wheat in Canada and the EU.

Agricultural commodity prices are expected to remain much higher and well above their average over the previous five years. Prices could rise further if input costs are higher than expected; for example, an extended disruption to Russian fertilizer exports could hamper future agricultural production in other large producers.

Metal prices have continued to increase in 2022, adding to last year's substantial gains. Aluminum and nickel prices rose by about 30 percent. Metal prices are expected to rise 12 percent in 2023. Most prices are expected to moderate in 2023, reflecting increasing supply.

2. State of the Bangladesh Economy in 2022 and Economic Trends.

Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. A robust demographic dividend, strong ready-made garment (RMG) exports, resilient remittance inflows, and stable macroeconomic conditions have supported rapid economic growth over the past two decades. A strong recovery from the COVID-19 pandemic continued in FY22, although the recent surge in commodity prices has presented new barrier.

The growth faces new hurdle as global commodity prices increase amid the uncertainty created by the war in Ukraine. Rising commodity prices and a surge in imports in the second half of FY22 resulted in a widening Balance of Payments (BoP) deficit and accelerating inflation.

According to World Bank, foreign exchange reserves of the country declined reaching US\$ 38.9 billion by the end of August 2022. Real GDP growth is expected to slow in FY23 as import suppression measures disrupt economic activity. In the medium term, GDP growth is expected to remain strong. Headline inflation rose to 6.2 percent in 2022, driven by a rise in both food and non-food prices. The war in Ukraine and associated sanctions may lead to a higher current account deficit and rising inflation as global commodity prices surge.

According to the provisional estimates of BBS, the GDP growth stood 7.25 percent in FY 2021-22, 0.05 percent higher than the target rate and 0.31 percent higher than the previous fiscal year. Medium-term forecasts for GDP growth rates are 7.5 percent in FY 2022-23, 7.8 percent in FY 2023-24 and 8.0 percent in FY 2024-25.

GDP, Per capita GDP and GNI

According to Bangladesh Economic Review 2022 (June, 2022) by Ministry of Finance, the volume of GDP reached at BDT 35,30,184.80 crore in FY 2020-21, which was BDT 31,70,469.40 crore in FY 2019-20. GDP is provisionally estimated BDT 39,76,462 crore in FY 2021-22, BDT 4,46,278 crore higher than previous fiscal year. In nominal term GDP growth was 11.35 percent. Medium-term GDP forecasts are BDT 44,12,849 crore in FY 2022-23, BDT 49,49,712 crore in FY 2023-24, and BDT 55,59,517 crore in FY 2024-25.

Per capita GDP is estimated to be US\$ 2,723 in FY 2021-22. Per capita GDP in FY 2020-21 was US\$ 2,462, US\$ 228 up from the previous fiscal year.

Per capita Gross National Income (GNI) increased to US\$ 2,591 in FY 2020-21, US\$ 265 up from FY 2019-20. The per capita Gross National Income is provisionally estimated to US\$ 2,824 in FY 2021-22, US\$ 233 higher than previous fiscal year.

Sectoral Growth

The growth of the agriculture sector increased to 3.17 percent in the FY 2020-21, slightly lower than 0.25 percentage point from FY 2019-20. According to the provisional estimate of BBS, the growth rate of agriculture sector stood 2.20 percent in FY 2021-22, 0.97 percentage point lower than the previous fiscal year.

Industrial sector is estimated to have 10.44 percent growth in FY 2021-22, 0.15 percentage point higher than the previous fiscal year. During the FY 2020-21, industry sector grew by 10.29 percent, which was 3.16 percent in the previous fiscal year.

Services sector is estimated to have 6.31 percent growth in FY 2021-22, 0.58 percentage point higher than FY 2020-21. The service sector grew by 5.73 percent in FY 2020-21, 1.8 percentage point up from the previous fiscal year.

Human health and social work activities' is estimated to experience the highest growth rate of 9.78 percent followed by wholesale and retail trade, transportation and storage, accommodation and food services activities; financial and insurance activities; professional, scientific and technical activities; education and other service sectors would grow significantly over FY 2020-21.

Inflation

Inflation in FY 2020-21 stood 5.56 percent, 0.09 percentage point lower than FY 2019-20, which is slightly higher than the target rate of inflation. As the economic damages created by COVID-19 pandemic is triggered by war in Ukraine, like all other countries of the world an upward trend of price level is being observed in Bangladesh. The inflation rate is estimated to be 5.8 percent for the FY 2021-22.

Exports

In FY 2020-21 total export earnings increased by 12.77 percent to US\$ 40.11 billion over the previous fiscal year. During July to March of FY 2021-22 export earnings stood at US\$ 43.70 billion, which is 32.43 percent higher than the export earnings of the same period in the previous fiscal year. Exports receipt is estimated to cross US\$ 50 billion in fiscal year 2021-22. During this period, commodity-wise growth of export earning shows that, export earnings from almost all the products have increased compared to the last fiscal year except jute and building materials.

Import

The total import payments in FY 2020-21 stood at US\$ 61.70 billion, 10.74 percent higher than the previous fiscal year. Up to March of FY 2021-22, total import payments stood US\$ 71.41 billion, 42.24 percent higher than the same period of the previous fiscal year. Imports payments is estimated to be around US\$ 80 billion in fiscal year 2021-22.

Overseas Employment and Remittance

COVID-19 pandemic hit hard the overseas job market and thus overseas employment decreased. However, as the travel restrictions gradually eased, the overseas employment rebounded after 2020. Overseas employment significantly increased to 6.17 lakh in 2021 and reached 3.23 lakh by March 2022. In FY 2019-20, remittance inflows increased by 10.87 percent over the previous fiscal year to US\$ 18.21 billion. In FY 2020-21, Bangladeshi expatriates' remittance stood at US\$ 24.78 billion which was significantly higher (36.10%) than the previous fiscal year. During July-April of FY 2021-22 remittance earnings recorded is US\$ 17.31 billion. The major portion of remittance has been received from Middle East countries.

Balance of Payments (BoP)

Trade deficit of Bangladesh stood US\$ 22.8 billion in FY 2020-21 compared to US\$ 17.9 billion in FY 2019-20. Trade deficit rose by 27.67 percent in FY 2020-21, largely due to the higher import payments largely resulted from high commodity prices worldwide. During that time, current account balance deficit stood at US\$ 3.8 billion on the back of robust remittance inflows compared to US\$ 4.7 billion deficit in the previous fiscal year. Trade deficit during July-February of FY 2021-22 has become US\$ 22.3 billion compared to US\$ 12.4 billion during the same period of the last fiscal year.

Foreign Exchange Reserve

As per BBS, Foreign exchange reserve of Bangladesh reached a record height of US\$ 48 billion on 24 August 2021 largely due to huge inward remittances and export earnings. However, as the import keeps increasing the volume of foreign exchange reserve decreased by about US\$ 4 billion since 24 August 2021. At the end of April of FY 2021-22 the foreign exchange reserve stood US\$ 44.1 billion.

Exchange Rate

Bangladeshi currency Taka experienced an overall 1.9 percent depreciation against US dollar in July-April FY 2021-22 compared to that of the FY 2020-21. The weighted average inter-bank rate stood at Taka 86.45 per US\$ on 30 April, 2022, which was Taka 84.80 per US\$ on 30 April, 2021.

Short and Medium-term Prospects of Bangladesh Economy

While the global economy was recovering from COVID-19 impairment, the war in Ukraine is triggering

the loss of lives and livelihood in the war zone and supply bottlenecks in the rest of the world.

As per Medium-term Macroeconomic Framework (MTMF) of Bangladesh Government, GDP growth is estimated 7.25 percent in 2021-22 and has been projected to gradually rise to 7.5, 7.8 and 8.0 percent respectively in FY 2022-23, FY 2023-24 and FY 2024-25.

Inflation is estimated to be 5.8 percent in FY 2021-22, which is expected to gradually decrease in the next three fiscal years reaching 5.5 percent in FY 2024-25. Export is estimated to grow by 34.1 percent in 2021-22 and projected to grow at a rate of 20 to 18 percent in the following three fiscal years. Import growth is estimated to be 30 percent in FY 2021-22 and projected to be 12 percent in FY 2022-23, 14 percent in FY 2023-24 and 14.5 percent in FY 2024-25. Remittances is estimated to be 5.5 percent of GDP in FY 2021-22 and projected to be between 5.7 to 5.4 percent in the following three fiscal years.

To achieve the vision of attaining upper middle-income status by 2031, Bangladesh needs to create jobs and employment opportunities through a competitive business environment, increase human capital and build a skilled labor force, build efficient infrastructure, and establish a policy environment that attracts private investment. Development priorities include diversifying exports beyond the RMG sector; deepening the financial sector; making urbanization more sustainable and strengthening public institutions, including fiscal reforms to generate more domestic revenue for development.

Addressing infrastructure gaps would accelerate growth. Addressing vulnerability to climate change and natural disasters will help Bangladesh to continue to build resilience to future shocks. Pivoting towards green growth would support the sustainability of development outcomes for the next generation

Close monitoring of inflation, foreign exchange reserve, remittance inflow, structural reforms to support recovery and strengthen resilience to future shocks are most important for the country's sustainable and inclusive growth.

3. Industry Outlook

Bank companies have played a vital role in advancing the economic and social condition of Bangladesh. They mobilize the savings of people and channel the resources towards different sector of the economy. The banking sector in Bangladesh has been carrying out well in footings of profitability, employment generation and operations for the duration of the

past few decades. The value of Bank shares in the stock market is reasonably high. The banking industry meets the country's long-term and short-term financing needs. The situation indicates considerable dependence of the Bangladesh economy on the banking sector of Bangladesh.

Since its inception, the banking industry has faced critical ups and downs in terms of performance and efficiency. The banking system of Bangladesh is evolving and has witnessed unprecedented development during the previous two decades.

However, the global economic turbulence is strongly felt in the banking and financial industry. The exogenous shocks came up at a time when visible transformations were taking place in terms of embracing the new normal recovery efforts, adopting newer technology, and accommodating more recent compliance requirements. Even in this challenging situation, the forward march of the banking industry cannot be forgotten. The financial sector of Bangladesh and its institutional financing activities expanded over the fifty years. By that time, the country's financial sector grew remarkably in terms of a greater number of formal institutions, a higher number of financing instruments, bigger volumes of assets, and instances of consolidations.

The economic development of Bangladesh is heavily reliant on the banking industry, yet it faces numerous hurdles, including liquidity issues, capital shortages, non-performing loans, inefficiencies and so on. To perform well, however, all the banks are focusing more on cost containment and providing high-quality services and products.

The inflationary surge in Bangladesh tends to follow the trends in the movement of commodity prices in global and domestic markets. The annual inflation rate in Bangladesh is underpinned by soaring prices of both food and non-food items. The war in Ukraine and associated sanctions are also contributing to rising inflation in Bangladesh as global commodity prices surge.

High trade deficit, declining inflow of foreign remittance, shrinking foreign reserve added with global dollar crisis have caused adverse implications for the trade-centric foreign exchange market of Bangladesh and the banking industry of the country. Although the Covid-19 situation has improved remarkably, economic recovery faltered due to these stresses.

There are various reasons behind the global dollar crisis, such as the import-export deficit, the war between Russia and Ukraine, increase in military

spending by the United States and allied countries, including Europe, decrease in remittance flow, economic and commercial blockade imposed by the United States on various countries including Russia, increase in fuel oil prices and reduced supply.

However, policy efforts are on to incentivize remitters will improve inflows of foreign currency to the foreign exchange market of Bangladesh. Bangladesh Bank has taken several steps to curb inflation and prevent the decline in foreign exchange reserves. As part of this, the government has tightened imports to overcome the dollar crisis.

In recent years, the banking industry has been facing many challenges, which include among others, a big volume of Non-Performing Loans (NPLs), increasing capital shortfall and slow loan recovery. High NPL constrains the fiscal space of banks by limiting loan expansion, forcing banks to forego interest on those loans as well. It limits the capacity to take risks, increasing the cost of funds, and leads to capital shortfall since banks need to keep provisions to cover their NPLs. Return on assets and equity, capital maintenance and liquidity are affected as well.

It has been argued that NPLs have increased due to global economic challenges, high inflation and post-pandemic circumstances making it difficult for borrowers to pay back loans. But the problem is deep rooted. Lack of good governance and accountability have encouraged willful defaulters. Recovery from the NPLs and reducing non-performing loans will be the biggest challenge in the upcoming years for the industry.

The financial sectors demand a robust, resilient, well-guided and well-supervised risk management systems including diversification of portfolio of the industry, increase of asset quality and capital adequacy, stronger recovery drive and sustainable development and strengthening corporate governance to tackle the great challenges faced by Banks. It's the time to convert the traditional banking systems to a customer-centric, digital, mobile and online banking system using the latest FinTechs. Proactive, timely and corrective steps by the policymakers, the Central Bank and the stakeholders of Banks is necessary to overcome from the economic financial shock waves and make it solid, strong, effective and efficient.

4. An overview of the Bank.

Southeast Bank Limited, a second-generation private commercial Bank, emerged in 1995 amid the liberalization of global economies. Currently, its Authorized Capital is BDT 15,000 million and its total capital and reserve reached at BDT 41,126.52 million

as of December 31, 2022. Its vision is to stand out as a premier banking institution in Bangladesh and contribute significantly to the national economy.

The Bank, in the meantime, successfully completed 28 years of banking operations registering significant growth in performance indicators. In 2022, the Bank earned an after-tax profit of BDT 1,752.38 million. The deposit of the Bank stood to BDT 371,143.44 million and loans and advances grew by 3.39 percent to BDT 347,743.59 million compared to those of 2021.

Operational excellence coupled with qualitative improvements continued to be of paramount importance to the Bank. At present, the Bank has 135 branches and 02 Off-Shore Banking Units across the country. 22 No. of Sub-branches (Uposhakha) have been raised in 2022. Our journey towards greater operational success continues with increased energy and enthusiasm.

As we face the stiff challenges ahead on the way to further improving the profitability of the Bank, we rely on our skilled and experienced manpower. Our strengths are our close and cordial partnership with customers, our firmly anchored presence in the country's strategic places of commercial and business importance and global reach through our correspondent Banks for expansion of foreign trade, foreign exchange and remittance business. Our product-basket encompasses Real Time Online Branch Banking, Islamic Banking, Merchant Banking, CMSME Banking, Corporate Banking, Agent Banking, Dual Currency World MasterCard Credit Card, Dual Currency Visa Platinum Credit Card, Dual Currency Visa Debit Card, International Visa Debit Card, Tijarah Islamic VISA Currency Debit Card, Agent Banking Shagotom VISA Debit Card, Agent Banking Tijarah Islamic VISA Debit Card, MasterCard Insta Prepaid Card, Visa Travel Card, Virtual Card, Beton Card, Beton Plus Card, Hajj Card, Anupama Credit Card for Women, e-Commerce Payment Gateway, POS acquiring business, Mobile Financial Service (MFS), Internet Banking Facility, ATMs, Recycler ATMs, Online and Offline CDMs, Home Loan, Car Loan, Personal Loan, Express Cash, Staff House Building Loan, Education Loan Scheme, Syndicate Loan, Double Benefit Scheme, Millionaire Deposit Scheme, Monthly Savings Scheme, Day basis Fixed Deposit Product for retail clients, Fixed Deposit, Monthly Income Scheme, Pension Saving Scheme, Multi-Millionaire Gold Deposit Scheme (kept in abeyance for the time being), Mohor Saving Scheme, Wage Earner Pension Scheme, Emerald: Savings Account, Garnet: Current Account, Zakat Account, Cash Wakfh Account, etc. in addition to our traditional credit and foreign trade related products and services.

High-quality customer service through the integration of the latest and state-of-the-art banking technology is our tool to achieve success. Customers are our first priority. We are trying hard to provide a system of one-stop solutions for customers by providing a spectrum of services. Our employees have mastered new technology, enhanced their product knowledge and honed their skills to help customers meet their financial goals. We want to be the best at helping customers become financially better off by providing necessary advice, innovative leading-edge financial solutions, choice and convenience. Irrespective of customers' size and type, we aim at delivering the best customer service by meeting their unique and different needs in a professional, ethical, friendly and knowledgeable manner.

We are pledge-bound to turn Southeast Bank Limited into a modern banking institution dynamic in actions, progressive in programs, honest in dealings, just in judgment, futuristic in attitude, fair in approaches and devoted to high-quality service to customers. Our charted plans are aimed at boosting modern management, advanced technology, good profitability, sound financial strength and a fair image of the Bank. We are firmly committed to transparent, responsible and accountable corporate governance with the participation of our strong and most capable team of

professionals and under the valuable directions and guidance of the Board of Directors of the Bank.

Southeast Bank carries out its business activities keeping in mind its core values, norms of business, commitment to clients, society and the environment at large. Southeast Bank in all its activities and operations tries to establish Green Banking practices and attain sustainable growth. The Bank in all its endeavors wants to assure its shareholders a steady and competitive return on their investment in line with the best among peer institutions.

5. Operational Excellence

Capital and Reserves

The Authorized Capital of the Bank was BDT 15,000.00 million and paid-up capital was BDT 12,364.98 million as of December 31, 2022. The Capital and Reserves (Tier-1 Capital and Tier-II Capital) stood at BDT 41,075.36 Million as compared to BDT 41,048.56 million in last year showing a growth of 0.065% percent.

Capital and Reserve of the Bank as of December 31, 2022, were as follows:

BDT in Million

Regulatory Capital:	Consolidated	Solo
Tier-1 capital		
1) Common Equity Tier-1 Capital (CET-1)		
Fully Paid-up capital	12,364.98	12,364.98
Non- repayable share premium account	-	-
Statutory reserve	12,364.98	12,364.98
General reserve	247.65	247.65
Retained earnings	1,379.29	1,317.36
Dividend equalization Reserve	-	-
Minority interest in subsidiaries	10.12	-
Regulatory Adjustments		
Goodwill and all other Intangible assets	277.91	277.91
Reciprocal Crossholding in the CET 1 Capital of Banking, Financial and Insurance Entities	520.67	520.67
2) Additional Tier-1 Capital (AT-1)	-	-
3) Total Tier-1 capital (1+2)	25,568.44	25,496.40
Tier-2 capital		
General provision (Unclassified loans, SMA, Off balance sheet)	9,906.00	9,906.00
Subordinated debt	11,000.00	11,000.00
All other preference shares	-	-
Regulatory Adjustments	-	-
Total Tier-2 capital	20,906.00	20,906.00
Maximum Limit of Tier-2 Capital (Considering para 3.2 (v) including footnote no. 9 of RBCA Guideline)	15,558.08	15,578.97
Excess amount over Maximum Limit of T-2	5,347.92	5,327.03
4) Total Admissible Tier-2 Capital	15,558.08	15,578.97
Total eligible capital (3+4)	41,126.52	41,075.36

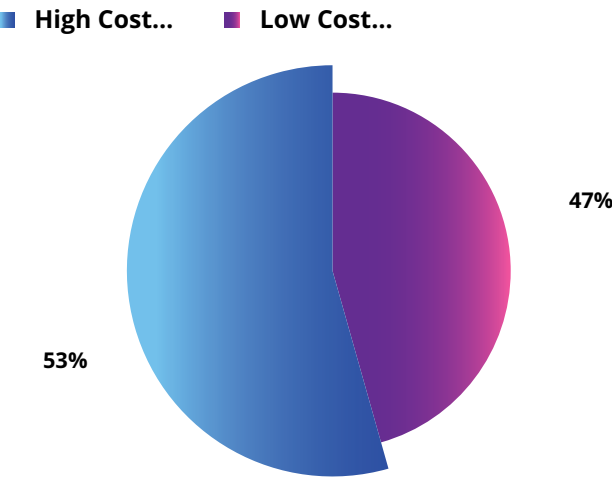
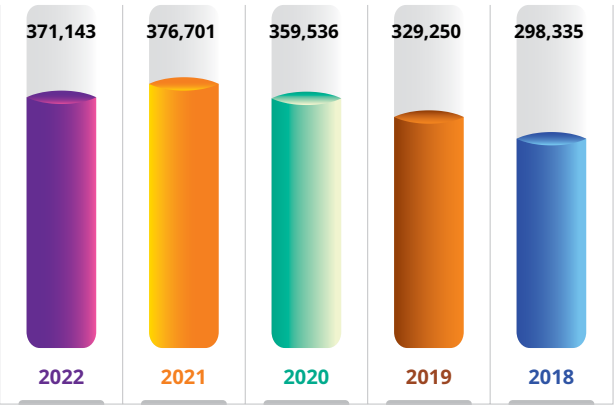
Capital to Risk Weighted Assets Ratio (CRAR)

Southeast Bank has maintained Capital to Risk-weighted Asset Ratio (CRAR) of 12.88 percent as on December 31, 2022 as against the minimum capital requirement of 12.50 percent as set by Bangladesh Bank under Basel-III reporting through BRPD Circular No.18 dated December 21, 2014 of Bangladesh Bank.

Deposits Mix

Total Deposit of the Bank stand as on December 2022 is amount of BDT 371,143.44 million with an improvement in overall deposit mix. The existing deposit mix is keeping other major liquidity indicators stable and above the regulatory requirement. SEBL has diversified its deposit base with numerous products with the mixture of high cost and low-cost deposit. As part of its strategic approach, SEBL has focused on low cost and no-cost deposit to gain edge in interest spread. Low-cost deposit was 47 percent in 2022 and 46 percent in 2021.

Total Deposit at the end of the year
(BDT in Million)



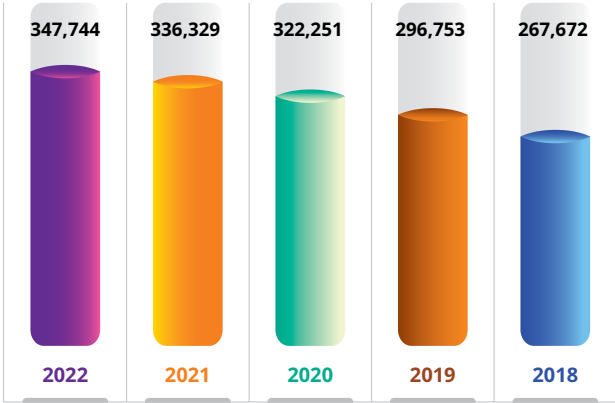
The amount of total deposit of the Bank on December 31, 2022 stood at BDT 371,143.44 million as compared to BDT 376,700.77 million on December 31, 2021.

Lending and Investment

Due to price hike, war between Russia and Ukrain and post pandemic situation whole Banking industry as well as SEBL faced with various challenges in the year 2022, despite this the bank's loan portfolio stood at BDT 347,743.59 on December 31, 2022 with a growth of 3.39 percent and good pre and post disbursement monitoring enabled the Bank to expand its investment to the new business horizon. Consequently, the Bank invested through various funded and non-funded loan products and services to facilitate corporate clients, Cottage, Micro, Small and Medium Enterprises (CMSMEs), rural usinesses and marginal farmers for a healthy growth. Featured products and services of SEBL comprise of cash credit facilities, demand loan, term loan, agricultural credit, micro credit, project finance, export credit, structured/syndicated finance, letter of credit, guarantee, discounting of bills, documentary credits, credit card, consumer credit etc.

Year	Outstanding at the end of the year (BDT in Million)	Growth Rate
2022	347,743.59	3.39%
2021	336,329.37	4.37%
2020	322,251.46	8.59%
2019	296,752.96	10.86%
2018	267,671.63	14.23%

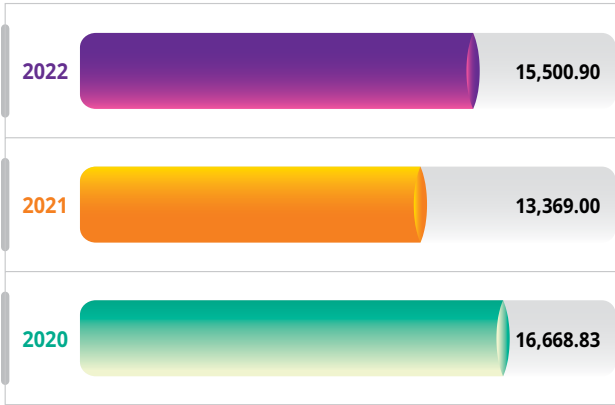
Outstanding at the end of the year
(BDT in Million)



Guarantee Business

Guarantee Business (Open Ended/Close Ended) including diverse segments like Performance Guarantee, Bid Bond, Advance Payment Guarantee, Retention Bond and Security Bond helps SEBL comprise a strong base for Non-Funded Business. In 2022 total Guarantee Business of the Bank amounted to BDT 15,500.90 million against the amount of BDT 13,369.00 million in 2021.

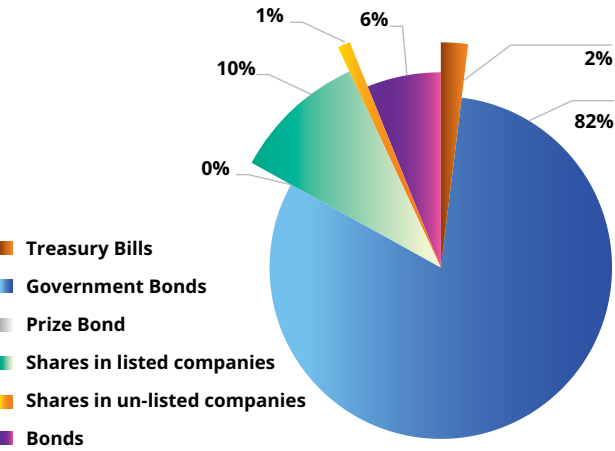
Gurantee Business including ILC
(BDT in Million)



Investment Mix

The investment portfolio of SEBL was BDT 98,925.50 million against BDT 113,452.58 million in the previous year. Total investment portfolio of SEBL consists of diverse mix of several investment components including Treasury Bills, Treasury Bonds, Prize Bonds, Subordinated Bonds issued by banks, Corporate Bond and Shares of listed and un-listed Companies. The investments were kept mostly to align with SLR norms, as stipulated by Bangladesh Bank guidelines.

Investment Mix



Key Operating and Financial Data

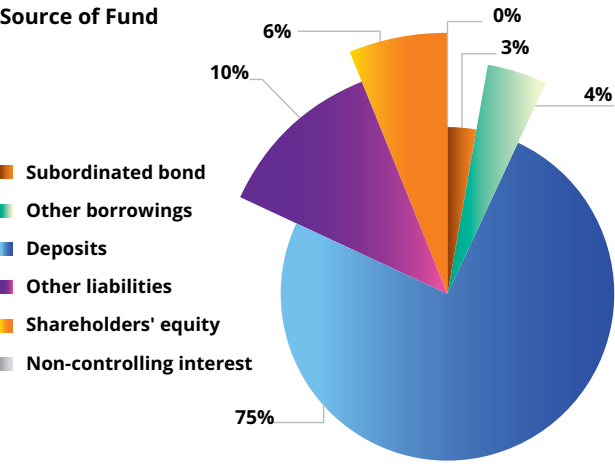
Key operating and financial data like Balance sheet matrix, Income statement matrix, Capital Matrix, Credit quality, foreign exchange business, various ratios, dividend and so on shown in page no. 238 and 239 with year-to-year comparisons.

Source and Utilization of Funds

Total equities and liabilities as on 31 December 2022 stood at BDT 493,092.84 million. This growth was mainly attributed to the increase in Deposit & Other borrowings.

Particulars	BDT in Million
Subordinated bond	14,000.00
Other borrowings	19,638.44
Deposits	371,143.44
Other liabilities	57,545.28
Shareholders' equity	30,755.56
Non-controlling interest	10.12
Total	493,092.84

Source of Fund



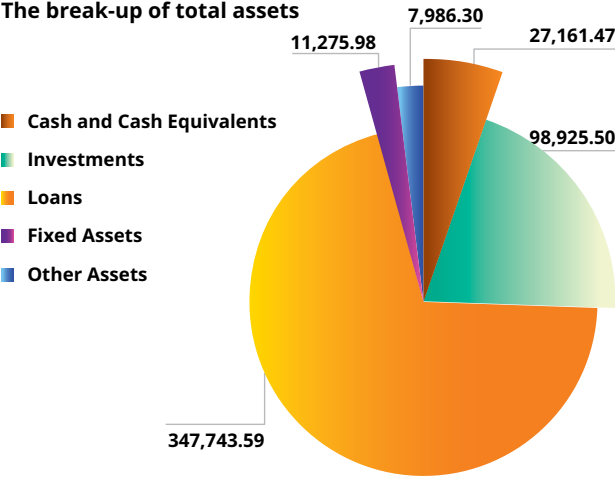
A lion's share of SEBL's funds is derived from customer deposit accounts, bulk of which is utilized in loans and advances, as can be comprehended from the charts below. A slice of this fund is kept in the form of cash and cash equivalents to maintain CRR and SLR ratios, which currently stands at 4% and 13% for conventional banking and 4% and 5.5% for islami banking of the total customers' demand and time/term liabilities of the bank, respectively.

Several diverse asset components including Cash and Cash Equivalents, Investments, Loans, Fixed Assets and other assets comprise the Asset Portfolio of the Bank. The total amount of Asset Portfolio amounted to BDT 493,092.84 million on December 31, 2022.

The break-up of total assets is given below:

Particulars	BDT in Million
Cash and Cash Equivalents	27,161.47
Investments	98,925.50
Loans	347,743.59
Fixed Assets	11,275.98
Other Assets	7,986.30
Total	493,092.84

The break-up of total assets



Statutory Reserve

The total amount of statutory reserve stood at BDT 12,364.98 million as on December 31, 2022 after 20% of the Profit Before Tax was transferred to statutory reserve for the year 2022.

6. Internal Control and Compliance

Internal control system of an organization carries high importance and governance to attain short-term business objectives as well as long-term sustainability. Indeed, internal control is the foundation of safe and sound banking by managing the associated risks efficiently.

Southeast Bank Limited has established an effective internal control environment, a strong internal control process, and Independent Audit Mechanism to provide reasonable assurance that the following objectives are achieved:

- a) accomplishment of established goals and objectives
- b) economical and efficient use of resources
- c) adequate control of the various risks incurred and the safeguarding of assets
- d) reliability and integrity of financial and management information
- e) compliance with laws and regulations as well as policies, plans, internal rules and procedures

The Board of Directors, through its Audit Committee, ensures the effective supervision of the activities undertaken by the Bank. The Board of Directors also:

- (i) defines the main responsibilities at board level and the reporting lines between the board and the senior management
- (ii) selects and defines the responsibility of senior personnel and assess their performance
- (iii) approves the organisational structure of the Bank in order to ensure that duties and responsibilities are delegated in an appropriate level and review the delegation system, as and when necessary
- (iv) be fully aware of and understands the risks incurred by the Bank and approves the way in which they are evaluated and controlled
- (v) approves both risk policies - including risk measurement, control mechanisms and authorisation procedures for existing activities and for engaging in new business
- (vi) ensures that policies and procedures are set up to mitigate the vulnerability to non-quantifiable risks, such as operational risk, reputational risk, litigation risk, the risk of business interruption and risks arising from frauds, errors, and unauthorised access, and to ensure that legislative, regulatory and statutory provisions are met
- (vii) ensures that a correct, complete, and timely information system is set up that allows for an understanding and evaluation of the Bank's economic and financial situation, an effective decision-making process based on an adequate evaluation of the impact of any decision and the prompt identification of any breaches of procedures or controls
- (viii) ensures that the internal audit function is properly

defined, has an appropriate standing within the Bank, is adequately resourced and functioning properly

- (ix) ensures that the Internal Control System is periodically assessed in relation to specific changes within the business environment
- (x) ensures that adequate mechanisms are in place so that senior managers report back to the board on their findings regarding the Internal Control System on a timely basis
- (xi) be informed of the recommendations provided by internal and external auditors and, where applicable, by supervisory authorities in the course of their on-site examinations of the Bank
- (xii) defines the mechanism for assigning responsibilities for the correction in the event of deficiencies noted as a result of the audit/examination and thereafter ensures that the proper measures are taken.

The Board of Directors also ensures that the management has acted appropriately in line with the recommendations of the Bangladesh Bank's Inspection Team, external auditors and ICCD. Senior Management Team (SMT) assesses the overall effectiveness of Bank's internal control system annually and conveys its findings to the Board of Directors.

The system of internal control of Southeast Bank Ltd. is capable of continually assessing and recognizing the material risks that could adversely affect the achievement of the goals of the Bank. This internal control system also ensures immediate reporting of all the identified significant weaknesses and control failures together with details of corrective actions being undertaken at appropriate levels of the management.

7. Budget and Budgetary Control

Southeast Bank regularly upgrades its budgetary techniques and processes in line with industry practice, dynamic business environment and national economic goals. Annual Budget is formulated as part of a medium-term budgetary framework and is reviewed from time to time in the light of actual achievements of budgetary goals. In formulating budget, the Bank carefully evaluates its strengths and weaknesses and also takes into account likely threats and opportunities for business operation that may arise in the near to medium term.

Bank's budgetary goals and processes are always consistent with the national economic development

policies and priorities. While formulating lending volumes and priorities, the Bank duly takes into account the importance of diversified lending to industrial and services sectors, geographic areas, CMSME and agricultural sector. Annual Credit Policy of the Bank, an important guideline for allocation of projected volume of credit to different sectors specifies lending principles of the Bank. The Bank also carries out analysis of potentials of each and every Branch while determining their budgetary goals.

The budget incorporating mobilization of deposit from different customer segments, lending to different sectors both funded and non-funded, promotion of international trade and above all controlling costs of doing business are monitored at the Headquarter. The process of budget formulation and execution is reviewed with all the branches in Annual Business Policy Meeting as well as in quarterly meetings held with all the branches. Reports on status of implementation of budget are placed to the Board every month and guidelines and directions given by the Board are communicated to all concerned for compliance. An appropriate monitoring mechanism has been established centrally at Headquarter of the Bank to ensure budget implementation.

8. Corporate Governance

One of the basic policies of the Bank is to strengthen its Corporate Governance status by establishing a responsible management system and strengthening supervision. Efforts are also being geared up to improve the transparency and accountability of the management. While putting efforts to achieve corporate objectives, Southeast Bank gives top priority to establish appropriate corporate governance standards at all levels and in all units. A report on Corporate Governance of the Bank in 2022 is included in this Annual Report.

9. Minority Interest

Share capital structure of Southeast Bank Limited as of 31 December 2022 comprises of Minority Interest of institutional shareholders. The Bank possesses a dignified culture of compliance regarding all regulatory obligations related to investors and shareholders. Any decision and actions having material impact on the interest of the shareholders, irrespective of the holding pattern, are disclosed and redressed, in due form, if required.

10. Board Meeting, Remuneration and Shareholding Pattern

Directors are not eligible for any remuneration other than the attendance fee for the Board and its

Committee meetings. Currently, as per BRPD Circular Letter No. 11 dated October 04, 2015, directors are eligible for remuneration of BDT 8,000 for attending each meeting. But the number of such meetings is also prescribed in the said circular determining the numbers with or without remuneration. During the year 2022 total of 33 (Thirty-Three) No. of Board meetings, 05 (Five) No. of Executive Committee Meeting, 04 (Four) No. of Audit Committee Meeting and 04 (Four) No. of Risk Management Committee meetings were held and statements of attendance, as well as the remuneration of the Directors at those meeting, are disclosed at page no. 115.

11. Appointment, Retirement and Re-election of Directors

In terms of Article 105 (i) of the Articles of Association of the Bank, one-third of the Directors for the time being or if their number is not three or multiples of three (3) then the number nearest to one third (1/3) shall retire in rotation from office. The Directors to retire are those who are longest in office. Accordingly, the following three (03) Directors will retire in the 28th Annual General Meeting who are eligible for re-election as Director in the same AGM of the Bank.

- i) Mrs. Duluma Ahmed
- ii) Mrs. Jusna Ara Kashem
- iii) Mrs. Rehana Rahman

The brief profile of the above three Directors along with other required information about them is available at page no. 68 under "Profile of the Board of Directors". A statement detailing the name of the companies in which the directors of the Bank have interest is available under "Corporate Governance Report" included in this Annual Report.

As per Notification No. BSEC/CMRRCD/2006-158/ 207/ Admin/80 dated 3 June 2018, on Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC), under condition 1(2) (e), the tenure of office of an independent director shall be for a period of 3 (three) years which may be extended for 1 (one) tenure only. Accordingly, Mr. Mohammad Delwar Husain was appointed as an Independent Director of the Bank in 2019. Hence, he has been re-appointed for another term in compliance with the above Notification of BSEC subject to approval by the shareholders in the ensuing 28th Annual General Meeting.

12. Loans to Directors

No loan except Credit Card limit was allowed to any Director of the Bank in the year 2022.

13. Related Party Transaction

Transactions with related parties are made on a commercial basis on the principle of arm's length and are done in the ordinary course of business. Disclosure of all related party transactions, including the basis for such transaction, is presented on page no. 336 of the audited financial statement of the Bank.

14. Risk Management

Overall accountability for risk management lies with the SEBL Board. The Audit & Risk Committee of the Board assists the Board of Directors in its oversight of risk management, financial and assurance matters. The Board annually reviews and approves the design of the risk management framework and sets the Risk Appetite. This process incorporates a review of key aspects of the strategy and assesses whether adjustments to the material risks, risk appetite and related tolerances (i.e. limits and capacity) need to be made as the Bank's operating environment evolves.

The Board delegates responsibility for implementing the risk management framework, and managing the material risks within the appetite set, to the Managing Director. The Chief Risk Officer is responsible for designing and updating the Bank's risk framework. The Chief Risk Officer works with branches & divisions of Head Office to support the identification, assessment, monitoring and reporting of risk exposures and their associated mitigants. Management are held to account for managing the material risks within the appetite, thus enabling the Bank to make risk conscious decisions and generate appropriate returns, in a controlled and deliberate manner.

Risk Management Framework

The Bank's risk management framework is based on strong Board oversight, multi-tier management supervision, efficient systems, documented risk appetite, and clearly articulated policies and procedures. The management believes in transparency and acknowledgement of risk and accordingly take necessary action to ensure risk is mitigated or managed timely. The Board and Management foster a risk and compliance culture and follows the 'three line of defense' which ensure the segregation between risk owner, risk oversight and assurance role.

Risk Management Framework is developed to ensure a comprehensive management of risks throughout the Bank, SEBL employs a risk management framework that is applicable to all levels of the organization with strong Board oversight. The Bank has strong credit management practices that include regular Early Alert

Committee meetings and rapid portfolio reviews to help ensure the strength and resilience of its credit portfolio.

Risk management systems continue to evolve to facilitate business growth whilst limiting the effect of any residual risks. Market and liquidity risk indicators are reviewed on a monthly basis by the Market & Liquidity Risk Committee and by Asset Liability Committee (ALCO). A comprehensive structure is in place to ensure that the Bank does not exceed its tolerance for market risk. Policies and procedures are in place to govern operational risk management practices in a systematic and consistent manner. Key tools such as Risk & Control Self-Assessment & Key Risk Indicators are used to gauge the likelihood and severity of operational risk incidents. The Bank's operational risk profile and fraud risk assessment are regularly shared with senior management and Board if required.

Other risks are also managed by SEBL under various explicit frameworks available which include but not limited to Anti-Money Laundering and Information Security risk.

The Bank has adopted the Standardized Approach for credit risk and the Basic Indicator Approach for operational risk in calculating Minimum Capital Requirement under Basel III accord. In addition, the Bank has adopted the simple approach for recognizing eligible collateral for credit risk mitigation. The Bank's goal is to develop resources internally to embed Basel related processes and methodologies in its risk practices. The Bank follows the Standardized Approach for market risk. The Bank has various other internal tools / MIS used for risk assessment and management reporting.

Risk Appetite & Tolerance

Risk Appetite expresses the aggregate level of risk that Bank is willing to assume to achieve its strategic objectives, as defined by a set of minimum quantitative metrics and qualitative statements. Risk tolerance is defined as the maximum level of risk Bank can assume given its capital and liquidity base, risk management and control capabilities, and its regulatory constraints.

Risk Appetite is an integral element in SEBL's business planning processes via its risk plan and strategy, to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk tolerance and appetite constraints from both financial and non-financial risks. Compliance of the plan with Bank's risk appetite and capacity is also tested under stressed market conditions. Top-down risk appetite serves as the limit for risk-taking for the bottom-up planning from the business functions.

The Board of Directors reviews and approves Bank's Risk Appetite and Tolerance on an annual basis with the aim of ensuring that they are consistent with our Bank's strategy, business and regulatory environment and stakeholders' requirements.

Risk Management and Basel-III Implementation

As per Basel Accords and in accordance with the directives of Bangladesh Bank, the Bank maintains Capital to Risk Weighted Asset Ratio (CRAR) duly. The Bank rigorously monitors and takes initiatives to improve in line with the Basel-III guideline. In this regard Risk Management Division of SEBL has been established and delegated with the responsibility to ensure effectiveness of the Core Risks Management of the Bank. Apart from these, the Bank is also compliant with maintaining different ratios like Leverage Ratio, Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR) as per Basel-III requirement.

Capital Management

Capital planning assists the Bank's Board of Directors and Senior Management to identify risks and improve understanding of the Bank's overall risks to set risk tolerance limits. Capital planning also helps assess strategic choices in longer-term planning as well as identifying vulnerabilities. Capital management in SEBL focuses on implementing measures aimed at maintaining adequate capital, assessing internal capital adequacy of the Bank and calculating its capital adequacy ratio. As part of the Internal Capital Adequacy Assessment Process (ICAAP), management identifies the risks that the Bank is exposed to, and determines the means by which they will be mitigated. Capital is used to cover some of these risks, and the remainder of these risks is mitigated by means of collateral or other credit enhancements, contingency planning, additional reserves and other mechanisms.

Stress Testing

Stress testing is an important tool of the risk management and is considered an integral part of the ICAAP under regulatory requirement. Stress testing is based on the concept of 'proportionality and complexity' and its applicability to the Bank. Relevant factors in this concept are size of the Bank, sophistication and diversification of its activities, materiality of different risk types and the Bank's vulnerability to them.

The determination of the most plausible scenarios is based on largely qualitative analysis and includes assessing various scenarios (with a risk focus) to determine how the particular scenario and sensitivity

test could disrupt Bank's performance and transform competitive dynamics.

The Bank also evaluated the results of Stress Testing as prescribed by Bangladesh Bank. Three levels of shock namely minor, moderate and major shocks are applied to measure the depth of resilience capacity of the Bank whether it can sustain in stressed conditions. In this case, the sensitivity and scenario analyses are set by Bangladesh Bank and impacts of these analyses are seen on CRAR of the Bank.

15. Statement of the Compliance of BSEC Notification

The following disclosures are made in compliance with certain provisions contained in the BSEC Notification dated June 03, 2018 and June 20, 2018.

- a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) All transactions have been recorded in the accounting records and are reflected in the financial statements (ISA 580 11b). Accounting books have been properly maintained in the Bank.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed except as outlined in Note No 2.1 in the financial statements.
- e) The system of internal control in the Bank is sound in design and has been effectively implemented and monitored.
- f) There are no doubts about the Bank's ability to continue as a going concern

16. Subsidiaries of the Bank

Southeast Bank Capital Services Limited

Southeast Bank Capital Services Limited (SEBCSL) is a subsidiary of Southeast Bank Limited. It was incorporated as a public limited company under the Companies Act 1994 (as amended by 2020) on 23 September, 2010 by the Registrar of Joint Stock Companies and Firms. The authorized capital and paid-up capital of the company are BDT 6,000.00 million and BDT 5,500.00 million respectively. Southeast Bank Limited owns 99.82% of the total shares of the company. SEBCSL has been operating as a full-fledged merchant Bank since 2010. The company was formed to provide

merchant banking services to meet our clients' financial needs and strategically mobilize their funds in the capital market. SEBCSL offers a wide range of merchant banking services including Pre-IPO Placement, Issue Management, Underwriting, Portfolio Management and Corporate Advisory etc. The company runs its operation from head office at Banglamotor along with three branches at Dilkusha, Mohammadpur and Mirpur.

SEBCSL is an active participant in the primary and secondary capital markets as it has a successful track record on investing in shares. Therefore, SEBCSL has an effective contribution to the capital market and has a valuable network in the market with strong core values of ethics and integrity. The company has invested in its own portfolio since the inception. The investment size has been increased significantly with the passage of time.

Our country's capital market showed an unpredictable signal in 2022 and the DSEX index fluctuated over the period. From the beginning of January 2022, the capital market showed a positive indication of the index, but over the time the index gradually goes down. Therefore, the share price and capital market turnover falls significantly. However, due to the best endeavor of the SEBCSL team, the company achieved a net operating profit of BDT 332.41 million and after-tax profit BDT 79.11 million in the year 2022. The company is expected to continue the same positive profit-making trend in 2023 also.

Southeast Exchange Company (South Africa) Pty Ltd (Owned Subsidiary)

Southeast Bank's 100% owned subsidiary "Southeast Exchange Company (South Africa) Pty Ltd" has been operating in the Republic of South Africa since Year-2014. Within this long journey, it became a trusted name among the Bangladeshi expatriates. Currently, the subsidiary is running its business from its 03 (three) branches as:

1. Johannesburg Main Branch, opened on December 14, 2014
2. Cape Town branch, opened on November 17, 2019
3. Bloemfontein branch, opened on November 25, 2022

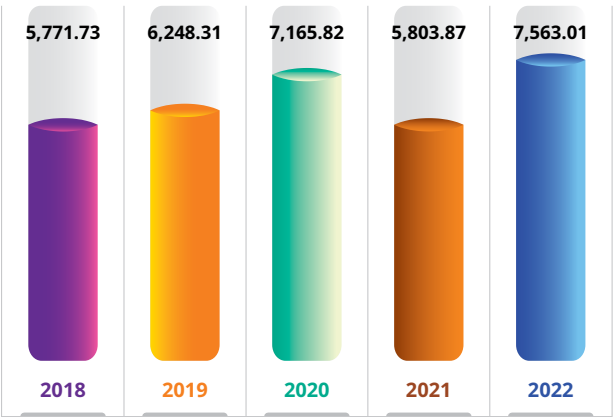
From these 03 (three) branches, the Bangladeshi remitters can easily send their hard-earned money in real time and their beneficiaries can withdraw their remittance easily from 1000+ wider pay-out outlets in Bangladesh. The subsidiary has further plan to onboard reputed agents, chain departmental stores which will help to establish its remittance services at the door-steps of the Bangladesh Expatriates living in every

corner in the Republic of South Africa & ultimately help to promote its Brand value in South Africa.

17. Contribution to National Exchequer

Southeast Bank Limited being one of the leading financial institutions, contributes on time to the national exchequer in the form of taxes, VAT, excise duties etc. Southeast Bank contributed a sum of BDT 7,563.01 million to national exchequer in 2022. The contribution for 2021 was BDT 5,803.87 million.

Contribution to National Exchequer
(BDT in Million)



Last 5 Years Financial Performance

Last five (5) years information are given below:

BDT in Million

Year	Operating Income	Operating Profit	Net Profit	EPS	Return on Equity
2022	17,587.33	10,429.86	1,752.38	1.42	5.77%
2021	14,672.79	8,671.12	1,784.30	1.44	5.98%
2020	13,770.56	8,264.56	2,149.10	1.81	7.14%
2019	14,390.72	8,982.98	2,508.56	2.11	8.56%
2018	14,961.92	9,783.00	2,473.21	2.13	9.17%

- The Bank has earned operating profit of BDT 10,429.86 million in 2022 which comprises of net interest income, income from investment, commission, exchange etc. Operating profit in 2021 was BDT 8,671.12 million.
- The operating income of the Bank stood at BDT 17,587.33 million at the end of 2022 while it was BDT 14,672.79 million in 2021.
- Net Profit after tax and provision was BDT 1,752.38 million during the year 2022 which was BDT 1,784.30 million in the previous year.

The Bank's contributions to the National Exchequer for the last five (5) years are depicted here.

18. Declaration of Dividend

The Board of Directors in its 691st meeting held on April 30, 2023 recommended 10 percent dividend of which 6 percent Cash Dividend and 4 percent Stock Dividend for distribution amongst the shareholders for the year 2022 subject to the approval in the 28th Annual General Meeting. In order to maintain consistency in dividend payout ratio Southeast Bank Limited declared dividend in combination of Cash and Stock considering the liquidity and capital adequacy of the Bank for sustainable growth.

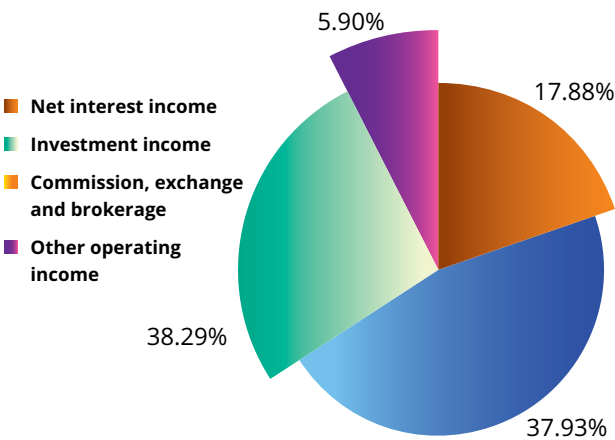
19. Corporate Social Responsibilities

Southeast Bank manages its business in a responsible way and contributes to the society and environment in which it operates. A report on Corporate Social Responsibility of the Bank in 2022 is included in this Annual Report at page no. 207.

20. Management Discussion and Analysis

Accounting Policy and Estimations

Accounting Policy and Estimations are shown in the note no. 2 of financial statements in the page no. 267 of this Annual Report.



- Earnings per share was BDT 1.42 in the year 2022 which was BDT 1.44 in the previous year.
- Return on Equity (RoE) of the Bank was 5.77 percent in 2022 while it was 5.98 percent in the previous year.

Particulars	BDT in Million
Net interest income	3,144.32
Investment income	6,670.56
Commission, exchange and brokerage	6,734.76
Other operating income	1,037.69
Total Operating Income	17,587.33

21. Comparative Financial Performance Highlights of SEBL

Southeast Bank Limited renders financial services to customers and as a commercial bank sustainable profitability is one of its major goals. Banking industry passed a challenging year due to reduction of interest rate of entire loan portfolio, war between Russia and Ukrain and post pandemic situation that affected the entire economy. Despite intensified challenges, SEBL managed its portfolio efficiently in the year 2022. The prime focus during the year has been improving asset quality, recovering classified and written off loans, mobilization of deposits, process automation, upholding service excellence, and rationalizing costs. A brief review of financial performances are as follows:

Amount in Crore

Particulars	Group		% Changes	Bank		% Changes
	2022	2021		2022	2021	
Net Interest Income	314.43	292.16	8%	301.23	284.36	6%
Non-Interest Income	1,444.30	1175.12	23%	1,429.53	1,157.05	24%
Total Operating Income	1,758.73	1467.28	20%	1,730.76	1,441.42	20%
Total Operating Expenses	715.75	600.17	19%	700.47	587.19	19%
Profit before provision & Tax	1,042.99	867.11	20%	1,030.29	854.22	21%
General provision	78.85	193.99	-59%	78.85	193.99	-59%
Specific provision	463.45	279.63	66%	463.45	279.63	66%
Provision for investments	81.75	8.96	812%	81.75	24.33	236%
Other provisions	35.20	58.72	-40%	17.00	44.88	-62%
Total profit before taxation	383.73	325.80	18%	389.24	311.39	25%
Provision for taxation	208.49	147.37	41%	200.00	140.00	43%
Net profit after taxation	175.24	178.43	-2%	189.24	171.39	10%
Earnings per share	1.42	1.44	-2%	1.53	1.39	10%

- Net interest income (NII) contributed 17.88% of total operating income, whereas interest income was BDT 20,187.07 million and interest expenses was BDT 17,042.75 million in the year 2022.
- Non-interest income which contributed rest 82% increased by 23% mainly due to increase of income from Commission, exchange and brokerage by

72% in 2022 compared to 2021.

- In the year 2022, operating income was BDT 17,587.33 million and operating expense was BDT 7,157.47 million. As a consequence, operating profit of the Bank reached at BDT 10,429.86 million in 2022.

- Total tax provision increased by 41% in 2022 mainly due to decrease of tax deductible expense for having lower amount of write-off loans in 2022 compare to 2021.

Risks and Concerns related to the Financial Statements

SEBL implemented a comprehensive control mechanism to identify the risk related to financial statements and subsequent mitigations (if required) for ensuring a true and fair view of the events and transactions during the period. The integrity of the Bank's public financial reporting is further supported by several processes and steps to provide assurance over the completeness and accuracy of the content including review and recommendation by the Audit Committee and review and approval by the Board.

Future-Plan or Projection or Forecast for Bank's Operation, Performance and Financial Position

Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. The indicators of an exceptionally strong development record have inspired the country to aim even higher. Bangladesh economy shows an optimistic path of recovery in the future supported by continuous stimulus support by the government, implementation of mega projects & development of infrastructure, and expanding purchasing power of the middle class. Led by digital transformation, the Bank also expects to strengthen its operational & financial efficiency, scale up operations for the key business verticals, intensity business diversification & innovation for tapping the unexplored markets, and add new revenue streams for sustained growth in the future.

22. Acknowledgement

The Board expresses gratitude to the Almighty Allah for the success of the Bank in 2022. The Board extends thanks to the valued customers, patrons and well-wishers for their continuous support and cooperation to the Bank. The Board also appreciates the dedicated services, commitment, devotion and hard work of the Management Team and all the employees in different levels of the Bank to achieve the goals of the Bank. The Board convey its earnest gratitude to the Government of Bangladesh, Bangladesh Bank, National Board of Revenue (NBR), Bangladesh Securities and Exchange Commission, The Registrar of Joint Stock Companies and Firms, The Dhaka Stock Exchange Limited and The Chittagong Stock Exchange PLC, Financial Reporting Council and other concerned Authorities for their appreciable continuous support and co-operation to the Bank. The Board also expresses its appreciation to M/S. Howladar Yunus & Co., Chartered Accountants, the auditors of the Bank, for their efforts for timely completion of audit. The Board of Directors also thanks both the print and electronic media personnel for giving media coverage to Bank's different activities and events. Finally, the Board thanks the respected shareholders and assures them that it will continue to maximize the shareholders' value through further strengthening and development of the Bank in which they have placed their trust and confidence.

Sincerely,

On behalf of the Board of Directors.



Alamgir Kabir, FCA
Chairman