



In 2020, SEBL has celebrated its glorious journey of 25 years, a quarter of a century. The year was full of challenges and uncertainties due to the mounting human toll and global economic fallout triggered by the COVID-19 pandemic. But the Bank has always been ahead of the curve in deploying strategies to reach new heights in building resilience and ensuring sustainability.

SEBL is well equipped to serve holistically the financial needs of customers through its extensive network of branches and sub-branches over the country. The Bank offers state of the art technological support, advanced internet banking solution, fast and easy mobile banking services and most importantly a very much friendly and efficient work force. Just as our customers' needs have grown and evolved, the Bank is offering an expanded selection of products and services to meet those changing needs. The Bank strives to promote a culture of excellence in customer service with each member enabled with superior knowledge of the products and services we offer.

SEBL has a strong and stable capital base as well as shock resilience capacity which has provided the strength to operate and grow consistently and sustainably towards reaching new heights. Over the course of 25-years of history, SEBL's business model has continuously proven its strength, even in the face of uncertainty and significant

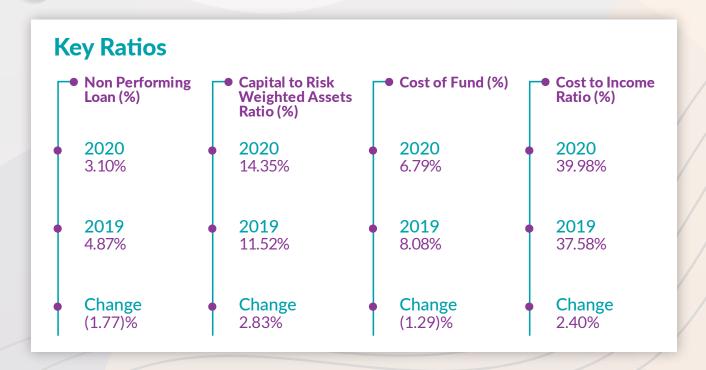
economic headwinds. A professionally strong Board of Directors, skilled management, transparent and dynamic decision-making capability, efficient team of performers, quality customer services and innovative products made this Bank a leader in this sector. Most fundamentally, people are the core of our business. The Bank has a thriving workplace that attracts, retains and rewards the most talented and committed people. It also offers extensive Training Courses, Workshops, Executive Development Programs which enhance employees' knowledge and skills. Investing in employee education is an important part of building a loyal, motivated and skilled workforce. This will serve as a key component of our success and in turn, the success of our customers and communities.

Bearing in mind the slogan "A Bank with vision" SEBL puts continual effort to add new feather of achievement to its crown in each year. But the Bank in no way is resting on its laurels rather it relies on its core competencies which plays vital role for achieving robust business performance to take its organizational achievements to new heights. We give topmost priority to the interest of our shareholders in our decision making process. For a more inclusive and sustainable future we firmly believe that banking serves a higher purpose. To that end, SEBL creates and generates an environment of banking practices that demonstrates its commitment toward reaching new heights of success in coming years.

## **CORE FINANCIALS AND KEY RATIOS**

## **Core Financials**

Particulars	2020	2019	Change (% )
Total Assets	465,294	422,313	10.18%
Total Loans & Advances	322,252	296,753	8.59%
Total Investments	97,074	77,311	25.56%
Total Deposits	359,536	329,251	9.20%
Total Regulatory Capital	40,373	36,094	11.86%
Risk Weighted Assets	281,393	313,317	(10.19)%
Capital Surplus/(Deficit)	5,199	(3,072)	269.24%
Non Performing Loan	9,940	14,376	(30.86)%



# BALANCED SCORE CARD

This analysis assisted the cause-effect relationships between the non-financial and the financial dimensions of the balanced scorecard (BSC). A BSC is a visual tool used to measure the effectiveness of an activity against the strategic plans of a business. Southeast Bank Limited being a financial institution is always concerned with the analysis of the balanced scorecard to achieve the Bank's vision and thereby attaining the optimum outcome. There are four elements of the model which demonstrate how different short-term actions are contributing to the long-term strategic objectives of the Bank.

BANK'S VISION: To be a premier banking institution in Bangladesh and contribute significantly to the national economy

## FINANCIAL PERSPECTIVE

- Improved ROE & ROI
- Improved operating efficiency
- Higher profit margin
- Maintaining
- Liquidity Ratio
- Lower NPL
- Healthy net interest margin
- Reduced Overhead expenses

#### LEARNING AND GROWTH

- Cross functional training
- Human capital development
- Personnel goal alignment
- Participation in success of organization
- Increasing employee productivity
- Development of infrastructure and technology

#### INTERNAL BUSINESS PROCESSES

- Developing new products
- Growth of Banking
  Services
- Cross-selling products
- Shifting customers to cost effective channels
- Responsive services
- Healthy work environment
- Development in Software Application

### **CUSTOMERS**

- Increasing customer satisfaction
- Retention of key customers
- Increasing market share
- Service delivery timeliness
- Expanding banking horizon to address financial inclusion

This diagram elucidates the interconnection of the four BSC perspectives which indicates that they are all congruent when it comes to achieving the Bank's vision. The process of implementation of the BSC system proved very successful for SEBL because it allowed the overall organization to stay focused on key customer segments and sustainable profitability targets.

## ACCOLADES

### **Mastercard Excellence Award 2020**

Southeast Bank Limited received the Awards for "Excellence in Mastercard Prepaid Business and Excellence in Mastercard Online Acquiring Business" categories. To celebrate the 29<sup>th</sup> anniversary of its presence in Bangladesh, and 7 years of its Bangladesh Office, Mastercard on November 26, 2020 organized a virtual event "Mastercard Excellence Award 2020"-celebration of achievements in digital payments. Salman Fazlur Rahman, MP, Advisor to the Honorable Prime Minister, Private Sector Industry and Investment was present as Chief Guest. Porush Singh, Division President, South Asia, Mastercard; M. Kamal Hossain, Managing Director of Southeast Bank Limited; CEOs, Senior representatives from leading financial institutions, dignitaries, chamber leaders, business community leaders from across the country attended the program.





# Southeast Bank Achieved "Third Position" For Collecting Dhaka Wasa Bill



Southeast Bank Limited achieved Third Position amongst 34 banks for collecting Dhaka Wasa's bill in the financial year 2019-2020. M. Kamal Hossain, Managing Director of Southeast Bank Limited receiving a Certificate and Crest from Md. Tazul Islam MP, Minister, Ministry of Local Government, Rural Development and Cooperatives.

## **26 YEARS OF GLORIOUS JOURNEY**

Incorporation of Southeast Bank

#### 12.03.1995

Certificate of Commencement of Business

#### 23.03.1995

License Issued by Bangladesh Bank

#### 25.05.1995

Formal Inauguration

#### 25.05.1995

Inauguration of 1st Branch

1995

Initial Public Offer (IPO)

#### 25.11.1999

Subscription Opened

#### 05.12.1999

Subscription Closed

1999

#### 12.04.2000

Listing with Dhaka Stock Exchange Limited

Listing with Chittagong Stock Exchange Limited

2000

Established Central Payment Centre

(CPC) at Head Office

for International

Trade Payments

Incorporation of Southeast Financial

ervices (Australia)

Southeast Bank-The

18.03.2013

Pty Limited

Formation of

Express-Policy

Research Institute

Green Award Trust

30.06.2013

12.09.2013

#### 15.02.2003

1st Rights Share Issue Subscription Opened

#### 15.03.2003

1st Rights Share Issue Subscription Closed

#### 28.07.2003

Commencement of Islamic Banking business from Chhagalnaiya Islamic Banking

License Issued from Bangladesh Bank as a Primary Dealer

2003

2002

12.03.2002

Foundation

Formation of SFBI

Launching of Telecash as Mobile Financial Services Product

#### 25.02.2015

Signed Unsecured Facility Agreement with Global Climate Partnership Fund

#### 21.05.2015

Introduction of Bank's Modern and full-fledged Training Institute

#### 05.08.2015

Signed funded Loan Agreement with International Finance Corporation (IFC)

Commissioning of 'SWIFT Sanction Screening Solution'

#### 25.10.2015

Introduction of Central Monitory System (CMS) to monitor (24X7) all branches

#### 29.10.2015

Introduction of Real Time Gross Settlement (RTGS)

#### 23.11.2015

Implementation of Credit Card Management Software

Partnership with MasterCard Bangladesh and launched the complete range of Credit Cards (World, Platinum, Titanium and Gold) and Prepaid Card

#### 16.12.2015

Introduction of Bank's Call Centre 24X7

#### 31.12.2015

Introduction of Chip-based Credit Card

Launching of ATM and ATM Cards with own System

3<sup>rd</sup> Rights Share Issue Subscription Opened

#### 29.07.2010

3<sup>rd</sup> Rights Share Issue Subscription Closed

Incorporation of Southeast Bank Capital Services Limited

### 2011

#### 28.02.2011

Introduced of Internet Banking

#### 23.05.2011

Launching of SEBL 1st Mutual Fund

#### 28.06.2011

Signed first Short-Term Rollover Loan Agreement with International Finance Corporation (IFC)

#### 15.09.2011

Incorporation of Southeast Financial Services (UK) Limited

#### 17.09.2011

100% Online Banking

## 2013

11.11.2014

million

15.11.2014

15.12.2014

Issuance of

Subordinated Bond

for BDT 3,000.00

Introduction of

Incorporation of

Company (South

Africa) Pty Limited

Southeast Exchange

Green Award

Opening of Ladies Establishment of Branches Southeast Bank Green School

2014

2015

2010

#### 17.02.2004

Registered as Depository Participant of CDBL

#### 16.05.2004

1st to Demat Shares in CDS of CDBL in Banking Sector

#### 20.10.2004

31.03.2016

02.08.2016

29.09.2016

29.09.2016

26.10.2016

24.11.2016

01.12.2016

Care Centre

Signed revolving Credit

agreement for USD 5.00 million

with Asian Development Bank

Launching of client acquisition

drive through 'Nibir' Campaign

Issuance of Subordinated Bond for BDT 5,000.00 million

Introduction of Bank's Health

Introduction of Bank's E-Library

Launching of 'Cash Express Remit

Card' for beneficiary of Foreign

Awarded 1st position in "ICMAB

Awarded 'Tax Card and Trophy' as

Best Corporate Award-2015"

6th highest Tax Payers of the

Signed agreement with

Transformation Fund'

Bangladesh Bank for 'Green

Country in the Banking Sector

Wage Earner Expatriates

Became a member of Trade Finance Program (TFP) of Asian Development Bank

2004

#### 01.01.2005

Launching of Credit Card

2005

#### 15.10.2006

2<sup>nd</sup> Rights Share Issue Subscription Opened

#### 31.10.2006

2<sup>nd</sup> Rights Share Issue Subscription Closed

2006

#### 23 04 2007

Became a member of Global Trade Finance Program (GTFP) of International Finance Corporation (IFC)

2007

#### 14.02.2009

Introduced of new Core Banking Software

#### 30.12.2009

Launching of  $1^{\rm st}$ Off-shore Banking Unit

#### 26.01.2017

Obtained license from Bangladesh Bank for Centralizing International Trade and Foreign Exchange Transactions

#### 04.03.2017

Launching of 'Priority Banking Products' "FSTFFM"

#### 05.04.2017

Southeast Bank distributed Green Award

#### 20.05.2017

Organized Scholarship program for financially challenged meritorious students

#### 25.05.2017

Launching of Payment Gateway

#### 25.11.2017

Awarded first position for the best Corporate Governance among private sector banks by Institute of Chartered Accountants of Bangladesh (ICAB)

#### 30.11.2017

Received Silver Award for Corporate Governance Excellence, 2016" by The Institute of Chartered Secretaries of Bangladesh (ICSB)

#### 21.12.2017

Establishment of Cafeteria for Safe food for Bank's employees

31.01.2018 Awarded 1st Runner Up by South Asian Federation of Accountants (SAFA) for Best Presented Annual Report 2016 in the Private Sector Banking Category

#### 31.01.2018

Won Joint 2nd Runner Up Award in SAARC Anniversary Award for Corporate Governance

Issuance of Subordinated Bond for BDT 5.000.00 million

#### 10.11.2018

Received Silver Award for Corporate Governance Excellence 2017 by the Institute of Chartered Secretaries of Bangladesh (ICSB).

#### 12.11.2018

Awarded "Tax Card & Trophy" as the 4th highest Tax Payer of the Country in the Banking Sector.

#### 14.07.2019

Signed an Agreement with iPay Services Limited for providing Payment Services to iPay users

#### 29.07.2019

Inaugurated transportation services for the employees of Southeast Bank Limited

#### 12.09.2019

Launched the first of its kind prepaid card for Ecommerce merchants in collaboration with Mastercard and SSLcommerz.

#### 16.09.2019

Achieved Second Position for collecting Dhaka WASA's bill in the

#### 14.11.2019

Awarded "Tax Card & Trophy" as the highest Tax Payer of the Country in the Banking Sector

#### 19.11.2019

Awarded for Excellence in Mastercard Prepaid Business 2018-19 category

#### 30.11.2019

Awarded first position for the best Corporate Governance among private sector banks by Institute of Chartered Accountants of Bangladesh (ICAB)

#### 30.11.2019

Won Joint 2<sup>nd</sup> position under the category of Private Sector Banks by Institute of Chartered Accountants of Bangladesh (ICAB)

#### 30.11.2019

Awarded 1st Runner-up for the Corporate Governance Disclosure by South Asian Federation of Accountants (SAFA) for Best Presented Annual Report-2018 in the Private Sector Banking Category

Awarded 2<sup>nd</sup> Runner-up for the category of the Private Sector Banks (including Co-operative Banks) by South Asian Federation of Accountants (SAFA) for Annual Report-2018.

#### 01.01.2020

Inauguration of Online Training and Examination for the Employees of the Bank.

#### 02.01.2020

Launching of EMV VISA Dual Currency Debit Card

#### 08.02.2020

Won the "Top Ten Remittance Award 2020" for its Outstanding Remittance Services to the Non Resident Bangladeshi (NRB) in the year 2019 at the inauguration of World Conference Series 2020 (WCS 2020)

#### 18.02.2020

Launching of integrated vending station for providing Prepaid Meter Recharge Service to the subscribers of DESCO

#### 08 03 2020

Bangladesh Bank awarded 1st prize for outstanding contribution in Financial Inclusion activities

#### 19.03.2020

Inauguration of Mujib Corner

#### 21.09.2020

Opening of Credit Card Center

#### 26.11.2020

Awarded for excellence in MasterCard Prepaid Business and MasterCard Online Acquiring Business 2019-2020 Category.

#### 22.12.2020

Launching of new Payroll Banking services named "Beton Card and Beton Plus Card" for Corporate Clients

2016

2017

2018

2019

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Certificate on Compliance of Corporate Governance

## **LETTER OF TRANSMITTAL**

All Shareholders of Southeast Bank Limited, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Financial Reporting Council, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited

#### Annual Report of Southeast Bank Limited for the Year-2020

Dear Sir(s),

Thank you for supporting us in the preceding years. It is our immense pleasure to lay before you the Bank's Annual Report-2020 along with the Audited Financial Statements (consolidated and solo) as at and for the year ended December 31, 2020. The Annual Report-2020 of the Bank comprises Balance Sheet, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement along with notes to the Accounts. We hope that the report will be of use to you today and tomorrow.

Best regards,

Yours sincerely,

**A.K.M. Nazmul Haider** Company Secretary

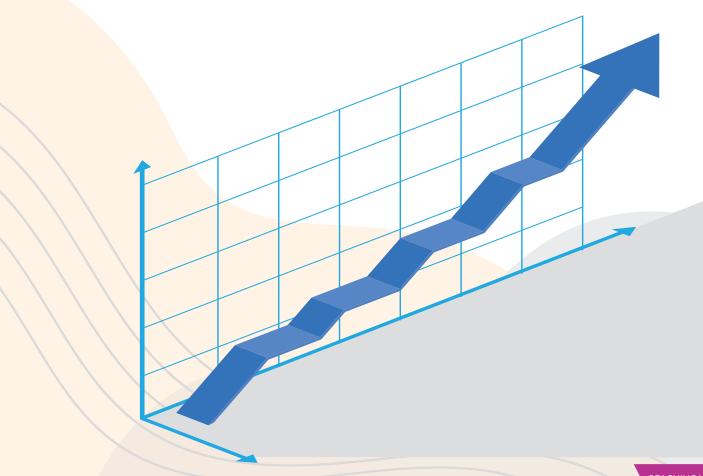
# FORWARD LOOKING STATEMENTS

This annual report may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, business and anticipated actions of the Bank. These statements are not historical facts, but include statements about Bank's beliefs and expectations or possibilities. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such statements. Few of the factors that may affect the overall business condition of the Bank can be as follows:

- Changes in domestic and global economy
- Changes in fiscal, trade and monetary policies
- Natural calamities and political disturbances
- Changes in consumer behavior, technologies, commodity price levels

- Changes in interest rates both in lending and deposits
- Changes in legal and regulatory framework locally and internationally
- Withdrawal of incentives given to any sector

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Bank will not undertake any obligation to revise or update any one of the forward-looking statements contained in this report, regardless of whether those statements are affected as a result of new information, future events or otherwise. These statements are valid only for the date of publication as external factors can materially change after publication date. The Bank is not obliged to publicly revise the statement if such changes occur following the publication of the report.



# NOTICE OF THE 26<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given to all Members of Southeast Bank Limited that the 26<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held virtually by **using digital platform** on **Wednesday**, **June 30**, **2021** at **11.00** a.m. to transact the following businesses and adopt necessary resolutions:

#### **AGENDA:**

- 1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2020 together with the Reports of the Directors' and Auditors' thereon.
- 2. To declare dividend for the financial year ended on December 31, 2020.
- 3. To elect / re-elect Directors of the Bank.
- 4. To appoint the Statutory Auditors and to fix their remuneration.
- 5. To re-appoint the Corporate Governance Compliance Auditors and to fix their remuneration.
- 6. Miscellaneous, if any, with the permission of the chair.

By order of the Board

A.K.M. Nazmul Haider Company Secretary

Dated: Dhaka June 08, 2021

#### NOTES:

- a) The "Record Date" was on **Thursday**, **June 03**, **2021**. The Shareholders whose name would appear in the CDS/Register of Members of the Company on Record date will be eligible to attend/participate in the Annual General Meeting through Digital Platform and received dividend.
- b) Shareholders entitled to attend/participate and vote at the Annual General Meeting, may appoint a proxy to attend and vote. The "Proxy Form" duly filled, signed and stamped at BDT 20.00 must be mailed to the email at irdsebl@southeastbank.com.bd of the bank not later than 48 hours before the meeting.
- c) Annual Report-2020 of the Bank containing among other papers and Notice of the AGM will be sent in soft form to the Shareholders' respective email addresses as available in their Beneficial Owner (BO) Accounts. Soft copy of the Annual Report-2020 will also be available in the Bank's website at: www.southeastbank.com.bd
- d) Pursuant to the Bangladesh Securities and Exchange Commission's Order No.SEC/SRMIC/94-231/91 dated March 31, 2021, the AGM will be held virtually (using digital platform), which will be conducted via live webcast.
- e) The Shareholders will join the virtual AGM through the link: https://southeastbank.bdvirtualagm.com. The Shareholders will be able to submit their questions/comments before commencement of the AGM and during the AGM. For login to the system, the Shareholders need to click on the link and provide their 16 digit Beneficial Owner (BO) ID number/Folio number and other credential as proof of their identity by visiting the Link: https://southeastbank.bdvirtualagm.com The detailed participation process for the Digital Platform Meeting will also be available in the Bank's website: www.southeastbank.com.bd
- f) For any IT related guidance and help with the login process, the respective members may contact at +8801918615100, +88 01700706532 or visit www.southeastbank.com.bd
- g) All Shareholders are requested to update their respective BO Accounts with 12 digits Tax Payer's Identification Number (e-TIN), Bank Account Number, E-mail Address, Cell Phone No., Mailing Address and other related information through their respective Depository Participants (DP).
- h) As per Bangladesh Securities and Exchange Commission's Circular No.SEC/CMRRCD/2009-193/154 dated October 24, 2013, and the regulation 24 (2) of the Stock Exchanges (Listing) Regulations-2015 "no benefit in cash or kind, other than in the form of cash dividend or stock dividend, shall be paid to the holders of equity securities" for attending the 26<sup>th</sup> Annual General Meeting of the Bank.

## VIRTUAL AGM ATTENDANCE PROCEDURE

Southeast Bank Limited convened its 26th AGM virtually through digital platform on Wednesday, June 30, 2021 at 11:00 a.m in compliance with BSEC's Order No.SEC/SRMIC/94-231/25 dated 8 July 2020; BSEC/CMRRCD/2009-193/08 dated 10 March, 2021 and SEC/SRMIC/94-231/91 dated March 31, 2021 respectively.

June 30, 2021



digital platform

Time: 11:00 AM Dhaka



Live Webcast: https://southeastbank.bdvirtualagm.com

Shareholders/Members are requested to attend/participate in the Bank's **26<sup>th</sup> AGM** by considering following procedures:

Please confirm whether you are a shareholder/member of Southeast Bank Limited as on "Record Date" i.e Thursday, June 03, 2021.

Step-2

Please visit link: https://southeastbank.bdvirtualagm.com from your Desktop/Laptop/Smartphone.

Step - 3

Please click on the link and put your 16-digit BOID/Folio number and other credential as proof of your identity to login in the system.





This section will show the webcast of the virtual AGM by using





Website

This section will preserve your questions/comments before commencement of the AGM and during the AGM, additional to send queries and comments directly to irdsebl@southeastbank.com.bd or in writing.

Southeast Bank Limited will try to answer all relevant questions during the live Q & A session of the AGM, but reserves the right to edit and/or reject questions if it deems irrelevant or inappropriate.



Comments

This section will show the total attendance of present shareholders and shareholdings at their possession.







This section will show agenda for the meeting with options for proposing, seconding, agreeing or disagreeing of individual agenda.



If you face any difficulties to login process to participate in the virtual AGM through the link: https://southeastbank.bdvirtualagm.com please call before or during the AGM to +8801918615100, +8801700706532 or visit www.southeastbank.com.bd

# MESSAGE FROM THE OFFICE OF THE CHAIRMAN

Southeast Bank Limited began its journey in 1995 and held excellent position consecutively over the years. It earned good profit and declared stable dividend at encouraging rates to the shareholders. Due to our long presence and successful journey over the last 26 years, we have been able to deepen our relationship with our valued customers. We started the year with the expectation to achieve higher growth in all the parameters. The sudden outbreak of the COVID-19 pandemic since the beginning of 2020, however has severely affected all economic activities throughout the world. Governments worldwide have taken appropriate measures to contain the devastating impact of the pandemic on human lives and economic well being of the people at large. All economic projections depend on how long the pandemic lasts and what consequences it inflicts on the economies of the countries across the world.

## Alamgir Kabir, FCA Chairman

#### Bismillahir Rahmanir Rahim

#### Dear Shareholders,

It is indeed a great pleasure and privilege for me to welcome you all to the 26<sup>th</sup> Annual General Meeting of Southeast Bank Limited. On behalf of the Board of Directors and myself, I would like to express my cordial thanks and gratitude for your continued patronization, co-operation and support to attain Bank's sustained success by overcoming all challenges. I am delighted to present before you the Annual Report of the Bank for the year 2020 along with the Audited Financial Statements for the year ended December 31, 2020 reflecting the steady performance of the Bank for your review and approval.

#### 1. Bank's Performance in 2020

The COVID-19 pandemic has severely affected all areas of economic activities throughout the world. Inspite of that, the Bank has registered steady growth in all key areas of business by the grace of Almighty Allah.

Bank's total Asset increased by 10.18 percent in line with the Bank's policy of maintaining optimum liquidity. Liquid Assets to total Assets stood at 6.08 percent at the end of 2020. During the year, adequate focus was put on recovery and Liability and Asset Management. It resulted cash recovery against NPLs and written off loans BDT 355.34 million and BDT 501.43 million respectively in the year 2020. The Bank emphasized on restructuring the deposit base to increase the portion of the low-cost deposit segment in deposit portfolio in order to build up a sustainable deposit base by reducing overdependence on big chunk corporate deposits. As a result, the bank succeeded in trimming down the high-cost deposit

base in 2020. In the deposit composition of the Bank, the cost-free and low cost deposit reached 41.97 percent from 35.69 percent as compared to last year. The total deposits of the Bank, including Islamic Banking deposits increased by 9.20 percent over that of last year. It led to a prudent Loan to Deposit Ratio of 80.26 percent. The Net Interest Margin of the Bank reached 1.72 percent at the end of 2020. Net profit of the Bank for the year 2020 was BDT. 2,149.10 million. Investment income during the year 2020 had a visible growth of 27.64 percent over those of 2019. The significant contribution of investment income to Bank's total income is a clear testimony of Bank's financial strength. The Bank's total asset increased by 10.18 percent from BDT 422.31 billion to BDT 465.29 billion over the last year and Shareholders' Equity stood at BDT 29.70 billion in 2020.

#### 2. Austerity Measures to ensure Cost Efficiency

Towards the end of the 1st quarter of the year 2020, the outbreak of COVID-19 pandemic created unprecedented global crisis and disruption in international trade and business. Like all other sectors the banking industry as a whole has also been facing tremendous challenges emanating from the pandemic.

The net interest margin of the Bank has narrowed and dealing spread squeezed. To maintain sustainability of Bank's growth and profitability, cost efficiency has become one of the key options and a preferred priority. We are trying to increase low and no-cost deposit in our deposit-mix through reducing the portion of high cost corporate deposit. We are trying to increase fee-based income. We have taken initiatives to make



our office as paperless as feasible and adopted all possible measures to minimize operating cost and enhance employee productivity.

We are migrating our customers to electronic banking and providing them various services through online banking, SMS alert, e-statements etc. We have created sufficient awareness among our employees about the need for automation of our services through adoption of latest technology. Our stringent cost management has bolstered efficiency.

According to an analysis of different banks' cost-to income ratio, Southeast Bank Limited was adjudged as the most profitable and efficient lender in Bangladesh. Last year, Southeast Bank's Cost-to Income Ratio was less than 37.58 percent, meaning that it had to spend BDT 0.38 for BDT 1.00 operating revenues. In terms of cost efficiency, our Bank's cost to income ratio was 39.98 percent in 2020. Bank's per employee profit was BDT 0.73 million and per Branch profit was BDT 15.92 million in 2020.

#### 3. Corporate Governance Practices in SEBL

Our Corporate Governance is the framework of rules and practices by which the Board of Directors of the Bank ensures accountability, fairness and transparency in the Bank's relationship with its all stakeholders. The Bank's Corporate Governance policies are updated time to time in order to comply with the proper governance principles and relevant regulatory requirements. Backed with a strong and experienced Board befitting its aspiration to become a visionary bank, the Board of Directors committed to ensure highest standards of corporate governance throughout the organization with the objectives of safeguarding and enhancing the shareholders' value and performance of the Bank

The Board of Directors exerts governance over all employees including the Managing Director. It makes sure that the business operations of the Bank adhere to all applicable rules of corporate governance and regulatory requirements. This governance culture is included in its own customer values, policies and laws relating to its employees from the highest to the lowest level. The intent is to increase the accountability of the company and avoid any deviation before they occur. The Board's supervision results in a clear and more ethical organization and makes the Bank appealing to the customers and investors. The Bank has always acknowledged the rights of all its stakeholders through focusing on creating and delivering sustainable shareholder value and adhering strictly to the regulatory guideline on corporate governance. An elaborate report on Corporate Governance is appended in this Annual Report.

#### 4. Enhanced Customer Relationship

We pay utmost attention to the interests of our customers. Our priority is to provide fast and flawless service to the customers. We have a wide range of products and services and we continuously redesign our products to meet the changing customer demand at a competitive price. We provide integrated banking services to different segments of client portfolio including individuals, small and medium enterprises (SMEs) and corporate bodies.

Unfortunately, there is no single formula for success for customer engagement in banking. Customer engagement cannot be achieved in a day, week or a month. It is the foundation of a relationship that includes trust, service diversity, customer service skills, customer interactions, proactive customer service strategy etc. SEBL builds trust of customers before selling its products. To increase customer touch points in terms of Branches, Sub-branches, Agent banking points, Mobile banking system, ATM Booths, POS machines our priority will be to reach the potential segments of Bank's target groups and accelerate the financial inclusion of currently unbanked segments of the community. All of these are based on simplified and standardized operational processes supported by integrated and scalable IT Systems. We will invest more in information technology for secured and advanced digitalization process and create multi tasking delivery channels. Our resources will go into system security to protect our customers and we will work closely with the Regulators to prevent probable financial & cyber crimes. We believe that we are becoming a Financial Partner of the customers and our customers strongly agree that their bank helps their financial dreams come true and makes their lives more enjoyable and secure.

#### 5. Coping with Change of Business Scenario

Change is a natural phenomenon in the corporate arena. The Bank has always been willing to use new technology in a bid to make its services more efficient. To seize the opportunity arising from the changing business environment, the Bank sets its strategies and policies to meet the demand of competitive environment. We are shaping our business model through integrating new technology based on market demand. Now, we are in a position to utilize every single bit of information to serve our clients for pursuit of Bank's business growth. We sincerely believe that efficiency and productivity are linked with our commitment to achieve excellence in service, pragmatic planning, right choice of cutting-edge technologies and innovative business models. We always emphasize the importance of required investment in information technology and innovation for sustainable business growth.

#### 6. Societal Relationship

We believe that a stable environment and a strong economy are correlated and preconditions of progress of the country. The Bank is closely related with the communities where it runs its business. We always extend our hands towards underprivileged groups of the society and consistently promote social and economic upliftment of the people at the hour of need. Our focus is on sports, arts & culture, education and entrepreneurship as well as on identifying the links between them. We launched and contributed in different programs with the desire to generate more social impact through our activities. Our CSR goes far beyond charity and the engagements of our CSR are steadily increasing in depth and diversity both in expenditures, financial inclusion drives, greening the internal practices and processes, and in lending to environment friendly projects.

We acknowledge our social responsibility well and align our business strategies with our culture. We created Southeast Bank Green Foundation to carry out CSR related activities in the most organized way. We are serving the society as part of our Corporate Social Responsibility (CSR) by giving stipends to poor and meritorious students, distributing warm clothes to winter-hit people and contributing to the different relief funds for under-privileged people. In the year 2020, we spent BDT 260.50 million for activities related to CSR which is inclusive of the CSR expenditures incurred by Southeast Bank Green Foundation. Southeast Bank Limited (SEBL) acted both promptly and responsibly by adapting to the 'new normal' situation and successfully implemented some relevant crisis management practices in the pandemic period. In alignment with the Government's strategies to contain the immediate effect of COVID-19, SEBL as a trustworthy brand redirected its CSR funds for donation of BDT 108.28 million to the Prime Minister's Relief and Welfare Fund through Bangladesh Association of Banks (BAB). The Bank also prioritized the containment of spread of COVID-19 pandemic in different ways by providing fund and safety/disinfectant materials.

#### 7. Outlook

Southeast Bank Limited began its journey in 1995 and held excellent position consecutively over the years. It earned good profit and declared stable dividend at encouraging rates to the shareholders. Due to our long presence and successful journey over the last 26 years, we have been able to deepen our relationship with our valued customers. We started the year with the expectation to achieve higher growth in all the parameters. The sudden outbreak of the COVID-19 pandemic since the beginning of 2020, however has severely affected all economic activities throughout the world. Governments worldwide have taken appropriate measures to contain the devastating impact of the pandemic on human lives and economic well being of the people at large. All economic projections depend on how long the pandemic lasts and what consequences it inflicts on the economies of the countries across the world. Almost all major indicators of the Bangladesh economy have been significantly affected by the pandemic. Bangladesh Government has proactively ramped up various actions and declared wide ranging stimulus packages involving Tk. 1.24 lac crore, about 4.4% of GDP, to contain the adverse impact on human life and economy at large. In addition to the above stimulus packages, the Govt. has also been scaling up allocations for Social Safety Net (SSN) Programmes and taking new initiatives to minimize the sufferings of the poor, unemployed and marginalized people. Bangladesh has shown strong resilience and successfully adopted proactive measures compared to many other countries in containing the adverse impact of the pandemic and has succeeded to achieve 5.24% GDP growth in fiscal year 2019-2020. In the original budget of the current fiscal year, the growth of GDP has been estimated at 8.20%.

Despite all uncertainties and challenges, we will continue to strive to improve further Bank's operational efficiency through expanding our business network with the main focus on creating wealth for shareholders. We shall protect and treat equitably the interests of all stakeholders. We identify the tone of our business intelligence. We are deeply committed to deliver our promise. We shall continue to enhance our unique capability and competitive advantage. Our pursuit of growth will be driven by new avenues of investment, new strategy and planned diversification of existing business portfolio. We have understood ever-changing needs of customers. We hope

to continue setting high standard of excellence in our products, services and innovation.

We expect a better future for our bank in 2021 based on the progress of the national economy. We strive for continuous improvement. We plan to maintain our discipline and further strengthen infrastructure, staff, officers, brands and information technology. We will continue to capitalize on our strengths, overcome vulnerabilities, exploit opportunities and reduce threats to reach new heights of operational excellence. The Board of Directors of the Bank expects further progress in the coming years. We firmly promise our stakeholders that we will embrace innovation and modern technology to provide them with value-added benefits, privacy and protection. We renew our commitment to navigate the Bank in the right direction with hope and faith in Almighty Allah.

#### 8. Acknowledgement

I express my gratitude once again to the Almighty Allah for the business success of the Bank in 2020 despite a very competitive and unfavorable business environment resulting from the COVID-19 pandemic. I also take the opportunity to thank fellow Members of the Board of Directors of the Bank for their generous co-operation with great personal commitments and support during the year under review. Their collective wisdom substantially contributed to our success. I also thank our Managing Director along with his team for their commitment, dedication, loyalty, support and relentless efforts for Bank's qualitative and quantitative improvements. I respect their zeal to work hard to attain a new level of excellence and dynamism. Our shareholders' support and confidence are vital to the Bank's continued growth and development. We thank them for their support and co-operation.

I convey my special thanks to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Office of the Registrar of Joint Stock Companies and Firms, Financial Reporting Council, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and all other connected bodies for their continued support. I also like to express my thanks to all of our customers, patrons, well-wishers for their continued support, co-operation and guidance that are our constant source of encouragement in the days ahead. We reiterate with firm commitment that we will remain disciplined, compliant and result-oriented in all our endeavors and in return seek their continued co-operation.

I also thank the respected shareholders for attending the 26<sup>th</sup> Annual General Meeting and contributing meaningfully to the deliberations and adoption of resolutions against the agenda.

May the Almighty Allah in His infinite mercy bestow upon us His compassion and blessings.

Allah Hafez.

With warm regards

Alamgir Kabir, FCA

Chairman

# MESSAGE FROM THE MANAGING DIRECTOR

I would like to express our gratefulness to the Medical professionals, Health workers, individuals contributing to keep total supply chain operative, Journalists and law enforcement agencies for the unstinted support and contribution during the course of Covid-19 which helped Bangladesh to sail through this global turbulence. I deeply mourn the death of individuals in the pandemic especially Bank Officials and pray to the Almighty for the salvation of the departed souls. May Allah bless their families with the courage and strength to bear the loss.

I take this opportunity to express our deepest gratitude to our customers and business partners for their continued cooperation and support, the honorable members of the Board for their valuable suggestions and advice, and the Government and the Central Bank for their timely guidance. I thank the shareholders and other stake holders for their continued patronage and trust in the organization. I convey my appreciation to the committed staff members for their dedication and relentless effort to translate the vision of Southeast Bank into a reality.

#### M. Kamal Hossain Managing Director

I would like to express my heartfelt gratitude to the Almighty Allah for enabling us to achieve a sustainable growth in the year of the Pandemic. In 2020, the macro-economic, social and business landscapes have undergone substantial changes due to looming threat of pandemic, some of which are still gradually unfolding. Southeast Bank is navigating through these challenges and adapting to the changing socio-economic dynamics with great resilience owing to its strong core fundamentals. With business expansion strategy, strong network and sound client base, focused efforts to cleanse the balance sheet and thrust to improve efficiency, Southeast Bank continues its journey towards excellence.

The rampant spread of COVID-19 Pandemic, across borders and geographies, has severely impacted all sectors and all aspects of human lives. The Covid-19 pandemic caused breakdown of healthcare system, job cuts, collapse in equity market and simultaneous disruptions to both supply and demand in an interconnected world economy. Amongst others, the US, Europe and Latin American economies are the worst sufferers. The IMF, ADB and World Bank unanimously expressed uncertainty on the growth of the world economy. The IMF described the deterioration as the worst since the Great Depression of the 1930s.

In the backdrop of global depression and despite uncontrollable external factors, Bangladesh has demonstrated strong resilience in combating the pandemic especially in terms of financial and economic turnaround and even in mortality rate. Resultantly, the domestic economy expanded at 5.24% in FY2019-2020. The agriculture sector, strong remittance inflow and Government spending stood as the strong pillars of domestic growth. In the backdrop of enormous challenges, the efforts of the Government of Bangladesh to deal with these

difficulties are also remarkable. The Government has undertaken some crucial and effective measures to tackle the negative impacts of the pandemic including providing stimulus packages of more than Taka one lakh crore, mainly as credit support to the most affected and employment generating sectors of the country. Besides, aiming at keeping money supply steady and exchange rate stable, the Central Bank and Government of Bangladesh have also taken several pro-active measures, such as reduction in repo rate, reduction of cash reserve ratio (CRR) and increase of the advance-deposit ratio (ADR), sizable infusion of liquidity in the form of re-finance & interest subsidy, regulatory for bearance of NPL treatment and direct financial support to the weakest sectors of the society etc. Overall the Government has adopted appropriate and proactive monetary and fiscal policies to combat the challenges and to steer the economy to a sustainable growth trajectory. Southeast bank has played a major role in disbursing the fund under stimulus packages to the affected business segments of the country with a view to executing the government's bailout plan.

Amid ongoing financial and economic turmoil, capping of interest rate made it even harder for the Banks to maintain sustainable growth. But it is heartening to note that the core fundamentals of Southeast Bank continue to be strong. The Bank maintained its thrust on business expansion, favorable business mix and improving asset quality in 2020. Some of the key performance indicators of the Bank in 2020 are –

 The gross loans and advances of the Bank registered a growth of 8.59% to reach BDT 322,251.46 million and total deposit registered a growth of 9.20% to reach BDT 359.535.94 million.

- Yield on Advances has reduced significantly from the level of 8.94% in 2019 to 7.19% in 2020 due to capping of interest rate. However, Cost of deposits has been brought down from 6.52% in 2019 to 5.31% in 2020.
- The Bank remains adequately capitalized, with Capital Adequacy Ratio, under Basel III at 14.35 % as on December 31, 2020 against the regulatory requirement of 12.50% including capital conservation buffer of 2.50%.
- The bank has been successful in widening its network across Bangladesh with 135 branches (including 05 full-fledged Islamic Banking Branches), 17 Sub branches and 277 ATMs. In order to increase its distribution footprint and enhance the Bank's ability to mobilize more deposits the Bank has established 17 Sub Branches in 2020.

The dedicated workforce of Southeast Bank remained at the forefront of the country's battle against the Covid-19 pandemic. Our 2850 plus employees have exhibited true commitment and have walked extra mile to remain fully functional and available to serve our customers during the lockdown to avoid any financial exigency. The alternative delivery channels of the bank were also fully and effectively utilized.

In order to achieve our sustainable long-term growth ambitions and to safeguard the interests of stakeholders, we put faith in prudent capital and liquidity management with sound risk management, high level of compliance and transparent corporate governance. Through continuous improvement of the risk management system, including automation of feasible process, the bank aims to ensure regulatory compliance as well as better return on and utilization of capital in line with the business objectives.

Today, technological innovation and initiatives play a predominant role in reducing costs and improving efficiency by providing excellent customer service. Automation has been driven primarily by the escalating use of Smart phones and emerging technologies like artificial Intelligence (AI) and Machine Learning (ML). The Bank offers the best in class technology services to cater to the diverse requirement of its clientele.

The Bank always prepares consolidated and solo financial statements of the Bank and its subsidiaries in accordance with the guidelines and laws of Bangladesh Financial Reporting Standards (BFRSs), the Bank Companies Act & The companies act, the Securities and Exchange Rules, the guidelines and regulations of Bangladesh Bank and other regulatory authorities. Significant accounting policies and estimations detailing nature of the components of financial statements are adequately disclosed. Any significant changes (if made) and important financial indicators of current year in comparison with the preceding five years along with a thorough presentation comparing with prior years' business performance are adequately disclosed in Notes and Stakeholders' information section of the report.

Looking back on blissful moments gives us comfort and looking forward to a new season brings us growth. Now, we are at the cross-roads of a new phase where economic activities are gradually picking up. Banks however are likely to face many challenges at the micro and macro-levels in the post-Covid period. In the upcoming days our main challenges are-

- Maintaining and strengthening relationships with our better rated Corporates, SME clients by increasing our share of their non-funded businesses and alongside accelerating healthy credit growth.
- Maintaining asset quality through managing the threat of soaring Non-Performing Loans after withdrawal of forbearance of NPL restriction by regulatory authority.
- Keeping the Net Interest Margin (NIM) of the Bank reasonably profitable in the regime of capped interest rate.
- The post pandemic banking scenario would unquestionably be different from the present and technology would take the dominant charge. Banks may have to improve the digital channels and e-payment gateways to carry out more transactions

Bangladesh's economic revival will not only depend on how we manage Pandemic and post-Covid period but also how other countries recover from their Covid affected economic shocks. Thus, the pace and sustainability of Bangladesh's recovery will depend on external factors to a large extent. However, we hope that, the continuous efforts of business expansion coupled with monitoring of asset quality will guide us to the path of sustained growth in the upcoming years.

I would like to express our gratefulness to the Medical professionals, Health workers, individuals contributing to keep total supply chain operative, Journalists and law enforcement agencies for the unstinted support and contribution during the course of Covid-19 which helped Bangladesh to sail through this global turbulence. I deeply mourn the death of individuals in the pandemic especially Bank Officials and pray to the Almighty for the salvation of the departed souls. May Allah bless their families with the courage and strength to bear the loss.

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Thank You.



M. Kamal Hossain Managing Director

# INTEGRATED REPORTING FRAMEWORK

#### Introduction

The Integrated Report (IR) has been prepared with the aim to represent how SEBL, as a financial institution, has excellently managed its business to deliver consistent value to its stakeholders. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, leads to the creation of value in the short, medium and long term.

Southeast Bank Limited has already transformed its integrated thinking into a set of disclosures termed as Integrated Report. The Bank has always been proactive in its strategies in the form of taking into account the integrated thinking in business ideology and value creation. The Bank does believe in dealing with our clientele with the best practice of responsible banking along with the idea of creating sustainable value for its stakeholders.

#### Scope and Boundary of the Report

The Integrated Report covers the period from January 1, 2020 to December 31, 2020. This report aims to provide a transparent and balanced appraisal of the material issues that faced our business during the year under review and that impacted our ongoing ability to create value. The Financial information regarding sustainable value addition has been presented in respective segments along with independent audit reports and evaluation. Non-financial issues and information regarding the Bank have been demonstrated throughout the report in different segments narrated as Non-financial indicators, Sustainability Report, Director's Report etc. Our Integrated Report gives a clear indication of:

- Our business model (pg. ref.25) combining different types of capital in the short, medium and long term;
- Strategic focus (pg. ref.32)
- Resource allocation (pg. ref.23)
- Business outlook (pg. ref.17)
- Financial, operational, environmental and social value creation activities (pg. ref.148)
- Risk and opportunities through risk management disclosures (pg. ref.133), Corporate Governance (pg. ref.94) and Sustainable Banking initiatives (pg. ref.205)

During preparation of the report there had been no material change in the reporting of financial and non-financial issues regarding the bank.



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SEBL is committed to reporting financial and non-financial activities transparently to the stakeholders. This report is the primary report to and a major communication interface with our shareholders and stakeholders, and demonstrates the relationship between the interdependent elements which comprise our value creation process, in compliance with the requirements of:

• Bank Company Act, Bangladesh Bank • The Companies Act Financial Reporting 1991 (Amended up to Act-2015 Regulations 2018) (Amended up to 2020) International International **Financial Institutions**  Securities and Financial Reporting Act 1993 **Accounting Standards** Exchange Rules 1987 (IAS) Standards (IFRS) The Income Tax And other applicable Ordinance, 1984 laws and regulations of the bank

#### **Materiality**

The authentic and strategic interests of all our key stakeholders have been taken into account in determining information that is considered to be material for inclusion in this report. Southeast Bank Limited has always been vigilant in addressing the material issues which have substantial impact on the strategic direction and operation of our business. Several nonfinancial parameters and our performance in the relevant parameters were disclosed considering their materiality in decision making and formulation of strategic directions.

#### **Combined Assurance**

The Board, with the support of the Audit and Risk Committee, is ultimately responsible for combined assurance by setting the direction concerning the arrangements for assurance services and functions. The assurance role providers ensure that ethics and enfective risk management are implanted in our internal growth agenda. The bank scrutinizes the details of the reports submitted and assures the uniform acceptance of the report by its assurance model comprising of different independent and responsible authorities. We do believe that our combined assurance model creates the philosophy that is embedded in every aspect of our business.

We have engaged different external assurers and auditors to ensure the credibility of the report.

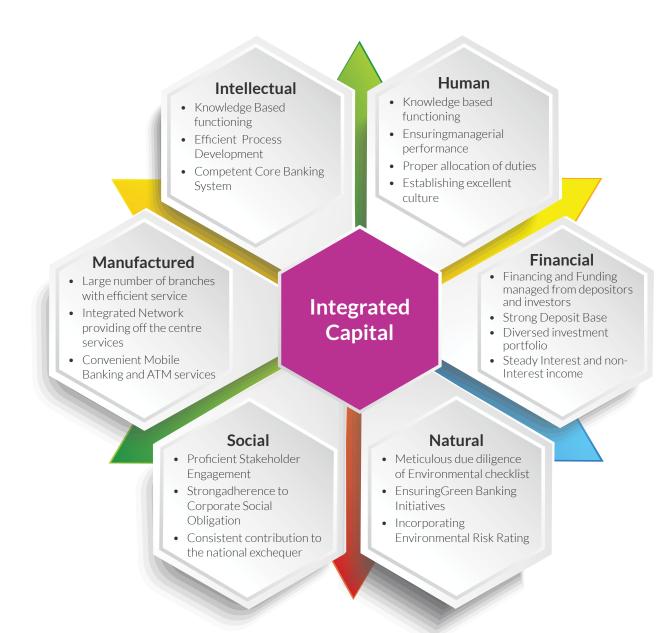
0 0	, ,
Financial Statements Audit	Howladar Yunus & Co., Chartered Accountants
Corporate Governance compliance	Mahfel Huq & Co., Chartered Accountants
Provident Fund Financial Audit	Haque Shah Alam Mansur & Co., Chartered Accountants
Risk Management Assurance	Bangladesh Bank
Cash Incentive (ID)	Howladar Yunus & Co., Chartered Accountants
TAX Consultant	Akhter Abbas Khan & Co.
Credit Rating Agency	Credit Rating Information and Services Limited (CRISL)

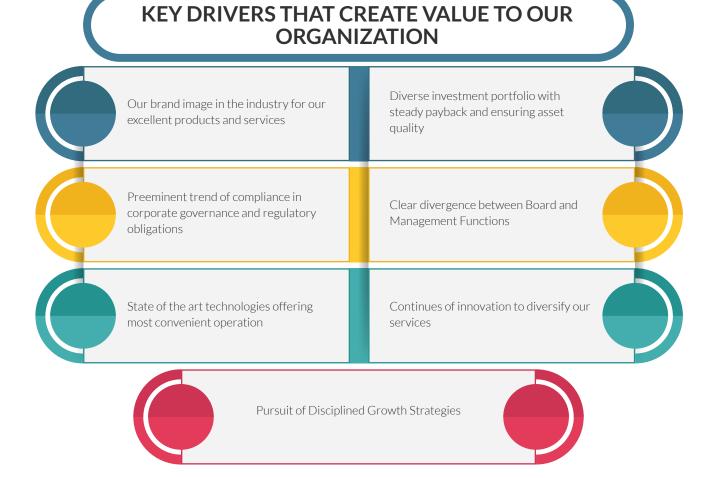


Chart: Combined Assurance Model of information to Stakeholders

#### **Integrated Capital**

Our integrated capitals have substantial impact on our strategic operation. The cycle of integrated thinking and reporting shall result in productive capital allocation and act as a force for financial stability and sustainability. We also do believe that each of the integrated capitals depicted below has been contributing immensely for the organization to achieve its vision to be a premier banking institution in Bangladesh and contribute significantly to the national economy.





### **Board Responsibility**

The Board, along with Audit and Risk Management Committee, acknowledges the responsibility to ensure the integrity of this integrated report. The Board believes that all the material issues of the bank have been addressed in the report as well as integrated performance of the bank has been presented fairly.



Managing Director

# CORPORATE PHILOSOPHY AND BUSINESS MODEL

#### **Corporate Philosophy**

Our corporate philosophy centers around our corporate mission, business domain and management goals. We devote our talent and technology to the creation of value for our stakeholders. Everyday our people bring this philosophy to life and to their work. Our philosophy cannot be bound by a few words or issues. Yet we narrate the followings:



#### **Customers**

Our company philosophy is simple. It is customer friendly and fully responsive to customer needs and expectations. We carry out required research, analysis and survey to find out what the customers expect. We leverage technology and expertise to provide the best services and convenience to the customers. We spend money on things that matter to them and add value to the Bank in terms of image and profit. That is why our customer-base has been steadily expanding over the years.



#### **Human Resources**

Our people are smart, professional, well-qualified, energetic and sincere. They are passionate about what they do. Since they enjoy their work, it becomes easy for them to work hard. They do not follow any set model, rather they create models. They completely own what they plan and do. They have a longing to be significant. So, they are a part of something noble and purposeful.



#### Communication

Our philosophy is to reduce lines and layers of communication. We believe in free flow of ideas within the Management Team. The Senior Management Team is also open to ideas suggested by the lower level executives and officers. At the same time, our decision-making process is short and quick.



#### **Control Mechanism**

Our control mechanism is practiced at all levels. We strive to control the behavior of the employees. Our control mechanism is closely linked to efficiency, quality, innovation and responsiveness to customers.



#### **Quality and Productivity**

Our philosophy is geared towards boosting productivity and maintaining a reliable high-quality service standard. In the process of delivery of service, co-ordination is the essence of our business. Our philosophy is to achieve our goals through a combination of budgetary control, pay for performance, incentive system, unique corporate culture etc. It continuously stresses key values.



#### Success

Our people work hard to succeed. Success is a good fortune. It comes from their aspiration, desperation, perspiration and inspiration. As our people do more, they earn more and get more.



#### **Building Future**

Our philosophy is to make decisions today to improve performance tomorrow. We know a company which is successful has to continue to be successful. We do not fear our future, we shape it by our corporate conduct. Our hope is far greater than our fear.

# BUSINESS MODEL CANVAS OF SOUTHEAST BANK LIMITED



### **Key Partners**

- Customers
- Shareholders
- Employees
- Regulators
- Strategic Partners



### Value Proposition

- Complete Solution of Business Needs
- One Stop Service for Personal Banking
- Innovative Tailor-made Products
- Timely, Cost-effective & Superior Services
- Geographically Well-Spread Availability



### **Customer Segments**

- Corporate Clients
- Small & Medium Enterprises
- Non-Banking Financial Institutions
- Banks
- Individuals/Retail Clients
- Institutional Clients
- Govt. & Non-Govt. Organizations



### **Key Activities**

- Deposit Services
- Lending
- International Trade Services
- Remittance Service
- Treasury Solutions
- Islamic Banking Service
- Off-shore Banking



#### **Cost Structure**

- Interest Expense
- Operating Expense
- Capital Expenditure



### **Customer Care**

- KYC Know Your Customer
- Personal Visit
- Phone Call/ Email/ SMS
- Automated Services
- Special Campaign
- In-depth Analysis
- Individual Solution
- Continual Review
- Research & Development
- Receiving Feedback



#### **Key Resources**

- Highly Professional & Experienced Board
- Nationwide Network
- Worldwide Correspondent Network
- Highly Skilled Staff
- Dedicated Service Attitude
- Wide Range of Products
- Strong IT architecture
- Strong Capital Base



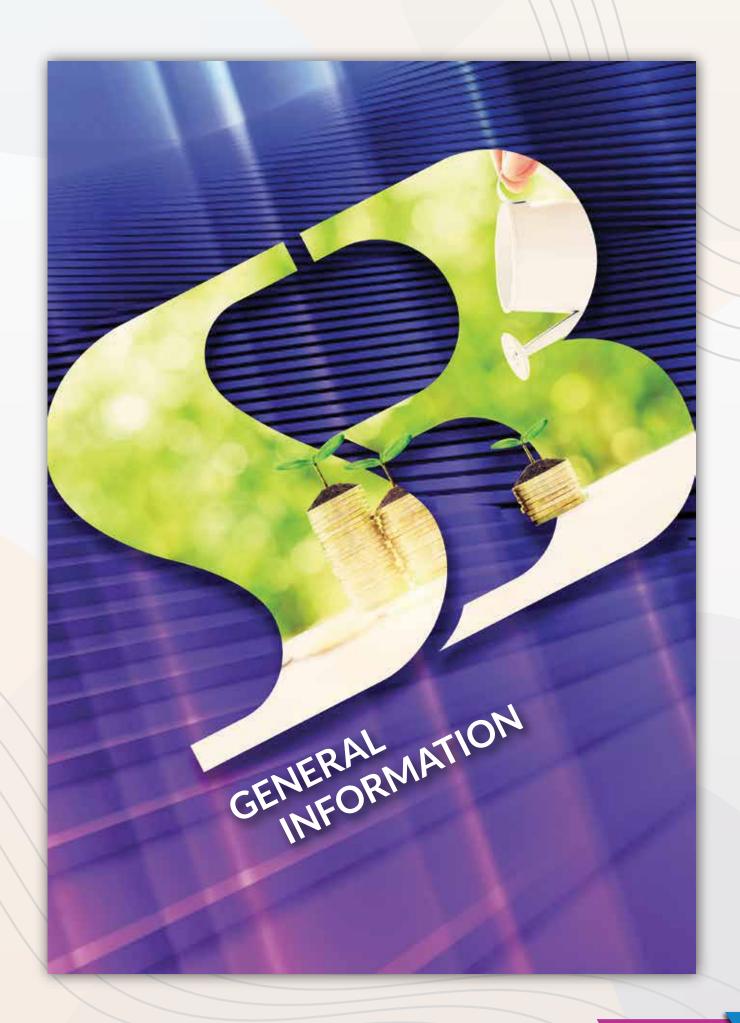
### **Revenue Streams**

- Interest Income
- Investment Income
- Fees, Commission etc.
- Other Operating Income



### **Delivery Channels**

- Branches
- ATMs
- Internet Banking
- Mobile Banking
- Call Center
- Subsidiary Companies





## **VISION AND MISSION**

Our Vision, Mission and Value statements are the keys to the philosophy on which we base ourselves on, what we do and what we want to be.



## **VISION**

To be a premier banking institution in Bangladesh and contribute significantly to the national economy.



## **MISSION STATEMENTS**

- High quality financial services with state of the art technology.
- Customer Service Excellence / Prompt Customer Service.
- Sustainable growth strategy.
- High ethical standards in business.
- Steady return on shareholders' equity.
- Innovative banking at a competitive price.
- Attraction and retention of quality human resource.
- Commitment to Corporate Social Responsibility.

# STRATEGIC OBJECTIVES

Maintaining a high-quality assets portfolio to achieve strong and sustainable returns and to continuously build shareholders' value.

Maintaining adequate capital in line with risk appetite of the Bank.

Strengthening trust and partnerships with customers by focusing on the Bank's core values of quality customer service, professionalism, teamwork and integrity.

Hiring professionals with strong background and knowledge.

Strengthening technologies that reduce operational risks and promote the implementation of best practices in the industry.

Developing innovative products and services that attract our targeted customers and market segments.

Exploring new avenues for growth and profitability.

Practicing efficient risk management principles in line with all six core risks in banking operation, green banking and environmental risk management.

Practicing efficient corporate governance and compliance processes through meeting all regulatory requirements and disclosures in line with national and international best practices by ensuring best internal control monitoring practices.

Upholding Bank's brand image as a customer friendly bank through efficient and prompt customer service, product diversification with a view to establishing a long-term profitable relationship with our customers.

Serving the society as part of our Corporate Social Responsibility (CSR) by giving stipends to poor students, distributing warm clothes to winter-hit people, providing financial assistance to disadvantaged people and contributing to different relief funds. We also contribute to the society by paying taxes to the national exchequer timely.

Extending banking services to the un-banked people for financial inclusion for meeting socio-economic requirements.

# PRIORITIES FOLLOWED IN 2020

The Bank had the following plans and road-map for business success in 2020

01	Excellence in banking operations through maintaining strong fundamentals of Capital Adequacy, Business Diversification and Exploring Non-Funded Business
02	Prudent Asset Management
03	Prudent Liability Management
04	Excellence in Delivering Customer Service
05	Effective Risk Management
06	Effective IT Framework and System
07	Efficient Internal Control and Regulatory Compliance System
08	Strong Human Resource Base
09	Going green in the future of banking

# STRATEGIC PRIORITIES

SEBL is focused on customer loyalty, simplification, improved efficiency and sustainable growth. We believe that the execution of our strategy will deliver decent returns for our shareholders, while achieving a balance between growth and return, short and long-term performance as well as financial and social impact. Our strategic priorities are set out below-



### **Balancing Growth with Stability**



- Maintaining robust capital and risk management and compliance with the three pillars of Basel-III
- Preserving strong capital adequacy levels to support business growth in a prudent and disciplined manner
- Strengthening the core risks management and building resilience



### **Leading Customer Experiences**

- Offering our customers intuitive and seamless service
- Harnessing new technology to create innovative solutions for consumers
- Streamlining processes to increase productivity and performance and to enhance our customers' satisfaction
- Increasing client base for financial inclusion and wider market penetration



## Culture & Human Capital Management

- Fostering a culture of creativity, innovation and diversity with an emphasis on ethics, training and development
- Enabling our people to meet their full potential
- Creating stronger leadership and building effective relationships and collaboration
- Focusing on developing our people through continued investment in talent management, rotation programs and mentoring



## Efficiency and Expense Management

- Optimizing efficiency by budgetary control
- Business process reengineering (BPR) in different Business and operational areas
- Reducing ecological footprint
- Promoting automation, paperless banking, e-learning etc.

# OUR CORE VALUES, CORE STRENGTHS & CORE COMPETENCIES

Our Values serve as a compass for our action and describe our direction.



### Our Core Values

- Integrity
- Respect
- Fairness
- Harmonv
- Team Spirit
- Courtesy
- Commitment
- Service Excellence
- Insight and Spirit
- Enthusiasm for work
- Business Ethics



### Core Strengths

- Professionally Strong Board of Directors
- Strong Capital Base
- Transparent and Quick Decision Making
- Efficient Team of Performers
- Satisfied Customers
- Effective Internal Control
- Proper Risk Management
- Focus on Diversification
- Quality Customer Service
- Unique Corporate Culture
- Clean divergence Between Board and Management Functions
- Strong Asset Base



## Core Competencies

- Knowledge
- Experience and Expertise
- Customer Orientation and Focus
- Transparency
- Determination
- Zeal for Improvement
- Pursuit of Disciplined Growth Strategies
- Reliability

# CODE OF CONDUCT AND ETHICS

Southeast Bank believes that its efforts to become a leading bank in the private sector can only be achieved and sustained by creating effective corporate governance, inculcating professionalism among its staff and strictly adhering to rules and regulations. We believe that our aims and objectives can only be realized fully and sustained over time by adherence to ethics that cannot always be built into sets of rules and regulations. This belief in ethics motivates the Bank in its dealings with those with whom it interacts.

## A. We adhere to the following Principles in Dealing with Customers

- Follow strict ethical banking practices.
- Provide fair treatment to all customers, depositors and borrowers without any discrimination.
- Provide speedy customer service at a very competitive cost.
- Deal with customers in a transparent manner and without any hidden cost.
- Maintain strict secrecy of customer account.
- Provide free financial advice to clients.
- Deal quickly with complaints received from the customers. We endeavour continuously to build relationship of trust and understanding with our customers
- Give very competitive return to the depositors on their investment.
- Listen to our customers and work for improvement of customer service as per their suggestion.
- Keep relations with customers on regular basis.
- Keep promises that we make.
- Take competitive service charges and rates.
- Discourage any sort of privilege or gift from customer.

## B. We believe in the following Principles in Dealing with Shareholders

- Adequate disclosure of corporate information and operational results to help them take suitable investment decisions / options.
- Stable Dividend Policy.
- Dialogue with them and implement their suggestions for improvement.
- Equal treatment to all shareholders irrespective of their individual size of shareholding.
- Effective Risk Management.
- Maintenance of fairness and accuracy of financial reporting and records.
- Restrictions on insider trading.

## C. We abide by the following Principles in Dealing with our Regulators

- We are transparent in operations and governance.
- We have a culture of timely compliance of regulatory requirements.
- We take their suggestions with utmost importance and implement those for improvement of our corporate governance standard.
- We safeguard information and do not misuse it.

## D. We Conform to the following Principles in respect of our Employees

- We do not discriminate on grounds of religion, sex or race at any stage. We recruit the best on the basis of merit under a rigorous recruitment policy without any biasness or favoritism to anybody.
- We pay competitive compensation package to the really deserving employees.
- We care for our employees and create an environment to work together with dignity.
- We have clearly defined duties and responsibilities for each employee. No one is responsible for unassigned jobs.
- We have a zero tolerance for any act of dishonesty.
- We provide a congenial work environment.
- We encourage freedom to our employees to give opinion for both qualitative and quantitative improvement of the Bank.
- We take care of their health and safety.
- Our employees avoid conflict of interest.
- Our employees obey code of conduct.
- Professionalism, honesty, integrity and high moral and ethical standards are the creed of our employees.

## E. We uphold the undernoted Principles in respect of Society

- We believe that the Bank gets business sustenance from the community in which it operates and, therefore, it remains responsive to the community and the society in reciprocity.
- We discourage financing projects that are not environment-friendly.
- We provide material support for protection of environment.
- We give aid to the poor, helpless and natural calamity hit people.
- We support charitable ventures.

- We give sponsorships to sports, culture, education, health-care and community development ventures.
- We support the women as a community and contribute to women empowerment.
- We are keen to move fast for green banking to protect environment.

## F. We devote to the following Principles in respect of National Interest

- We protect national interests.
- We refrain from prohibited business.
- We promote causes for national development.
- We support nation-building efforts from our position.

# COMMITMENTS TO CLIENTS

SEBL is a customer focused modern banking institution in Bangladesh. We deliver unparalleled financial services to Retail, Small and Medium Scale Enterprises (SMEs), Corporates, Institutions, Government and individual clients through branches across the country. Our business initiatives center around the emerging demands of the market. Our commitments to the clients are as follows:

- Provide service with high degree of professionalism and use of modern technology.
- Create long-term relationship based on mutual trust.
- Respond to customer needs with speed and accuracy.
- Share their values and beliefs.
- Grow as our customers grow.
- Provide products and services at a competitive price.
- Ensure safety and security of customers' valuable assets entrusted to us.

# CORPORATE PROFILE

Southeast Bank Limited is a second-generation bank that was established in 1995 with a vision to bring efficient and professional banking services to the people and the business community of Bangladesh. It aims to contribute significantly to the growth of the national economy.

The Bank's glorious journey began as a Public Limited Company on March 12, 1995 through receiving the certificate of Commencement of Business from the Registrar of Joint Stock Companies and Firms on that date. Its Banking License from the Bangladesh Bank was received on March 23, 1995. The Authorized Capital of the Bank today is BDT 15,000 million. Its Paid-Up Capital and Reserve reached BDT 40,372.53 million as of December 31, 2020. The Bank has 2,859 Staff of whom 253 were Executives, 2,128 were Officers and 478 were other Staff as of December 31, 2020.

Southeast Bank was established by leading business personalities and eminent industrialists of the country with stakes in various segments of the national economy. The incumbent Chairman of the Bank is Mr. Alamgir Kabir, FCA, a professional Chartered Accountant. SEBL's Board

members include eminent individuals with industrial, financial and operational expertise. The Board consists of 13 members including 3 independent Directors and Managing Director. The Bank's Managing Director Mr. M. Kamal Hossain, a creative, experienced and eminent banker of the country with 38 years of experience in banking to his credit.

A team of efficient professionals manages the Bank. They create and generate an environment of trust and discipline that encourages everybody in the Bank to work together for achieving the objectives of the Bank.

It has a diverse array of products and services tailored carefully to cater to the needs of all segments of customers. The bank's operational strategies are structured to address the special and often complex needs of the customers. In the growth graph, the Bank has generated profit of BDT 2,149.10 million after provision and income tax in the year 2020. The curve keeps soaring upward everyday making it one of the leading and most successful banking institutions in Bangladesh with a total asset base of BDT 465,293.41 million as of December 31, 2020.



Name of the Company	:	Southeast Bank Limited			
Legal Status	:	Public Limited Company			
Date of Incorporation	:	March 12, 1995			
Company Registration No.	: \	C-27985 (1831)/95			
Date of Opening of First Branch	:	May 25, 1995			
Authorized Capital	:	BDT 15,000 million			
Paid Up Capital	:	BDT 11,889.41 million			
Tax Payer Identification No.	:	555495486932			
VAT Registration No.	:	000000248-0002			
Chairman	:	Alamgir Kabir, FCA			
Vice Chairperson	:	Duluma Ahmed			
Chairman, Audit Committee	:	Syed Sajedul Karim			
Chairman, Nomination & Remuneration Committee	:	Mohammad Delwar Husain			
Managing Director	:	M. Kamal Hossain			
Chief Risk Officer	:	Anwar Uddin			
Company Secretary	:	A.K.M. Nazmul Haider			
Chief Financial Officer	:	Rasedul Islam, FCA (Acting)			
Auditors	:	Howladar Yunus & Co., Chartered Accountants			
Corporate Governance Compliance Auditor	:	Mahfel Huq & Co., Chartered Accountants			
Tax Consultant	:	M/S. Akhter Abbas Khan & Co., Chartered Accountants			
Credit Rating Agency	:	Credit Rating Information and Services Limited (CRISL)			
Year of Initial Public Offer	:	1999			
Number of Employees	:	2,859			
Number of Branches	:	135			
Number of Islamic Banking Branches	:	05			
Number of Ladies Branches	:	02			
Number of Off-Shore Banking Units	:	02			
Number of Sub-Branches (Uposhakha)	:	17			
Number of Foreign Correspondents	:	649			
Number of Outstanding Shares	:	1,188,940,521			
Face Value Per Share	:	BDT 10.00			
Stock Details	:	Dhaka Stock Exchange (DSE)			
Stock Details		Symbol : SOUTHEASTB, Category: A			
		Listing Date : April 12, 2000,			
		Chittagong Stock Exchange (CSE)			
		Symbol: SOUTHEASTB, Category: A, Listing Date: April 24, 2000			
Registered Office	:	Eunoos Trade Centre			
		52-53, Dilkusha C/A (Level 2,3,4,6,16&17)  Dhaka-1000, Bangladesh			
		Phone: (88-02) 9571115, 7160866, 9555466, 7173793			
		Fax: + 88-02-9550093, Telex: 632425 SBANK BJ			
		SWIFT: SEBDBDDH, E-mail: info@southeastbank.com.bd			
		Website: www.southeastbank.com.bd			
Investors' Enquiry		Investors' Relations Department			
		Eunoos Trade Centre			
		52-53, Dilkusha C/A (Level-2), Dhaka-1000			
		E-mail: irdsebl@southeastbank.com.bd Phone: +88 02 9567271, Mobile: +88 01700706532			
Name of the Bank's Subsidiaries		Southeast Bank Capital Services Limited			
Traine of the Dank 3 Subsidial les	•	Southeast Exchange Company (South Africa) Pty Ltd.			

# GROUP CORPORATE STRUCTURE OF SOUTHEAST BANK LIMITED

## **GROUP CORPORATE**

### **MAIN OPERATIONS**

# Conventional Banking

Southeast Bank Ltd., a 2<sup>nd</sup> generation bank was incorporated as a Public Limited Company on March 12, 1995. After receiving Banking License, its 1st branch was opened on May 25, 1995. Presently the Bank has 135 Branches, 17 Sub-Branches & 277 ATMs across the Country. A number of attractive Deposits and Loan products are available in its product basket. SEBL has launched Retail Banking, Debit Cards, Credit Cards, Mobile Banking (Telecash), Ladies Branches and 24/7 Call Centre to cater to the needs of all segments of customers.

Asset Size:

BDT 420,949.43 million
Deposits:

BDT 336,717.57 million

Loans & Advances:

BDT 282,481.10 million

Operating Profit

BDT 7,194.51 million

### Islamic Banking

Besides conventional Banking, SEBL has 05 (five) Islamic banking Branches based on Islamic Shariah where Separate Accounting system is being maintained. As a part of strategic business plan, Islamic Banking Service Desk (IBSD) has already been expanded to every conventional Branch.

Asset Size:

BDT 24,630.16 million

Deposits:

BDT 22,711.17 million

Investment:

BDT 18,408.80 million

Operating Profit

BDT 527.43 million

# Off-Shore Banking

To cater to the demand for off-shore banking services, Southeast Bank established two (02) Off-shore Banking Units (OBUs), one in DEPZ and the other is CEPZ. SEBL OBUs provide a continuum of financial services such as FC Account for Non-residents, Usance Payable At Sight (UPAS) Documentary Credit, Time/ Term Loan in Foreign Currency, Full-fledged export-import services etc. from 2009.

Asset Size:

BDT 19,502.78 million

Deposits:

BDT 471.14 million

Loans & Advances:

BDT 19,478.26 million

Operating Profit

BDT 441.97 million

## **HEAD OFFICE**

**Southeast Bank** 

Capital Services Ltd.

To carry on M<mark>erchant</mark>

Banking Operations in a

structured way, the Bank

established 'Southeast Bank

Capital Services Limited' as a

subsidiary company in 2010.

### **SUBSIDIARIES**

### Southeast Exchange Company (South Africa) Pty Limited

### To collect remittance from Bangladeshi expatriates of South Africa for their beneficiaries in Bangladesh through proper Banking Channel the Bank established 'Southeast Exchange Company (South Africa) Pty Limited' as a

subsidiary company in 2014.

### Paid up Capital:

BDT 5,500 million

Ownership Interest in Capital:

BDT 5,489.93 million

In Percentage:

99.82%

Asset Size: BDT 6,087.98 million

## .

### To carry out Corporate Social Responsibility (CSR) related activities in an organized and sustainable manner, 'Southeast Bank Green Foundation' was established by the Bank. It also runs an English Medium school named Southeast Bank Green School at Dhaka.

**CSR WING** 

Southeast Bank Green

**Foundation** 

Total CSR related Expenditure under the Foundation in 2020:

BDT 23.46 million

## Paid up Capital: **BDT 37.94 million**

Ownership Interest in Capital:

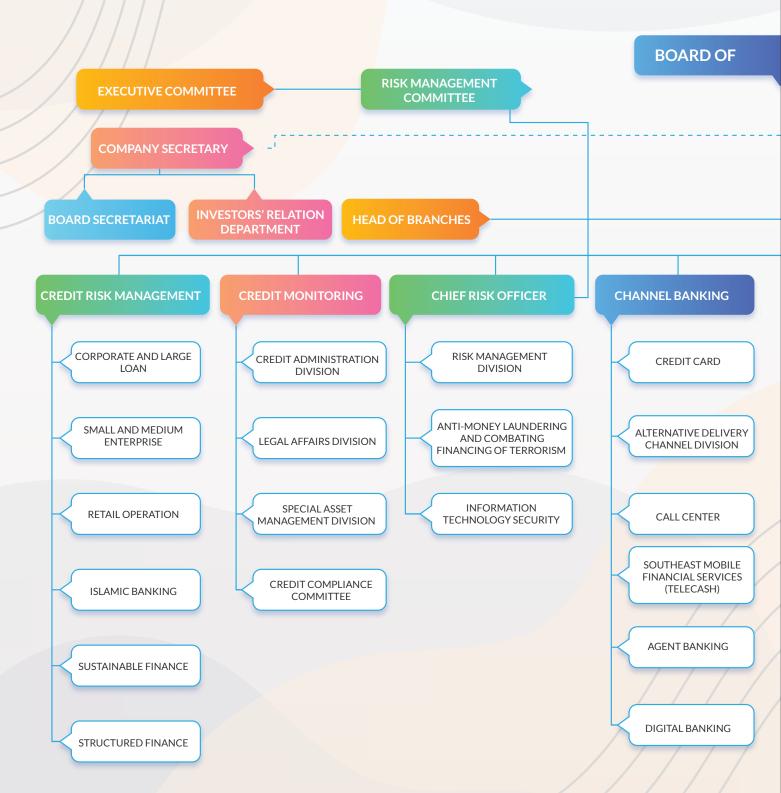
BDT 37.94 million

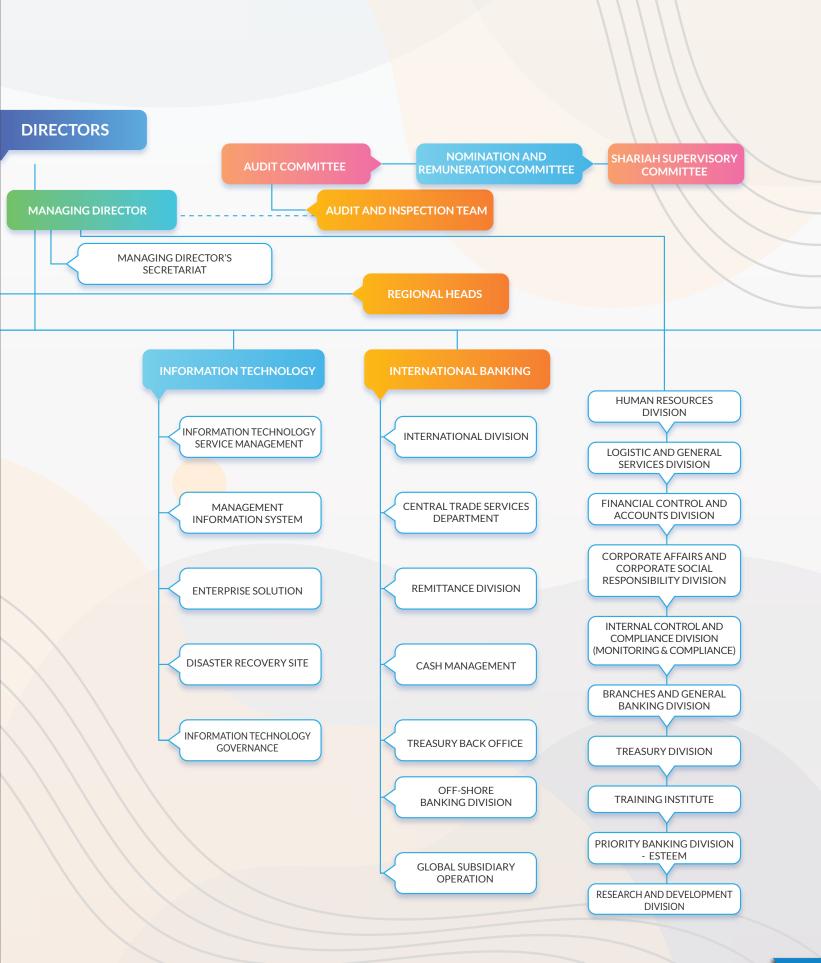
In Percentage:

100% Asset Size:

BDT 141.89 million

# CORPORATE ORGANOGRAM



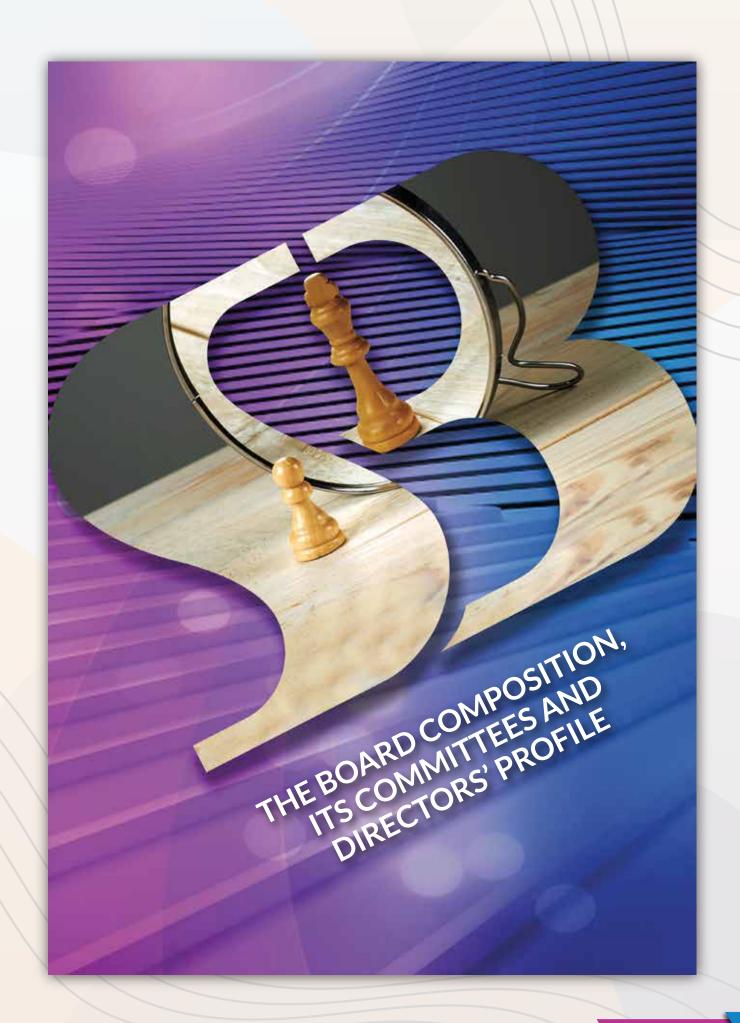


# LAST 10 YEARS' FINANCIAL INDICATORS

PARTICULARS	2020	2019	2018	2017	
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	
Paid up Capital	11,889.41	11,599.42	10,544.93	9,169.50	
Reserve Fund/ Others	28,483.13	24,493.91	28,315.19	24,595.63	
Total Capital (Tier-I+Tier-II)	40,372.53	36,093.33	38,860.11	33,765.13	
Deposits and other accounts	359,535.94	329,250.27	298,334.79	269,828.08	
Loans & Advances	322,251.46	296,752.96	267,671.63	234,316.72	
Investments	97,073.89	77,310.04	65,609.55	62,911.04	
Import Business	221,823.40	248,901.33	242,294.80	215,379.77	
Export Business	176,419.60	205,907.10	190,402.80	167,562.98	
Foreign Remittance	129,887.10	138,272.00	116,803.00	95,405.43	
Guarantee Business including ILC	16,688.30	16,470.30	22,420.12	16,407.09	
Total Income	33,539.64	36,392.61	33,739.81	27,305.90	
Total Expenditure	25,275.08	27,409.63	23,956.82	18,243.60	
Operating Profit	8,264.56	8,982.98	9,783.00	9,062.30	
Net Profit after Tax	2,149.10	2,508.56	2,473.21	1,168.63	
Fixed Assets	9,714.97	9,333.66	9,337.30	9,321.80	
Total Assets	465,293.41	422,312.71	381,575.68	339,288.05	
Earnings per share (BDT)	1.81	2.11	2.13	1.11	
Dividend	10%	10%	10%	15%	
Cash	10%	7.50%	-	-	
Stock	-	2.50%	10%	15%	
Net Assets Value Per Share	24.98	26.29	26.66	28.16	
Return on Equity	7.14%	8.56%	9.17%	4.46%	
Return on Assets	0.47%	0.62%	0.69%	0.37%	
Non performing loans	3.10%	4.87%	5.87%	5.99%	
Capital to Risk Weighted Assets Ratio	14.35%	11.52%	12.38%	10.84%	
Number of Correspondent Banks	309	305	285	265	
Number of Foreign Correspondents	649	642	644	825	
Number of Shareholders	31,881	32,416	33,851	36,038	
Number of Employees	2,859	2,885	2,797	2,704	
Banking	2,381	2,402	2,305	2,194	
Non Banking	478	483	492	510	
Number of Branches	135	135	135	132	

### BDT in Million

2016	2015	2014	2013	2012	2011
15,000.00	15,000.00	15,000.00	10,000.00	10,000.00	10,000.00
9,169.50	9,169.50	9,169.50	8,732.86	8,732.86	8,317.01
24,886.78	19,340.03	18,292.59	13,074.71	10,864.68	10,683.05
34,056.28	28,509.53	27,462.09	21,807.57	19,597.54	19,000.06
229,973.43	210,431.09	189,472.54	177,519.46	152,901.24	127,178.22
191,865.59	168,878.46	147,070.81	134,863.82	126,968.97	107,288.56
61,731.63	58,829.27	56,378.59	57,589.06	39,011.28	29,846.60
171,531.73	151,812.58	155,691.00	131,644.82	111,537.50	99,509.01
146,606.09	126,423.89	112,137.60	95,220.40	84,464.20	75,982.06
64,665.84	60,708.50	48,740.50	39,299.10	41,455.40	49,544.10
16,369.36	15,245.19	13,603.30	17,226.41	21,506.65	25,673.90
25,617.57	26,260.72	27,667.10	26,918.30	23,134.18	19,931.91
17,114.35	18,226.45	19,377.34	20,218.11	17,638.99	13,846.24
8,503.22	8,034.27	8,289.76	6,700.20	5,495.19	6,085.67
2,435.07	3,069.42	3,836.94	3,378.82	1,648.72	1,912.19
8,947.16	7,885.23	7,913.00	7,795.65	7,677.51	7,373.11
291,798.01	260,718.03	236,608.40	220,930.85	191,276.30	158,078.59
2.66	3.35	4.18	3.68	1.89	2.19
20%	15%	15%	21%	15%	20%
20%	15%	15%	16%	15%	15%
	-	-	5%	-	5%
28.93	29.67	26.77	23.92	22.66	23.30
9.06%	11.86%	16.51%	16.20%	8.42%	10.47%
0.88%	1.23%	1.67%	1.64%	0.95%	1.32%
4.89%	4.25%	3.64%	3.94%	4.47%	3.51%
12.15%	11.52%	12.41%	10.90%	10.87%	11.46%
248	220	211	211	183	161
807	811	791	778	691	654
39,009	46,285	58,169	65,413	64,060	68,039
2,616	2,376	2,221	2,118	2,010	1,848
2,089	1,889	1,780	1,704	1,655	1,526
527	487	441	414	355	322
128	122	113	103	94	84



# **BOARD OF DIRECTORS**

Mr. Alamgir Kabir, FCA

Chairman

Mrs. Duluma Ahmed

Vice Chairperson

Mr. M. A. Kashem

Director

Mr. Azim Uddin Ahmed

Director

Mrs. Jusna Ara Kashem

Director

Mrs. Rehana Rahman

Director

Mr. Md. Akikur Rahman

Director

Mr. Raiyan Kabir

Director

**Bay Leasing & Investment Limited** (Represented by Mr. M. Maniruz Zaman Khan) Director

Mr. Syed Sajedul Karim

Independent Director

Dr. Quazi Mesbahuddin Ahmed

Independent Director

Mr. Mohammad Delwar Husain

Independent Director

Mr. M. Kamal Hossain

Managing Director

Mr. Zakir Ahmed Khan

Advisor

# COMMITTEES OF THE BOARD OF DIRECTORS

# **Executive Committee**

Mr. Alamgir Kabir, FCA

Mr. M. A. Kashem

Member

Mr. Azim Uddin Ahmed

Mr. Md. Akikur Rahman

Mr. Mohammad Delwar Husain

Mr. M. Kamal Hossain

Member

Mr. Syed Sajedul Karim Chairman
Mrs. Duluma Ahmed Member
Mrs. Jusna Ara Kashem Member
Mrs. Rehana Rahman Member
Dr. Quazi Mesbahuddin Ahmed Member

Audit Committee

### Risk Management Committee

Mr. Alamgir Kabir, FCA
Mr. M. A. Kashem
Mr. Azim Uddin Ahmed
Mr. Syed Sajedul Karim
Mchairman
Member
Member

Mr. Mohammad Delwar Husain

Mr. Alamgir Kabir, FCA

Mr. Azim Uddin Ahmed

Chairman Member

Member

Nomination and Remuneration Committee

Shariah Supervisory Committee Professor Moulana Mohammad Salah-Uddin

Moulana Mohammad Kafiluddin Sarker

Mr. M. Kamaluddin Chowdhury

Mr. Alamgir Kabir, FCA

Mr. M. A. Kashem

Mr. Azim Uddin Ahmed

Mr. M. Kamal Hossain

Member

Member

# DIRECTORS' PROFILE



Alamgir Kabir, FCA Chairman

Mr. Alamgir Kabir, FCA was born on December 28, 1947. He did B. Com (Hons.) from the University of Dhaka and M. Com from Punjab University. He is a professional Chartered Accountant. He has wide experience and profound knowledge in Auditing, Accounting, Banking, Insurance and Financial Institutions both at home and abroad.

Mr. Kabir has been Chairman of the Board of Directors of the Bank since September 29, 2004. He is also the Chairman of the Executive Committee and Risk Management Committee as well as the member of the Nomination and Remuneration Committee (NRC) of the Board of Directors. He is the Chairman of its all subsidiary companies. He is the honorary Advisor of National Life Insurance Company Limited.

Mr. Kabir started his career in the year 1969 with Rahman Rahman Huq and Co., Chartered Accountants, Member Firm of KPMG and continued with EWP Associates, Management Consultants, a sister concern of Rahman Rahman Huq and Co. and stayed there until 1979. In 1972, he was in-charge of Audit Team for the first statutory Audit of Accounts of Bangladesh Bank. He moved to Riyadh, Saudi Arabia in 1979 with assignment in Saudi Accounting Bureau, Chartered Accountants, member firms of Coopers & Lybrand, Moores Rowland International and Inbucon International Ltd., as

Management Consultant from 1979 to 1993. He returned to Bangladesh in 1993 with assignment in Bangladesh Securities and Exchange Commission as Member from 1993 to 1996 and also acted as the acting Chairman for a period. During his stay with BSEC, he substantially contributed to the development of the Capital Market of Bangladesh. From 1996 onward, he has been involved in different capacities in formation and development of Bank, Non-Banking Financial Institution, Insurance and Capital Market related Institutions and others.

From 1999 to 2003, Mr. Kabir was the founder Advisor of Export Import Bank of Bangladesh Limited of which his brother Late Shahjahan Kabir was the Founder Chairman. Both the brothers were involved in the formation of EXIM Bank and contributed to its rapid growth.

Mr. Kabir belongs to a family whose members are involved with Banks, Insurances and Financial Institutions. He is member of a number of associations and also associated with many social organizations where he is working very silently for the welfare of the people. Mr. Kabir is a widely traveled person across the globe.



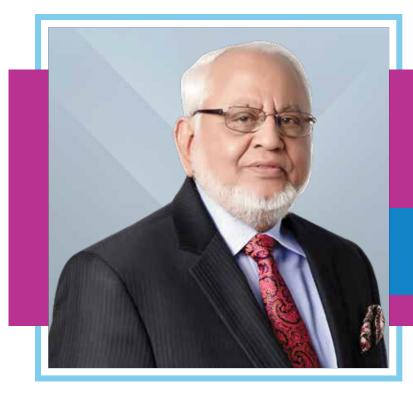
**Duluma Ahmed** Vice Chairperson

Mrs. Duluma Ahmed was born on July 7, 1947. She hails from a very respectable Muslim family. She is a Sponsor Director of the Bank. Mrs. Duluma has been Vice Chairperson of the Board of Directors of the Bank since May 22, 2017. She is also the member of the Audit Committee of the Board of Directors of the Bank. She is associated with business activities. She is the Chairperson of Mutual Food Products Limited and Mutual Milk Products Limited as well as the Director of Mutual Trading Company Limited. She is the partner of Mutual Distribution and Silonia Agencies and Mutual Logistics Service Limited. Mrs. Duluma Ahmed is the Director of Arla Foods Bangladesh Limited, a joint venture between Mutual Milk Products and Arla Foods of Denmark for production of Dano brand Milk Products.

Mrs. Duluma Ahmed being member of educationist and philanthropic family is the main organizer of founding

Bathania Duluma Azim High School, one of the top schools of Feni area. She is also contributing for other educational institution of the area.

Mrs. Duluma Ahmed is involved with a number of socio-cultural organizations of the country. She is the patron of Benuka Lalitakala Academy, Dhaka, a famous cultural organization. She is a member of Inner Wheel Club and served as Secretary and Vice President of Inner Wheel Club of Dhaka North. She is a member of Gulshan Ladies Club a renowned social ladies club of the country serving the humanity. She is also member of Gulshan Club Limited, a top ranking Social club of Country. As a social worker, she is generously contributing to the poor and the needy section of the society. She travels almost all the countries of Asia, Europe, USA and also Australia.



M. A. Kashem Director

**Mr. M.A. Kashem** is the Founder Chairman of Southeast Bank Limited. Currently, he is a Sponsor Director of the Bank. He is also a member of the Executive Committee and the Risk Management Committee of the Board of Directors of the Bank. He is the Chairman of Rose Corner (Pvt.) Limited.

Mr. Kashem is the Chairman of North South University Trust and founder life-member of North South University Foundation. He has served as its Chairperson thrice and was also Chairperson of NSU Foundation's Endowment Committee several times.

Mr. Kashem is the former President of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), the apex body of all the business communities of Bangladesh. He was the Chairman of Arbitration Tribunal of FBCCI. He is the past Chairman of the Association of Private Universities of Bangladesh (APUB) which represented all Private Universities of the country. Mr. Kashem was a member of Board of Trustees of Hamdard Laboratories (WAQF) Bangladesh, the leading producer of herbal medicines in the sub-continent for over 17 (seventeen) years. He was the President of SAHIC Trust (Society for Assistance to Hearing Impaired Children), the only voluntary organization rendering health care assistance of the ear, nose and throat services to destitute and poor patients. He is the life member of SAHIC.

Mr. Kashem is an eminent industrialist, renowned patron of education, distinguished philanthropist and an active social worker. He was the winner of "President Export Trophy Award" for the year 1982- 83 and 1983-84 for excellent export performance. Mr. Kashem also got "C.R. Das Gold" Medal for excellent contribution in Industrial sector in the year 1995. He was awarded the "Highest Tax Payer-2011" and also

in 2016-2017 by National Board of Revenue (NBR). Recently, he has been awarded Abu Rushd Memorial Award for promoting higher Education.

Mr. Kashem was the leader of 20-member FBCCI Trade delegation to Far Eastern Countries in the year 1986. He was also the leader of 5-member Govt. delegations to the U.K., the U.S.A. and Canada sponsored by the UNDP in 1987 and leader of 12 members Export Promotion Bureau (EPB) Govt. of Bangladesh delegations to EEC countries in 1985. As an industrialist, he travelled almost all major cities of the world many times on his own business, led FBCCI trade delegations and also North South University.

He has established a Trust named M. Kashem Trust to foster education to the primary and midlevel students of Schools in his locality. Moreover, a general Hospital of 50 Beds in the name of "Tareque Memorial Hospital" has been established by the Trust in his Upazilla Chhagalnaiya, Feni. It is a nonprofit organization. The Trust also awarded stipends and scholarships to the meritorious students during the last couple of years.

As a philanthropist, Mr. Kashem set up Kashem Complex at Darogarhat, Chhagalnaiya which contents Madrashsa, Masjid, Eidgah, Public Graveyard and other training Centers and erected free dwelling houses for the poor and destitute people of his locality.

Mr. Kashem is a member of the Kurmitola Golf Club, Baridhara Cosmopolitan Club Limited, Gulshan Club Limited, Rotary Club of Dhaka West, National Shooting Club, Bangladesh Diabetic Association, Dhaka, Bangladesh Red Crescent Society and Shishu Hospital, Chittagong.



**Azim Uddin Ahmed**Director

Mr. Azim Uddin Ahmed was born on June 30, 1940. He is a graduate from the University of Dhaka. He is Sponsor Director and former Chairman of Southeast Bank Limited. He pushed the Bank forward in its growth and development. He is also a member of the Executive Committee, Risk Management Committee and Nomination and Remuneration Committee (NRC) of the Board of Directors of the Bank.

Mr. Azim Uddin Ahmed is a well-known business personality of the country. He is the Chairman of Mutual Group, Mutual Trading Company Limited, AD Holdings Limited and Chairman of the Arla Foods Bangladesh Limited, a joint venture between Mutual Milk Products Limited and Arla Foods of Denmark for production of Dano Brand Milk Product in Bangladesh. He is also the partner of Mutual Agro Complex, Mutual Departmental Store and Mutual Distribution and Silonia Agencies, Managing Director of Mutual Food Products Limited, the only manufacturers of Horlics in Bangladesh. He is also managing partner of Mutual Logistics Service.

Mr. Azim is a founder life member of Board of Trustees of North South University. He was the Chairman of the North South University Board of Trustees for several times and founder life member of North South University Foundation. Mr. Azim is associated with a number of trade bodies and associations devoted to social work. He was the past President of Rotary Club of Dhaka North and Area Governor of Rotary District. He was the past President of Gulshan Club Limited. He was the President of Baridhara Society for long time. He served in different capacities in Dhaka Chamber of Commerce and Industry (DCCI), Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) and Bangladesh Indenting Agents Association. He is the current President of Bangladesh Consumer Products Manufacturers Association. He represented Bangladesh as a leader and member of a number of Trade Delegation to Europe, USA, Asian countries including China and many others on Govt. and private trade delegations. He is a widely travelled person across the globe.

Mr. Azim came from the educationalist and philanthropic family and engaged him in philanthropic activities. He is the Founder of Azim Uddin Ahmed Islamia Madrasha, Duluma Azim High School, Fatema Farzana Kindergarten and Azim Uddin Ahmed Forkania Madrasha in his village. He has contributed for a number of educational and socio-cultural organizations all out of the country.



Jusna Ara Kashem Director

Mrs. Jusna Ara Kashem was born in a very respectable Muslim family of Rajshahi. She is a Sponsor Director of the Bank and a member of the Audit Committee of the Board of Directors of the Bank. She is the Director of Rose Corner (Pvt.) Limited.

Mrs. Jusna Ara Kashem is associated with many humanitarian and philanthropic organizations and is the Vice Chairperson of M. Kashem Trust. This Trust has set up a-50 bed Hospital namely "Tareque Memorial Hospital" at Chhagalnaiya, Feni.

She is an enthusiastic member of Gulshan Club and Gulshan Ladies Club, Inner Wheel Club of Dhaka West and Gulshan Society. She is the founder of a beautiful Mosque at Kashem Complex named "Jusna Ara Kashem Jame Masjid" in Darogarhat, Feni. She is a widely travelled lady and visited many countries of the world.

Mrs. Jusna Ara Kashem is very much amiable in nature and a good social worker and she contributes to the poor and the needy people of the country.



Rehana Rahman Director

Mrs. Rehana Rahman is one of the successful female entrepreneurs of Bangladesh. She is involved in different positions in the following business organizations:

- Managing Director of Bengal Tradeways Ltd.
- Director of CHB Building Technologies Ltd.
- Director of Bangladesh Chamber of Industries
- Director of Southeast Bank Ltd.

She has engaged herself actively in different socio-cultural organizations as follows:

- Founder Life Member and past Chairperson of North South University
- Member of UNAB (United Nations Association of Bangladesh)
- President of WEAB (Women Entrepreneurs Association of Bangladesh)
- Member of Gulshan Club

Born in a respectable Muslim family in Khulna, Mrs. Rehana Rahman completed her B.A. (Honors) in Economics from Eden University College. Her father, late Abdul Wazed Khan Chowdhury was the Vice Principal of Dhaka Teachers Training College. She was married to M. Masihur Rahman, a renowned businessman of the country and has 2 (two) sons who are involved in business with their mother. For her outstanding contribution to the causes of women empowerment and female education, Mrs. Rehana Rahman was awarded Begum Rokeya Shining Personality Award in 2008 and the most dynamic women entrepreneur award in 2009. She visited many countries of the World.



**Md. Akikur Rahman** Director

Mr. Md. Akikur Rahman was born on February 15, 1945. He is a Sponsor Director of the Bank. He is also a member of the Executive Committee of the Board of Directors of the Bank. He was the former Vice Chairman of International Medical

College and Hospital, Gusholia, Tongi, Gazipur, Bangladesh. Mr. Akikur Rahman is associated with Southeast Bank Limited since its inception in 1995 as a Sponsor.



Raiyan Kabir Director

Mr. Raiyan Kabir is a Director of Southeast Bank Limited. He was all through a brilliant student and trailed successful academic career by obtaining prestigious degrees from reputed Academic Institutions. He did BBA (Major in Finance) from East West University Dhaka, Bangladesh. He obtained Master of Commerce in Advanced Accounting from University of Queensland, St. Lucia Campus, Brisbane, Australia. He also did Graduate Diploma of Management from Central Queensland University, Brisbane Campus, Australia. He was awarded Summa Cum Laude and Gold Medal in BBA Program from East West University, Dhaka. He achieved Dean's accreditation for excellent performance in BBA Program from East West University, Bangladesh and also achieved Dean's accreditation in Masters and in Graduate Diploma from University of Queensland and Central Queensland University, Brisbane, QLD, Australia.

Raiyan Kabir, a visionary, dynamic and optimistic entrepreneur boosted his career with diversified knowledge in trading business whose operations encompass activities involve in both Financial Products and Commodities. In pursuing his own apparition, he successfully formed Multinational Companies benefitting creation of both Local and foreign employments as well as Economic transition through numerous innovative Products identification-acquiring- implementation. His executive ideology linked to his Banking career in Bangladesh in early 2000s when he as a successful Banker executed operations in Import-Export, International Division, Currency Analyzer, Foreign Exchange,

Credit and Treasury Division. He moved to Australia and formed R & N Export and Import Sydney, Australia and worked as Chief Executive Officer (CEO) from 2008 to 2011. Later, he moved to Singapore and formed R & N Trade Holdings Pte. Ltd. Singapore and working as Chief Executive Officer (CEO) since 2011. As a Director of MindChamps Pre-School Orchard Pte Ltd, a company registered in Singapore stock Exchange, He is a strong believer of growth of a Champion mind, Learning & Creative Mind has also acquired business interest in Pre-school under the Global Brand "MindChamps".

As CEO of a company, engaging in Cross Border Trades and practices, Mr. Kabir has steady clench of Banking, Finance, International Trade, and Information Technology & Digitalization. He also holds intimate people and communication skills with an extensive network of local and global business contacts.

Mr. Kabir belongs to a family, whose members are involved with Banks, Insurances, Financial and Educational Institutions. He attended numerous Seminars, Workshops and Training Programs at home and abroad. Mr. Kabir is a widely traveled person across the globe. Due to his excellent academic background and wide experience in the related field, it is expected that he will be able to contribute significantly to the visible improvement of the Bank in his capacity as member of the Board.



Bay Leasing & Investment Limited (Represented by M. Maniruz Zaman Khan) Director

Mr. M. Maniruz Zaman Khan represents Bay Leasing & Investment Limited in the Board of Directors of Southeast Bank Limited. He obtained B. Com (Hons) and M. Com both in Accounting from Rajshahi University. Presently, he holds the position of Executive Vice President (EVP) and Company Secretary in Bay Leasing & Investment Limited. Prior to joining

the Bay Leasing & Investment Limited Mr. Khan served in different companies in different capacities. He has 39 years of working experience. He participated in various Training Courses during his long career of services. Mr. M. Maniruz Zaman Khan hails from a reputed and noble family of Brahmanbaria District. He was born on 1st January, 1956.



**Syed Sajedul Karim** Director

Mr. Syed Sajedul Karim, a former Secretary to the Government of Bangladesh joined the Southeast Bank Limited as an Independent Director. He is the Chairman of the Audit Committee as well as the member of Risk Management Committee of the Board of Directors. Mr. Karim did his Honours and Masters from Dhaka University and Diplomas in Petroleum Accounting from North Texas and Southern Methodist Universities in Dallas, USA.

As an officer of the BCS (Audit & Accounts) cadre, Mr. Karim served the Government of Bangladesh in different capacities both at home and abroad. During his long service career, he was the Chairman and Chief Executive Officer of Petrobangla

during December 2001 through April 2003. He briefly worked as an External Auditor of UNDP Headquarters in New York and UN agencies based in Ethiopia and Cameroon. He was an Audit Adviser to the Government of Seychelles for over two years. He once led a team to overview the operations of UK based branches of nationalized Banks of Bangladesh.

After retirement from Government service, Mr. Karim served over 10 years as a Senior National Consultant in a number of administrative and financial reform projects funded by bilateral and multilateral development partners of Bangladesh.



**Dr. Quazi Mesbahuddin Ahmed**Director

**Dr. Quazi Mesbahuddin Ahmed** was born on January 18, 1948. He did B.A. (Hons.) and M.A. in Economics from the University of Dhaka in 1967 and 1968 respectively. He obtained M.S. degree in Economics in 1979 from the James Cook University of North Queensland, Australia. He earned another Masters degree in Economics in 1987 and a Ph.D. Degree also in Economics in 1992 both from the University of Illinois at Urbana-Champaign, USA.

He was appointed an Independent Director of the Bank in the  $21^{\rm st}$  Annual General Meeting held on April 11, 2016. He is also a member of the Audit Committee of the Board of Directors of the Bank.

Dr. Ahmed started his career at the Research Department of the erstwhile State Bank of Pakistan in February, 1969 and later joined the Planning Department of erstwhile East Pakistan in 1971.

Dr. Quazi Mesbahuddin Ahmed worked as Managing Director of Palli Karma-Sahayak Foundation (PKSF) for a period of more than five-years during January, 2008 through March, 2013. Before joining PKSF, Dr. Ahmed was Member, General Economics Division of the Bangladesh Planning Commission during September 2003 through January 2007. He was also simultaneously in-charge of the Industry and Energy Division of the Planning Commission.

Before being Member, Planning Commission, Dr. Ahmed was Additional Secretary, Economic Relations Division (ERD), Ministry of Finance in 2003. He was Economic Minister at the Bangladesh Embassy in Washington DC for six years during 1997-2002 and acted as charge d' Affaires of the Embassy in absence of HE the Ambassador.

Dr. Ahmed was a visiting fellow at the University of Western

Australia during 1994. He worked as an independent expert of the SAARC Secretariat in 2007 and earnestly contributed to SAARC's endeavor in bringing out the Poverty Profile of South Asia. He was a member of the 7<sup>th</sup> Bangladesh Pay Commission constituted in 2008. Dr. Ahmed had worked as a member of the Advisory Committee at the Ministry of Planning for the Perspective Plan of Bangladesh, 2010-2021. He was consultant to producing country report for Bangladesh in 1995 for ADB's Asian Economic Outlook and acted as an expert for writing the Bangladesh report for South Asian Human Development Report, 2007.

Dr. Ahmed shouldered the responsibility of producing the Bangladesh country-reports for the Paris Consortium meetings for various years starting from 1981 and attended all of these meetings at home and abroad except when doing higher studies in foreign universities. Dr. Ahmed had travelled beginning early 1970s numerous countries around the globe and participated in several ministerial and some Prime Ministerial delegations abroad.

Dr. Quazi Mesbahuddin Ahmed specialises in poverty discourse, macroeconomic analyses, monetary economics, economics of foreign aid, theories and working of microfinance, etc. He has had some selective publications in national and international journals.

Dr. Ahmed took classes for senior civil servants at PATC, National Defense college, Planning Academy, BARD, Bangladesh Management Academy and other institutions during 1980s, 1990s and 2000s.

Dr. Ahmed has been a senior adjunct faculty in Economics at the East West University during September, 2013 to December, 2018 and always obtained outstanding evaluations by students.



**Mohammad Delwar Husain** Director

Mr. Mohammad Delwar Husain, a former Member (Income Tax Policy & Administration), National Board of Revenue, Government of Bangladesh has joined the Southeast Bank Limited as an Independent Director. He is the Chairman of Nomination and Remuneration Committee (NRC) as well as the member of the Executive Committee of the Board of Directors of Southeast Bank Limited. He was born on April 20, 1946. He did B.A. (Hons.) and M.A. in Economics from the University of Dhaka in 1967 and 1968 respectively.

Mr. Husain started his career as a Lecturer in Economics in the Government Jagannath College, Dhaka prior to joining the erstwhile Central Superior Service of Pakistan in the Pakistan Taxation Service (PTS) Cadre in 1970. He served the

Government of Bangladesh in different capacities in the Ministry of Water Resources and in National Board of Revenue. He retired from Government service as Member (Income Tax Policy & Administration) in the National Board of Revenue in 2003. Besides, Government service, he also served as a Government Nominated Director of IFIC Bank Limited, NB Bank Limited, Nepal and Oman International Exchange, Muscat for about two years. He also worked as an Advisor of IFIC Bank Limited for about one year and a half. Mr. Husain's experience also includes short term consultancy work with the World Bank and DFI & in Revenue Reform in NBR as its Project Team Leader and also as a Facilitator in Alternative Dispute Resolution (ADR) in NBR.



M. Kamal Hossain Managing Director

Mr. M. Kamal Hossain was born on January 01, 1958. Mr. Hossain had an exemplary academic background. He did his MSS with distinction in Public Administration from the University of Chittagong in 1982. He started his banking career as a Probationary Officer with National Bank Limited in 1983. He spent 18 (eighteen) years in National Bank Limited holding important positions in different branches and Head Office.

Mr. M. Kamal Hossain has been serving Southeast Bank Limited (SEBL) as Managing Director since the 20<sup>th</sup> June, 2017. He is also a member of the Executive Committee of the Board of Directors of the Bank. He joined SEBL in July 2003 as Vice President and prior to his current assignment, he served as Additional Managing Director of the Bank. During his years of journey with SEBL, he held the position of Head of Branch (HoB) of a number of Bank's leading branches including Principal Branch.

During his 38 years long banking journey, Mr. Hossain gained extensive banking experience and developed wide range of expertise in almost all areas of commercial banking comprising Import, Export, Credit, General Banking, Human Resources, Accounts etc. Under his visionary leadership, SEBL is expected to evolve as a leading commercial bank of Bangladesh with exemplary business and financial outcomes.

Mr. Hossain is an alumnus of the Public Administration Department of the University of Chittagong. He attended numerous seminars, workshops and training programs at home and abroad. He extensively visited the United States of America (USA), United Kingdom (UK), Switzerland, Germany, France, Spain, Australia, Canada, Myanmar, Turkey, Singapore, Malaysia, Thailand, China, Saudi Arabia, Oman, Qatar, India, etc. Mr. Hossain is married to Ms. Manoara Begum and blessed with two sons and one daughter.



**Zakir Ahmed Khan** Advisor

Mr. Zakir Ahmed Khan, Former Finance Secretary to the Government of Bangladesh joined Southeast Bank Limited as Advisor on 26 September, 2010. He carries with him vast experience and expertise gathered from home and abroad.

Mr. Khan did BA (Hons) and Masters in Economics from the University of Dhaka in 1968. He had graduate study in Development Economics and Development Administration as a Hubert Humphrey North-South Fellow at the Colorado State University, USA. He also did Master of Business Administration from Vrijie Universiteit, Brussels, Belgium.

Before joining Government Service in 1970, he briefly worked as a Research Associate in the Bureau of Economic Research and Institute of Education and Research and Lecturer in Economics, University of Dhaka. He also worked as a part time Lecturer in the Department of Finance, University of Dhaka.

Mr. Khan held various senior level positions in the Ministries of Finance, Commerce, Establishment, Energy, Civil Aviation and Tourism, Cabinet Division and Bangladesh Audit and Accounts Department. He served as Finance Secretary and Secretary, Internal Resources Division and Chairman, National Board of Revenue for five years. He also briefly worked for a number of UN Agencies. Prior to his retirement in early 2009, he served as Alternate Executive Director of the World Bank for three and a half years.

He contributed a number of articles on public policy and public sector financial management to a number of national and international journals. He also made several key note presentations on public sector reforms and financial management in seminars and workshops at home and abroad.

# CODE OF CONDUCT FOR DIRECTORS

Southeast Bank Limited has adopted a Code of Conduct for its Directors. It was approved by the Board of Directors in its 410<sup>th</sup> meeting held on December 24, 2012.

### A few important items of the Code of Conduct are cited below:



### **Arrangement**

- The Directors are required to disclose their interest, if any, in relation to the Bank.
- The Directors shall not take part in any discussion or vote on any contract/ arrangement on behalf of the company if he/she is in any way interested in the contract/arrangement.
- Every Director shall avoid conflict of his/her personal interest with that of the Bank.



### **Borrow**

• The Directors shall not borrow from the Bank without the approval of the Board and Bangladesh Bank.



### **Applicable**

- The Directors must comply with all applicable laws, rules and regulations and shall abstain from insider trading of shares.
- The Directors shall not interfere in the day to day affairs of the Bank.



### **Employees**

- The Directors shall not entertain any employee's approach to them for lobbying for his/her promotion, posting, extra facility etc.
- No Director shall pursue/insist/interfere for sanction of any credit facility favoring any client.



### **Customers**

• The Directors shall fairly treat the Bank's customers, suppliers, depositors, shareholders and employees.

# POLICY OF REVIEWING EFFECTIVENESS OF THE BOARD OF DIRECTORS

Every year the Board of Directors of Southeast Bank Limited carries out following reviews/evaluations of its own performance and effectiveness:

- 1) Reviewing of role of the Board of Directors as set out in the Article of Association and regulatory framework.
- 2) Making an assessment of Directors' contribution to discussions on business proposals, governance and general issues.
- 3) Making an evaluation of the status of compliance with the Code of Conduct framed for Directors.

- 4) Apprising the Board of Directors of new regulations and emerging practices for their information.
- 5) Discussing and analyzing its own performance against benchmark and earlier achievements of result.
- 6) Reviewing of the Bank's strategies for every New Year.

- 7) Providing sense of direction to the management for achievement of short-term objectives and long-term goals.
- 8) Reviewing of objectives and strategies of the Bank periodically to ensure they remain consistent with the Bank's priorities.
- Reviewing periodically of the achievement of objectives by the Bank.
- 10) Reviewing the performance and contribution of the Managing Director and the Senior Management Team (SMT).



Directors' Responsibility
Statement is outlined in
compliance with Bangladesh
Bank BRPD Circular No. 11
dated 27 October 2013, BRPD
Circular No. 14, dated 18
October, 2018 as well as other
relevant guidelines of
Bangladesh Bank.

### **Work-Planning and Strategic Management**

The Board determines Bank's objectives. It chalks out strategies and work-plans on annual basis. It specially engages itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It analyzes and monitors the implementation of its decisions on quarterly basis. The Board gives its analytical review as incorporated in the Annual Report regarding the success or failure in achieving the business and other targets as set out in its annual work-plan. It apprises the shareholders of its opinions and recommendations on future plans and strategies. It sets the Key Performance Indicators (KPIs) for the CEO and Officers belonging to two tiers below the CEO and evaluates them from time to time.

### **Credit and Risk Management**

The policies, strategies, procedures etc. in respect of of loan/investment proposal, disbursement, recovery, rescheduling and write off of loans are made with the Board's approval under the purview of the existing laws, rules and regulations. The Board specifically delegates the power of sanction of loan/investment and such delegations are suitably made amongst the CEO and his subordinate executives as far as desirable for efficient business operations. No Director interferes, directly or indirectly, in the process of loan approval. The Board frames policies for Risk Management and ensures their implementation. It monitors compliance at quarterly intervals through reviews of the reports of the Risk Management Team. The Board monitors the compliance of the guidelines of Bangladesh Bank regarding Key Risk Management. The Board imposes Code of Ethics for every tier of employees and they follow it properly. It promotes healthy code of conduct in the Bank for developing a compliant banking operation.

### **Financial Management**

The annual budget and the statutory financial statements are finalized with the approval of the Board. It reviews and monitors monthly position of Bank's income, expenditure, liquidity, non-performing asset, capital-base and capital adequacy, maintenance of loan-loss provision and steps taken for recovery of default loans including legal measures. The Board frames the policies and procedures for Bank's purchase and procurement activities and accordingly approves the delegation of power for making such expenditures. The maximum possible delegation of such power of expenditures vests on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of Bank's business are, however, adopted with the approval of the Board.

### **Internal Control Management**

The Board remains vigilant on the internal control system of the Bank in order to attain and maintain satisfactory qualitative standard of its loan/ investment portfolio. The Board establishes internal control system in such a way that the internal audit process can be conducted independently by the concerned department. It reviews the reports submitted by its Committees especially regarding compliance with recommendations made in Internal and External Audit Reports and the Bangladesh Bank Inspection Reports as well as reports on management of risks.

### **Human Resources Management and Development**

Policies relating to recruitment, promotion, transfer, disciplinary action and punitive measures, human resource development etc. and service rules are framed with the approval of the Board. The Chairman or any Director in no way involves himself or interferes into or exercises influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as conducted under the set service rules. No member of the Board of Directors is included in the selection committee for recruitment and promotion to different levels. Recruitment, promotion, transfer and punishment of the officer's immediate two tiers below the CEO, however, rest upon the Board. Such recruitment and promotion are done complying with the service rules i.e., policies for recruitment and promotion.

The Board focuses its special attention on the development of skills of Bank's staff in different fields of its business activities, the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board gets these programs incorporated in Bank's annual work plan. The Board reviews the work of the Asset Liability Committee (ALCO) on a regular basis.

### **Appointment of Chief Executive Officer (CEO)**

One of the major responsibilities of the Board of Directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The appointment of the CEO is made with the approval of the Bangladesh Bank.

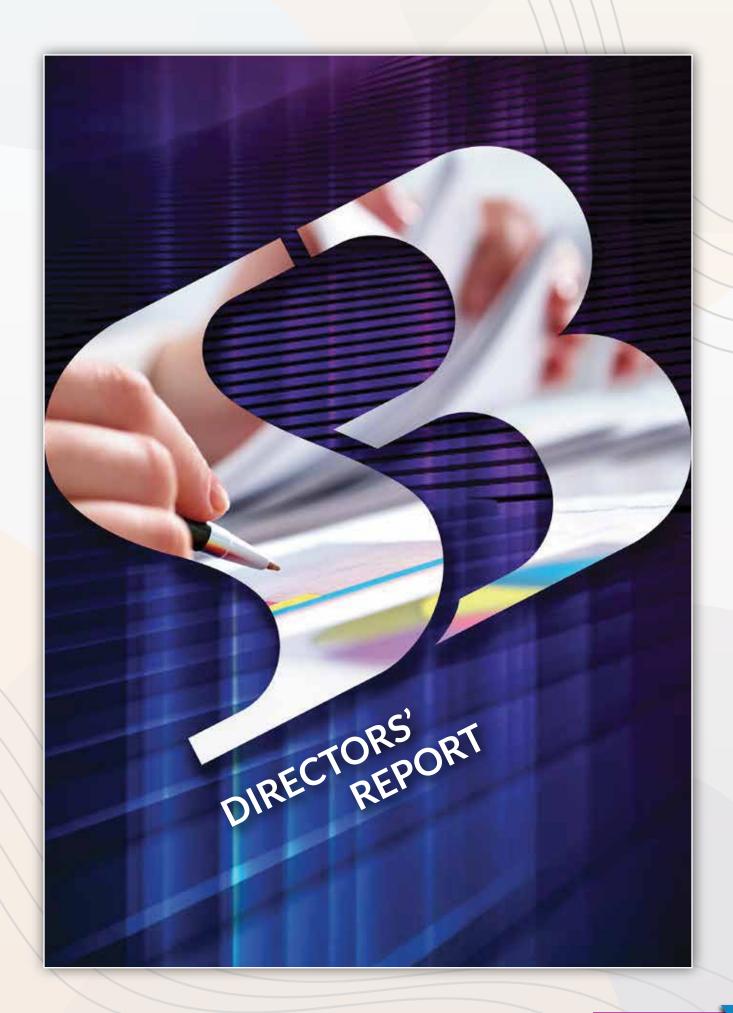
### Other Responsibilities of the Board

The Board follows and complies with all the responsibilities assigned to it by Bangladesh Bank from time to time.

On behalf of the Board of Directors,

Alamgir Kabir, FCA

Chairman



# DIRECTORS' REPORT

Bismillahir Rahmanir Rahim

### Dear Shareholders,

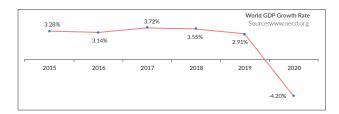
The Board of Directors of Southeast Bank Limited takes this opportunity to welcome you all to the 26<sup>th</sup> Annual General Meeting of the Shareholders and has immense pleasure to lay before you the 26<sup>th</sup> Annual Report of the Bank together with the Auditors' Report for the year ended December, 2020.

## 1. World Economic Scenario in 2020 and outlook for 2021

The COVID-19 pandemic has affected large parts of the global economy, restricting economic activities, increasing uncertainties and unleashing a recession unseen since the Great Depression.

However, the progress with vaccines and treatment has lifted expectations and uncertainty has receded. Due to fast actions taken by the Government and Central Banks, global activities have rapidly recovered in many sectors, though some service activities remain impaired by physical distancing. The collapse in employment has partially reversed, but large numbers of people remain underemployed. Most firms have survived, albeit financially weakened in many cases. Without massive policy support, the economic and social situation would have been calamitous. The worst has been avoided, most of the economic fabric has been preserved and could revive quickly, but the situation remains precarious for many vulnerable people, firms and countries.

According to the World Bank, the pandemic crisis is expected to cause global GDP to contract by 5.2 per cent this year but will regain growth momentum achieving 4.2 per cent growth in 2021. The IMF forecast for global economic growth in 2020 and 2021 is also fairly similar at - 4.4 per cent for 2020 and 5.2 per cent for 2021. The UN predicted Global gross domestic product (GDP) to shrink by 3.2 per cent in 2020, with only a gradual recovery of lost output projected for 2021. OECD predicted global GDP to contract by 4.2 per cent this year. Cumulatively, the world economy is expected to lose nearly \$8.5 trillion in output in 2020 and 2021 (Source: World Economic Situation and Prospects - 2020, UN).



As many countries closed national borders and restricted free movements of people and goods in the form of lockdown, supply and global demand for goods and services have been disrupted significantly. The demand for oil and other commodities has fallen sharply, as transportation; air travel and manufacturing have come to a virtual standstill in many economies. Financial markets in developed countries experienced extreme volatility, as uncertainties persisted. Central banks in developed countries responded with interest rate cuts and asset purchases to inject liquidity, sustain credit flows and stabilize equity and bond. Increased risk aversion among investors triggered large capital outflows from many large developing economies, leading to large currency depreciations and tighter credit conditions. The unprecedented and simultaneous shock to global demand and supply have rendered millions unemployed in the span of just a few months.

### **Tourism**

A sudden drop in global tourism and travel Lockdowns, border closings and weakened demand have led to a drastic fall in passenger air traffic and a collapse of tourism worldwide. Tourism, which employs an estimated 330 million people worldwide, is the hardest hit economic sector (*Source: World Trade and Tourism Council*).

### **Commodity prices**

Commodity prices have dropped in 2020, as the pandemic upended global demand and supply. Oil and commodity prices are likely to remain depressed in the near term, which will push many commodity-dependent economies, especially those who are already saddled with high levels of external debt, closer to an economic crisis.

### **Money Market**

Equity, bond and currency markets experienced unprecedented volatility during 2020, reflecting significant uncertainties in the short-run.

### **Global Outlook 2021**

(Source: World Economic Situation and Prospects 2020, June 30, 2020, UN)

In a pessimistic scenario, major economies will face a second wave of the pandemic in early 2021, this requiring them to extend lockdowns and enforce restrictions on economic activities until mid-2021.

Under these assumptions, global economic output would plunge steeply by 3.2 per cent in 2020, followed by a 0.5 per cent growth in 2021.

Under the baseline scenario, developed countries will see their economic output contract by 5.0 per cent in 2020. The decline will be most severe in Europe, where GDP is projected to shrink by 5.5 per cent in 2020.

According to the baseline forecast, economies of developing countries will contract by 0.7 per cent in 2020. In addition to falling domestic demand, the majority of developing countries will see sharp declines in export revenues, remittances, foreign direct investment (FDI), and official development assistance (ODA), which account for more than a quarter of their GDP before the crisis.

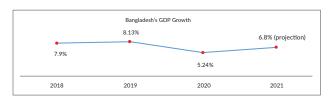
China's growth is projected to slow to 1.7 per cent in 2020, after the country recorded its first quarter of negative growth in more than four decades. For many South and East Asian economies, exports will contract in line with supply chain disruptions and a significant slowdown in global demand. Amid sharp declines in commodity prices, economic activity is expected to decline in Africa (-1.6 per cent), Latin America and the Caribbean (-5.4 per cent), Western Asia (-3.5 per cent) and the economies in transition in Europe and Central Asia (-3.5 per cent).

# 2. State of the Bangladesh Economy in 2020 and Economic Trends

(Source: Bangladesh Economic Review 2020 (Oct, 2020), Ministry of Finance, GOB)

The COVID pandemic affected not only the global economies but also it put some scars on Bangladesh's economy. It has slowed down our tremendous progress during last decade. Still Bangladesh has done an exceptional job keeping the downturn minimal compared to the other South Asian counterparts.

Economic growth slowed to 5.24 per cent in FY2019 -20, according to the provisional estimates of BBS, which is the lowest since FY2008-09. As per final estimate GDP growth was 8.15 per cent in FY 2018-19.



### GDP growth of the South Asian Countries comparison chart:

According to the provisional estimate of BBS, the growth of agriculture sector has slowed to 3.11 per cent in FY2019-20, from 3.92 per cent in FY2018-19. During the same period, industry sector grew by 6.48 per cent, which was 12.67 per cent in the previous fiscal year. The service sector grew by 5.32 per cent in FY2019-20 compared to 6.78 per cent in the previous fiscal year. The contribution of agricultural, industry

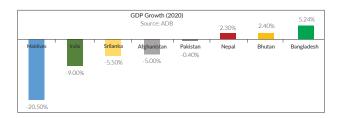
and service sectors reached at 13.35 per cent, 35.36 per cent and 51.30 present respectively in FY2019-20 against 13.65 per cent, 35.00 per cent and 51.35 per cent respectively in the previous fiscal year.

### Per Capital GDP & Per Capital National Income

Per capita GDP and per capita national income stood respectively at US\$ 1,970 and US\$ 2,064 in FY2019-20, up by US\$ 142 and US\$ 155 from the previous fiscal year. During FY2019-20, domestic savings increased to 25.31 per cent of GDP, which was 25.02 per cent in the previous fiscal year. Likewise, national savings as per cent of GDP increased to 30.11 per cent in FY2019-20 from 29.50 per cent of the previous fiscal year.

#### **Inflation Rate**

In FY2019-20, the inflation rate stood at 5.65 per cent, which is slightly higher than the target (5.50%).



In this case, food inflation increased to 5.56 per cent and non-food inflation stood at 5.85 per cent. The Coronavirus (COVID-19) pandemic has slowed global economic activity and reduced inflation globally. However, the pandemic could ignite world food production and cause disruption in supply chain. Therefore, food inflation is likely to increase in the coming months.



### **Monetary Policy**

The monetary programme is based on the 8.2 per cent real GDP growth and 5.5 per cent CPI inflation ceiling targets declared for FY 2019-20 in the national budget. The year-on-year growth of broad money at the end of June 2020 stood at 12.64 per cent, which is slightly higher than the target (12.50).

With a view to ensuring the adequate liquidity in the financial system as well as to tackle the impending financial crisis stemming from outbreak of the COVID-19 pandemic, Bangladesh Bank reduced the repo rate from 6 per cent to 5.25 per cent and subsequently it was further reduced to 4.75 per cent. The Cash Reserve Requirement (CRR) was initially reduced from 5 per cent to 4.5 per cent (daily-basis) and from 5.5 per cent to 5 per cent (bi-weekly basis), with a

further reduction to 4 per cent and 3.5 per cent, respectively, from 15 April 2020. Bangladesh Bank has also raised the advance-deposit ratio (ADR) and investment- deposit ratio (IDR) by 2 per cent to 87 per cent and 92 per cent respectively to facilitate credit to the private sector and improve liquidity in the banking system.

### Credit

At the end of FY2019-20, the growth of private sector credit stood at 8.61 per cent, compared to 11.32 per cent in the previous fiscal year. The net credit to the government increased by 55.51 per cent at the end of June, 2020 compared to 19.37 per cent increase in same period of previous fiscal year. Initiatives have been taken to rationalize the interest/profit rate of loans/investments with a view to creating an industry and business friendly environment for the industrial, business and service organizations.

### **Export & Import**

World trade has slowed since the beginning of 2020 due to trade disputes between the United States and China, falling oil prices and declining revenue in the oil producing countries. The economic activities came to stagnant due to the COVID-19 pandemic, which also affected country's foreign trade. Total export earnings in FY2019-20 stood at US\$ 33,674.09 million, down 16.93 percent from the previous fiscal year. Similarly, imports in FY2019-20 stood at US\$ 54,784.70 million, down 8.56 percent over the previous fiscal year. The export sector is expected to rebound once the Corona crisis is resolved. The government has taken several steps as an incentive in the export sector. The size of the Export Development Fund (EDF) has already been increased from US\$ 350 million to US\$ 500 million and interest rate has been reduced to 2 percent.

### **Manpower Export**

In the first nine months of FY2019-20 (July- March, 2020), the country's manpower exports stood at 5.31 lakh people, which is 2.73 per cent more than the same period of the previous fiscal year. From April 2020 to June 2020, manpower exports were virtually closed. In FY2019-20, remittance inflows stood at US\$ 18,205.01 million, an increase of 10.87 per cent over the previous fiscal year due to introduction of 2 per cent incentives on remittances sent by NRBS.

### **FOREX Reserve**

The surplus in the overall balance helped maintain the foreign exchange reserve up. On 30 June 2020, the foreign exchange reserves reached US\$ 36.04 billion which was US\$ 32.72 billion as on 30 June 2019. On October 8, 2020, our foreign exchange reserve reached the record level of US\$ 40 billion. In FY2019-20, the exchange rate of Taka against US\$ remained stable

### **Gov't Initiatives**

To keep the country's economy afloat in the face of the ongoing Coronavirus pandemic, extra spending on healthcare, emergency humanitarian assistance has been made. The government has already announced a stimulus package of about 1.2 lac crore Taka for economic recovery. Some of the notable activities of this package are: create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organizations; provide working capital facilities to small (including cottage industries) and medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to the targeted people, formulate various funds for the agricultural sector. As well as financial incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has been provided. As a result of these actions taken by the government, the economy is expected to turn around.

### **Outlook**

(Source: Asian Development Outlook 2020 (Sept, 2020), ADB)

Growth is expected to regain momentum this fiscal year (July 2020–June 2021) as the external sector strengthens, while supportive fiscal and monetary stimulus measures bolster domestic demand. The Asian Development Bank (ADB) has projected strong economic recovery for Bangladesh in the 2020-21 fiscal year, where gross domestic product (GDP) is expected to grow by 6.8 per cent riding on strong manufacturing and exports.

Meanwhile, the South Asian economy will grow at 7.1 per cent in the FY 2021, while the developing Asian economies are expected to contract by 0.7 per cent in 2021.

With cautious reopening of the economy since May 2020 and subdued global economic conditions, recovery is expected to be gradual in the first two quarters of FY2021. Strong manufacturing base will enable more rapid recovery in tandem with projected strengthening of growth in the advanced economies and import demand from them, it projected.

Prudent macroeconomic management and speedy implementation of the government stimulus measures are key imperatives to ensure the projected recovery.

Bangladesh's economy has started recovering from the pandemic. Despite significant pressure on the health and pandemic management systems, the government has managed the economy well with appropriate economic stimulus and social protection measures, ensuring basic services and commodities for the poor and vulnerable. Recent economic performance in exports and remittances, and government's macroeconomic management including securing foreign funds for economic stimulus and social protection have made this recovery feasible. Early access to vaccines and continued emphasis on health pandemic management can help sustain this recovery.

#### **Projection on major economic indicators**

Bangladesh exports are expected to grow by 8 per cent in FY2021, with gradual recovery in the first half accelerating in the second along with the expected upturn in the global economy.

Export recovery will be aided by government stimulus measures and efforts to improve the business climate, as well as using duty-free trade opportunities extended by the People's Republic of China.

Imports are expected to grow by 5 per cent as the apparel sector returns to normal operations, which will require more raw materials. In addition, the accelerated implementation of large infrastructure projects should boost imports of capital equipment and materials.

Growth in agriculture is projected to rise by 3.5 per cent in the current fiscal year, aided by government subsidies for seed, fertilizer, innovation, farm mechanization, and irrigation, and refinancing facilities to provide working capital for small and medium-sized farms affected by the pandemic.

Growth in industry is forecast at 10.3 per cent, assuming improved consumer demand, strong export growth following recovery in major export markets, and expected growth in private investment.

Inflation is projected steady at 5.5 per cent in FY2021 due to a good crop outlook and favorable international commodity prices.

#### 3. An overview of the Bank

Southeast Bank Limited, a second generation private commercial bank, emerged in 1995 amid liberalization of global economies. Currently, its Authorized Capital is BDT 15,000.00 million and its total capital and reserve reached at BDT 40,372.53 million as on December 31, 2020. 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 twenty-six years of banking operations registering significant growth in performance indicators. In 2020, the Bank earned an after tax profit of BDT 2,149.10 million. The deposit of the Bank grew by 9.20 percent to BDT 359,535.94 million and loans and advances by 8.59 percent to BDT 322,251.46 million compared to those of 2019.

Operational excellence coupled with qualitative improvements continued to be of paramount importance to the Bank. At present, the Bank has 135 branches and 2 Off-Shore Banking Units across the country. 17 No. of Sub-branches (Uposhakha) have been raised in 2020. 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, SME Banking, Corporate Banking, Dual Currency World MasterCard Credit Card, Dual Currency Visa Platinum Credit Card, Dual Currency 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, Mobile Financial Service (MFS), Internet Banking Facility, ATMs, Recycler ATMs, Home Loan, Rural Home Loan, Car Loan, Personal Loan, Express Cash, Staff House Building Loan, Education Loan Scheme, Consumer Loan, 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 solution for customers by providing a spectrum of services. Our employees have mastered new technology, enhanced their product knowledge and honed their skill 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 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 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 practice and attain a 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.

#### 4. Capital and Reserves

The Authorized Capital of the Bank was BDT 15,000.00 million and paid-up capital was BDT 11,889.41 million as of December 31, 2020. The Capital and Reserves (Tier-1 Capital and Tier-II Capital) stood at BDT 40,236.71 million as compared to BDT 35,993.86 million in last year showing a increase of 11.79 percent.

Capital and Reserve of the Bank as of December 31, 2020 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	11,889.41	11,889.41
Non- repayable share premium account		
Statutory reserve	11,580.48	11,580.48
General reserve	247.65	247.65
Retained earnings	1,315.62	1,190.00
Dividend equalization Reserve		
Minority interest in subsidiaries	10.20	-
Regulatory Adjustments		
Goodwill and all other Intangible assets	238.08	238.08
2) Additional Tier-1 Capital (AT-1)		
3) Total Tier-1 capital (1+2)	24,805.28	24,699.45
Tier-2 capital		
General provision (Unclassified loans, SMA, Off balance sheet)	4,567.25	4,567.25
Subordinated debt	11,000.00	11,000.00
All other preference shares		
Regulatory Adjustments		
4) Total Tier-2 capital	15,567.25	15,567.25
Regulatory Adjustments		
Goodwill and all other Intangible assets		
Total eligible capital (3+4)	40,372.53	40,236.71

#### 5. Capital to Risk Weighted Assets Ratio (CRAR)

Southeast Bank has maintained Capital to Risk-weighted Asset Ratio (CRAR) of 14.52 percent (Solo) and 14.35 Percent (Consolidated) as on December 31, 2020 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.

#### 6. Shareholders' Value Enhancement

Shareholders' value is the term that indicates ability to sustain and distribute more to the equity owners of a company; it depends on management's skills, financial capacity to increase earnings and cash flow, which leads to growth in dividends and capital gains for the shareholders.

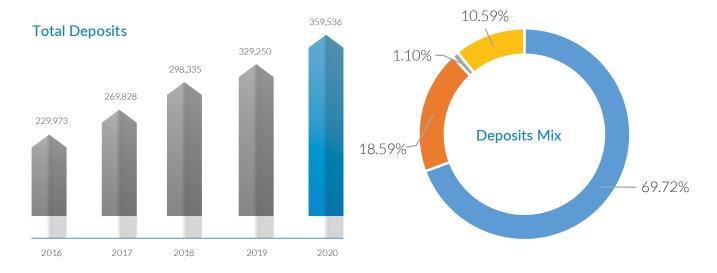
Shareholders' value enhancement of a company depends on strategic decisions made by its board of directors and senior management, including the ability to make wise investments and generate a healthy return on invested capital. If this value is created, particularly over the long term, the share price increases and the company can pay larger cash dividends to shareholders.

Maximization of Shareholders' value is the main focus in strategic planning of our Bank. The Bank achieved considerable growth in its profit margin over the years which facilitated maximization of shareholders' wealth. Steady rate of Dividend declaration on regular basis and maintaining Market Capitalization in terms of Paid up Capital at a higher end indicates strong fundamentals of our shares. Net profit after tax of the Bank is BDT 2,149.10 million in 2020.

#### 7. Deposits Mix

Total deposit increased by 9.20% year on year basis in 2020 improving 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. The bank through its dynamic retail and corporate team, has managed to build up a strong deposit base with appropriate cost management to gain competitive advantage in the industry.

The amount of total deposit of the Bank on December 31, 2020 stood at BDT 359,535.94 million as compared to BDT 329,250.27 on December 31, 2019.



Sl. No.	Particulars	BDT in Million	Share in Total Deposits
1	Current/Al-wadeeah current accounts and other accounts	66,850.59	18.59%
2	Bills payable	3,940.33	1.10%
3	Savings bank/Mudaraba savings bank deposits	38,060.94	10.59%
4	Fixed deposits/Mudaraba fixed deposits & SND	250,684.08	69.72%
	Total	359,535.94	100%

#### 8. Lending and Investment

Year	Outstanding at the end of the year (BDT in Million)	Growth Rate
2020	322,251.46	8.59%
2019	296,752.96	10.86%
2018	267,671.63	14.23%
2017	234,316.72	22.13%
2016	191,865.59	13.61%

Whole Banking industry as well as SEBL faced with various challenges including COVID 19 pandemic in the year 2020, despite this the bank's loan portfolio stood at Tk. 322,251 million on December 31, 2020 with a growth of 8.59% YoY. Pragmatic assessment of loan proposal 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 Enterprise (CMSMEs), rural businesses 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. In addition, during 2020 SEBL disbursed BDT 14,928.75 million in form of refinance schemes under Bangladesh Bank various stimulus packages aimed at preventive action against affect of COVID 19 and brining new dynamics in post pandemic economy.

#### 9. 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 2020 total Guarantee Business of the Bank amounted to BDT 16,688.30 million against the amount of BDT 16,470.30 in 2019 having a positive growth 1.54%.

#### 10. Investment Mix

The investment portfolio of SEBL was BDT 97,073.89 million against BDT 77,310.04 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.

#### 11. Asset Liability Committee (ALCO)

Asset Liability Committee (ALCO) is a senior level committee with the decision-making capacity and responsibility to

review, discuss and direct the financial policy, position, and risk exposures. Asset-Liability Committee comprising of members of the senior management team is the most important decision-making body from the Asset and Liability Management point of view. As per Bangladesh Bank's ALM guideline, Southeast Bank has a fully functional Asset Liability Committee (ALCO) consisting of senior level executives.

The major roles and responsibilities of ALCO are as follows:

- Ensuring bank's measurement and reporting systems accurately to convey the degrees of liquidity and market risk.
- Monitoring the structure and composition of bank's assets and liabilities and identifying balance sheet management issues that may lead to underperformance.
- Deciding on the major aspects of balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix, etc.
- Deciding on how to respond to significant, actual and expected increases and decreases in required funding.
- Reviewing maturity profile and mix of assets and liabilities.
- Articulating interest rate views of the bank and deciding on balance sheet strategy.
- Reviewing contingency funding plan for the Bank.

#### 12. Internal Control and Compliance

The Internal Controls System of Southeast Bank Limited is sound in design and has been effectively implemented and regularly monitored. Bank's robust system of Internal Control gives reasonable assurance of achieving the goals and objectives that the Bank targets for long-term sustainability and profitability.

The foundation of Internal Control and Compliance System of the Bank is rooted in organizational structure, policies, procedures and instructions provided by its Board of Directors and Senior Management and as per prevailing laws, regulations and best practices. The Board always inspires a strong control and compliance culture at all levels across the Bank. Internal Control and Compliance Policies of the Bank include (i) Monitoring & Compliance, (ii) Information Security, (iii) Internal Audit, (iv) Risk Management, etc.

The Board has delegated the responsibility of overall supervision of internal control system to Audit Committee of the Board. The Audit Committee reviews the various reports of internal auditors, external auditors, Bangladesh Bank's inspection team and its compliance status. It also receives regular reports on emerging risks in each of its meetings from different divisions and conducts an annual review of the adequacy and effectiveness of the system of risk management as well as internal controls. The Committee

places its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of good governance within the organization.

The Bank management equally holds responsibility for putting in place an Internal Control System in the Bank and for periodically reviewing its effectiveness. A key feature in the fulfillment of these responsibilities is to strengthen the Bank's operating procedure and associated internal control system to meet the purposes of completeness, accuracy, reliability of financial transactions, justification and reasonableness.

The functions of Internal Control and Compliance Division (ICCD) of the Bank are independent from the operational activities and play a pivotal role in the Control System. ICCD

acts as eyes and ears for both the Board of Directors and the Management of the Bank through regular inspections, off-site supervision/ monitoring on all the functional and operational activities of the Bank.

The system of internal control of the Bank 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.

As no system or framework can be foolproof, the Board of Southeast Bank recognizes that the internal control system of the bank cannot eliminate the risks entirely, rather can only manage or mitigate the risks to an acceptable level providing reasonable, not absolute, assurance of achieving the bank's policies, goals and objectives in generating potential returns to shareholders.

## 13. Performance of Selected Liability Products as on December 31, 2020 Both Traditional and Islamic Banking

Type of Accounts	No. of Accounts	Deposit Volume BDT in Million
Current Deposit (CD)	114,637	17,289.43
Special Notice Deposit (SND)	12,926	42,280.76
Savings Deposit	712,394	38,060.94
Fixed Deposit Receipt (FDR)	85,833	188,691.02

#### **BDT** in Million

Traditional Banking			Islamic Banking		
Type of Accounts	No. of Accounts	Deposit Volume	Type of Accounts	No. of Accounts	Deposit Volume
Monthly Income Scheme	1,328	1,494.46	Mudaraba Pension Savings Scheme	3,935	773.66
Monthly Savings Scheme	49,738	5,161.03	Wage Earners Mudaraba Pension Savings Scheme	144	46.67
Educational Savings Schemes	6	0.52	Tijarah Mudaraba Muhor Savings Scheme	42	17.89
Multimillionaire Gold	005	4 200 02	Mudaraba Educational Savings Schemes	17	4.21
Deposit Scheme	985	1,299.93	Mudaraba Monthly Savings Scheme	3,782	405.93
Super Double Benefit Scheme	116	88.00	Mudaraba Monthly Income Scheme	130	436.82
Pension Savings Scheme	45,414	10,152.90	Hajj Sanchay Prokolpa	3	0.86
Millionaire Deposit Scheme	3,950	1,741.47	Mudaraba Super Double Benefit Scheme	7	2.08
Double Benefit Scheme	9,379	14,879.01	79.01 Mudaraba Marriage Saving Scheme		0.05
			Mudaraba Millionaire Deposit Scheme	279	179.76
Wage Earner Pension Savings Scheme	1,294	287.35	Mudaraba Pension Savings Scheme	3,935	773.66

#### 14. Annual 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 Five Year 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, SME 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.

#### 15. Financial Performance Highlights of SEBL

Banking industry passed a challenging year due to COVID-19, Interest rate regulation, governance, capital adequacy, profitability and soundness in 2020. Despite intensified challenges, SEBL managed its portfolio efficiently in the year 2020 with an NPL of 3.10% (4.87% in 2019) which was lower than that of industry average 8.9%. 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:

BDT in Crore

Particulars	Gro	Group		Bank		%
	2020	2019	Changes	2020	2019	Changes
Net Interest Income	248.14	425.70	-42%	240.92	421.57	-43%
Non-Interest Income	1,128.91	1,013.37	11%	1,114.25	999.55	11%
Total Operating Income	1,377.06	1,439.07	-4%	1,355.17	1,421.11	-5%
Total Operating Expenses	550.60	540.77	2%	538.78	525.60	3%
Profit before provision & Tax	826.46	898.30	-8%	816.39	895.52	-9%
General provision	303.65	32.82	825%	303.65	32.82	825%
1% General provision for COVID-19	116.17	-	100%	116.17	-	100%
Specific provision	82.75	425.50	-81%	82.75	425.50	-81%
Provision for investments	(11.71)	31.96	-137%	(11.71)	31.96	-137%
Other provisions	20.01	(32.41)	-162%	20.01	(32.41)	-162%
Total profit before taxation	315.59	440.42	-28%	305.52	437.64	-30%
Provision for taxation	100.68	189.57	-47%	95.93	185.56	-48%
Net profit after taxation	214.91	250.86	-14%	209.59	252.08	-17%
Earnings per share	1.81	2.11	-14%	1.76	2.12	-17%

- Net interest income (NII) contributed 18.47% of total operating income, whereas interest income was BDT 22,250.49 million and interest expenses was BDT 1,976.91 million in the year 2020.
- Non-interest income which contributed rest 81.53% increased by 11.37% mainly due to increase of income from investment by 27.64% in 2020 compared to 2019.
- In the year 2020, operating income was BDT 13,770.56 million and operating expense was BDT 5,506.01 million. As a consequence, operating profit of the Bank reached at BDT 8,264.56 million in 2020.
- Total tax provision decreased by 46.89% in 2020 compared to last year mainly due to increases of tax deductible expense for having write-off loans in 2020.

#### 16. Source and Utilization of Funds

Total equities and liabilities as on 31 December, 2020 stood at BDT 465,293.41 million, representing an increase of 10.18% YoY. This growth was mainly attributed to the 9.20% increase in deposits amounting to BDT 30,285.66 million, which accounts for nearly 10.18% of the overall increase in liabilities.

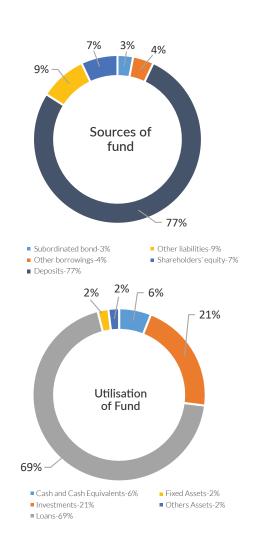
A lion's share of SEBL's funds is derived from customer deposit accounts, bulk of which is utilized in loans and advances, as can be comprehended from the charts below. A slice of this fund is kept in the form of cash and cash equivalents to maintain CRR and SLR ratios, which currently stands at 4% and 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 465,293.41 million on December 31, 2020.

The break-up of total assets is given below:

Particulars	BDT in Million
Cash and Cash Equivalents	28,299.43
Investments	97,073.89
Loans	322,251.46
Fixed Assets	9,714.97
Other Assets	7,953.65
Total	465,293.41

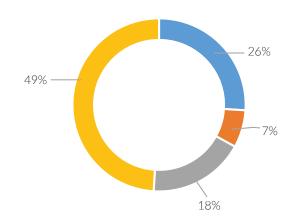
Particulars	BDT in Million
Subordinated bond- 3%	13,600.00
Other borrowings- 4%	18,897.68
Deposits-77%	359,535.93
Other liabilities-9%	43,545.83
Shareholders' equity- 7%	29,703.77
Non-controlling interes-0%	10.20
Total	465,293.41



17. Last	(5)	<b>Years</b>	financial	performances:
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Year	Operating Income	Operating Profit	Net Profit	EPS	Return on Equity
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%
2017	13,933.04	9,062.30	1,168.63	1.11	4.46%
2016	12,852.45	8,503.22	2,435.07	2.66	9.06%

- The Bank has earned operating profit of BDT 8,264.56 million in 2020 which comprises of net interest income, income from investment, commission, exchange etc. Operating profit in 2019 was BDT 8,982.98 million. The operating profit of the Bank for the last (5) five years is given above:
- The operating income of the Bank stood at BDT 13,770.56 million at the end of 2020 while it was BDT 14,390.72 million in 2019. The operating income of the Bank for the last five (5) years is given above:
- Net Profit after tax and provision was BDT 2,149.10 million during the year 2020 which was BDT 2,508.56 million in the previous year. Net Profit for the last five (5) years is given above:
- Return on Equity (RoE) of the Bank was 7.14 percent in 2020 while it was 8.56 percent in the previous year.
   The Return on Equity of the Bank for the last five (5) years is given above:



Particulars	BDT in Million
Net interest income	2,481.42
Investment income	6,750.89
Commission, exchange and brokerage	3,536.22
Other operating income	1,002.03
Total Operating Income	13,770.56

#### 18. Statutory Reserve

The total amount of statutory reserve stood at BDT 11,580.48 million as on December 31, 2020 after 20% of the Profit Before Tax was transferred to statutory reserve for the year 2020.

#### 19. Adoption of IAS and IFRS

International Accounting Standards(IAS) and International Financial Reporting Standards(IFRS) are universally accepted principles that regulate the financial reporting of the entities. The Institute of Chartered Accountants of Bangladesh(ICAB) has accepted and adopted the stated principles to be the benchmark for financial reporting. Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank also mandated the implementation of IAS and IFRS. Consequently, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in the preparation of the financial statements of the bank for the year 2020 and any departure there-from has been adequately disclosed.

#### 20. Branches Network

In today's intense competition, most of the financial institutions are striving hard to display their best possible efforts to be competitive. As customers are more fragmented, Bank's are trying to enrich their services and network to serve the customers. Southeast Bank Limited, as a leading banking institution, always gives highest priority to accelerate its branch expansion programme to augment its customer base and provide banking services to unbanked people. It is to be mentioned that business is the prime objective of any branch expansion strategy of a bank and definitely a new branch is aimed at plugging geographical gaps in their network. The Bank invests in network expansion and new technology adoption to achieve competitive edge. Presently the Bank is functioning with country-wide network of 135 branches, 2 Off-Shore Banking Units and 17 Sub-Branches (Upo Shakha) covering all divisions of the country.

The Bank is providing "Shariah Based Islamic Banking Services" to the customers, 5 Branches are designated as Islamic Banking Branches located at Dhaka, Chattogram and Sylhet region. At present 21 Authorized Dealer (AD) Branches are in the country. The Bank is also providing "Evening Banking Service" through 27 Branches to further augment its service delivery at extended banking hours.

To facilitate service to female entrepreneurs, the bank has set up two Ladies' Branches in Dhaka city. The Bank is also offering Offshore Banking facilities through 2 (two) Off-Shore Banking Units (OBU) in Dhaka Export Processing Zone and Chattogram Export Processing Zone.

Moreover, to provide banking service in grass-root level, Southeast Bank Limited has opened 17 Sub Branches (UpoShakha) at various locations in the country. These Sub Branches (UpoShakha) are operating within limited expenditure under the supervision of a nearby full-fledged branch of the Bank.

#### 21. Implementation of Basel III

To maintain financial stability of the banking sector through maintaining adequate capital for protecting depositors' and other creditors interest and for absorbing losses, Bangladesh Bank has given directions to implement Basel III from January 01, 2015 in phases and fully by January 01, 2019 by raising quality and level of capital both for going concern and gone concern basis. A Capital Conservation Buffer (CCB) of 2.5% is to be kept at 0.625% each year. This is in addition to Minimum Capital Requirement (MCR) of 10%. It means CRAR requirement is 12.50% of Risk Weighted Assets (RWAs).

To increase and strengthen the capital base of the Bank, Basel III has the following features:

- 1. Tier 1 capital is divided into two parts:
  - a. Common Equity Tier 1 (CET1) and
  - b. Additional Tier 1 (AT1)
- 2. The Bank has to maintain 3% leverage ratio along with Liquidity Coverage Ratio (LCR) of 100% or more and Net Stable Funding Ratio (NSFR) of more than 100%.

The Bank is well positioned in respect of capital and risk management. The overall scenario as of December 31, 2020 under pillar-list depicted below:

CRAR (Solo)	CRAR (Consolidated)	Leverage Ratio	LCR	NSFR
14.52%	14.35%	4.85%(solo)	116.37%	106.51%

The 2nd pillar of Basel III framework, Supervisory Review Process (SRP) is designed to ensure that the banks have adequate capital to support all the risks associated in the businesses, which are not fully covered under pillar - I of Basel - III.

Central Bank of Bangladesh has issued the guidelines to the banks that they should have an internal supervisory process which is called ICAAP or Internal Capital Adequacy Assessment Process. With this tool the banks can assess the capital adequacy in relation to their risk profiles as well as adopt strategies for maintaining the capital levels.

Apart from that, to ensure the adequate capital, the Bank has a Supervisory Review Process (SRP) team comprised of members of the senior management. SRP team of the Bank participates in dialogues with the Supervisory Review & Evaluation Process (SREP) team of Bangladesh Bank on the issue of maintaining adequate capital against all the risks associated with business.

Market Disclosure, the 3rd pillar of Basel III, encourages market discipline and transparency through appropriate disclosures on capital adequacy and risk management processes. This helps the market participants to assess and understand the key information relating to the Bank's regulatory capital and risk exposures more effectively.

The Bank publishes the disclosure on its annual report as well as on the official website of the Bank.

#### **22. Supervisory Review Process**

The second pillar of Basel-III, Supervisory Review Process (SRP), is developed to ensure that the bank has adequate capital to support all the risks in its business which are not covered under Pillar – 1 of Basel – III and the bank has a process for assessing overall capital adequacy in relation to the risk profile and a strategy for maintaining the capital at an adequate level.

There are mainly two components of Supervisory Review Process (SRP):

- a) Internal Capital Adequacy Assessment Process (ICAAP) and
- b) Supervisory Review and Evaluation Process (SREP).

Internal Capital Adequacy Assessment Process (ICAAP) is designed to ensure that the Bank assesses all risks to which they are or could be exposed, maintain sufficient capital to face these risks; and develop and better use of risk management techniques in monitoring and managing these risks.

SEBL has a Supervisory Review Process (SRP) team at management level headed by the Managing Director. The team periodically reviews the risk assessment process and the requirement of adequate capital against all plausible risks. The Bank uses Central Bank's guidelines on "Revised Process Document for SRP-SREP Dialogue on ICAAP" to assess level of risks and capital requirement. It also reviews the policy documents that would supplement the whole risk mitigating process under SRP. The ICAAP report of 2019 has already been sent to Bangladesh Bank. As per the report, the Bank needs to keep BDT 31,572.18 million to act as cushion against risks under Pillar-I and Pillar-II of Basel-III. However, the Bank maintained BDT 38,755.80 million as capital including Tier-I and Tier-II.

Supervisory Review Evaluation Process (SREP) of Bangladesh Bank evaluates the degree to which a bank has in place a sound internal process to assess capital adequacy. Moreover, there are some Terms of Reference (ToR) of SRP-SREP dialogue which is mentioned in ICAAP guideline issued by Bangladesh Bank:

- i. Minimum capital requirement against credit, market and operational risks
- ii. Risks to be covered under SRP e.g. residual risk, concentration risk, interest rate risk in the banking book, liquidity risk, reputation risk, strategic risk, settlement risk, appraisal of core risk management practice, environmental and climate change risk as well as other material risks
- iii. Adequate capital against comprehensive risks
- iv. Stress testing exercises and results

#### 23. Corporate Governance

One of the basic policies of the Bank is to strengthen its corporate governance status by establishing 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 establishing appropriate corporate governance standard at all levels and in all units. A report on Corporate Governance of the Bank in 2020 is included in this Annual Report.

#### 24. Minority Interest

Share capital structure of Southeast Bank Limited as of 31 December 2020 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.

#### 25. Appointment, Retirement and Re-election of Directors

Appointment of two new Directors namely, Mr. Raiyan Kabir and Bay Leasing & Investment Limited represented by Mr. M. Maniruz Zaman Khan has been decided by the Board of Directors of the Bank in its 610<sup>th</sup> Board meeting held on October 15, 2020. Subsequently the Bank obtained approval from Bangladesh Bank for appointment of the above two 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 26<sup>th</sup> Annual General Meeting who are eligible for re-election as Director in the same AGM of the Bank.

- i) Mr. Alamgir Kabir, FCA
- ii) Mrs. Duluma Ahmed
- iii) Mrs. Rehana Rahman

The brief profile of the above Directors along with other required information about them is available under "Brief Profile of Board of Directors" included in this Annual Report.

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.

#### 26. Loans to Directors

No loan excepting Credit Card limit was allowed to any Director of the Bank in the year 2020.

#### 27. Declaration 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.

#### 28. Southeast Bank Capital Services Limited

Southeast Bank Capital Services Limited (SEBCSL) is a subsidiary company of Southeast Bank Limited. It was incorporated by the Registrar of Joint Stock Companies and Firms under Company Act 1994 on September 23, 2010 as a Public Limited Company. The Authorized and the Paid up Capital of the company are BDT 6,000.00 million and BDT 5,500.00 million respectively. SEBCSL has been carrying out operation as a full-fledged Merchant Bank since 2010. Southeast Bank Limited holds 99.82% of the total shares of the company. It provides Portfolio Management, Pre-IPO Placement, Underwriting Management, Issue Management and Corporate Advisory Services to its clients.

SEBCSL is active participant in the primary and secondary market. Thereby, SEBCSL is contributing to the raise and growth of capital market in Bangladesh. The company has been maintaining own portfolio investment in the capital market since its inception of the company.

The company is managed by a professional team under the policy guidelines of the Board. The Board of the Company comprises of the following professionals:

SI No	Name of the Directors	Position
01	Mr. Alamgir Kabir, FCA	Chairman
02	Mr. Syed Sajedul Karim	
	Independent Director	Director
03	Mr. M. Kamal Hossain	
	Nominee of Southeast Bank Limited	Director
04	Dr. Zaidi Sattar	
	Nominee of Southeast Bank Limited	Director
05	Mr. Md. Khursheed Alam	
	Nominee of Southeast Bank Green Foundation	Director
06	Air Cdre (Retd) Md Abu Bakar, FCA	Managing Director

The capital market of our country showed positive trend from second half of the year 2020. Consequently, index, share price, turnover, foreign investment and capitalization of the market has increased remarkably compare to the last year. The year end 2020 DSEX index was 5403 where as DSEX index beginning of the year 2020 was 4453. Net Operating Profit of the Company amounted to BDT 103.73 million and the Profit after Tax stood at BDT 70.40 million. It is expected that the Company will earn more good return from its investment in 2021.

#### 29. Declaration of Dividend

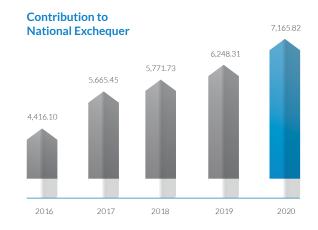
The Board of Directors in its 626<sup>th</sup> meeting held on May 09, 2021 recommended 10 percent cash dividend for distribution amongst the shareholders for the year-2020 subject to the approval in the 26<sup>th</sup> Annual General Meeting.

#### 30. 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 7,165.82 million to national exchequer in 2020. The contribution for 2019 was BDT 6,248.31 million, thus representing a 15% YoY growth.

The Bank's contributions to the National Exchequer for the last five (5) years are depicted as besides:

Southeast Bank's contributions to National Exchequer for the year 2019-2020 in corporate tax, withholding tax, excise duty and VAT etc.



#### 31. Corporate Social Responsibilities

Southeast Bank Limited 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 2020 is included in this Annual Report.

#### 32. Acknowledgement

The Board expresses gratitude to the Almighty Allah for the success of the Bank in 2020. The Board extends thanks to the valued customers, patrons and well-wishers for their continued 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 Limited, 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

## COMMITTEES OF THE MANAGEMENT

Senior Management Team (SMT)

M. Kamal Hossain, MD

Chairman

Anwar Uddin, DMD

Member

**Syed Faisal Omar, SEVP** 

Member

Md. Masum Uddin Khan, SEVP

Member

S. M. Mainul Kabir, SEVP

Member

Khorshed Alam Chowdhury, EVP

Member

Mohammed Kamrul Ahsan, EVP

Member

Khandaker Zia Hassan, EVP

Member

Md. Abdus Sabur Khan, EVP

Member

Khandaker Khaled Hassan, EVP

Member

Sayma Banu, Director Training

Member

Lt Cdr Wares-Ul-Matin (Retd), SVP

Member

Md. Jahangir Kabir, SVP

Member

Kamrul Islam, VP

Member

Rasedul Islam, SAVP

Member

Daisy Nilufar Sharmin, PhD, SAVP

Member Secretary

### **Executive Risk Management Committee (ERMC)**

Sl. No.	Functional Position of the Executives
1	Head of Risk Management
2	Head of Credit Administration
3	Head of Treasury
4	Head of Internal Control and Compliance
5	Head of Information Technology
6	Head of Anti Money Laundering & Combating Financing of Terrorism
7	Head of Financial Control and Accounts

### **Asset Liability Committee (ALCO)**

SI. No.	Name and Designation	Position in ALCO
1	M. Kamal Hossain, MD Chair	
2	Syed Faisal Omar, SEVP Member	
3	Md. Masum Uddin Khan, SEVP	Member
4	S. M. Mainul Kabir, SEVP Member	
5	Khandaker Zia Hassan, EVP Member	
6	6 Md. Jahangir Kabir, SVP Member Secretary	
7	Rasedul Islam, SAVP Member	

### **Central Compliance Committee (CCC)**

SI. No.	Name and Designation	Position in CCC	
1	Anwar Uddin, DMD	CAMLCO	
2	Syed Faisal Omar, SEVP	Member	
3	S. M. Mainul Kabir, SEVP	Member	
4	Khorshed Alam Chowdhury, EVP	Member	
5	Khandaker Zia Hassan, EVP	Deputy CAMLCO	
6	Md. Abdus Sabur Khan, EVP	Member	
7	Khandaker Khaled Hassan, EVP Member		
8	A. K. M. Monirul Islam, SVP	Member	
9	Md. Jakir Imtiaz, VP Member		
10	Daisy Nilufar Sharmin, PhD, SAVP	Member	

## **Integrity Committee**

SI. No.	Name and Designation	Position in the Committee	
1	Syed Faisal Omar, SEVP	Chairman	
2	Khandaker Zia Hassan, EVP	Focal Point	
3	Khandaker Khaled Hassan, EVP	Member	
4	Md. Feroj Hoshen, VP	Member	
5	Abu Sabed Sayfullah, SAVP	Member	
6	Mohammad Tanveer Rahman, SAVP	Member	
7	Rasedul Islam, SAVP	Member	
8	Daisy Nilufar Sharmin, PhD, SAVP	Member	

## Credit Risk Management Committee (CRMC)

SI. No.	Name and Designation	Position in CRMC
1	Chief Risk Officer	Chair
2	Head of Credit Administration	Member Secretary
3	3 Head of Credit Risk Management Member	
4	Head of Risk Management Member	
5	Head of Special Asset Management Member	
6	Head of Treasury Member	
7	Head of Legal Affairs	Member

### **Tender Committee**

SI. No.	Name and Designation	Position in TC
1	M. Kamal Hossain, MD	Chairman
2	Md. Masum Uddin Khan, SEVP Member	
3	Khorshed Alam Chowdhury, EVP Member	
4	Rasedul Islam, SAVP Member	
5	Monzur Ahmed, AVP Member	
6	A.K.M. Moshiour Rahman, AVP Member Secretary	

### **Procurement Committee**

SI. No.	Name and Designation	Position in PC
1	M. Kamal Hossain, MD	Chairman
2	S.M. Mainul Kabir, SEVP Member	
3	Khandaker Khaled Hassan, EVP Member	
4	Lt Cdr Wares-Ul- Matin (Retd), SVP Member	
5	Mohammad Tanveer Rahman, SAVP Member	
6	A.K.M. Moshiour Rahman, AVP	Member Secretary

### **IT Steering Committee**

SI. No.	Functional Position of the Executives					
1	Chief Information Technology Officer					
2	Head of Internal Control and Compliance					
3	Head of Credit Administration					
4	Head of Credit Risk Management					
5	Head of Human Resources					
6	Head of Legal Affairs					
7	Head of Special Asset Management					
8	Head of Risk Management					
9	Head of Financial Control and Accounts					
10	Head of Credit Card					
11	Head of Alternative Delivery Channel					
12	Head of Treasury					

### **Taskforce for Recovery of Classified Loans and Advances**

SI. No.	Name and Designation	Position in the Committee
1	Anwar Uddin, DMD	Head of Taskforce
2	Md. Masum Uddin Khan, SEVP Member	
3	S. M. Mainul Kabir, SEVP Member	
4	Kamrul Islam, VP	Member Secretary
5	5 Md. Akhtaruzzaman, SAVP Member	
6	Head of concerned Branch Member	

## Special Asset Management Committee (SAMC) for Recovery of Written-off Loans

SI. No.	Name and Designation	Position in the Committee	
1	Anwar Uddin, DMD Head		
2	Syed Faisal Omar, SEVP	Member	
3	S.M. Mainul Kabir, SEVP	Member	
4	Lt Cdr Wares-Ul-Matin (Retd), SVP	Member	
5	Kamrul Islam, VP Member Secretary		
6	Md. Akhtaruzzaman, SAVP	Member	
7	Syed Jonson Ali, EO	Member	
8	S.M Moshiur Rahman, SO	Member	

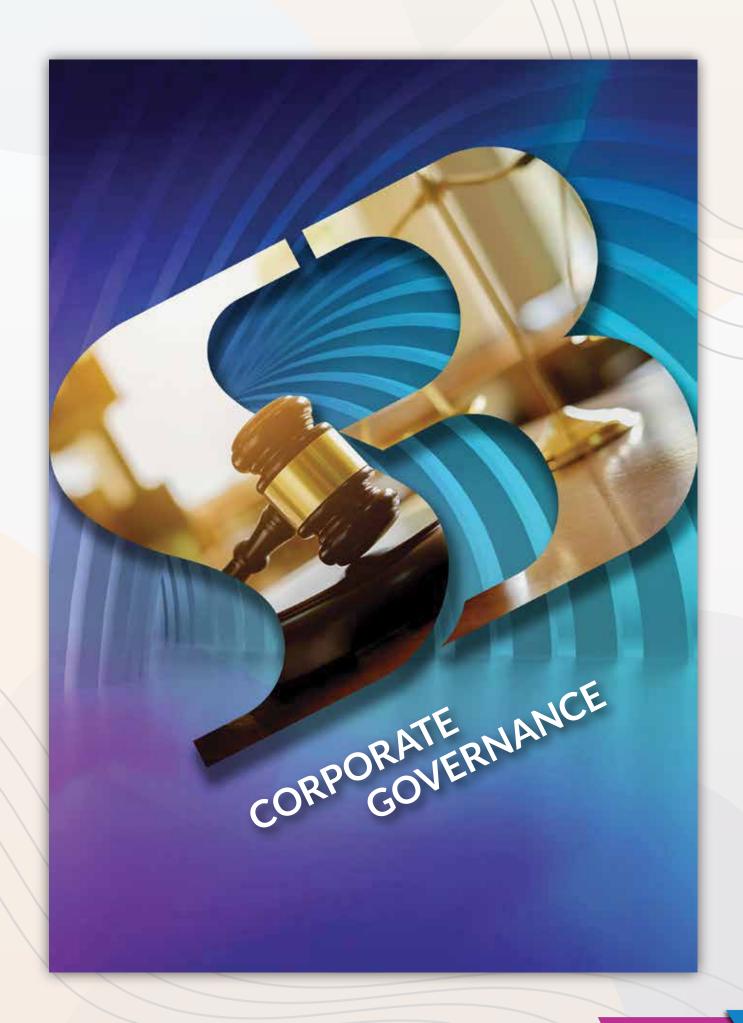
## CODE OF CONDUCT FOR SENIOR MANAGEMENT TEAM

The Bank's Code of Conduct for Senior Management Team (SMT) outlines the rules on conduct and decorum, established operations and procedures, honesty, integrity and ethics. It serves as a reference for the members of SMT in maintaining their sense of responsibility and commitment to honesty, integrity and establishes measures and standards to organizational discipline.

The members of Senior Management Team (SMT) are prohibited from engaging themselves in transactions for the Bank, which are with conflict of interest. No one acquire personal gain in exercising the authority or employment in the Bank.

- 1. **Honesty and Integrity:** Senior Management acts with honesty, integrity and fairness.
- Conflict of Interest: It does not engage in act that conflicts with the interests of the Bank.
- 3. **Compliance with Laws, Rules and Regulations:** It complies with all applicable laws, rules and regulations.
- 4. **Dealing with the Customers:** It treats the customers with respect and reciprocity.
- 5. **Confidentiality of Information:** It maintains secrecy of the Bank and its customers.
- 6. **Insider Trading:** No member of the Senior Management Team engages himself / herself in any insider trading.

- 7. **Gifts giving and Acceptance:** None of them accepts any gift from Bank's Customers or its any business associate.
- 8. **Protection of Assets:** It protects Bank's assets from being damaged, pilfered or stolen.
- 9. **Information Security:** It takes reasonable care to keep secure its information from unauthorized disclosure and exchange.
- 10. Private Gain: Senior Management of the Bank exercises his/her power attributed to his/her position for the benefit of the institution. No member of the Senior Management Team uses his/her power attributed to his/her position for private gain.



## STATEMENT OF BOARD OF DIRECTORS ON THE RESPONSIBILITY TO ESTABLISH APPROPRIATE SYSTEM OF INTERNAL CONTROL

Section 15(kha) and 15 (Ga) of the Bank Company Act 1991 (amended up to 2018) and the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) dated 3 June, 2018 require the Board of Directors to establish appropriate System of Internal Control for the Bank.

The Board of Southeast Bank acknowledges its overall responsibility for maintaining sound, adequate and effective internal control systems to safeguard the assets of the Bank and interest of the shareholders. The Board also believes that a strong system of internal control has significant role over the reliability of financial information/reporting, effectiveness and efficiency of operations, compliance with applicable laws, regulations and internal policies, early detection of fraud-forgery and protecting the Bank from the financial loss.

The Board of Southeast Bank has delegated the responsibility of overall supervision of internal control system to its Audit Committee. The committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

While it is an essential part of the Board's responsibilities to review the effectiveness of internal control, the Management, on the other hand, is accountable to the Board for developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so. The Management recognizes and appreciates the value and significance of internal controls and ensures the presence of an efficient and effective control system by identifying control objectives, devising pertinent policies/procedures and establishing relevant control procedures covering all areas of activities, after approval of the competent authority. The Management has established a professional and efficient working environment within the Bank by creating and maintaining adequate and effective internal control systems.

The Board is vigilent on the internal control system of the Bank in achieving Bank's main objectives by a successful risk management. The Board of Directors, through its Audit Committee, establishes internal control system so that the internal audit process can be conducted independently from the management. It reviews reports submitted by the Audit Committee regularly regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports. The Audit Committee monitors and ensures that the Bank has adequate, proper and effective internal control system in place; formulates and implements a clear procedure to cope with conflict of interest; puts in place policies and processes preventing management and other concerned parties from using confidential inside information for personal gains; and assesses and reviews the adequacy of the Bank's internal controls.

The Board is of the view that the internal control framework is designed to manage the risks of the Bank within an acceptable level/risk profile rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Bank. The system of internal controls can, therefore, only provide reasonable but not absolute assurance in achieving the policies, goals and objectives of the Bank.

The Board of Southeast Bank has established an ongoing process for identifying, evaluating, monitoring and managing the significant risks faced by the Bank. All the processes and guidelines of the Bank are reviewed and updated time to time to suit the changes in business environment or regulatory guidelines.

Alamgir Kabir, FCA

Chairman

# STATEMENT OF BOARD OF DIRECTORS ON ADEQUACY OF INTERNAL CONTROL SYSTEM

An effective internal control and compliance system has become essential to underpin effective risk management practices and to ensure smooth performance and sustainable growth of the Bank.

The Board of Directors of SEBL has instituted a robust control process for identifying, evaluating, and managing significant risks faced by the bank and also established strong monitoring mechanisms to ensure adequacy as well as operational effectiveness of those controls. Through its internal control systems, the Bank identifies weaknesses associated with its processes and adopts appropriate and commensurate measures to overcome the shortcomings so as to respond to any change in the business environment or regulatory guidelines.

The Bank has a comprehensive framework to document and test its internal control structures and procedures in conformity with regulatory requirements. The key functionalities that have been established in reviewing adequacy and integrity of the system of internal control are as follows:

Various committees have been formed to assist the Board in ensuring that the Bank's operations are in line with the approved corporate objectives, policies, strategies, instructions and the annual budget.

According to the instructions of Bangladesh Bank, the Board of Directors has formed (i) Executive Committee (ii) Audit Committee and (iii) Risk Management Committee delegated with appropriate authorities and responsibilities in line with the Bank's strategies and goals. The Executive Committee is primarily responsible for the execution and evaluation as well as effective communication of key operational and management decisions throughout the Bank while the Audit committee is a Board level committee tasked to ensure the formulation, adequacy and integrity of the system of internal control, oversight of the financial statements of the Bank. The Risk Management Committee is established to assist the Board in its risk management functions as well as formulation and execution of the risk management strategies and policies.

Independent internal audit & inspection mechanism has been established to check the compliance with policies and procedures, the effectiveness of the internal control system and control weakness on an ongoing basis using samples and

rotational procedures and highlight significant findings in respect of any non-compliance and control deficiency (if any). Audits are carried out on all units/departments and branches in accordance with the annual audit plan approved by the Audit Committee of the Board.

Officials of Internal Control and Compliance Division (ICCD) of the Bank are not assigned with any executive responsibilities and are entrusted with utmost independence by both Board of Directors and Management to maintain autonomy and impartiality in fulfilling their duties and responsibilities. Internal Auditors have a direct reporting line to Audit Committee of the Board.

Apart from regular inspections, ICCD performs regular self-testing and high level risk assessment procedures e.g. Departmental Control Function Checklist, Quarterly Operation Report, Loan Documentation Checklist, Annual Summary Report, Annual Health Report, etc. to ensure efficient and effective internal control.

ICCD also conducts off-site supervision through monitoring day-to-day activities/transactions and reporting exceptions thereon.

Thus, ICCD acts as a whistle blower and play active role in taking precautionary measures for risk mitigation as well as to make the institution even more compliant on prudential and regulatory issues.

External auditors regularly provide unbiased recommendations on the strengths or weaknesses of the bank's internal control system through their Audit Report and Management Report. They examine records and transactions and evaluate the accounting policy, disclosure policy and methods of financial estimation. This allows the Board and the management to independently view the bank's overall control system. Bangladesh Bank and other regulatory agencies also conduct their regular inspections to ascertain control lapses within the system.

The Audit Committee of the Board (ACB) is delegated to review internal control findings identified by the Internal Inspections of the Bank, Inspection Team of Bangladesh Bank, External Auditors and Management, and to evaluate the adequacy and effectiveness of the risk management and internal control systems.

The ACB is reported, without management filtering, about all major observations of the internal audits, external audits and regulatory authorities carried out in the calendar year as well as recommendations for addressing any weakness identified. The decisions of the ACB relating to audit findings and recommendations are complied with by the Management accordingly.

SMT (Senior Management Team) annually evaluates overall effectiveness of the Internal Control System of the Bank and submits a Certificate thereon to the Board through Audit Committee.

With governance and guidance from the Board, SMT puts policies and procedures to identify, measure, monitor and control the risks. Besides, an internal control structure assigning clear responsibility, authority and reporting relationship has been established by the Management of the Bank through its different committees like Asset-Liability Committee (ALCO), Central Compliance Committee (CCC), MRS Committee, Head Office Credit Review Committee (HOCRC), Procurement Committee, Task Force for Recovery of Written-off/Classified Loans, Integrity committee, etc.

The Board of Directors holds meetings at suitable intervals with senior management, internal auditors, external auditors and the Audit Committee for evaluating the effectiveness of internal control system.

Self-Assessment of Anti-Fraud Internal Controls is carried out on semi-annual basis and is sent to Bangladesh Bank as per requirement of DOS Circular Letter No. 10 dated 09 May 2017 issued by BB.

The Board of Directors has confirmed, through Audit Committee, that the overall Internal Control System of the Bank is adequate and effective. It is worth mentioning that Bangladesh Bank also rated Bank's Internal Control and Compliance Risk management process as "Satisfactory" for last consecutive years.

Nevertheless, the Board of Directors of Southeast Bank Limited is cognizant that the system of internal control monitoring mechanism is not flawless, room for improvement still exists, as it can only provide reasonable and not absolute assurance against material misstatement or loss and it is designed to manage rather than eliminate the risk of failure to achieve the organization's policies, aims and objectives.

Alamgir Kabir, FCA

Chairman

## CORPORATE GOVERNANCE REPORT

#### **Corporate Governance**

Corporate governance refers to the way a company is governed for creating a corporate culture of accountability and transparency, maximizing the shareholders' long term value and ensuring accountability to different stakeholders. The main purpose of corporate governance is to facilitate effective and prudent management that can deliver long term success of the company and spell out the rules and procedures for making corporate decisions.

#### **Conceptual Framework**

Corporate Governance frames the distribution of rights and responsibilities among management, the Board of Directors, controlling shareholders, minority shareholders & other stakeholders and provides the structure for setting, implementing and monitoring company's objectives and goal. To serve the interest of shareholders and other stakeholders, SEBL's corporate governance system adheres to ethical business norms and creates a culture of openness, transparency and accountability. The Bank's Board of Directors proactively adopts corporate governance code in order to promote the highest standard of corporate behavior at every level of the organization in building confidence among stakeholders to achieve excellence in Corporate Governance. Our Stakeholders are individuals or groups or corporates that have an interest, claim or stake in the Company, in what we do and in how well we perform. All our Stakeholders are in an exchange relationship with us. Each of them supplies us with important resources and in exchange each expects that its interest is satisfied. Our shareholders are also equally committed to the long-term success of the Bank. Bank's Corporate Governance policies are updated time to time in order to comply with proper governance principles and relevant regulatory requirements.

#### **Corporate Governance Practices in the Bank**

Southeast Bank Limited operates within the legal framework of the Companies Act-1994 and as a banking company, complies with the relevant provisions of the Bank Company Act-1991 (Amended up to 2018). SEBL has developed its corporate governance in accordance with all the aspects of Bangladesh Bank's circulars & directives and revised corporate governance code (CGC) as enumerated in Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 and Notification No. BSEC/CMRRCD/2006- 158/208/

Admin/81 on financial reporting & disclosure, dated 20 June 2018 issued by Bangladesh Securities and Exchange Commission and Listing Regulations of Dhaka Stock Exchange and Chittagong Stock Exchange. Its Corporate Governance principles serve the goal of strengthening and consolidating company position with sustainable growth objectives in materializing the trust placed in the company by the stakeholders.

#### **Board of Directors, Chairman and CEO**

#### **Selection and appointment of Directors**

Southeast Bank Ltd. complies with applicable guidelines of Bangladesh Bank's circular, rules and regulations of the Companies Act-1994, Bank Company Act-1991 (amended up to 2018) and Bangladesh Securities and Exchange Commission's (BSEC) notifications and Articles of Association of the Bank for appointment of Directors.

New Directors are appointed by Southeast Bank Ltd. with the emphasis on the mix of knowledge, skills, experience and insight. As per the Bank Company Act 1991 (amended up to 2018), the Directors are appointed for a term of three years which can be extended by another two terms only in compliance with required formalities. The term of appointment for an Independent Director is three years which can be extended by one term subject to appointment by the Board and approval by the Shareholders in the AGM. Mentionable that a former Independent Director may be considered for re-appointment for another tenure after a time gap of one tenure, i.e., three years from his/her completion of consecutive two tenures (i.e., six years). For appointment of an Independent Director, the approval of BSEC is obtained to comply with its requirement. All appointments of the Board Members are made subject to approval of Bangladesh Bank. The Managing Director is appointed for a minimum period of three years subject to the approval received from Bangladesh Bank. However, unlike other Directors, he is not subject to retirement as long as he remains Managing Director.

#### Structure of the Board

The Board of Directors consists of 13 (Thirteen) Members including Managing Director. The Managing Director is an Executive Director (Ex-Officio). All other 12 (Twelve) Directors are Non-Executive Directors. Out of the 12 (Twelve) Non-Executive Directors, 3 (Three) are Independent Directors.

#### Roles and Responsibilities of the Board

To ensure good governance in the Bank's Management; the operational affairs of the Bank are governed and managed under the overall strategic and prudent policies approved by the Board. The Board also sets the core value of the Bank, adopts appropriate standards to ensure that Bank conducts its operation in compliance with relevant laws, rules and regulations. The main roles and responsibilities of the Board of Directors of the Bank as envisaged in the BRPD Circular No.11 dated 27 October, 2013 are as the following:

- 1. Approving suitable business strategies,
- 2. Fixation of operational budgets,
- 3. Approval of financial statements,
- 4. Review of Bank's operational performance towards achievement of objectives,
- 5. Approval of policies and operational manuals to establish effective risk management in core banking areas and internal control,
- 6. Reviewing company's corporate governance standard for further improvement,
- 7. Determining Bank's corporate social responsibility status and taking steps for its improvement,
- 8. Developing compliance culture in the Bank,
- Approving proposals which are beyond the delegated business / financial / administrative powers of the Management,
- 10. Appointment of the Managing Director (CEO) and fixation of his benefits; shall set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time.
- 11. Purchasing or acquiring property for the Bank,
- 12. Providing welfare to the employees,
- 13. Making donation for any charitable ventures,
- 14. Devising annual work plan for goals and monitoring its pace of achievement,
- 15. Analyzing reasons for success or failure of Bank's annual budget achievement,
- 16. Periodical review of Bank's operational budget achievement,
- 17. Taking risk management initiatives,

- 18. Review of sufficiency and requirement for internal control efforts of the Bank,
- 19. Reviewing Bank's human resource policy,
- 20. Bank's financial management and its periodical review,
- 21. Approving policies or taking policy decisions for improvement of operation and compliance culture in the Bank.

#### **Appointment in the Board of Directors**

Appointment of two new Directors namely, Mr. Raiyan Kabir and Bay Leasing & Investment Limited represented by Mr. M. Maniruz Zaman Khan has been decided by the Board of Directors of the Bank in its 610<sup>th</sup> Board meeting held on October 15, 2020. Subsequently the Bank obtained approval from Bangladesh Bank for appointment of the above two Directors. While obtaining such approval, the Bank furnishes necessary documents to Bangladesh Bank as per prescribed format. Necessary returns are filed to Registrar of Joint Stock Companies & Firms (RJSC) by following due process. The brief resume of the above Directors along with other required information about them in Compliance with notification number BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of BSEC is appended in the Director's profile of this report.

#### **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 26<sup>th</sup> Annual General Meeting who are eligible for re-election as Director in the same AGM of the Bank.

- i. Mr. Alamgir Kabir, FCA
- ii. Mrs. Duluma Ahmed
- iii. Mrs. Rehana Rahman

The brief resume of the above Directors along with other required information about them in Compliance with notification number BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of BSEC is appended in the Director's profile:

Name	Expertise	Memberships	Directors in
Mr. Alamgir Kabir, FCA	Banking Activities	Executive Committee, Risk Management Committee and Nomination and Remuneration Committee of the Board	Nil
Mrs. Duluma Ahmed	Banking Activities	Audit Committee of the Board	i) Mutual Food Products Limited ii) Mutual Milk Products Limited iii) Mutual Trading Co. Limited
Mrs. Rehana Rahman	Banking Activities	Audit Committee of the Board	i) Bengal Tradeways Limited ii) CHB Building Technologies Limited

## Adequate Representation of Non-Executive Directors

As per guidelines of Regulatory Bodies, Southeast Bank Limited maintains adequate representation of Non-Executive Directors in the Board. All the Directors of Southeast Bank Limited are Non-Executive Directors including three Independent Directors. The Managing Director is the only Executive Director in the Board of Directors of the Bank.

#### **Independence of the Non-Executive Directors**

All the Non-Executive Directors enjoy full freedom in discharging their responsibilities. They sincerely try to attend all meetings of the Board and its Committee of which they are members. They spontaneously participate in the discussion on agenda for a well-thought-out decision and diligently maintain confidentiality as required under existing regulations.

#### **Independent Directors' Independence**

As per existing rules and regulations, Independent Directors are not required to have any significant relationship, whether pecuniary or otherwise, with the Bank, its top management and the Board apart from receiving Directors' remuneration for attending Board / Board Committee Meeting. The Bank complies with the requirement and appoints Independent Directors who do not hold any shares in the Bank and do not have any family or other relationship with its Board of Directors and its Executive Management. The Independent Directors are also members of the sub-committees of the Board.

The Bank also ensures compliance with Bangladesh Bank's guidelines and Bangladesh Securities and Exchange Commission's notification relating to appointment of Independent Directors and seeks approval from Bangladesh Securities and Exchange Commission and Bangladesh Bank subject to approval by the Shareholders in the AGM for appointing a person as an Independent Director.

#### **Chairman and the CEO**

The Chairman and the CEO of the Bank are two separate persons in their respective offices and this has been in practice since inception of the Bank. This also complies with clause 1.4 of the BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code, dated 3 June 2018. The Chairman of the Bank is elected by the directors of the Bank and the CEO is appointed by the Board of Directors subject to receiving permission from Bangladesh Bank. The functional responsibilities of the Chairman of the Board and Managing Director are kept separate and independent of each other.

## Duality of Chairman and Chief Executive officer (Managing Director) of the Bank

In compliance with Notification of Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank's requirements, the post of the Chairman and the CEO (Chief Executive Officer) will have to be held by different persons. This compliance requirement has been ensured by the Bank. Mr. Alamgir Kabir, FCA, Chairman of the Board of Directors is elected by the Directors of the Bank and Mr. M. Kamal Hossain, CEO (Managing Director) is appointed by the Board of Directors subject to obtaining permission from Bangladesh Bank. As per the Organogram of the Bank, Chairman and the Directors act as Non-Executives while the Managing Director is the sole Executive Director on the Board. It is also ensured that the independence of the Chairman is not hampered.

## Roles and responsibilities of the Chairman of the Board

The Chairman of the Bank is elected from amongst the members of the Board of Directors after every Annual General Meeting in obedience to the Articles of Association of the Bank. He carries out his responsibilities within the purview of the provisions contained in BRPD Circular No.11 dated 27 October, 2013 and Corporate Governance Code issued by BSEC on 03 June, 2018. The main responsibilities of the Chairman are to:

- Give leadership for Bank's disciplined growth and operation.
- Ensure non-intervention of any Director in the routine affairs of the Bank.
- Ensure compliance with corporate governance requirements of regulatory bodies.
- Bring policies for Board's deliberations and consideration for Bank's reforms and development.
- Determine sense of direction for the Bank, etc.

#### **Annual Appraisal of Board's Performance**

The Board Members have always taken various decisions that have benefitted the Bank and they have always performed their duties accordingly. The shareholders elect the Directors in the Annual General Meeting. The directors are accountable to the shareholders. In the Annual General Meeting (AGM), the shareholders freely disclose their valued opinion about the financial position of the Bank and performance of the Board and the shareholders also ask questions and make queries to the members of the Board of Directors during AGM. On behalf of the Board, the Chairman replies to their queries made in the meeting. Their

constructive suggestions are noted and implemented for qualitative improvement of the Bank's key operational segments.

#### **Policy on Training of Directors**

Southeast Bank Limited is firmly committed to maintain highest level of standards of Corporate Governance and professionalism. Most of the Directors of the Bank are on the Board for many years. They have acquired enough knowledge and acumen to lead the Bank effectively to achieve the desired goal. The latest legislations on the financial sector and directives of the regulatory bodies are made available to them for their instant information so that they can discharge their responsibilities efficiently. They also attend various seminars and symposiums mainly on issues relating to business, finance, economics, banking and corporate governance organized by different professional bodies.

## **Directors' Knowledge and Expertise in Finance and Accounting**

Mr. Alamgir Kabir, FCA, Chairman of the Bank, is a Post-Graduate in commerce. He is also a qualified Chartered Accountant. One Independent Director served the Government of Bangladesh in different capacities both at home and abroad and finally retired as Secretary to the Govt. Another Independent Director holds a PhD degree in Economics and served the Government in various high level positions both at home and abroad. One of the Independent Directors has served the National Board of Revenue as a Member before retirement and he is experienced in Taxation and Economic Management. They have enough knowledge and expertise in the field of Accounting, Finance, Economics, Management and Taxation. Most of the other Directors are successful business entrepreneurs and professionals. They are well conversant in economics, business and banking related issues and have ability to interpret the decision of Bank's Management in a prudent manner.

#### **Code of Conduct for the Board of Directors**

The Board of Directors of the Bank in its 410<sup>th</sup> meeting held on December 24, 2012, approved inter alia, the Code of Conduct for the Directors of the Bank. The Directors are sincere in abiding by the Code of Conduct. There had not been any breach of the Code of Conduct by any Director of the Bank. The Code of Conduct of the Board of Directors is contained in this Annual Report at Page No.63.

#### **Directors' Remuneration**

Directors are not eligible for any remuneration other than 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 numbers of such meetings are also prescribed in the said circular determining the numbers with or without remuneration.

#### **Board Meeting and Attendance**

The Board of Directors meets as required to discuss financial performance of the Bank, business proposals, Bank's strategy, compliance issue etc. The Board also reviews minutes of the Subsidiaries, Risk Management report, compliance report and approve the quarterly financial results of the Bank. In addition, special meetings of the Board of Directors are held as per instruction of the Regulatory Authority, when necessary to discuss and decide on major issues. The Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda in a prudent way and allows them to freely discuss, inquire, and express opinions on the agenda. Directors who cannot attend the meeting(s) are granted leave of absence by the Board. During the year 2020 total 24 (twenty-four) No. of meetings were held and statement of attendance of the Directors at those meeting are disclosed at Page No.104

#### **Related Party Transactions**

During the year 2020, the Bank had business deals with the following organizations in which the Directors had interest. It was determined on the basis of Common Directorship and Bank's Subsidiaries.

Name of Organization	Relationship	Nature of transaction	
Southeast Bank Capital Services Ltd.	Subsidiary Company	Share Capital	
Southeast Exchange Company (South Africa) Pty Ltd	Subsidiary Company	Share Capital	

#### **Board's Committees and their Responsibilities**

To increase operational efficiency and give more focus in important areas of the Bank, the Board has constituted following 4 (four) Committees in line with Regulatory directives:

#### i) Executive Committee

#### **Composition of Executive Committee**

In compliance with the provisions contained in BRPD Circular No. 11 dated 27 October, 2013, the Board of Directors re-constituted the Executive Committee comprising 6 (Six) members. To comply with regulatory requirement, no member of the Audit Committee is included as a member of the Executive Committee.

#### Responsibilities

The Executive Committee is a body to deliberate on generally important issues and matters in the execution of operations of the Bank. The committee performs within the power delegated to it by the Board of Directors. The resolutions of the Executive Committee are submitted before the Board and ratified by the Board of Directors. The minutes of the Executive Committee are sent to Bangladesh Bank for their information and record. In 2020, total 06 (six) meetings were held by the committee. The attendances of the members at those meeting are disclosed at Page No.104.

#### ii) Audit Committee

#### **Composition of the Audit Committee**

A five-member Audit Committee was re-constituted by the Board in compliance with the relevant provisions contained in BRPD Circular No.11 dated 27 October, 2013 of Bangladesh Bank and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code, dated 3 June 2018.

As per rules, any member of the Executive Committee cannot be a member of the Audit Committee. A report of the Audit Committee is included in this Annual Report. In 2020, total 05 (five) meetings were held by the committee. The attendances of the members at those meeting are disclosed at page no. 105.

#### **Chairman of the Audit Committee**

One of the Independent Directors Mr. Syed Sajedul Karim is the Chairman of the Audit committee of the Bank. He is an experienced individual and is competent to be the Chairman of the Audit Committee. During his long service career, Mr. Karim served the Government of Bangladesh in different capacities mostly related to public financial management and audit both at home and abroad and finally retired as a Secretary to the Government. Prior to his joining as Secretary, he was Chairman and Chief Executive Officer of Bangladesh Oil, Gas and Mineral Corporation (known as Petrobangla).

#### **Qualifications of members of Audit Committee**

The members of the Audit Committee are qualified and have long experience in banking and financial institutions. They are also very competent. Dr. Quazi Mesbahuddin Ahmed is a member of Audit Committee as another Independent Director of the Bank. He did his Masters as well as PhD in Economics from the University of Illinois at Urbana-Champaign, USA. He was the former Managing Director of Palli Karma Sahayak Foundation (PKSF) and Member (GED), Planning Commission, Government of Bangladesh. He has development publications on planning macroeconomic issues, use of foreign aid and national income accounts, etc.

## Internal Control and Compliance Division's access to Audit Committee

The Head of Internal Control and Compliance Division has direct access to the Audit Committee and can raise his concerns whenever required. Besides, he presents related memos for the Audit Committee for taking decisions. Besides this, the Audit Committee meets the Head of ICC at least once in a year, without management being present, to discuss any issue arising from the internal audits carried out.

## Recommendation for appointment of External Auditors

The Audit Committee does an extensive review on the audit work done by the external auditors after the audited financial statements have been signed. The Audit Committee evaluates the performance of auditors extensively and ensures that there were no threats to independence or any other issue with the auditors. The Audit Committee scrutinizes the applications of the auditors and recommends for appointment/re-appointment of auditors for the next year.

#### **Appointment of External Auditors**

M/S. Howladar Yunus & Co., Chartered Accountants an 'A' ranking Audit Firm, has been appointed by the Board as the External Auditors of the Bank and subsequently obtained approval from shareholders in the 25<sup>th</sup> Annual General Meeting held on September 16, 2020 as well as Bangladesh Bank for the first term. They are eligible to re-appointment as per guidelines of Regulatory Authorities in the ensuing 26<sup>th</sup> Annual General Meeting. The External Auditors enjoy full freedom in their audit of accounts of the Bank and reporting to the shareholders. The competence and performance of the External Auditors are evaluated by the Bank's Board Audit Committee.

#### Services not provided by External Auditors

M/S. Howladar Yunus & Co., Chartered Accountants is the external auditor of the Bank for the year 2020. The services as are specifically barred in Bangladesh Securities and Exchange Commission Notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 are not obtained from the external auditors.

#### iii) Risk Management Committee

#### **Composition of Risk Management Committee**

In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of SEBL reconstituted a four-member Risk Management Committee (RMC) of the Board in 2020. The RMC has been formed to identify and assess risk of the Bank and guide management to formulate action plans for minimizing and controlling risk. The Committee reviews the risk management policy and modifies the same as per requirement.

#### Responsibilities

The Risk Management Committee is entrusted to examine and review whether management is properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, environmental risk, interest rate risk and liquidity risk. They also ensure whether adequate provision and capital against the said risks are maintained. The roles and responsibilities as well as the major activities of Risk Management Committee of the Board as well as the management have been described in "Report of the Risk Management Committee of the Board" and "Report of Bank's Chief Risk Officer (CRO)" section of this report. In 2020, total 04 (four) meetings were held by the Committee. The attendances of the members at those meeting are disclosed at Page No. 105.

## iv) Nomination and Remuneration Committee (NRC)

## Composition of Nomination and Remuneration Committee

In compliance with the provisions contained in BSEC BSEC/CMRRCD/ notification No. 2006-158/ 207/Admin/80 dated 03 June 2018 on Corporate Governance Code, the Board of Directors constituted a new committee named 'Nomination and Remuneration Committee' (NRC) with 03 (three) members. The members belong to Non-Executive category and are financially literate as they have years of experience in banking, economics and financial arena. The Committee is headed by an Independent Director who is an experienced individual and is qualified to be the Chairman of the NRC Committee. Other two members of the Committee are also renowned business personalities of the country.

## Role of the Nomination and Remuneration Committee (NRC)

Nomination and Remuneration Committee (NRC) of Southeast Bank Limited is a Sub-Committee of the Board which acts independently and is accountable to the Board and to the shareholders. The Committee has been constituted by the Board of Directors for assisting the Board in formulating the criteria for determining qualifications, positive attributes etc. of a Director and recommending policy to the Board, relating to the remuneration of the Directors and top level executives and other issues in terms of Notification of BSEC.

## Appointment of Managing Director (MD) or Chief Executive Officer (CEO)

In order to strengthen the financial base of the bank and obtain confidence of the depositors, Board of Directors is responsible to appoint an honest, efficient, experienced and suitable CEO or Managing Director for the Bank in compliance with the relevant circular and rules of Bangladesh Bank and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 through Corporate Governance Code, dated 3 June 2018.

## Role and Responsibilities of the Managing Director (MD) or Chief Executive Officer (CEO)

The main responsibilities and authorities of the Managing Director are enumerated below:

- a) In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plans, efficient implementation thereof and prudent administrative and financial management.
- b) The CEO shall ensure compliance with the Bank Company Act, 1991 (amended up to 2018) and other relevant laws and regulations in discharge of functions in the bank.
- c) The CEO shall include information on violation of any law, rules, regulations including Bank Company Act, 1991 (amended up to 2018) while presenting memorandums before the Board or the Committees formed by the Board.
- d) The CEO will provide all sorts of information to Bangladesh Bank about the violation of Bank Company Act, 1991(amended up to 2018) and any violation of Laws, Rules and Regulations.
- e) The recruitment and promotion of all staff of the Bank except those in the two tiers below him shall rest on the CFO.
- f) The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules.
- g) Besides, the CEO shall assume any other responsibility if the Board assigns him within the purview of the Rules, Regulations, Acts and Articles of Association of the Bank.

#### Benefits provided to the Directors and the Managing Director

In accordance with the guidelines of Bangladesh Bank, the following facilities can only be given to the Directors.

Chairman	:	An office chamber, one Private Secretary / Office Assistant, a telephone in office, one mobile phone for use within the country and a full time car.
Directors	:	Fees and other facilities for attending each meeting of the Board or its any Committee.
Managing Director	:	Only those benefits as are agreed upon in his contractual appointment and as are approved by Bangladesh Bank.

## Annual Evaluation of Performance of the Managing Director (CEO) of the Bank

The Board of Directors prescribes the roles and responsibilities of the Chief Executive Officer (CEO) of the Bank. His performance is assessed on certain Key Performance Indicators (KPIs). A few mentionable KPIs for the CEO are to meet the annual budgetary targets of the Bank which was approved by the Board, maximize shareholder value measured through desired ROA, ROI, ROE, EPS and Risk Management as per expectation of the Board, sustainable growth in investment and growth of Loans and Deposits, Cost to Income Ratio, Loans Write Off and its recovery, Capital to Risk Weighted Assets Ratio, Advance-Deposit Ratio, revenue earning for the Bank, gradual reduction of the NPL ratio for maintaining asset quality of the Bank and improvement in the scores for CAMELS rating. The Board evaluates the performance of the Managing Director every month when the month-end financial performance of the Bank is placed before the Board for review. Apart from that, the Board seeks MD's reports on various operational aspects periodically to assess the trend of movement of the Bank in various indicators. MD's quality leadership to post better performance is always expected. The performance of the Managing Director is evaluated again annually by the Board based on Bank's operational results mainly in the achievement of operational budgets.

## Appointment of Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC)

The Board appointed a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) as per the policy of the Bank and related rules and regulations. The positions of Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) are held by different individuals and they are well conversant in the field of regulatory, financial and corporate laws to carry out their assigned roles, responsibilities and duties.

## Highlights on Central Bank Inspection in the year 2020

Southeast Bank Limited (SEBL) received 37 (thirty-seven) Inspection Reports on Head office and different branches of SEBL from Bangladesh Bank. SEBL submitted compliances on said reports to Bangladesh Bank in time. Appropriate actions have been taken for implementation of the recommendations of Bangladesh Bank's Inspection Teams.

#### **Internal Control and Risk Management**

#### **Internal Control**

The Board of Directors of Southeast Bank Ltd. ensures maintenance of a sound system of internal control to safeguard bank's assets. The Board through its Audit Committee conducts an annual review and evaluates effectiveness of the system of Internal Control of the Bank.

## Establishment and Review of Internal Control System

A report on Establishment and Review of Internal Control System is included in this report.

## Identification of risk to which SEBL is exposed internally and externally

The risk related issues of the Bank are looked after by the Risk Management Committee of the Board. A report on Risk Management is included at page no.135 of this Annual Report.

## Vision, Mission Statements and Strategy approved by the Board

#### Vision and Mission Statements of the Bank

The vision, mission statements and the strategy of the Bank have been included in the beginning pages of the Annual Report. Those were approved by the Board. The Board firmly adheres to them.

#### Business objectives and areas of business focus

The Board always sets business objectives and areas for focus taking into account the overall financial market development and business environment. The latest business objectives and areas of business focus can be found in the "Strategic Priorities Statement" of the Bank at page no. 32 in this Annual Report.

#### Strategies to achieve business objectives

Our strategies to achieve business objectives are elaborately discussed in the "Strategic Objectives" as contained in this Annual Report at page no. 30.

#### **Ethics and Compliance**

#### **Code of Conduct for Directors**

The Report contains this issue at page no. 63.

#### **Code of Conduct for Bank's Employees**

Southeast Bank has a Code of Conduct and Ethical Guidelines for Bank's employees which are integral parts of the Service Rules and Regulations for the employees of the Bank. The employees of the Bank comply with the code of conduct and requirements of ethical principles.

## The Board's commitment to establishing high level of ethics and compliance within the organization

The Board of Directors has always been deeply committed to establishing a high level of ethics and compliance among all employees of the Bank. It has always encouraged the management to ensure that everyone maintains a high ethical standard within the Bank. The Board guides the management on policies that should be adopted and followed by everyone in the Bank.

#### Management Committee and their responsibilities

#### **Senior Management Team (SMT)**

A Senior Management Team (SMT) is working in the Bank. It is composed of senior members of the Management Team. Senior management consists of a core group of individuals responsible and accountable to the Board for the sound and prudent day-to-day management of the bank. The organization and procedures and decision making processes of senior management are clear and transparent and designed to promote effective management of the bank. This includes clarity on the role, authority and responsibility of the various positions within senior management, including that of the CEO and Managing Director. Consistent with the direction given by the Board, senior management implement business strategies, risk management systems, risk culture, processes and controls

for managing the risks both financial and non-financial to which the bank is exposed to. The sub-committees of the Senior Management Team for the following issues were constituted:

- (a) Product Development and Marketing
- (b) Strategic Planning Issues and
- (c) Corporate Governance and Administrative Issues.

The following Sub-Committees of SMT are also functioning in the Bank:

## i) Executive Risk Management Committee (ERMC)

ERMC, headed by the Chief Risk Officer, is comprised of the divisional heads of CRMD, ICCD, AMLD, IT, Treasury and FCAD. Risk Management Division (RMD) acts as the secretariat of the Committee. The functions of ERMC are to identify, measure and manage the Bank's existing and potential risks through detailed risk analysis; to determine risk appetite, tolerance and limits in line with strategic planning and formulate risk policies for business units etc.

#### ii) Credit Risk Management Committee (CRMC)

Credit Risk Management Committee, headed by the Chief Risk Officer has been constituted to oversee the implementation status of approved Credit Risk Management Guidelines and other credit related policies of the Bank.

#### iii) Asset Liability Committee (ALCO)

Asset Liability Management Committee consists of the Managing Director and strategically important Divisional Heads of Head Office.

#### iv) Central Compliance Committee (CCC)

Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) are getting added importance day by day. All issues relating to AML and CFT are managed and monitored by the Bank. As required by the regulatory authority, Central Compliance Committee (CCC) has been working on these issues in the Bank.

#### v) Integrity Committee

As instructed by Bangladesh Bank, a 8-Member Integrity Committee of the Bank headed by Senior Executive Vice President is actively functioning in the Bank. An Executive Vice President of the Bank is the Focal Point of the Committee. The Committee sits in meetings to discharge its responsibilities effectively.

#### Function of Integrity Committee

The functional areas of the Integrity Committee include, but are not limited to, implementation of National Integrity Strategy, implementation of Bank's action-plan, resolving identified problems related to integrity, complaint management, reporting to the regulators, performing relevant activities in line with the guidelines of Bangladesh Bank regarding implementation of national Integrity Strategy, etc.

#### vi) Tender Committee

Transparency is very important in procuring things and services for the Bank. A 6-members Tender Committee is actively functioning in the Bank.

## vii) Taskforce for recovery of classified Loans and Advances

The increase of non-performing loans (NPL) has a negative impact on profitability, capital adequacy, asset-liability management and overall reputation of the Bank. Therefore, it is essential to strengthen recovery drive to downsize the non-performing/classified loans through cash recovery. From this point of view, a 6-member taskforce for recovery of classified loans is working in the Bank. The Taskforce consists of senior executives of Head Office and Branch headed by Deputy Managing Director of the Bank. The taskforce sits with the branch to review the classified loans and chalk out strategy for recovery of loans.

## viii) Special Asset Management Committee (SAMC) for recovery of written-off loans

Since the recovered amount against written off loans is directly credited to the income, it is a great opportunity to improve the bank's performance by recovering the written-off loans. As such bank has given special emphasis on recovery of written-off loan and has undertaken various steps to boost up the recovery of written-off loans. Given the above backdrop, a 8-member Special Asset Management Committee (SAMC) has been constituted comprising the officials of Head Office and Branch headed by Deputy Managing Director of the bank. The committee actively reviews the recovery position of written-off loans in their periodic meetings and gives necessary directions/guidelines to gear up the recovery process. They also place their observations recommendations before the competent authority for necessary steps for recovery of written-off loans.

#### ix) Procurement Committee

The procurement policy of Southeast Bank Limited is designed to ensure that the purchase of all goods, services and works required for the satisfactory operation of the Bank is done in a transparent, timely and efficient manner.

#### x) IT Steering Committee

An IT Steering Committee has been formed in 2012 comprising 12 (twelve) senior officials of the Bank for overall supervision of ICT Operations and ICT Projects Management.

## Disclosure of key policies with regard to remuneration of Directors, Senior Management and Employees.

All employees including the Senior Management employees are paid competitive remuneration package. The structure and level of remuneration are reviewed from time to time based on Bank's performance and affordability. The remuneration package also stresses on ensuring internal and external pay equity.

#### **Conflict of Interest**

The Code of Ethics and Business Conduct require all employees to avoid situations where their personal interests are in conflict or may appear to be in conflict with those of the Bank. Employees are advised to take particular care when they are responsible for dealing with customers, business associates and agents on behalf of the Bank. Any failure to disclose a conflict of interest leads to disciplinary action.

#### **Human Capital**

The detailed discussion on Bank's Human Capital has been presented at Page No. 215 of this Annual Report.

#### Communication with Shareholders and Stakeholders

Every shareholder is given the highest priority by SEBL. The Bank tries to maintain liaison with all shareholders as far as possible and ensures that all stakeholders are informed of the bank's activities on a routine basis. Shareholders and stakeholders of the Bank may contact (irdsebl@southeastbank.com.bd) the Bank's Investors' Relation Department (IRD) during office hour for any information and queries. Investors' Relation Department performs all sorts of share related work including Dividend Warrant Process, Share de-materialization and re-materialization, distribution of dividends including fractional dividend entitlements and revalidation of the dividend warrants etc.

SEBL maintains an official website (www.southeastbank.com.bd) which is linked with the websites of the stock exchanges and other related organizations and always provides all types of periodic statement i.e. quarterly, half-yearly, annual financial statements and other information to its shareholders. Notices to shareholders are also published in the daily newspapers and through the digital media as well. All Price-Sensitive Information is timely disclosed publicly to ensure compliance with regulatory bodies. SEBL ensures that Bank's Financial Statements along with all sorts of Price Sensitive Information are published at least in two widely circulated national dailies, one in Bengali and one in English as well as in one online daily news portal and are also sent to the BSEC and stock exchanges. All of the Bank's publications to the market are also published through the Company's website.

SEBL ensures effective communication with the shareholders and encourages shareholder participation at the AGM and always ensures that AGM is held at a convenient place/ environment where all shareholders can attend/participate. SEBL circulated the copies of Annual Reports as per regulatory instruction and the provision of relevant Acts and Notifications, so that Shareholders would get time to go through the report and to notify to all shareholders about the date, place and time of AGM. The Bank also print sufficient number of Annual Reports so that any shareholder may collect the printed copy of the Annual Report from the Bank's Investors' Relation Department if any shareholder requires in writing beforehand. Bank sincerely tries to ensure that all shareholders can participate in the AGM in person or by proxy and always welcomes and encourages active participation of the shareholders for their constructive criticism and suggestions for further development of the bank. The Board also structures these meetings so that shareholders can vote on each agenda by proposing resolutions. Further details in respect of communication to shareholders are provided in this report at page no. 223.

#### **Environmental and Social Obligations**

Southeast Bank integrates environmental and social obligations into all its business activities with the belief that success is not only measured by financial results but also by the commitment to give back to the society and to good environmental practices. The Bank also adopted policies and procedures that integrate social, environmental, ethical, human rights or consumer concerns into the business operations and the core strategy, all in close collaboration with stakeholders.

The establishment of CSR strategy of SEBL is a crucial component that reflects the bank's aspiration for sustainable development of the society and creating meaningful value for stakeholders. The Bank carefully planned CSR activities to address the various needs of the community as well as to encourage employees to play an active role. In response to the worldwide call for reduction of global warming, SEBL is committed to reduce energy usage and office consumables. Reduction in paper usage is achieved by making reports available in soft copies and encouraging staff to print on both sides of the paper and print documents only when necessary. SEBL persuades its customers to avail facilities for renewable energy generation and other environment friendly projects. The Bank has set guideline, namely "Southeast Shobuj Jibon" targeted to efficient use of electricity, water, paper and re-use of equipments. We believe that every small 'GREEN' step taken today would go a long way in building a greener tomorrow. General descriptions of Bank's policies and practices relating to social and environmental responsibility of Southeast Bank Limited are provided at Page No. 212.

#### Sustainable Financing

The Board of Directors of the Bank supervises and takes decision in principle and provides strategic directions regarding sustainable banking and sustainable finance (environment friendly banking) of the Bank. The Risk Management Committee also monitors all the social and ecological factors with the aim of protecting the environment and conserving natural resource to achieve sustainable development goals as per guidelines of Bangladesh Bank.

#### Report to the Shareholders of Southeast Bank Limited on status of compliance on the Corporate Governance Code

Certificate on status of compliance on Corporate Governance Code from Mahfel Huq & Co., Chartered Accountants on compliance of the Corporate Governance and checklist under condition no. 9 of BSEC's Notifications are exhibited at page no. 118 of this Annual Report.

## Declaration or Certification by the Chief Executive Officer and Chief Financial Officer to the Board in line with BSEC notification

In compliance with the Notification No. BSEC/CMRRCD/ 2006-158/207/Admin/80 on Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) dated 3 June 2018, under condition No. 1(5) (xxvi) a Declaration or Certification by the Chief Executive Officer and Chief Financial Officer of the Bank is exhibited in a separate segment at page 108.

#### **Directors' Remuneration**

Statement of Board meetings held during the year 2020 and the attendance of Directors from  $1^{st}$  January, 2020 to  $31^{st}$  December, 2020 are appended below:

Amount in BDT

SI.	Name	Designation	Presence of Directors in the Meetings, During their Tenure			- Remuneration	Remuneration
No		Designation	No. of Meeting held	Present	Absent	Remuneration	Drawn
1.	Mr. Alamgir Kabir, FCA	Chairman	24	24	-	8,000	1,92,000
2.	Mrs. Duluma Ahmed	Vice Chairperson	24	21	3	8,000	1,68,000
3.	Mr. M. A. Kashem	Director	24	22	2	8,000	1,76,000
4.	Mr. Azim Uddin Ahmed	Director	24	20	4	8,000	1,60,000
5.	Mrs. Jusna Ara Kashem	Director	24	22	2	8,000	1,76,000
6.	Mrs. Rehana Rahman	Director	24	21	3	8,000	1,68,000
7.	Mr. Md. Akikur Rahman	Director	24	19	5	8,000	1,52,000
8.	Mr. Raiyan Kabir (Appointed on October 28, 2020)	Director	6	6	-	8,000	48,000
9.	Bay Leasing & Investment Ltd. (Represented by Mr. M. Maniruz Zaman Khan) (Appointed on October 28, 2020)	Director	6	6	-	8,000	48,000
10.	Mr. Syed Sajedul Karim	Independent Director	24	24	-	8,000	1,92,000
11.	Dr. Quazi Mesbahuddin Ahmed	Independent Director	24	24	-	8,000	1,92,000
12.	Mr. Mohammad Delwar Husain	Independent Director	24	21	3	8,000	1,68,000
13.	Mr. M. Kamal Hossain	Managing Director	24	23	1	-	-

<sup>\*</sup> Note: Directors who could not attend any meeting were granted leave of absence by the Board.

#### **Executive Committee Meetings**

Statement of Executive Committee meetings held during the year 2020 and the attendance of members from  $1^{st}$  January, 2020 to  $31^{st}$  December, 2020 are appended below:

SI.	Name	Designation	Presence of Members in the Meetings, During their Tenure			Remuneration	Remuneration
No	No Name	Designation	No. of Meeting held	Present	Absent	Remuneration	Drawn
1.	Mr. Alamgir Kabir, FCA	Chairman	6	6	-	8,000	48,000
2.	Mr. M. A. Kashem	Member	6	5	1	8,000	40,000
3.	Mr. Azim Uddin Ahmed	Member	6	6	-	8,000	48,000
4.	Mr. Md. Akikur Rahman	Member	6	6	-	8,000	48,000
5.	Mr. Mohammad Delwar Husain	Member	6	5	1	8,000	40,000
6.	Mr. M. Kamal Hossain	Member	6	6	-	-	-

<sup>\*</sup> Note: Members who could not attend any meeting were granted leave of absence by the Committee

#### **Audit Committee Meetings**

Statement of Audit Committee meetings held during the year 2020 and the attendance of members from 1<sup>st</sup> January, 2020 to 31<sup>st</sup> December, 2020 are appended below:

Amount in BDT

SI. Name		Designation	Presence of Members in the Meetings, During their Tenure			Remuneration	Remuneration
No	Name	Designation	No. of Meeting held	Present	Absent	Remuneration	Drawn
1.	Mr. Syed Sajedul Karim	Chairman	5	5	-	8,000	40,000
2.	Mrs. Duluma Ahmed	Member	5	5	-	8,000	40,000
3.	Mrs. Jusna Ara Kashem	Member	5	5	-	8,000	40,000
4.	Mrs. Rehana Rahman	Member	5	5	-	8,000	40,000
5.	Dr. Quazi Mesbahuddin Ahmed	Member	5	5	-	8,000	40,000

#### **Risk Management Committee Meetings**

Statement of Risk Management Committee meetings held during the year 2020 and the attendance of members from 1<sup>st</sup> January, 2020 to 31<sup>st</sup> December, 2020 are appended below:

Amount in BDT

SI. Name		Designation	Presence of Members in the Meetings, During their Tenure			Remuneration	Remuneration
No Name	Designation	No. of Meeting held	Present	Absent	Remuneration	Drawn	
1.	Mr. Alamgir Kabir, FCA	Chairman	4	4	-	8,000	32,000
2.	Mr. M. A. Kashem	Member	4	4	-	8,000	32,000
3.	Mr. Azim Uddin Ahmed	Member	4	4	-	8,000	32,000
4.	Mr. Syed Sajedul Karim	Member	4	4	-	8,000	32,000

#### **Shareholding Pattern along with name wise details:**

- i. Shares held by Parent/Subsidiary/Associated Companies and other related Parties: NIL
- ii. Shareholding of the Board of Directors.

SI. No	Name	Designation	No. of Shares	Value in BDT
1.	Mr. Alamgir Kabir, FCA	Chairman	2,67,09,202	26,70,92,020.00
2.	Mrs. Duluma Ahmed	Vice Chairperson	2,47,43,159	24,74,31,590.00
3.	Mr. M. A. Kashem	Director	2,63,30,640	26,33,06,400.00
4.	Mr. Azim Uddin Ahmed	Director	3,30,51,923	33,05,19,230.00
5.	Mrs. Jusna Ara Kashem	Director	2,37,79,485	23,77,94,850.00
6.	Mrs. Rehana Rahman	Director	2,44,33,788	24,43,37,880.00
7.	Mr. Md. Akikur Rahman	Director	3,17,64,465	31,76,44,650.00
8.	Mr. Raiyan Kabir	Director	2,44,58,937	24,45,89,370.00
9.	Bay Leasing and Investment Limited (represented by Mr. M. Maniruz Zaman Khan)	Director	2,79,50,000	27,95,00,000.00
10.	Mr. Syed Sajedul Karim	Independent Director	-	-
11.	Dr. Quazi Mesbahuddin Ahmed	Independent Director	-	-
12.	Mr. Mohammad Delwar Husain	Independent Director	-	-
13.	Mr. M. Kamal Hossain	Managing Director	-	-
		Total	243,221,599	2,432,215,990.00

iii. Shares held by Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Control and Compliance and their spouses and minor children.

SI. No	Designation	Shareholdings as on 31.12.2020
1	a) Mr. M. Kamal Hossain	
	Managing Director	Nil
	b) Spouse / Minor Children of Managing Director	Nil
2	a) Mr. A.K.M. Nazmul Haider	
	Company Secretary	Nil
	b) Spouse / Minor Children of Company Secretary	Nil
3	a) Mr. Md. Shahjahan	
	Head of Internal Control and Compliance (ICCD)	Nil
	b) Spouse/Minor Children of the Head of ICCD	Nil
4	a) Mr. Rasedul Islam, FCA	
	Chief Financial Officer (Acting)	Nil
	b) Spouse/Minor Children of the Chief Financial Officer	Nil

#### iv. Shares held by top five salaried Executives in the regular services of the Bank:

SI. No	Name	Designation	Shareholdings as on 31.12.2020
1.	Mr. Md. Habibur Rahman	Additional Managing Director	Nil
2.	Mr. Anwar Uddin	Deputy Managing Director	Nil
3.	Mr. Syed Faisal Omar	Senior Executive Vice President	Nil
4.	Mr. Md. Masum Uddin Khan	Senior Executive Vice President	Nil
5.	Mr. Nuruddin Md. Sadeque Hussain	Senior Executive Vice President	Nil

#### v. List of Shareholders holdings 10% and above shares in the Paid-Up-Capital of the Bank: NIL

#### vi. Disclosure about Family Domination in the Bank

There is no family domination in the Bank because any individual or family does not hold majority shares of the company to control the company unilaterally.

#### vii. Free-Float Shares

Free float shares is generally described as those portion of shares held by investors, other than restricted shares owned by company's Sponsor Shareholders/Directors which are restricted to buying and selling under securities laws. Free float shares of our Bank is 63.42%. These shares are available for free-trading in the bourses. The size of free float shares indicates that their price cannot be easily manipulated by a vested quarter. For obvious reasons, General investors opt to invest in our shares.

# MANAGING DIRECTOR AND CFO'S DECLARATION TO THE BOARD

Date: May 09, 2021

#### The Board of Directors

Southeast Bank Limited Eunoos Trade Centre 52-53 Dilkusha C/A Dhaka-1000.

Sub: Declaration on Financial Statements for the year ended on December 31, 2020

#### Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- i) The Financial Statements of Southeast Bank Limited for the year ended on December 31, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- ii) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view:
- iii) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements:
- iv) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- v) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- vi) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

#### In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31st December, 2020 and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely Yours,

Chief Financial Officer (Acting)

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**Managing Director** 

# Compliance Report on BSEC'S Notification on CORPORATE GOVERNANCE

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

#### (Report under Condition No.9)

s	Compliance status (put √ in the			
Remarks (if any)	appropriate column)		Title	Condition
(ii aiiy)	Not Complied	Complied		No.
-	-	✓	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	1(1)
-	-	<b>√</b>	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	1(2)(a)
-	-	✓	who either does not hold any share in the company or holds less than one per cent (1%) shares of the total paid-up shares of the company;	1(2)(b)(i)
-	-	✓	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one per cent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company.	1(2)(b)(ii)
-	-	✓	who has not been an executive of the company in immediately preceding 2 (two) financial years;	1(2)(b)(iii)
-	-	<b>√</b>	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	1(2)(b)(iv)
-	-	✓	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	1(2)(b)(v)
-	-	✓	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	1(2)(b)(vi)
-	-	<b>√</b>	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	1(2)(b)(vii)
-	-	✓	who is not an independent director in more than 5 (five) listed companies;	1(2)(b)(viii)
-	-	✓	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	1(2)(b)(ix)
-	-	✓	who has not been convicted for a criminal offence involving moral turpitude;	1(2)(b)(x)
-	-	✓	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	1(2)(c)
No such event occurred	-	✓	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	1(2)(d)
	- - - -	✓ ✓ ✓ ✓ ✓ ✓	holder, director or officer of any stock exchange;  who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;  who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;  who is not an independent director in more than 5 (five) listed companies;  who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);  who has not been convicted for a criminal offence involving moral turpitude;  The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);  The post of independent director(s) cannot remain vacant for more	1(2)(b)(vii)  1(2)(b)(viii)  1(2)(b)(ix)  1(2)(b)(x)

Condition	Title		atus (put √ in the ate column)	Remarks
No.		Complied	Not Complied	(if any)
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	<b>√</b>	-	-
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	<b>√</b>	-	-
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	-	-	N/A
1(3)(b)(ii)	Corporate Leader who is or was a top-level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company;	<b>√</b>	-	-
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 <sup>th</sup> Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law;	<b>√</b>	-	-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	<b>√</b>	-	-
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	N/A
1(3)(c)	The independent director(s) shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓	-	-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	N/A
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	<b>√</b>	-	-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	<b>√</b>	-	-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓	-	-
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	<b>√</b>	-	-
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	<b>√</b>	-	-
1(5)(i)	An industry outlook and possible future developments in the industry;	✓	-	-
1(5)(ii)	The segment-wise or product-wise performance;	√	-	-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	✓	-	-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	-	-	N/A

Condition	Title		atus (put √ in the ate column)	Remarks (if any)
No.		Complied	Not Complied	(II ally)
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	-	-	N/A
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓	-	-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓	-	-
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	-	-	N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performances and Annual Financial Statements;	✓	-	-
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓	-	-
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	<b>√</b>	-	-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓	-	-
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	<b>√</b>	-	-
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	<b>√</b>	-	-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓	-	-
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	<b>√</b>	-	-
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓	-	-
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	<b>√</b>	-	-
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓	-	-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-	-	N/A
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend;	-	-	N/A
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	✓	-	-
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓	-	-
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details);	<b>√</b>	-	-

Condition	Title	Compliance status (put √ in the appropriate column)		Remarks (if any)
No.		Complied	Not Complied	(II ally)
1(5)(xxiii)(c)	Executives;	✓	-	-
1(5)(xxiii)(d)	Shareholders holding ten per cent (10%) or more voting interest in the company (name-wise details);	-	-	N/A
1(5) (xxiv)	In case of the appointment/re-appointment of a Director, a disclosure on the following information to the Shareholders:	-	-	-
1(5)(xxiv)(a)	a brief resume of the director;	✓	-	-
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas;	✓	-	-
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	<b>√</b>	-	-
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	<b>√</b>	-	-
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	<b>√</b>	-	-
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	<b>√</b>	-	-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	<b>√</b>	-	-
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓	-	-
1(5) (xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓	-	-
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	<b>√</b>	-	-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	<b>√</b>	-	-
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 shall be disclosed as per Annexure-B and Annexure-C.	✓	-	-
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	<b>√</b>	-	-
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	-	-	Under process
1 (7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company.	-	-	Under process
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓	-	-
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;	<b>√</b>	-	-

Condition	Title		atus (put √ in the ate column)	Remarks (if any)
No.		Complied	Not Complied	(II ally)
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓	-	-
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓	-	-
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	<b>√</b>	-	-
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	<b>√</b>	-	-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	<b>√</b>	-	-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	<b>√</b>	-	-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	<b>√</b>	-	-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	<b>√</b>	-	-
3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board.	✓	-	-
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓	-	-
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	<b>√</b>	-	-
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	<b>√</b>	-	-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the code of conduct for the company's Board or its member;	<b>√</b>	-	-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	<b>√</b>	-	-
4(i)	Audit Committee;	✓	-	-
4(ii)	Nomination and Remuneration Committee.	✓	-	-
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	<b>√</b>	-	-
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	<b>√</b>	-	-
5(1) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	<b>√</b>	-	-

Condition	Title		atus (put √ in the atte column)	Remarks
No.		Complied	Not Complied	(if any)
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	<b>√</b>	-	-
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	<b>√</b>	-	-
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	<b>√</b>	-	-
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	<b>√</b>	-	-
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓	-	-
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	<b>√</b>	-	-
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓	-	-
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	<b>√</b>	-	-
5(3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	<b>√</b>	-	-
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	<b>√</b>	-	-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓	-	-
5(5)(a)	The Audit Committee Shall Oversee the financial reporting process;	✓	-	-
5(5)(b)	Monitor choice of accounting policies and principles;	✓	-	-
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	<b>√</b>	-	-
5(5)(d)	Oversee hiring and performance of external auditors;	✓	-	-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	<b>√</b>	-	-
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	<b>√</b>	-	-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓	-	-

Condition	Title		Compliance status (put √ in the appropriate column)	
No.		Complied	Not Complied	(if any)
5(5)(h)	Review the adequacy of internal audit function;	✓	-	-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	<b>√</b>	-	-
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓	-	-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓	-	-
5(5)(I)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓	-	-
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	-	-	N/A
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓	-	-
5(6)(a)(ii)(a)	Report on conflicts of interests;	-	-	No such incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	-	-	-Do-
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	-	-	-Do-
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	-Do-
5(6)(b)	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	No such reportable incidence arose
5(7)	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	-	-	N/A
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓	-	-
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	<b>√</b>	-	-
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓	-	-
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	<b>√</b>	-	-
6(2)(b)	All members of the Committee shall be non-executive directors;	✓	-	-
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓	-	-

Condition	Title		atus (put √ in the ate column)	Remarks
No.		Complied	Not Complied	(if any)
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	<b>√</b>	-	-
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	-	-	No such event occurred
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	-	-	No such event occurred
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓	-	-
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	<b>√</b>	-	-
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	<b>√</b>	-	-
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓	-	-
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	-	-	No such event occurred
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	✓	-	-
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	-	-	Under process
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-	-	N/A
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	-	-	N/A
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	-	-	N/A
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓	-	-
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓	-	-
6 (5) (b) (i)	Formulating the criteria for determining qualifications positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	<b>√</b>	-	-
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	<b>√</b>	-	-
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	<b>√</b>	-	-
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	-	-	Remuneration of Directors and CEO's is determined by Bangladesh Bank

Condition	Title	Compliance status (put √ in the appropriate column)		Remarks (if any)
No.		Complied	Not Complied	(II ally)
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	-	-	Under process
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	-	-	N/A
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	-	-	Under process
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	-	-	-Do-
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	-	-	-Do-
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	-	-	-Do-
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓	-	-
7(1)(ii)	Financial information systems design and implementation;	✓	-	-
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	<b>√</b>	-	-
7(1)(iv)	Broker-dealer services;	✓	-	-
7(1)(v)	Actuarial services;	✓	-	-
7(1)(vi)	Internal audit services or special audit services;	✓	-	-
7(1)(vii)	Any services that the Audit Committee determines;	✓	-	-
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1);	✓	-	-
7(1)(ix)	Any other service that creates conflict of interest.	✓	-	-
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	<b>√</b>	-	-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	<b>√</b>	-	-
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓	-	-
8(2)	The company shall keep the website functional from the date of listing.	<b>√</b>	-	-
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	<b>√</b>	-	-
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	<b>√</b>	-	-
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	<b>√</b>	-	-
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	<b>√</b>	-	-



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### REPORT TO THE SHAREHOLDERS OF SOUTHEAST BANK LIMITED ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to The Corporate Governance Code by Southeast Bank Limited (the company) for the year ended on 31 December 2020. This Code relates to the Notification No BSEC/CMRRCD/2006-158/207/admin/80 and Dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion;

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code
- (c) Proper books and records have been kept by Southeast Bank Limited as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is highly satisfactory.

When a ce , Md. Abdus Satter Sarkar, FCA, FCMA

For and on behalf of, Mahfel Huq & Co. Chartered Accountants

Place: Dhaka Dated: May 11, 2021

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# Compliance with Bangladesh Bank's Guidelines on CORPORATE GOVERNANCE

Bangladesh Bank Guidelines for Corporate Governance: Our Status of Compliance with BRPD Circular No.11 of  $27^{th}$  October 2013 vis-à-vis latest amendment of law.

SI No		Particulars Particulars	Compliance Status	Remarks
1	Forn	nation of Board of Directors		
		appointment of new Directors and removal of Directors Bangladesh Bank's approval to be ined.	✓	
		bility and Qualification of Directors, maximum number of Directors on the Board of ctors.	✓	
		ointment of Independent Director.	✓	
	_	imum 4 Directors from one family.	✓	
1.1	Sect obta	ointment of New Directors ion 15(4) of Bank Company Act 1991(Amended up to 2018) requires that application for ining approval of Bangladesh Bank to appoint new Directors should be sent along with a specified declarations and approval of Bangladesh Securities and Exchange Commission.	<b>√</b>	
1.2	Vaca	ation of Office of Director		
	(a)	Vacancy as per Section 108 (i) of Companies Act 1994 (Amended up to 2020) and Vacancy as per Section 17 of Bank Company Act 1991 (Amended up to 2018).		No Such Event
	(b)	Bar to become a Director who was removed by operation of Section 17 of Bank Company Act 1991 (Amended up to 2018).		-Do-
		Bar to transfer share by a Director who was removed by operation of Section 17 of Bank Company Act 1991 (Amended up to 2018).		-Do-
	(c)	Removal of Director and dissolution of the Board by Bangladesh Bank under section 46 and section 47 of Bank Company Act 1991 (Amended up to 2018).		-Do-
1.3	Rem	oval of Directors from office		
	Bank	ording to section 108(2) of the Companies Act, 1994, with the prior approval of Bangladesh k, a bank director other than specialized banks can be removed from his office for the reason ified in its Articles of Association.		-Do-
1.4	App	ointment of Alternate Directors		
	(a)	To appoint alternate director in place of original Director, Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.		
	(b)	The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.		There is no Alternative
	(c)	Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.		Director on the Board of SEBL
	(d)	As appointment of alternate director is a temporary measure; therefore, he/ she will not be included in any kind of committee constituted by the board.		JEDE
	(e)	While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.		
		All requirements of Law, Rules and Directives applicable to a Director are also equally applicable to an Alternate Director.		

SI No		Particulars Particulars	Compliance Status	Remarks
2.	Depo	ositor Director		
		equirement for appointment of Depositor Director. The tenure of office of current Depositor ctors shall be determined by the Board.		No Such Event
3.	Infor	mation regarding Directors		
	(a)	Every bank should keep an updated list of bank directors,	✓	
	(b)	Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	✓	
	(c)	Banks should display a list of directors in the website and update it on a regular basis.	✓	
4.	Boar	onsibility of the Board of Directors  d of Directors is responsible for policy framing and implementation, Risk Management, nal Control, Internal Audit and ensuring compliance with Internal Audit objections etc.	✓	
4.1	Resp	onsibilities and Authorities of the Board of Directors		
	(a)	Work Planning and Strategic Management		
		i) Board shall determine Bank's goals and objectives and devise strategies and work plan. Progress towards achievement of work plan shall be reviewed quarterly by the Board.	✓	
		ii) Board of Directors shall include its analytical/critical review of Bank's achievement and its failures in the Bank's Annual Report. It shall also inform the shareholders about the Bank's future work plan and strategies. KPI(s) of CEO and two grades below the CEO shall be determined and evaluated by the Board of Directors.	✓	
	(b)	Credit and Risk Management		
		i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.	✓	
		ii) The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.	✓	
	(c)	Internal Control Management		
		Board of Directors shall closely monitor Internal Control System in order to maintain qualitative standard of Loan/Investment Portfolio. Board of Directors shall review on quarterly basis the reports of the Audit Committee submitted before it regarding compliance status of suggestions and recommendation of inspection report of Internal Audit, External Auditors and Inspection Team of Bangladesh Bank.	✓	
	(d)	Human Resources Management and Development		
		i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	✓	
		ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programs incorporated in its annual work plan.	✓	
		iii) The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.	✓	

SI No		Particulars Particulars	Compliance Status	Remarks
	(e)	Financial Management		
		i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	<b>~</b>	
		ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.	<b>~</b>	
		iii) Board of Directors shall review whether Asset-Liability Committee (ALCO) is formed and functioning observing the directives of Bangladesh Bank.	<b>√</b>	
	(f)	Appointment of Chief Executive Officer (CEO)		
		Board of Director shall appoint an honest, efficient, experienced and a suitable person as Chief Executive Officer. Appointment of CEO shall require Bangladesh Bank's approval.	✓	
	(g)	Other responsibilities of the Board		
		Board shall ensure proper execution and compliance with any duty vested upon it by Bangladesh Bank.	<b>√</b>	
4.2	Meet	ing of Board of Directors		
		d of directors may meet once or more than once in a month if necessary. But Board of tors shall meet at least once in every three months.	✓	
4.3	Resp	onsibilities of Chairman of Board of Directors		
	(a)	As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	<b>√</b>	
	(b)	The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	✓	
	(c)	An Office Room, a personal Secretary / Assistant, one Peon / MLSS, Telephone at the office, one Mobile Phone and a vehicle may be provided to the chairman with the approval of Board.	<b>√</b>	
5.	Form	ation of Committees from the Board of Directors		
		Bank Company shall constitute one Executive Committee, one Audit Committee and one Management Committee consisting of members of the Board of Directors.	<b>~</b>	
5.1	Exec	utive Committee		
	daily	utive committee should be formed with the members of the board to continue the urgent and or routine works between the intervals of two board meetings. Executive committee will orm according to their terms of reference determined by the board of directors.	<b>√</b>	
	(a)	Organizational Structure:		
		<ul> <li>i. Members of the committee will be nominated by the board of directors from themselves;</li> <li>ii. The executive committee will comprise of maximum 07 (seven) members;</li> <li>iii Members may be appointed for a 03 (three)-year term of office;</li> <li>iv. Chairman of the Board of Directors can be the chairman of executive committee;</li> <li>v. Company secretary of the bank will be the secretary of the executive committee.</li> </ul>	<b>~</b>	

SI No		Particulars Particulars	Compliance Status	Remarks
	(b)	Qualification of the Members:		
		<ul> <li>i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;</li> <li>ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;</li> <li>iii To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.</li> </ul>	<b>√</b>	
	(c)	Roles and Responsibilities of the Executive Committee:	I	<u> </u>
		<ul> <li>i. The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations.</li> <li>ii The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors.</li> <li>iii. All decisions taken in the executive committee should be ratified in the next board meeting.</li> </ul>	<b>√</b>	
	(d)	Meetings		
		<ul> <li>i. The executive committee can sit any time as it may deem fit.</li> <li>ii. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;</li> <li>iii. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;</li> <li>iv. All decisions/observations of the committee should be noted in minutes.</li> </ul>	<b>√</b>	
5.2	Audi	t Committee		
	audit revie risks,	coard will approve the objectives, strategies and overall business plans of the bank and the committee will assist the board in fulfilling its oversight responsibilities. The committee will with financial reporting process, the system of internal control and management of financial the audit process, and the bank's process for monitoring compliance with laws and ations and its own code of business conduct.	<b>√</b>	
	a)	Organizational Structure		
		<ul> <li>i Members of the committee will be nominated by the board of directors from the directors;</li> <li>ii The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director;</li> <li>iii Audit committee will comprise with directors who are not executive committee members;</li> <li>iv Members may be appointed for a 03 (three) year term of office;</li> <li>v Company secretary of the bank will be the secretary of the audit committee.</li> </ul>	<b>√</b>	
	b)	Qualification of the Member		
		<ul> <li>i Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;</li> <li>ii Each member should be capable of making valuable and effective contributions in the functioning of the committee;</li> <li>iii To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.</li> <li>iv Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee.</li> </ul>	<b>~</b>	
	c)	Roles and Responsibilities of the Audit Committee		
		<ul> <li>(i) Internal Control:</li> <li>Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;</li> </ul>	<b>√</b>	

SI No			Particulars Particulars	Compliance Status	Remarks
		<ol> <li>2.</li> <li>3.</li> <li>4.</li> </ol>	Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS); Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management; Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.	<b>√</b>	
		(ii) 1. 2.	Financial Reporting:  Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;  Discuss with management and the external auditors to review the financial statements before its finalization.	<b>√</b>	
	(iii) Internal Audit:				
		1. 2. 3. 4	Audit committee will monitor whether internal audit working independently from the management.  Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process; Examine the efficiency and effectiveness of internal audit function; Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.	<b>√</b>	
		(iv)	External Audit:		
		<ol> <li>1.</li> <li>2.</li> <li>3.</li> </ol>	Review the performance of the external auditors and their audit reports; Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not. Make recommendations to the board regarding the appointment of the external auditors.	<b>√</b>	
	(v) Compliance with existing Laws and Regulations:      Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.      (vi) Other Responsibilities:		<b>√</b>		
			Other Responsibilities:		
		<ol> <li>2.</li> <li>3.</li> </ol>	Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;  External and internal auditors will submit their related assessment report, if the committee solicit;  Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.	<b>~</b>	
	(d)	Me	etings		
		1. 2. 3.	The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;  The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;  To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;  All decisions/observations of the committee should be noted in minutes.	<b>√</b>	
5.3			gement Committee		
	possil Direc prope Reser Laund	ble ris tors. erly by ve for dering	gement Committee shall be formed in order to play an effective role in lowering ks in respect of implementation of strategies and work-plan formulated by Board of Risk Management Committee shall analyze the policy/system of lowering risks the management and maintenance of required capital against Risks and Provision for Credit Risk, Foreign Exchange Risk, Internal Control and Compliance Risk, Money Risk, Information and Communication Technology Risk, Operational Risk, Interest iquidity Risk etc. shall be looked after by the Risk Management Committee.	<b>√</b>	

		Particulars Particulars	Compliance Status	Remarks
(a)	Org	anizational Structure:		
	1. 2. 3. 4.	Members of the committee will be nominated by the board of directors from themselves; The Risk Management Committee will comprise of maximum 05 (five) members; Members may be appointed for a 03 (three) year term of office; Company secretary of the bank will be the secretary of the Risk Management Committee.	<b>√</b>	
(b)	Qua	alifications of the Member:		
, ,	1. 2. 3.	Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; Each member should be capable of making valuable and effective contributions in the functioning of the committee; To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	<b>√</b>	
(c)	Role	es and Responsibilities of the Risk Management Committee:		
	(i)	Risk Identification and Control policy:  Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.	<b>√</b>	
	(ii)	Construction of Organizational Structures  The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.	<b>√</b>	
	(iii)	Analysis and approval of Risk Management Policy Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.	<b>√</b>	
	(iv)	Storage of data & Reporting system:  Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.	<b>√</b>	
	(v)	Monitoring the implementation of overall Risk Management Policy: Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.'	<b>√</b>	
	(vi) 1. 2. 3.	Other responsibilities:  Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form;  Comply instructions issued time to time by the controlling body;  Internal & external auditor will submit respective evaluation report whenever required by the committee.	<b>~</b>	
(d)	1. 2. 3. 4.	The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary; To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; All decisions/observations of the committee should be noted in minutes.	<b>~</b>	
The	directo	<b>Directors</b> rs shall make themselves fully aware of the banking laws and other related rules and for performing his duties properly.	<b>√</b>	
		ar is issued to implement Section 15, 15 Kha and 15 Ga of Bank Company Act-1991 up to 2018).	✓	
V 1111		nt of the Circular.		With immedi

BRPD Circular No.18 of  $27^{th}$  October 2013 and BRPD Circular Letter No.20 dated  $23^{rd}$  December, 2014 and subsequent amendment regarding Appointment and responsibilities of Chief Executive Officer (CEO)

SI No	Particulars Particulars	Complianc Status
4	Rules and regulations for appointing CEO	
	Moral Integrity:	
	In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that:	
	<ul> <li>a) He has not been convicted by any Criminal Court of Law.</li> <li>b) He has not been punished for violating any rules, regulations or procedures / norms set by any regulatory authority;</li> </ul>	Complied
	c) He was not associated with any such company/organization registration or license of which has been cancelled.	
	Experience and Suitability:	
	a) For appointment as a CEO, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 2 (two) years' experience in a post immediate below the CEO of a bank.	
	<ul> <li>He must at least have a Master's Degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.</li> </ul>	Complied
	<ul> <li>c) In respect of service, the concerned person should have excellent record of performance.</li> <li>d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company.</li> </ul>	Complice
	e) Any director of any bank or financial institution or any person who has business interest in the concerned bank will not be eligible for appointment to the post of CEO.	
	Transparency and financial integrity: Before appointment as a CEO, satisfaction should be ensured to the effects that:	
	a) The concerned person was not involved in any illegal activity while performing duties in his own or banking	
	profession.	
	b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;	Complied
	c) He is not a tax defaulter. d) He has never been adjudicated an insolvent	
	<b>Age Limit:</b> No person crossing the age of 65 years shall hold the post of CEO of a Bank.	Complied
	<b>Tenure:</b> The tenure of the CEO shall not be more than 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for the shorter period.	Complied
	<b>Guidelines in fixing the salary and allowance:</b> Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposals to Bangladesh Bank:	
	a) In fixing the salary and allowances of the CEO, financial condition, scope of operation, business-volume and earning capacity of the Bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.	
	b) Total salary shall be comprised of direct salary covering 'Basic Salary' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc), as far as possible, shall have to be converted in the monetary value and thus determining monthly total salary, it shall have to be mentioned in the proposal submitted to BB. In the proposal, Basic Salary, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.	Complied
	c) Without improving the bank's major financial indicator like-CAMELS, annual salary increment will not be payable.	
	d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the work performance of the current CEO.	
	e) The CEO so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expenses, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.  f) The bank shall not pay any income tax for the CEO, i.e. the CEO so appointed shall have to pay it.	
	Incentive Bonus: The CEO will get incentive bonus subject to paying incentive bonus to all executives/officers/workers of the bank and the said bonus amount will not exceed BDT 1,000,000 in a year.	Complied
	Honorarium for attending the Board Meeting: Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or the meeting of any committee formed by the Board.	Complied

SI No	Particulars Particulars	Compliance Status
9	<b>Evaluation Report:</b> For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to Bangladesh Bank.	Complied
10	<b>Prior Approval from Bangladesh Bank:</b> Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Company Act 1991 (amended up to 2018). For processing such approval, along with the proposal signed by the Chairman of the BoD, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of Board's approval must be submitted to BB. The selected person must also submit declarations as per Annexure A & Annexure B to BB.	Complied
11	<ul> <li>Decision of Bangladesh Bank is Final: The decision of BB for appointment of the CEO will be treated as final and the CEO so appointed cannot be terminated, released or removed from his/her office without prior approval from BB:</li> <li>a) In case the CEO desires to terminate the contract before expiry or resign from his office voluntarily, he shall serve at least one-month notice upon the Chairman of the Board stating the actual reason for such resignation, and, at the same time forward a copy of such notice to Bangladesh Bank.</li> <li>b) In case the Board of the Bank desires to terminate the contract before expiry or asks the CEO to tender resignation from his post, the Board shall serve at least one-month notice stating the reasons for such action; at the same time forward a copy of such notice to Bangladesh Bank and obtain approval of Bangladesh Bank for such removal.</li> <li>c) When the position of the CEO falls vacant due to resignation, expiry of contract, or any other reason, the bank shall immediately appoint a 'CEO In-charge' (for maximum 3 months) among the officials next to the CEO and notify Bangladesh Bank with details of such Officer In-charge.</li> </ul>	No such Event
В	Duties and Responsibilities of CEO	
	<ul> <li>The CEO of the bank, by whatever name called, shall discharge the responsibilities and affect the authorities as follows: <ul> <li>a) In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.</li> <li>b) The CEO shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging routine functions of the bank.</li> <li>c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.</li> <li>d) The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.</li> <li>e) The recruitment and promotion of all staffs of the bank except those in the two tiers below him/her shall rest on the CEO. He/she shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the Board.</li> <li>f) The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him/her, which he/she shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he/she shall nominate officers for training, etc.</li> </ul> </li> </ul>	Complied

## Status of compliance with the conditions imposed by Bangladesh Bank BRPD Circular Letter No.19 dated 27 October 2013 on Contractual appointment of Advisor and Consultant.

SI No	Particulars Particulars	Compliance Status	Remarks
Α	Appointment of Advisor		
1.	<ul> <li>Experience and Suitability:</li> <li>For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:</li> <li>a) Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities;</li> <li>b) Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person;</li> <li>c) Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Official of any company;</li> <li>d) A person who is working in any bank or financial institution or who has business interest in that bank will not be considered eligible for appointment to the post of advisor;</li> <li>e) Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated an insolvent by the court.</li> </ul>	Complied	
2.	Responsibilities of the Advisor:  The Advisor can advise the Board of Directors or the Chief Executive only on those matters that are specified in the appointment letter. Routine works or general works will not be included in his term of reference. He can't exercise any kind of power or can't participate in the decision-making process of financial, administrative, operational or any other activities of the bank.	Complied	
3.	Prior approval from Bangladesh Bank:  Prior approval from Bangladesh Bank is mandatory before appointing advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure-ka. This declaration must be also submitted to Bangladesh Bank.	Complied	
4.	Remuneration and other facilities of Advisor: The post of advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with terms of reference of the advisor will not be considered as acceptable by Bangladesh Bank.	Complied	
5.	<b>Tenure of Advisor:</b> The tenure of the Advisor shall be maximum 01(one) year which is renewable.	Complied	
6.	Appointment of former executive: For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible to become an Advisor in the same bank immediately after his/her retirement or resignation.	Complied	
В	Appointment of Consultant		
1.	Terms of reference of Consultant: Consultant can be appointed for specialized tasks like tax, law and legal procedures, engineering and technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the Bank.		
2.	Responsibilities of a Consultant: The responsibilities or terms of reference of a Consultant are specified. He does not involve in any activities beyond his terms of references.		
3.	Appointment of a Consultant:  A Consultant can be appointed with the approval of the BoD. After such appointment, the bank shall send the Consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.	N/A	No Consultant in office as on 31st December,
4.	<b>Tenure of a Consultant:</b> The tenure of a Consultant should be consistent with the terms of reference but would not exceed 02 (two) years.		31 <sup>st</sup> December, 2020
5.	Remuneration/honorarium of a Consultant: The consultant's remuneration should be in the form of monthly or single lump-sum payment, he is not entitled to any other facilities.		
6.	Appointment of former executive: For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible to appointment as a Consultant in the same bank immediately after his/her retirement or resignation.		

# CERTIFICATE OF SENIOR MANAGEMENT TEAM (SMT) REGARDING THE EFFECTIVENESS OF INTERNAL CONTROL POLICY, PRACTICE AND PROCEDURE

Internal Control is a process effected by the Board of Directors, Senior Management and personnel of all levels. It is not solely a procedure or policy that is performed at a certain point of time, rather it is continually operating at all levels within the Bank. As per guidelines of Bangladesh Bank, the Board of Directors and Senior Management are required to take appropriate steps for establishing appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis; however, each individual within an organization must participate in the process.

The SMT received an updated Review Report on the Risk Management of Internal Control and Compliance of the Bank and reviewed the internal control mechanism in place and different issues on risk management of Internal Control and Compliance, e.g. Appropriateness & Effectiveness of internal Control Environment; Internal Control Objective; Internal Control Policy Guidelines; Organization Structure; Process Guidelines and Internal Control Process of the Bank. The Committee also reviewed the key points of Bangladesh Bank's last Inspection Report on ICC of the Bank along with the Bank's Compliance thereof.

The SMT is satisfied that Internal Control Policy, Practice and Procedure of the Bank are effective and these provide a reasonable assurance in achieving objectives of the Bank in respect of (i) reliability of the financial information; (ii) effectiveness and efficiency of operations; (iii) compliance with applicable laws and regulations; (iv) adherence to management policies; (v) safeguarding of Bank's Assets; (vi) prevention and detection of fraud and errors; and (vii) accuracy and completeness of the accounting records.

However, internal control environment of the Bank has further been strengthened after implementation of the processes as mentioned in the revised 'Guidelines on Internal Control and Compliance in Banks' provided by Bangladesh Bank vide BRPD Circular No.03 dated 08.03.2016 and an amendment of the guidelines through BRPD Circular No-06 dated 04.09.2016.

M. Kamal Hossain

Managing Director

# REPORT OF THE AUDIT COMMITTEE (COMPOSITION, ROLE, MEETING, ATTENDANCE, ETC.)

The Audit Committee is an important functional Committee of the Board of Directors of the Bank. It is assigned with oversight of financial reporting, disclosure, regulatory compliance and disciplined banking operation complying with the rules and norms of banking.

#### **Feature and Composition**

The Audit Committee was last re-constituted by the Board of Directors in its 610<sup>th</sup> meeting held on October 15, 2020 in accordance with the Corporate Governance Code issued by BSEC on June 03, 2018 and Bangladesh Bank's BRPD circular no.11, dated October 27, 2013.

The composition of the present members of the Audit Committee in 2020 is given below:

SI. No.	Name	Status in the Board	Status in the Committee	Educational Qualification
1.	Mr. Syed Sajedul Karim	Independent Director	Chairman	B.A (Hons), M. A
2.	Mrs. Duluma Ahmed	Director	Member	Graduate
3.	Mrs. Jusna Ara Kashem	Director	Member	H.S.C
4.	Mrs. Rehana Rahman	Director	Member	Graduate
5.	Dr. Quazi Mesbahuddin Ahmed	Independent Director	Member	B.A (Hons), M.A., MEC, MSC., PhD in Economics

#### Quorum

Presence of 3 (three) members including one Independent Director constitutes a quorum for holding Audit Committee meeting. The Head of Internal Control and Compliance attended the meetings to present the agenda. On invitation, Senior Executives of the Bank including the Managing Director, Chief Financial Officer (CFO) and Head of Risk Management Division attended the meetings to meet instant queries of the Audit Committee to make its decisions fact-based. In addition, Heads of Branches, whose audit reports were placed to the Audit Committee were also present in the meetings to respond to the issues raised in the reports of Internal Control and Compliance Division and Bangladesh Bank.

#### Terms of Reference of the Audit Committee

- 1. Board shall appoint Non-Executive Directors of the Bank as members of the Audit Committee excepting Chairman of the Board.
- 2. Mr. Syed Sajedul Karim, in his capacity as the Independent Director, shall be the Chairman of the Audit Committee.
- 3. Presence of 03 (three) members shall form a quorum.

- 4. The quorum of the Audit Committee meeting shall require presence of at least 1 (one) Independent Director.
- 5. The tenure of office of the Audit Committee shall be for 3 years.
- 6. The Company Secretary shall act as Secretary to the Audit Committee.
- 7. The Terms of Reference of the Audit Committee shall also be as specified in the BRPD Circular No.11 dated October 27, 2013 of Bangladesh Bank and provisions contained in Notification No.BSEC/CMRRCD/2006- 158/207/Admin/80 of Bangladesh Securities and Exchange Commission (BSEC), dated 03 June, 2018.
- 8. Mr. Zakir Ahmed Khan, Advisor of the Bank, shall remain present in every meeting of the Audit Committee as far as possible and shall give his advice and suggestions for improvement of Bank's operations and strict compliance with rules of both the Bank and its regulators.
- 9. Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).

#### **Charter of the Audit Committee**

The Audit Committee is constituted by the Board of Directors for the primary purpose of assisting the Board in:

- Overseeing the integrity of the company's financial statements.
- Overseeing the improvement of corporate governance standard of the company.
- Overseeing the Company's system of disclosure, internal controls and procedure.
- Overseeing Bank's internal control over financial reporting.
- Overseeing Bank's compliance with ethical standards adopted by the Bank.
- Making reports and recommendations to the Board.

#### **Roles and Responsibilities**

The role of Audit Committee is to assist the Board in discharging its duties and responsibilities for financial reporting, effective monitoring, corporate governance, internal control, green banking and environmental & climate change risks. The added roles of the Audit Committee include, but not limited to the following:

- i. Overseeing the financial reporting process.
- Monitoring choice of accounting policies and principles.
- Monitoring Internal Audit and Compliance process including approval of Internal Audit and compliance plan.
- Reviewing the Internal Audit and Compliance Report.
- v. Overseeing hiring and performance of external auditors.
- vi. Reviewing the Annual Financial Statements before submission to the Board for approval or adoption.
- vii. Reviewing the quarterly and half-yearly Financial Statements before submission to the Board for approval.
- viii. Reviewing the financial statements, in particular the investments made by the subsidiary company.
- ix. Reviewing the adequacy of internal audit functions.
- x. Reviewing the Management's Discussion and Analysis before disclosing in the Annual Report.
- xi. Overseeing the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.
- xii. Reviewing statement of significant party transactions submitted by the management.
- xiii. Reviewing Management Letters/ Letter of Internal

- Control Weakness issued by Statutory Auditors.
- xiv. Reviewing the existing Risk Management Policy and Procedures to improve the quality of Bank's assets portfolio.
- xv. Reviewing fund raising through Repeat Public Offering/ Rights Issue and its use and application.
- xvi. Monitoring internal control process.
- xvii. Maintaining oversight on regulatory compliance, ethics and whistle-blower hotlines.
- xviii. Reviewing Audit Committee's own terms of
- xix. Reviewing the compliance status of the Minutes of the Audit Committee Meeting.

#### Reporting of the Audit Committee

The Audit Committee has reported its findings and observations to the Board of Directors. It is also required to report to the Bangladesh Securities and Exchange Commission on anything which has material impact on the financial condition and result of operation of the Bank. But such reporting was not necessitated in 2020 as nothing which has/had material impact on the financial condition and results of operation had occurred in the Bank during the year 2020.

#### Deliberations of the Audit Committee in 2020

During the year 2020, the Audit Committee carried out its regular functions on areas pertaining to its responsibilities. Some of the issues that it discussed and the decisions it took for improvement of operational performance of the Bank are listed below:

- The Audit Committee reviewed the Financial Statements of the Bank for the year 2020 which include Balance Sheet, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement and the disclosures made through Notes to the Accounts.
- 2) The Committee recommended the approval of the Financial Statements of the Bank for the year 2020 to the Board.
- 3) The Committee recommended appointment of bank's external auditors for the year 2020.
- 4) The Audit Committee reviewed the Annual Summary Report on Audit Findings 2019 and advised the officials of the Bank at different levels should exercise proper due diligence at pre-disbursement and post disbursement stage of loan proposal to protect the Bank's interest.

- The Audit Committee examined the certificate of the Senior Management Team (SMT) regarding the effectiveness of internal control, policy, practice and procedures.
- 6) The Committee emphasized on the necessity of further strengthening of monitoring process of Special Mention Accounts (SMA's), so that they are not turn into non-performing loan.
- 7) The Committee advised the Management to vigorously monitor the risk assets of the Bank especially the loans in different branches that showed signs of weakness for their timely recovery and adjustment.
- 8) The Audit Committee approved Inspection Plan of the Bank for the year 2020.
- The Audit Committee reviewed the un-audited quarterly and half yearly Financial Statements before their submission to the Board for final review and approval.
- 10) The Audit Committee thoroughly reviewed the findings of the Bangladesh Bank Inspection Team on different branches as well as head office and instructed the management to take appropriate actions to prevent repetition of lapses identified in their inspection reports.
- 11) The Committee reviewed the Bank's Self-Assessment of Anti-Fraud Internal Controls and advised to adhere to guidance-notes of Bangladesh Bank to avert attempts of frauds and forgeries in the Bank.
- 12) The Audit Committee reviewed periodic recovery positions of the Bank against classified, re-scheduled and written-off loans and gave suitable decisions.

- 13) The Audit Committee reviewed the Integrated Health Report of the Bank for the year 2020 and referred it to the Board of Directors for approval. The Committee advised the Management to conduct the operations of the Bank in such a way that Bank's financial health, ICC health, and image and reputational health are improved significantly.
- 14) The Audit Committee reviewed the findings of the Head Office Inspection Reports of 2020 on different Branches and advised the management to regularize the documentation lapses and other reported irregularities at the earliest.

#### Report to the Board

All findings and decisions of the Audit Committee were reported to the Board and the Board closely reviewed and ratified them.

#### Minutes of Audit Committee to Bangladesh Bank

In 2020, total 05 (five) meetings were held by the committee and the minutes of meetings of the Audit Committee were sent to Bangladesh Bank for their information.

#### Reporting to the Regulatory Authorities

There had not been any occurrence in the Bank that required reporting to the relevant authorities by the Bank's Audit Committee.

Syed Sajedul Karim

Chairman

Audit Committee of the Board

# INTERNAL CONTROL AND COMPLIANCE

Southeast Bank Limited has an effective Internal Control System established in line with the standard guidelines and guidance note of Bangladesh Bank in order to fulfill the objectives of the Bank toward profitability, reliability of financial reporting, efficiency and effectiveness of operations, compliance with laws and regulations, prevention & detection of fraud & errors, safeguarding of Bank's Assets, achievement of mission and improvement of overall performance of the Bank.

In this connection, a revised "Guidelines on Internal Control and Compliance in Banks' have been prepared in line with the Bank Company Act, 1991 as amended up to 2020 and as per directives of Bangladesh Bank's BRPD Circular No.03 dated March 08, 2016.

The major components of Southeast Bank's Internal Control include – Control Environment, Risk Assessment, Information and Communication, Control Activities and Monitoring:



**Control Environment:** The Board of Directors is very practical with respect to ensuring sound corporate governance and effective management & control in the Bank for ensuring safe and sound operations. Considering the factors like integrity, ethical values and competence of the employees, management's philosophy and operating style, an effective Management Information System, a well-structured Organizational set-up, an Employees Service Rules, independent audit mechanism etc. have been established by the Board.

**Risk Recognition and Assessment:** Board of SEBL has put in place all the methods, policies and procedures as per the standard guidelines and directives of Bangladesh Bank with a

view to continually recognizing and assessing all of the material risks that could adversely affect the achievement of the Bank's goals. The Internal Control System of SEBL is able to provide reasonable assurance regarding the achievement of the objectives of the Bank.

**Control Activities:** As per proper direction of Board, Management of SEBL has set up an appropriate control structure with control activities defined at every business level i.e. top-level review and appropriate activity control for different departments or divisions. Segregation of jobs and flow-chart of works reflecting jobs specification have been introduced.

Information and Communication System: SEBL has established an effective management information system to provide relevant, appropriate and quality information in a form and time frame, internal communications of information-instantly informed/notified about the policies, procedures and regulations, external communications of information-ensure timely report to the external authorities. SEBL uses a new version of Core Banking Software (CBS) named 'Bank ULTIMUS'. Access control of the CBS is properly defined and exercised. Data Center for backup of data and information has been established. Testing of system's backup procedure and contingency plan are done regularly. Besides, MRS Committee has already been constituted for evaluation of the data received through various information systems, which are relevant to decision making. Recently, Risk Based Internal Audit Software (RBIAS) namely "Tahqiq" has been introduced in order to conduct the audit in an efficient manner. Through this audit software various types of reports can be generated.

**Monitoring Activities:** The activities of the Bank are monitored on an ongoing basis. Monitoring is adopted as part of daily activities to identify key/high risk items and periodic evaluation is done by the business lines and internal audit team. The Internal Control and Compliance Division reports material control deficiencies to the Audit Committee of the BoD with specific recommendations.

Audit Committee of the Board: An Audit Committee of the Board of Directors has been constituted in line with Internal Control & Compliance Guidance Notes of Bangladesh Bank comprising with 05 well qualified, competent and experienced members. The Audit Committee is functioning properly. The Board of Directors of SEBL regularly reviews the effectiveness of internal control process through its Audit Committee and the Audit Committee plays an effective role amongst the Board of Directors, Management, Shareholders, Depositors and develops an efficient, powerful and a safe banking system. The committee also performs a very important role for publishing Bank's financial statements, developing an appropriate internal control system and maintains an effective communication with internal and external auditors. It significantly contributes in controlling and monitoring various risks factors that arise from the business activities of the Bank. Board Audit Committee reviews the actions taken on internal control issues identified in the reports prepared by the internal & external auditors and regulatory authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

Senior Management Team (SMT): The Board of Directors has constituted a 'Senior Management Team' with Senior Executives of Head Office. The Senior Management Team (SMT) is responsible for the overall management of the Bank. With governance and guidance from the BoD, the SMT puts policies and procedures to identify, measure, monitor and control the risks. Besides, an internal control structure assigning clear responsibility, authority and reporting relationship has been established by the Management of the Bank through its different committees like Asset-Liability Committee (ALCO), Central Compliance Committee (CCC), MRS Committee. Head Office Credit Review Committee (HOCRC), Procurement Committee, Task Force for Recovery of Written off Loans, Task Force for Recovery of Classified Loans, Integrity committee, etc. SMT reviews the overall effectiveness of the control system of the organization and provides certification on yearly basis to the Audit Committee of Board.

#### Risk Management Framework of SEBL

As per BB Guidelines, the activities of SEBL involve analysis, evaluation and management of different degree of risks under the following framework:

#### ▲ Asset-Liability Risk Management

- Managed by Asset Liability-Committee (ALCO)
- Coordinated by ALM desk of the Treasury Division

#### ▲ Foreign Exchange Risk Management

Managed collectively by Treasury Division and ID

#### ▲ Credit Risk Management

 Managed collectively by HOCRM, CRMD, CAD, R&LAD and Branches

#### ▲ Internal Control and Compliance Risk Management

- The Business Lines and Management act as the First Line of Defense and Second Line of Defense respectively
- Internal Audit functions as the Third Line of Defense
- Supervisory and monitoring activities in this respect are collectively performed by the Audit Committee of Board of Directors and ICCD

#### Money Laundering Risk Management

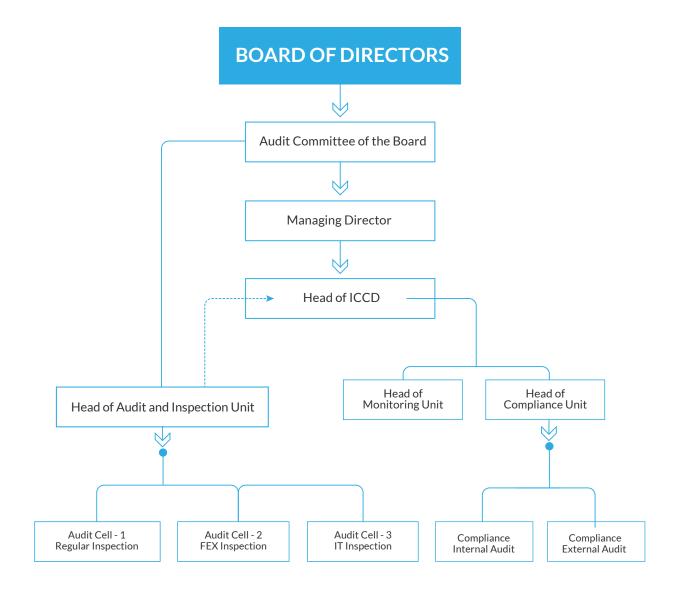
- The relevant activities are reviewed and monitored by the CCC and AML & CFTD of Head Office ongoing basis
- Coordinated by BAMLCOs

### ▲ Information & Communication Technology (ICT) Risk Management

Managed by the Information Technology (IT)
 Division

Internal Control and Compliance (ICCD) Organogram and Structure: SEBL has established an independent audit/inspection mechanism to monitor the effectiveness of the organizational and procedural controls of the Bank. Internal Control and Compliance Division of the Bank with its three

units (Audit and Inspection Unit, Compliance Unit, Monitoring Unit) is performing the supervisory and monitoring works to manage the risks with full autonomy within the following Organogram:



ICCD of the Bank performs their day to day activities to ensure the following objectives in an efficient and effective manner:

- Adequacy and effectiveness of risk management system
- Need-based interaction with the various governance groups
- Significant financial, managerial and operational information in accurate, reliable and timely manner
- Employees' actions in compliance with policies, standards, procedures, laws and regulations
- Use of acquired resources economically, efficiently and adequately
- Achievement of programs, plans and objectives
- ♦ Fostering the quality and continuous improvement in the bank's control process
- Appropriate recognition and addressing of legislative and regulatory issues impacting the bank; etc.

# REPORT OF THE RISK MANAGEMENT COMMITTEE

The Bank Company Act-1991 (Amended up to 2018), inter alia, provided for constitution of a Risk Management Committee of the Board of Directors of every Bank. The committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against different risks.

#### **Feature and Composition**

The Risk Management Committee was reconstituted by the Board of Directors in its 610<sup>th</sup> meeting held on October 15, 2020 in accordance with the BRPD circular no. 11, dated October 27, 2013 issued by Bangladesh Bank. The composition of the Risk Management Committee in 2020 is given below:

SI.	Name	Status with the Bank	Status with the Committee	
1	Mr. Alamgir Kabir, FCA	Chairman	Chairman	
2	Mr. M. A. Kashem	Director	Member	
3	Mr. Azim Uddin Ahmed	Director	Member	
4	Mr. Syed Sajedul Karim	Independent Director	Member	

#### **Structure of the Risk Management Committee**

- 1. The Chairman of the Board of Directors of the Bank shall be the Chairman of the Risk Management Committee.
- 2. Presence of 3 (three) members in a meeting of the Committee shall form quorum.
- 3. The Company Secretary of the Bank shall act as the Secretary to the Risk Management Committee of the Board.

#### **Functions of the Risk Management Committee**

- Formulating and reviewing risk management policies and strategies for sound risk management.
- 2. Monitoring implementation of risk management policies and process to ensure effective prevention and control measures.
- 3. Ensuring construction of adequate organizational structure for managing risks within the Bank.
- 4. Supervising the activities of Executive Risk Management Committee (ERMC).
- 5. Ensuring compliance of Bangladesh Bank instructions regarding implementation of core risk management.
- 6. Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval.

- 7. Approving adequate record keeping and reporting system and ensuring its proper use.
- 8. Holding at least four meetings in a year and more if deemed necessary.
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- Submitting proposal, suggestions & summary of BRMC meetings to the Board of Directors at least on quarterly basis.
- 11. Complying with instructions issued from time to time by the regulatory bodies.
- Analyzing all existing and probable risk issues in the meeting and taking appropriate decisions for risk mitigation.
- Ensuring sufficient and efficient staff resources for RMD.
- 14. Establishing standards of ethics and integrity for staff and enforcing these standards.
- 15. Assessing overall effectiveness of risk management functions on yearly basis.

### Deliberation of the Risk Management Committee in 2020

During the year 2020, the main issues the committee discussed and the decisions it took for improvement of risk management scenario in the Bank are enumerated below:

- Reviewed the report on Capital to Risk-Weighted Asset Ratio (CRAR) and Capital mix of the Bank
- 2. Reviewed the Bank's Stress Testing report
- 3. Reviewed the dealers limit for foreign exchange, money market and government securities transactions of Treasury division
- 4. Reviewed the ICAAP report under Supervisory Review Process.
- Reviewed the following policies and guidelines of the Bank:
  - a. Credit Risk Management guidelines
  - b. ICT Security Policy Version 5.3
  - c. Manual for Prevention of Money Laundering and Terrorist Financing with Risk Management Guidelines
  - d. Manual on Internal Control and Compliance
  - e. Foreign Exchange Risk Management Manual

- f. Asset Liability Management (ALM) Manual
- g. Policy Guidelines on Supervisory Review Process and ICAAP Methodology
- h. Risk Management guidelines

#### Reporting to the Board

The decisions and recommendations of the Risk Management Committee were submitted before the Board of Directors and the Board closely reviewed and ratified them.

### Submitting Minutes of Risk Management Committee to Bangladesh Bank

The minutes of meetings of the Risk Management Committee were submitted to Bangladesh Bank for their information.

Alamgir Kabir, FCA

Chairman

Risk Management Committee of the Board

# EVALUATION OF THE QUARTERLY FINANCIALS BY THE AUDIT COMMITTEE & BY THE BOARD

#### **BDT** in Million

	2020	2010	2020	2010	2020	2010	2020	2010
	2020	2019	2020	2019	2020	2019	2020	2019
Particulars	1 Jan'20 to 31 Dec'20	1 Jan' 19 to 31 Dec' 19	1 Jan '20 to 30 Sep '20	to	1 Jan '20 to 30 June '20	1 Jan '19 to 30 June '19	1 Jan '20 to 31 Mar '20	to
	4 <sup>th</sup> Qtr.	4 <sup>th</sup> Qtr.	3 <sup>rd</sup> Qtr.	3 <sup>rd</sup> Qtr.	2 <sup>nd</sup> Qtr.	2 <sup>nd</sup> Qtr.	1 <sup>st</sup> Qtr.	1 <sup>st</sup> Qtr.
Balance Sheet								
Cash	21,431	22,620	19,831	22,670	20,217	22,691	21,240	21,590
Balance with other banks and financial institutions	4,659	7,472	6,289	6,856	8,237	9,645	11,959	11,558
Money at call and on short notice	2,209	4,740	2,408	4,499	1,476	7,440	1,161	3,835
Investments	97,074	77,310	97,878	82,955	78,294	68,166	74,346	66,544
Loans and advances	322,251	296,753	320,187	288,695	315,705	290,275	302,975	276,939
Fixed assets including premises, furniture and fixtures	9,715	9,334	9,526	9,379	9,498	9,320	9,429	9,297
Other assets	7,954	4,084	7,620	4,311	7,466	4,268	4,597	4,324
Total assets	465,293	422,313	463,738	419,366	440,892	411,805	425,706	394,088
Borrowings from other banks, financial institutions and agents	18,898	13,701	14,633	10,797	15,675	13,610	17,220	10,491
Subordinated bond	13,600	10,200	10,200	11,800	10,200	11,800	10,200	11,800
Deposits and other accounts	359,536	329,250	363,367	330,420	341,107	323,090	326,256	309,682
Other liabilities	43,546	38,652	41,722	35,209	41,484	32,871	40,375	33,605
Total liabilities	435,305	391,803	429,923	388,226	408,466	381,371	394,051	365,577
Total shareholders' equity	29,704	30,499	33,805	31,130	32,416	30,423	31,644	28,500
Non-controlling interest	10	10	10	10	10	10	10	10
Total liabilities and shareholders' equity	465,293	422,313	463,738	419,366	440,892	411,805	425,706	394,088
Off- Balance Sheet Items	138,737	123,149	144,039	139,839	119,666	141,179	155,270	159,013
Profit And Loss Account								
Net interest income/net profit on investments	2,481	4,257	1,658	3,542	1,302	2,338	1,107	1,042
Total non-interest income	11,289	10,134	7,501	7,118	4,689	4,781	2,440	2,315
Total operating income (A)	13,770	14,391	9,159	10,660	5,991	7,119	3,547	3,357
Total operating expenses (B)	5,506	5,408	3,928	3,745	2,505	2,414	1,275	1,179
Profit before provision (C=A-B)	8,265	8,983	5,231	6,915	3,486	4,705	2,272	2,178
Provision for loans and advances/investments and others	5,109	4,579	1,286	1,438	740	823	721	1,096
Provision for taxation	1,007	1,896	1,176	2,201	850	1,277	410	583
Net profit after taxation	2,149	2,509	2,769	3,276	1,896	2,606	1,141	499
Earnings Per Share (EPS)	1.81	2.11	2.39	2.82	2.82	2.25	0.98	0.43

As per the regulatory requirement of Bangladesh Securities and Exchange Commission (BSEC), the Bank has prepared and presented Quarter Ended Financial Statements. These statements are prepared in accordance with IAS International Accounting Standards). The statements are sent to Audit committee for review. After reviewing by the Audit Committee and approval by the Board, the statements are finally submitted to Bangladesh Securities and Exchange Commission (BSEC). Afterwards, the Quarter Ended Financial Statements are published in several daily newspapers. The statement is also published in the website of the bank.

# REPORT OF THE BANK'S SHARIAH SUPERVISORY COMMITTEE

#### Bismillahir Rahmanir Rahim

Assalamu Alaikum Warahmatullahi Wabarakatahu

All praise is for Allah (SWT)-in Whom all excellences are combined and Who is free from all defects, the Compassionate- One Whose blessings are extensive and unlimited and The Merciful – One Whose blessings are inherent and eternal. Allah, alone without partner and associate.

Muhmmad (SWS) is His true worshipper and Messenger. Peace be upon Him, his family and his companions.

The shareholders, depositors, patrons and customers of Southeast Bank Limited.

In carrying out the roles and responsibilities of the Shariah Supervisory Committee of the Bank as prescribed in the Shariah Governance Framework (contained in the Guidelines of Bangladesh Bank), we do hereby report the following facts and circumstances concerning the Bank's Islamic banking services in the financial year ended December 31, 2020:

- ☐ During the year 2020, 02 formal virtual meetings of the Committee were held.
- ☐ The Shariah Supervisory Committee approved the branding of "Southeast Tijarah" in Islamic Banking products like Mudaraba Term Deposit Receipt (MTDR) and the cover page of cheque book. The Committee also advised that the salient features of Bank's Islamic Banking Products be supplied to the Islamic Banking Branches.
- ☐ The Committee advised to take measures to improve the efficiency of the head of the branches including officials related to Islamic banking through proper training.
- ☐ Considering the location and nature of customers of the Islamic banking branches, the Shariah Supervisory Committee advised to introduce a separate desk in every Islamic branch for serving female customers.
- ☐ The Committee advised the management to take pragmatic initiatives to finance prospective/potential small and medium businesses by developing suitable products and to further diversify the investment portfolio.
- ☐ The Shariah Supervisory Committee advised to collect the list of prominent Madrashas of the country and instructed to segregate the list on the basis of divisional location namely Dhaka, Chattogram and Sylhet for effective marketing of Islamic Banking products and services.

- ☐ The Shariah Supervisory Committee advised to arrange shariah inspection of every branch twice a year and ensure compliance of shariah requirements in bank's islamic banking operations.
- ☐ The Committee also advised to strengthen supervision of the branches through regular field visits and through developing appropriate management Information Systems.
- ☐ The Shariah Supervisory Committee also advised to take initiatives to enhance promotional activities of Islamic Banking products and services and execute the same plan with the prominent Madrashas.

### Shariah Inspection reports of Islamic banking operations of the bank for the year 2020:

We further report that:

- □ A Muraqib has been engaged by the Bank for Shariah inspection of the Bank's five Islamic banking branches. The Muraqib has been performing his duties satisfactorily.
- ☐ All Islamic banking branches were inspected by the Muraqib in 2020. As per the inspection reports, the Compliance of Shariah Principles has satisfactorily improved during the year 2020.
- □ No deviation of any Shariah law was reported to the Shariah Supervisory Committee.
- ☐ Confirmed by the Management of the Bank that the accounts of Islamic banking operations of Southeast Bank Limited have been kept separate from conventional banking.
- ☐ The procedure of buying and selling of goods has been maintained properly and engagement of buying agents at branch level has been strengthened.
- ☐ The Shariah Supervisory Committee advised to innovate new products of deposit and investment to attract the customers for steady growth of businesses and for maximizing the profitability for the Islamic banking branches.

May Allah (SWT) give us tawfique to achieve his satisfaction and accept our good deeds by doing Islamic banking through implementation of Shariah principles in our day to day business activities of Islamic banking, Ameen.

msalahussan

Professor Moulana Mohammad Salah-Uddin

Chairman

Shariah Supervisory Committee





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### **CORPORATE BANKING**



Southeast Bank always remains vibrant to the changes of customers' needs and choices with the passage of time. Products and policies are redesigned and revised taking the time-befitting features into consideration to meet the diversified needs of the customers irrespective of business size and location.

Corporate Banking is a major source of profit for a bank being the main originator of customer loans. Corporate Banking is the custom-tailored financing and banking services for corporations. Such Banking is typically offered by commercial banks and entails all the services that can be extended on a financial level to corporate entities to ease day-to-day operations. Cash management services, working capital and project finance are some sorts of products generally available under such corporate banking.

Southeast Bank finances its corporate clients generally in the following ways –

- Export Finance
- Project Finance
- ✓ Trade Finance
- ✓ Working Capital Finance
- Work Order Finance
- ✓ Real Estate Finance
- Syndicated Finance

Besides, Southeast Bank has also set up a Cash Management Services Unit which mainly looks after mobilization of low-cost/no-cost funds of the corporate houses by providing various tailor-made services to them. In the coming years, the Bank will exert enhanced effort for more dynamism in such cash management activities.

In the year 2020, Southeast Bank's strategic priorities were overall growth and profitability whilst maintaining asset quality and strengthening the foundations for future growth.

During the period, the Bank continued to provide comprehensive and innovative banking solutions to its corporate clients including financial institutions.

Maximization of profitability through promotion of lending products and appropriate loan pricing is the primary focus of the Bank's Corporate Banking activities. Diversification of credit portfolio in promising and productive sectors is also one of the prime objectives. The strategy of Corporate Banking is to maintain a prudent mix of various client segments and products, economic sectors, geographical locations, currency and maturity commensurate with economic and business trend, life cycle of the products, demand-supply gap, social obligation etc.

The overall credit policy of Southeast Bank has already been revised and updated incorporating the changes and new aspects as brought by Bangladesh Bank to ensure effective credit risk management and compliance with the regulatory framework. Corporate Banking activities of Southeast Bank are carried out by addressing appropriate credit risk environment, sound credit approval process, suitable credit administration, measurement and monitoring process and adequate control over credit risk.

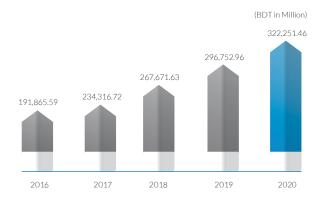
Southeast Bank sets specific industry-wise lending caps considering the existing concentration, risk appetite, future growth opportunities etc. Lending caps discourage concentration of Bank's global loan portfolio into one particular sector and encourage diversification of the total loan portfolio in various sectors with a view to minimizing concentration risk and to maximize the future growth of the Bank.

On the other hand, considering the cyclical aspects, economic condition, seasonal fluctuation, political environment, related risk factors as well as growth appetite in each sector, Corporate financing activities follow a prudent sector wise budgetary allocation as per annual credit plan.

### Year-wise position of Loans & Advances of Southeast Bank is given below:

Year	Outstanding at the end of the year (BDT in Million)	Growth Rate
2020	322,251.46	8.59%
2019	296,752.96	10.86%
2018	267,671.63	14.23%
2017	234,316.72	22.13%
2016	191,865.59	13.61%

Based on the policy guidelines given by the Board of Directors and catering to the ongoing requirements of the entrepreneurs and the economy, the management of the Bank periodically updates the policies and strategies in line with policy- parameters of the Central Bank with due approval of the Board of Directors.



#### **Export Finance**

The export sector in Bangladesh has grown up significantly making a major contribution to the national economy and is playing an important role in employment generation and foreign currency earnings. In the fiscal year 2019-20, Bangladesh exported goods worth USD 33.67 billion where the contribution of RMG sector is 82.98 per cent. Southeast Bank has been financing in the export sector on priority basis and at present, a sizeable portion of Bank's total loan portfolio belongs to around 200 export clients. During the year 2020, the Bank has handled export business to the tune of USD 2,121.19 million.

A dedicated unit named as 'RMG, Textile and Export Financing Unit' at Head Office has been handling the credit portfolio of export-oriented clients. This client base includes entrepreneurs in RMG - both Woven & Knit, Sweater, Textiles, Home Textiles, Spinning, RMG accessories, Jute and Jute goods and Leather goods. Southeast Bank extends both project finance and working capital finance to its export clients.

Southeast Bank Ltd. extends all types of facilities and services to the export-oriented organizations. SEBL is continuously enriching its service basket for the exporter on continuous basis, some of which are enlisted below:

- L/C Advising
- L/C Transfer
- Facilitate export against L/C and sales contract
- Facilitate buying house activities
- Export financing
- Documentary collection
- Issuance of different certificate as and when required by the exporter
- Maintain different FC account (FC, ERQ etc.)
- Different advisory services
- Facilitate different schemes provided by government & foreign bodies, such as;
  - Cash incentive
  - LTFF
  - EEF
  - EDF



The teams working in export financing at Head Office and Branches not only conduct detailed and proper analysis of the clients' requirements but also ensure meticulous compliance with Bank's RMG /Export financing guidelines, Export and Import policies, Foreign Exchange regulations, Circulars of Bangladesh Bank and other prevailing rules and regulations of the regulatory bodies. Periodic visits are made to clients' factories as a part of regular monitoring.

Year-wise performance of Southeast Bank's export business is given below:

Year	Export Performance (BDT in Million)	Growth Rate
2020	176,419.61	(14.32%)
2019	205907.10	8.14%
2018	190,402.80	13.63%
2017	167,562.98	14.29%
2016	146,606.09	15.96%



#### **Trade Finance**

A significant portion of the Bank's credit portfolio is distributed in the trading sector. The portfolio is diversified in commodity trading, construction and supply business, import financing, work order financing, fixed asset procurement, bill purchase etc. The Trade Finance and General Credit unit of Corporate Banking deals with various client segments for different economic purposes in trading, manufacturing and service sectors.

The Trade Finance and General Credit proposals are forwarded to Head Office by the Branches dispersed all over the country. The credit applications are then processed for approval by the Trade Finance and General Credit unit complying with Bank's credit policy and rules and regulations of Bangladesh Bank and other regulatory authorities. During this process, the officials meet the clients and visit their business premises for better understanding of their needs and for appropriate evaluations of their proposals. This process of appraisal is done for all types of credit facilities including Term Loan, Overdraft, Time Loan, Letter of Credit, Loan against Trust Receipt, different types of Bank Guarantees such as Bid Bond, Performance Guarantee, Advance Payment Guarantee, Security Bond, Customs Guarantee etc.

In the year 2020, a good number of corporate clients have availed Trade Finance and General Credit products from the Bank. During this period, the Bank extended facilities in the form of working capital credit as well as Term Loan to both existing and new clients in the fields of food items, edible oil, other consumer items, food processing, rice mill, feed mill, petroleum, chemical, printing & packaging, publishing, ship breaking, construction materials, furniture & saw mill, IT, electronic goods, deemed export etc.



### **Project Finance**

Southeast Bank provides Project Finance for setting up / BMRE of Manufacturing and Service Industries. There is a dedicated cell named 'Project Cell' at our Head Office which handles all sorts of credit proposals of the clients (excluding the clients under RMG, Syndication & SME cell) related to project finance covering:

- (i) Construction of new factory building of the new project.
- (ii) BMRE of the existing projects of our Bank and other Bank(s).
- (iii) Setting up new project with new line of business of the existing client.
- (iv) Working Capital finance to the newly set up project.
- (v) Working Capital finance to the existing project with our Bank and other Bank(s).
- (vi) Setting up LPG storage, bottling & distribution plant.
- (vii) Construction of inland & coastal ship.
- (viii) Setting up Amusement park & resort.
- (ix) Construction of residential/commercial building.

Project Finance is generally provided in the form of Term Loan to facilitate the client for procurement of fixed assets, such as capital machinery, auxiliary machinery & equipment, shed / building etc. Project Finance is usually followed by Working Capital Finance to meet day to day operational expenses of the project so that the project can run profitably to repay the Bank's dues.

A detailed appraisal called feasibility study is carried out before financing any project. The major aspects include Technical Appraisal, Marketing Appraisal, Financial Appraisal, Managerial Appraisal and Organizational Appraisal. Working Capital assessment is also done for Working Capital Finance for the project to ensure smooth operation of the project.

Since inception, Southeast Bank has been an active partner of the private sector in developing large and medium scale industries of the country. The Bank has financed for setting up various industrial units in the areas of Spinning, Textile, Garments, Pharmaceutical, Ceramic, Cement, Paper, Telecommunication, Steel etc. The Bank has also extended project finance to several service industries, such as hotel, resort, hospital, educational institution, transport, filling station etc. The Bank has also financed a good number of real estate projects.

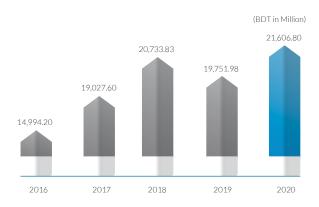
#### **Work Order Finance**

Southeast Bank provides financial support – both funded & non-funded credit facilities to the contractors to execute work orders issued by various departments/ divisions of Government as well as different private organizations acceptable to the Bank. The Bank participated in several mega projects of the Government by financing the relevant contractors. In 2020, the Bank continued to facilitating reputed contractors having sound track record for accomplishment of project of LGED, RHD, Railway, City Corporation and other organizations. Bank's work order financing products also cater to the need of contractors engaged in execution of supply orders.



#### **Real Estate Finance**

Real estate is an important sector for the development of an economy. Private sector real estate business has a huge growth prospect in this densely-populated country since a large segment of population belonging to middle and growing middle class prefer to buy flats. Despite such potential opportunity, the housing sector has been facing setback since 2007/2008. The real estate sector had to suffer severe sales-decline during this period. There is a long queue of unsold flats now. All the entrepreneurs in this sector have been suffering from sluggish sales trend.



Banks and other financial institutions seem to be reluctant to finance the developers in the prevailing condition of this sector. In the year 2020, Southeast Bank's policy was to maintain the portfolio in real estate sector in a good shape and side by side to finance new real estate projects having extraordinary potentials. The Bank is of the opinion that the full opportunity of the housing finance sector can be realized only if all-out efforts are made to develop the housing finance market on sustainable and sound footing.

Year-wise outstanding position of Real Estate Finance of Southeast Bank is given below:

Year	Real Estate Finance Outstanding loan (BDT in Million)	Growth Rate
2020	21,606.80	9.39%
2019	19,751.98	(4.74)%
2018	20,733.83	8.97%
2017	19,027.60	26.90%
2016	14,994.20	14.93%

### **Syndicated Finance**

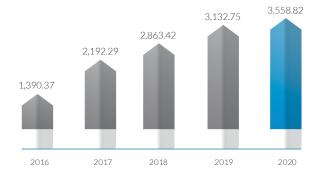
The main objective of the Syndicated finance and Club finance is to spread and share the credit risk among and with all the participating Banks for specific investment. Southeast Bank is acting as one of the Lead Arrangers as well as participants in the Banking industry of the country for development/ operation of different projects under Syndication/ Club Financing Arrangement. Some of the

sectors financed by the Bank through Syndication are textile, cement, steel, ceramic, refined sugar & oil, paper & pulp, aviation, hospital, education, telecom etc.

As a Lead Bank, Southeast Bank arranged a good number of Syndication deal with total facility of around BDT 3500.00 million. On the other hand, Bank's participation in different Syndicated/ Club finance arrangement was around BDT 15800.00 million till 2020.

Year-wise outstanding position of Syndication Finance of Southeast Bank is given below:

Year	Outstanding loan under syndication at the end of the year (BDT in million)
2020	3,558.82
2019	3,132.75
2018	2,863.42
2017	2,192.29
2016	1,390.37



### Performance in 2020

#### **Funded Business**

In 2020, the Banking Industry of Bangladesh experienced a slow credit growth as it has received a sharp blow by a chain reaction of the novel corona virus pandemic and it was obviously a major challenge for Southeast Bank. The Bank has always focused on the 'quality' aspect of credit with cautious augmentation of its credit portfolio. During the year 2020, the Bank exerted continuous and all-out effort to attract more 'quality' customers to maintain the ongoing growth of loans & advances and strengthen further its credit portfolio.

In 2020 the Bank successfully accelerated growth of its funded business. The accumulated loans and advances of the Bank stood at BDT 322,251.46 million as on 31.12.2020 compared to previous year's position at BDT 296,752.96 million registering a growth of 8.59 percent over the previous year. The Bank was able to maintain a prudent Loan Deposit Ratio throughout the year and it stood at 80.26 percent at the year end.

Graphical presentation of year-wise trend of loans and the distribution of loans in respect of different sectors, divisions, areas have been shown under "Sustainability Appraisal and Integrated Reporting".

### **Non-Funded Business**

The Bank registered a negative growth of 10.87 percent in import business in 2020 compared to that of previous year. The volume of import business payments (FOB) in 2020 was BDT 221,823.36 million while the same in 2019 was BDT

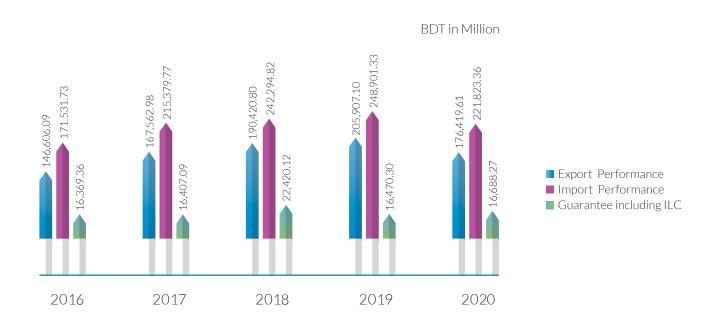
248,901.33 million. The main import commodities were capital machinery, raw cotton, scrap vessels, cement clinkers, wheat, edible oil, petroleum products, yarn, fabrics, garment accessories and other consumer items.

The export business of the Bank decreased by 14.32 percent in 2020. In the year 2020 the volume of the Bank's export business was BDT 176,419.61 million which was BDT 205,907.10 million in the previous year. The main export commodities were readymade garments, knitwear, frozen food, shrimp, handicrafts, jute & jute goods etc.

The Bank registered a positive growth in Bank Guarantee business too. The volume of this business was BDT 16,688.27 million in 2020 while it was BDT 16,470.30 million in 2019, posting a growth of 1.32 percent.

Year-wise performance of Southeast Bank's non-funded business is given below:

Year	Export Import Performance Performance (BDT in Million)		Guarantee including ILC (BDT in Million)	
2020	176.419.61	221,823.36	16,688.27	
2019	205,907.10	248,901.33	16,470.30	
2018	190,420.80	242,294.82	22,420.12	
2017	167,562.98	215,379.77	16,407.09	
2016	146,606.09	171,531.73	16,369.36	



### Bank's responses to Covid driven Stimulus Packages of Bangladesh Bank

Sudden outbreak of COVID-19 at the beginning of the year 2020 has created insurmountable obstacles to the realization of projected economic growth throughout the world. The Bangladesh economy has also been subjected to substantial strain due to the pandemic. It has already devastating impact on human lives and economies globally. Governments worldwide have taken measures as deemed appropriate to contain the spread of the pandemic and its spillover effects. The Bangladesh Government has already taken a series of instant and proactive policy initiatives including stimulus packages and refinance facilities to minimize the economic losses due to the COVID-19 pandemic. To cope with the challenges, Southeast Bank played a vital role in disbursement of loans under different stimulus packages. A summary on approved facilities under different stimulus packages are as follows:

Stimulus Package Beneficiary	Size (BDT in million)	SEBL Approved Participation (BDT in million)
Industries and Service-sectors as working capital loans	400,000.00	11,058.70
Export oriented industries for salary support	50,000.00	2,715.05
Pre-shipment Credit Refinance Scheme for local products alongside the export sector	50,000.00	447.29
Cottage, micro, small and medium enterprises (CMSMEs) as working capital loans	200,000.00	6,161.46
NGO/MFI	30,000.00	2,870.00
Farmers	50,000.00	101.84



# CMSME, AGRI-CREDIT AND FINANCIAL INCLUSION

Cottage, Micro, Small and Medium Enterprises (CMSMEs) make up the largest portion of the employment base in Bangladesh which indeed, are often the foundation of the local private sector. Now the CMSMEs are not only concentrated to low-tech, traditional, and agro-based economic activities; these are spread over other non-traditional manufacturing and service sector as well. In fact, the CMSMEs are recognized as the engines of economic growth worldwide and are a priority of the Bangladesh Government for routing financial inclusion. The Bank has always been a part of the segment as well.

However, in early 2020, the COVID-19 fallout had wobbled the world economy. Almost every business globally had experienced some sort of crisis. During the pandemic, the Bank backed the existing and new CMSMEs. The Bank utilized different stimulus packages of the Government to keep rolling the CMSMEs financing.

Southeast Bank has always viewed the CMSME segment as integral to Bangladesh's growth and will continue to partner with them while building a healthy portfolio.

Outstanding CMSME loan of the Bank as on December 31, 2019 stood at BDT 102,998.41 million compared to BDT 73769.60 million as on December 31, 2018, registering a growth of 39.62%.

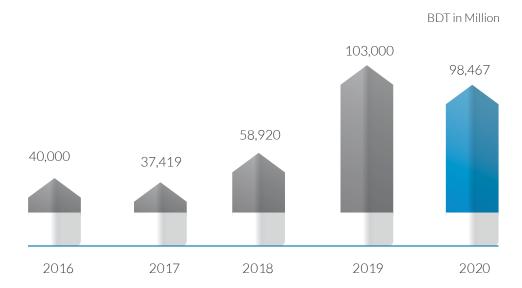
Our growth in Small and Micro Enterprises financing is very remarkable. Since we felt that smaller segment of CMSME's access to finance is more challenging, we have concentrated more in this segment and as a consequence we can see fruitful results in terms of growth in this sector. We have surpassed our expectation of loan growth in this sector.

#### **SME Disbursement**

#### **BDT** in Million

Year	Target	Achievement
2016	30,000	40,000
2017	40,000	37,419
2018	45,000	58,920
2019	75,000	103,000
2020	111,000	98,467

### **SME Disbursement**



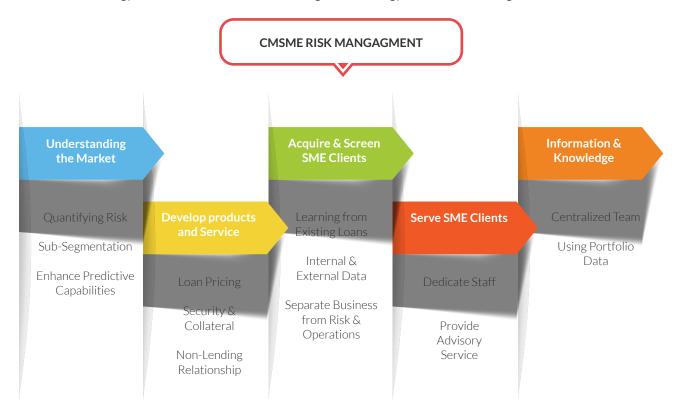
### **CMSME Strategy**

To concentrate more in CMSME banking, Southeast Bank adopted a medium-term CMSME strategy in 2016. In line with Bank's medium-term CMSME strategy Bank segregated CMSME Business from other Business Segments. As evident in SEBL's disbursement in CMSME segment and due to its expansion in CMSME centric areas,

CMSME is enduring to remain the fastest growing business segment.

The following five fundamental areas have been covered in the strategy: (1) SME focus and execution capabilities; (2) market segmentation, products and services; (3) sales culture and delivery channels; (4) credit risk management; and (5) IT and MIS.

The CMSME Strategy will streamline a robust risk management strategy for CMSME Banking.



### **Cluster Based SME Financing and Refinancing Programs**

Currently, cluster-based SME development is a popular approach for entrepreneurship development, SME promotion and industrialization with a view to facilitating employment generation and poverty alleviation around the world, especially in emerging economies. In Bangladesh, it is considered to be the most effective, economically viable and maximum output-oriented approach for economic development.

As per guidelines of Bangladesh Bank SEBL has already adopted a cluster-based financing approach for SMEs in some industrial sectors such as Textile, RMG Accessories, Food processing, Dairy & Poultry, Fisheries etc. We are hopeful that we will be able to expand cluster-based SME financing all over the country in the upcoming years through development of new clusters.

SEBL started the Cluster Financing for Hosiery Industry in Pabna in collaboration with SME foundation. Each eligible

micro and small entrepreneur will enjoy credit facility of BDT 50.00 thousand to BDT 1.00 Million at the interest rate of 9.00 per cent from Southeast Bank Limited under the SME Foundation's Credit Wholesaling Program. So far 67 members of the cluster received BDT 28.90 million.

In order to support our SME clients, Bank signed agreement with Bangladesh Bank for availing following low cost refinancing windows of Bangladesh Bank:

- 1. Women Refinance Scheme
- 2. SME Development Fund-ADB (SMEDP-2)
- 3. JICA Assisted SME Refinance
- 4. Refinancing Scheme for Agro Based Industry

#### **Rural and Inclusive Banking**

Bangladesh rural market presents significant growth opportunities as the market adapts to rapidly growing mobile connectivity and access to formal financial services. The Bank's strategy for rural market is focused on leveraging these trends and building a sustainable model for extending financial services to rural customers. This is being made possible by offering them a comprehensive product package backed by Mobile based technology Service called Telecash. The Bank has set up a distribution network over the last few years to reach customers in these markets. Bank this year successfully launched a new program to lend to Mobile banking clients. The Bank has developed customized financial products and services to cater to a wide range of rural customers including farmers, traders, processors, as well as rural entrepreneurs. School banking is also a part of our financial inclusion strategy.

The Bank offers various types of loans covering the entire agricultural value chain including loans to seed/input dealers, crop loans and loans for purchasing irrigation equipment, raising cattle and purchasing farm equipment through MFI (Micro Finance Institutions) linkage.

### Social and Environmental Management and Sustainable Finance

### **Green Banking**

Banks play a critical role in a country's economy. They are able to influence business activities by imposing certain conditions on loans. Therefore, Southeast Bank Ltd. has been doing the green banking business by adopting two approaches. The first one focuses on the green transformation of internal operations of the bank. The second one involves adopting sustainable and environmentally responsible financing.

It may be difficult for a bank to convince a client to "go green" if the bank itself does not practice what it preaches. Therefore, Southeast Bank Ltd. has already adopted different practices for making day-to-day business operations more environmentally sound. Some simple and common-sense practices including: turning off idle equipment, lighting, and air conditioners, choosing the stairs over the lift, using electronic communication, reducing total resource consumption (water, paper etc.).

Being environment friendly and socially responsible, we -

- Avoid financing certain activities that are restricted or excluded for Environmental & Social (E&S) and other reasons
- Extend lending activities that meet national E&S regulatory requirements and the applicable Environmental and Social Principles and Standards of Bangladesh Bank.

### Environmental and Social Risk Management System of the Bank

The Bank has developed and implemented a robust Environmental & Social Management System (ESMS) as per guidelines of Bangladesh Bank and other stakeholders.

Our Environmental & Social Management System (ESMS):

- Confirms our commitment to E&S management,
- Explains the procedures for identifying, assessing and managing E&S risks,
- Describes the roles, responsibilities and capacity needs of staff in doing so,
- States the documentation and recordkeeping requirements,
- Reports E&S performance of the bank and clients.

### Global Climate Partnership Fund (GCPF)

In terms of utilizing climate fund focusing on Energy Efficiency and Renewable energy, 2019 was the most successful year for the Bank; as the bank has properly utilized its entire USD 20.00 million fund provided by Global Climate Partnership Fund (GCPF).

The Global Climate Partnership Fund (GCPF) is an investment company under Luxembourg law. It was established by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and KfW Entwicklungsbank in 2009. GCPF has the backing of institutions including: German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), KfW Entwicklungsbank, Ministry of Foreign Affairs of Denmark (Danida), Department of Business, Energy & Industrial Strategy (BEIS), International Finance Corporation (IFC), Development Bank of Austria (OeEB), and Dutch Development Bank (FMO), as well as private investors.

The Investment Manager, 'responsAbility Investments AG', is responsible for running GCPF's business activities and for managing the Technical Assistance Facility. ResponsAbility Investments AG is one of the world's leading asset managers in the field of development investments.

In 2015, Southeast Bank Ltd. signed an agreement with GCPF for USD 20.00 million for following types of projects:

- Energy efficiency projects that reduce projected greenhouse gas (GHG) emissions by at least 20%
- Renewable energy generation projects

In 2020, cumulative Emission and Energy saving from the GCPF financing was 15,690 tCO2 and 27,098 MWh respectively.

#### **Green Climate Fund (GCF)**

Southeast Bank Ltd. has already been recognized as one of the top environment friendly and socially responsible banks in Bangladesh. Consequently, the Bank is going to avail concessional funding from Green Climate Fund (GCF) along with other two Banks and one Financial Institution for garments businesses in Bangladesh for adopting energy-efficient measures to curb Green House Gases.

The Green Climate Fund (GCF) is an International Fund that aims to support climate change mitigation and adaptation in developing countries. It was created by parties to United Nations Framework Convention on Climate Change (UNFCCC) and is currently headquartered in Songdo, South Korea.

The Garment sector is the highest consumer of energy among industries in the country. It uses almost one fifth more energy per unit of garment product produced than international average. This sector needs Energy Efficiency measures to maintain competitive advantage amidst rising energy prices and increased pressures from brands. One of the key barriers for adopting Energy Efficient measures is the availability of concessional financing to support high upfront costs of the Energy Efficient equipment and longer payback periods. In this backdrop, GCF will pave the way for adopting energy efficiency (EE) measures along with the benefits of adopting such measures with low cost.

To implement EE measures in the Garments industry, there would be pool of USD 250 million; USD 150 million coming from GCF loan and USD 100 million from co-financing sources, with a disbursement period of five years and the repayment period of maximum 20 years.

The GCF proposal for Bangladesh is under process and by the end of 2021, the fund would be disbursed. It may be mentioned here that for availing the fund from GCF, the bank must prove its competence and commitment towards environment and society. As Southeast Bank Ltd. has been availing other local and international green funds meeting all local and international social and environmental standards, we would be able to avail this low cost GCF fund for implementing Energy Efficiency measures in the Garments industry.

### Women Entrepreneur Financing

Women constitute half of the population, which means huge potential to be utilized for socio-economic development of the country. Government is empowering women towards streamlining them into the country's overall economy and in line with this our Bank is focused on financing more women in entrepreneurship so that women can enjoy more economic empowerment.

Promotion of women entrepreneurs is an embedded element of CMSME financing. It's our observation through field level experience that "Access to Finance" is a major challenge for a business owned by women especially for startup business. To address the issue, Southeast Bank has come forward to help the women entrepreneurs and has given utmost emphasis on the growth & development of women entrepreneurship. The

Bank has a separate dedicated product named "Southeast Shuprova" for women entrepreneurs. To encourage women Southeast Bank Ltd provides loan to the women entrepreneurs at much easier terms & conditions including low interest, relaxed collateral requirement, even collateral free limit (up to Tk 8.00 lac) etc. Bangladesh Bank's refinancing windows also help women led enterprises. Southeast Bank has 2 exclusive branches for women (Ladies branches) which are dedicated for flourishing women entrepreneurship.

In 2019 the Bank has disbursed BDT 4,632.60 million to 969 Businesses exclusively owned by women entrepreneurs.

### Agricultural and Rural Credit

Agriculture is the large contributing sector (around 17%) to the national GDP. This sector is working as main life-blood for the economy of the country. Almost 47 per cent of the total labor force of the country and 85 per cent of rural workers of the country are directly involved with agriculture like crops, fisheries, livestock and forestry which ensure food security, create self-employment, diversification of income generating activities and better standard of living for the people of the country.

Presently Bangladesh is a self-dependent country on food production and behind this success, agro financing; both crop production and agro based industry, is working as driving factor. It has significant importance in the socio-economic development of the country since agricultural credit has increased production in agricultural and agro based sectors. This is also a priority sector of the government. Both government and non-government commercial banks are compelled to achieve financing target for the agricultural sector. Bangladesh Bank is playing role to ensure food security and nutrition, poverty alleviation, employment generation and accelerating the financial inclusion programs. In line with this Southeast Bank Limited has formulated its credit policy proactively to the programs set by government to boost up agriculture financing to the farmers and agricultural entrepreneurs with utmost importance.

Bangladesh Bank (BB) announces a farmer-friendly agriculture and rural credit policy for each fiscal year. Keeping this in mind our Bank sets the agriculture and rural credit policy for each fiscal year. Our Bank has also set sector wise (crops cultivation, irrigation machinery, agriculture machinery, pisciculture farming, cattle/dairy & beef fattening, poultry farming, crop storing & marketing, poverty alleviation program and others activity related to agriculture) and branch wise yearly & monthly target for smooth allocation of agriculture credit. Our Bank also extends Agriculture / Rural Credit as one of the major tools to bring the rural & unbanked people specially the farmers into the banking channel as financial inclusion program which plays a vital role in the rural economic development of the country. In the absence of own branch network, the Bank extends agriculture credit facility through third party networks like well reputed NGOs / MFIs.

It is worth mentioning that while using third party network for agriculture financing, the bank selects the NGOs/MFIs meticulously to ensure proper utilization of the fund.

### Agriculture Ioan @4% rebate interest rate

There is a large demand for pulses, oil seeds, spices and maize in the country. But the production of these crops is not sufficient. As a result, we have to spend huge amount of foreign currency for importing them. In order to encourage production of such crops and disburse loan to this sector Bangladesh Bank (BB) has set the concessional interest rate of credit disbursed in the cultivation of pulses, oil seeds, spices and maize at farmers level at 4% from 01 July, FY 2010-2011 under interest-loss subsidy facilities of the

Government. During the year of 2020, our Bank has disbursed BDT 2.14 million among 18 farmers against the target of BDT 5.175 million at rebate rate (4 per cent) for cultivation of maize, oil seeds and spices. All these indicate our endeavor to bring more and more un-banked rural people in banking system by providing them with agriculture credit at a lower interest rate.

Crops	<b>Disbursed During 2020</b> (BDT in million)	No. of Clients
Oil seeds	0.10	10
Maize	1.20	15
Spices	1.10	12
Total	2.40	37

#### **Target and Achievement**

Southeast Bank Limited has achieved the Agricultural/Rural Credit disbursement target of BDT 4,670.30 million in FY 2018-2019. In line with the Agricultural & Rural Credit Policy and Programme of Bangladesh Bank, a target of agricultural

credit amounting to BDT 4,900.00 million only has been set for Southeast Bank Limited for the FY 2019-2020, out of total target, an amount of BDT 667.50 million has been achieved during the period from July 2019 to December 2019 which is 13.62% of the annual target.

BDT in million

FY	Target	Achievement	Achievement in Per cent (%)
2015-16	2,400.00	2,793.90	116.41
2016-17	2,950.00	4,015.00	136.00
2017-18	3,540.00	3,540.00	100.00
2018-19	4,280.00	4,670.30	109.12
2019-20	4,900.00	2,677.83	54.65
2020-21	5,330.00	1,650.73 (Till December, 2020)	30.96

### **RETAIL BANKING**

With a vision to provide a wide range of retail banking services to the unbanked and under banked customers, Retail Banking Division simplifies daily banking needs and satisfies lifestyle aspirations of consumers by extending suitable products. At present, Retail Banking Division is prepared and well-structured to attain sustainable growth in retail business by offering competitive products & services with minimum turnaround time in every aspect.

2020 was a very challenging year for banking industry. The novel coronavirus has caused stern impact due to recent policy measures of lending/deposit rate cap. All banks in Bangladesh are passing through the challenging environment. As a result, increasing the retail loan portfolio has been quite challenging and we had to rely on volume growth, rather than a higher spread.

Retail marketing team as well as Branches has done excellent job on mobilization of low cost/no cost deposit. Retail deposit portfolio has had a healthy growth over the year 2019 of around BDT 1,297.73 Crore in 2020. At the end of 2020, the total retail deposit stood at BDT 14,928.05 Crore.

Key Performance at the end of December 2020:

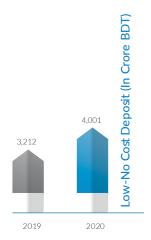
Retail Deposit	BDT 14,928.05 Crore	Growth	9.52%	
Retail Loan	BDT 316.50 Crore	Growth	7.00%	
No. of Clients (Deposit + Loan)	8,37,000	Growth	7.56%	

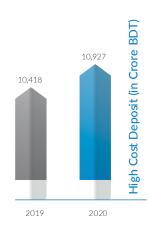
Retail loan products entail loans and advances that cater to individual needs such as Home loan for fulfil the housing dream, Car loan for the customers which is now become a necessity rather luxury and Personal loans for changing lifestyle and home appliances. Retail Banking Division has disbursed a good number of retail loans through our wide range of branch network.

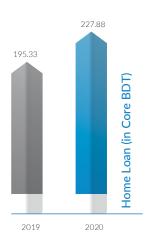
The Retail Loan portfolio grew by 7.00% and stood at BDT 316.50 Crore at the end of December, 2020. This year our main focus was on Home loan and we have achieved 16.66% growth over the year 2019.

With a view to extend retail loan portfolio and comfort to retail banking customers, we launched a new product namely "Express Cash" which is secured a term loan up to 10 years against readily en-cashable fixed/scheme deposits. We expect retail loan portfolio will expand at greater pace with such types of products.

Overall, it was a successful year, as we achieved almost all parameters in terms of portfolio growth, product and service innovation, and compliance. We plan to enhance our performance in the coming years and we will expand our business with product innovation, digital integration and splendid customer service.







## **GLIMPSES OF SOME PROJECTS FINANCED**













## BY SOUTHEAST BANK LIMITED





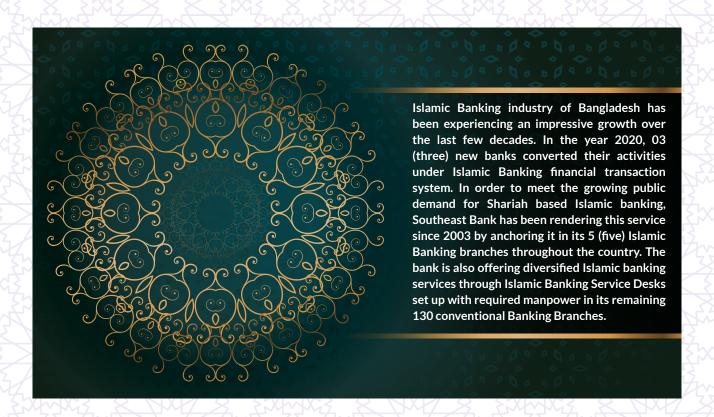








### **ISLAMIC BANKING**



Southeast Bank conducts its Islamic banking services under the brand name "Southeast Tijarah" and complies with all the principles of Shariah and directives of the Bangladesh Bank. A group of shariah experts as well as Islamic Bankers having outstanding knowledge in the field of Quran, Hadith and Figh are the members of the existing Shariah Supervisory Committee. At present the Committee consists of the following members:

01	Professor Moulana Mohammad Salah-Uddin Khateeb, Baitul Mukaram National Mosque, Dhaka and Former Principal, Madrasha-e-Alia, Dhaka.	Chairman
02	Mr. M. Kamaluddin Chowdhury Former Managing Director of Islami Bank Bangladesh Limited and Shahjalal Islami Bank Limited.	Member
03	Moulana Mohammad Kafiluddin Sarker Principal, Dhaka Nesaria Kamil Madrasha and Khateeb, Aminbagh Jame Mosque.	Member

In addition, Mr. Alamgir Kabir, FCA, Chairman of Southeast Bank Limited, Mr. M. A. Kashem and Mr. Azim Uddin Ahmed, Directors of Southeast Bank Limited and Mr. M. Kamal Hossain, Managing Director of the Bank are also members of the Shariah Supervisory Committee.

The Bank designed all deposits and investment products and services of the Islamic Banking Branches under the guidance of the committee. The Committee meets quarterly and gives guidance to the management for appropriate governance of Islamic banking operations. Southeast Bank Limited is also an active member of the Central Shariah Board for Islamic Banks of Bangladesh and Islamic Bank Consultative Forum.

Southeast Bank Limited has set up a full-fledged Division for Islamic banking with required manpower having adequate knowledge and experience in Islamic banking operations. The major functions and activities of the Islamic Banking Division are as follows;

- Framing of Islamic banking rules and regulations and implementation thereof to cater to the needs of customers who prefer Islamic mode of operation of business.
- Formulating long, medium and short term strategies for development of Islamic banking and developing necessary work plans to implement the strategies.
- Developing and promoting Islamic banking products and services.
- Providing required support to the Shariah Supervisory Committee and ensuring implementation of their guidance and instructions.
- Augmenting the growth of Islamic banking through setting business targets for branches and Islamic banking service desks and monitoring their performance.
- Maintaining regular contact with related outside agencies / organisations for mutual cooperation aimed at further development of Islamic banking.
- Organising training of all officials to develop their skills.
- Arranging Shariah audit of all Islamic banking branches by the Muraquib.

For Southeast Bank Limited the year 2020 was another commendable year in the progress of Islamic banking business. Total deposit amounted to BDT 22,711.17 million in 2020 which was 4.69% higher than that of the previous year. On the other hand, total investment recorded BDT 18,408.80 million compared to BDT 17,959.79 million in the year 2019. The operating profit however was reduced by 17.27% to reach BDT 527.43 million during the year mainly due to depressed economic activities resulting from pandemic.

Recently, Southeast Bank Limited got permission from The Banking Regulation and Policy Department (BRPD), Bangladesh Bank, Head office for providing on-line Shariah based Islamic Banking Services besides conventional Banking from all outlets of the Bank. All officials involved in Islamic banking services will Insha Allah remain committed under the guidance of the Shariah Supervisory Committee and Board of Directors of Southeast Bank Limited to reach newer heights of success in Islamic banking in the coming year and beyond.

## INTERNATIONAL BUSINESS OPERATIONS

2020 is to be considered as one of the most challenging years for the Banking industry/international trade in all possible dimensions caused by COVID-19 pandemic. COVID-19 pandemic has posed itself as the most formidable threat through countrywide shut down, supply chain disruption, cancellation of export orders, price hike etc. However, import and export business started to recover after the second quarter. International Division has provided tremendous support by arranging refinancing and time extension against the import bills pursuant to the circulars issued by Bangladesh Bank in order to minimize pandemic related disruptions. Despite significant drop of 30% in the country's overall foreign trade, Southeast Bank has performed quite well in terms of import and export business with merely a drop by 12% than that of previous year.

Being one of the leading trade transactions supporting Bank of the country, Southeast Bank maintains a strong correspondent banking network consisting of 649 correspondent relationships with 305 banks over the globe. The Bank also maintains 36 nostro accounts in major foreign currencies including 11 in the Asian Clearing Union (ACU). The Bank caters foreign trade and FX transactions related supports to its valued clients through 21 Authorised Dealer (AD) branches, 1 Central Trade Services Department (CTSD) and 2 Offshore Banking Units (OBUs). The Bank is also armed with hefty confirmation lines of over USD 800.00 million

along with funded credit lines with more than 70 reputed banks worldwide. The Bank is partnered with ADB under Trade Finance Program (TFP) and International Finance Corporation (IFC) under Global Trade Finance Program (GTFP) to issue guarantees and availing funded credit facility. The Bank also enjoys funded credit facility from Global Climate Partnership Fund (GCPF).

In 2020, the Bank reviewed all the Relationship Management Application (RMAs) as part of compliance and due diligence considering the actual necessity and thirst for growth.



### **SWIFT Operations and Sanctions Screening Unit**

Southeast Bank is an active member and shareholder of Inter Society for Worldwide Rank Financial Telecommunication (SWIFT) since 2000. The Bank exchanges financial messages securely and reliably through SWIFT. SWIFT is at the heart of correspondence banking of Southeast Bank to facilitate cross border trade transactions, FX deals, inward/outward remittance, etc. All Authorized Dealer (AD) branches are connected to SWIFT Network to facilitate seamless delivery of SEBL's innovative Trade and FX products and services to their valued clients. The Bank continually invests in technology, security, people, and processes to deliver the best services to our customers as well as compliance with the SWIFT Customer Security Programme (CSP). In 2020, the Bank has successfully implemented the Basic Tracker project and from now on all the eligible users can send the Universal Confirmation automatically from CBS to SWIFT. The Basic Tracker Graphical User Interface (GUI) enables eligible SWIFT users to implement, in a convenient way, the business rules of Universal Confirmations MT 103 Rulebook. It was made mandatory from November 22, 2020 for all MT 103 receivers. Every eligible financial institution will be able to voluntarily update the Tracker, either manually or automatically. The adherence to this rulebook will provide confirmations for every MT 103 received and the status will become visible to all eligible users in the Basic Tracker GUI for non-GPI customers as well as in Observer Insights and Observer Analytics for SWIFT GPI customers.

The Bank is using a fully automated cloud-based Sanctions Screening System from SWIFT that screens both incoming and outgoing SWIFT transactions against sanction lists (OFAC, UN, US, EU etc.) for combating sanction and terrorist financing related threats. Customers of the Bank may feel more relaxed than ever before, knowing that the banking channel is free from infiltration by any criminal or unscrupulous parties for money laundering and financing of terrorism.

### **Central Trade Services Department (CTSD)**

### Shifting of Central payment Centre (CPC) unit to Central Trade Services Department (CTSD):

For better management & processing of all trade related transactions from same window, Management of the Bank has approved shifting of Central Payment Centre (CPC) unit to Central Trade Services Department (CTSD). Accordingly, CPC unit has been shifted to CTSD along with existing manpower, setup and assignment. Centralized Trade Payments commenced from 2013 through Central Payment Centre (CPC). At present, CPC unit of CTSD processes the Trade Payments MT-202/MT-740 for all AD branches.

### Automation of Trade Processing

Due to Covid-19 pandemic, our automation process for entire trade transactions was significantly interrupted during last year because of less co-ordination and communication with concerned personnel of different divisions/department/units of Head office as well as branches. Nevertheless, the following automation has been initiated with the help of IT Division:

#### Import & Export:

- ✓ Export Bills Acceptance through auto track generation along with email notification to respective client.
- ✓ Export Bills Realization through auto track generation along with email notification to concerned branch's respective department simultaneously.
- ✓ MIS through trade wave:
  - a) Expired LC register for all AD branches
  - b) Import performance of all Non-AD branches and AD branches

### Central Payment Center (CPC)

- ✓ Creation of MT202 automatically through SWIFT Link module from April 1, 2020.
- Auto responding of respective IBCA against payment of each LC/bills through SWIFT LINK Module.
- ✓ Auto Generation of Quarterly Report in order to settle rebate for AD Branches and as well as for Head Office from CPC Module.
- ✓ Auto Generation of Forwarding Letter for each Branch from CPC Module.
- Automatic reconciliation by X-Chequer module for each NOSTRO Account when LC payments are executed.

### Automation plan of CTSD in 2021

- ✓ Integration of SWIFT MT 700 & 707 with Core Banking Software which is under UAT process.
- ✓ Combination of both CPC Module & Trade-Wave Module for smooth, errorless & time saving transactions which is under UAT process.
- ✓ All payments will be executed through Trade-Wave module instead of existing hardcopy-based system to achieve paperless work and cost minimization which is under UAT process.
- ✓ In Trade-wave platform branch will automatically get acknowledged MT-202.
- Extension of TradeWave up to Client's door so that they can send instruction of Trade Processing to CTSD from their convenient place through web portal.

### Year wise CTSD Performance from 2018 to 2020

[Amount in BDT Crore]

Product	Yea	r-2018	Year-2019		Growth Over 2018 (in terms of Qty	Year-2020		Growth Over 2019 (in terms of Qty)
Import	Qty.	Amount	Qty.	Amount	(%)	Qty.	Amount	(%)
LC Opening	2789	1,794.24	3289	2,185.46	17.93	3146	1886.48	-4
Import Bills Settled	2983	1,623.04	3384	2,377.44	13.44	3262	1676.26	-4
FTT Issued	209	6.42	253	9.58	21.05	302	12.17	19
Export								
LC Advising*	797		2762		246.55	3037		10
Export Bill Forwarded	802	84.10	3051	390.48	280.42	2957	247.56	-3
Export Bill Realized	114	30.78	2694	381.69	2263.16	2866	276.60	7
Advance FTT Received	3		10		233.33	18	1.86	80
EXP Issuance	10		76		660.00	70	8.87	-8
Bank Guarantee								
BG Issued	2	6.44	6	2.35	200.00	2	0.47	-67
Total Transaction	7	709	15525		101	1	.5680	1
Income		1.87	:	2.66	42.25	3.30		24.06

### $\label{lem:cpc} \mathsf{CPC}\,\mathsf{performance}\,\mathsf{covering}\,\mathsf{all}\,\mathsf{AD}\,\mathsf{branches}\,\mathsf{including}\,\mathsf{CTSD}$

Product	Year-2018		Year-2019		Growth Over 2018 (in terms of Qty	Year-2020		Growth Over 2019 (in terms of Qty)
	Qty.	Amount	Qty.	Amount	(%)	Qty.	Amount	(%)
No. of payments	26395	17076.97	26811	17066.76	0.02	24354	15,726.97	-9.16
Rebate Income	1	4.44	14.95		3.53	15.76		5.42%

# OFF-SHORE BANKING OPERATIONS

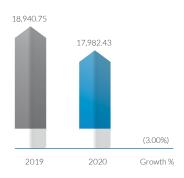
Since inception in 2009, the Bank is operating its Off Shore Banking business through two Off-shore Banking Units (OBUs) located in Dhaka Export Processing Zone (DEPZ) and Chattogram Export Processing Zone (CEPZ). OBU is considered one of the most important strategic business units of the Bank which contributes significantly to the overall profitability of the Bank. 2020 is considered to be the most challenging year as COVID-19 pandemic hit the country's import and export business. Despite numerous challenges posed by the pandemic, OBU has performed quite well in

terms of loans and advances, deposits, profit etc. Notably, OBU provided tremendous support to the Bank's clients through refinancing, time extension against finance of import and export bills. DEPZ showed extraordinary performance in supporting export business totaling USD 107.00 million this year compared to the previous year's USD 71.45 million. Besides, CEPZ parked some new Type-A clients and started supporting export business. Regardless, 2020 was a prominent year for Offshore Banking business.

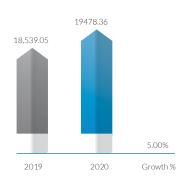
### **Business Performance of Off-shore Banking Division**

	2020		2019		Curavith
Particulars	In USD Mill:	BDT Mill:	In USD Mill:	BDT Mill:	Growth in %
Total Deposits & Borrowing	212.05	17,982.43	219.01	18,940.75	-3%
Total Loans & Advances	229.70	19,478.26	218.36	18,539.05	5%
Total Operating Profit	5.21	441.97	2.65	223.79	96%

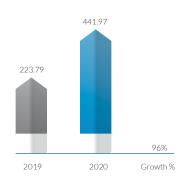
### **Total Deposits & Borrowing**



### **Total Loans & Advances**



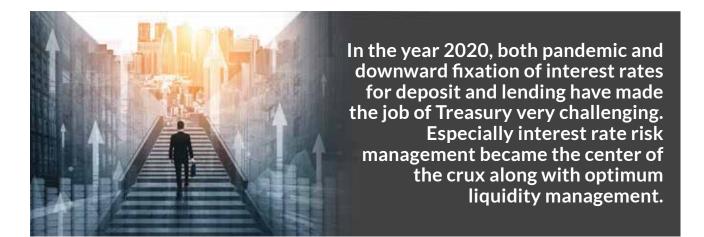
### **Total Operating Profit**



### Off-shore Banking Division of the Bank offers following products and services to valued clients

- Foreign Currency Deposit Account of Non-Residents
- Export-Import services to A- category industrial units of Export Processing Zones (EPZ) and Economic Zones (EZ)
- Financing Usance Payable at Sight (UPAS)
   Documentary Credit
- Purchase of Export Bills (IDBP/FDBP) in Foreign Currency
- Foreign Currency Term Loan to eligible Resident Industrial Units.

### TREASURY MANAGEMENT



Despite all the challenges, SEBL Treasury played a critical role in shaping bank's strategy in deleveraging balance sheet, maximizing capital efficiency and improving risk-return ratios for the year 2020 and also for the foreseeable future.

SEBL Treasury has the following designated desks to ensure optimum treasury solutions both for the bank and also for the customers:

- Money Market Desk
- Fixed Income Desk
- Asset Liability Management Desk
- Foreign Exchange Desk
- Corporate Service Desk

### Money Market Desk

Apart from maintaining Cash Reserve Ratio (CRR), Money Market Desk ensures optimum fund management and liquidity of the Bank. Depending on the overall liquidity and interest rate scenario of the market, this desk in co-ordination with Asset Liability Management (ALM) Desk sets the strategy of borrowing and lending from the inter-bank market.

There was a mixed reaction in the market in terms of liquidity when the deposit and lending rate were capped from the second quarter of this year. But frequent reduction of CRR, Bank rate and slower credit growth due to ongoing pandemic resulted excess liquidity in the market gradually. There was reduction of Repo and Reverse Repo rate by Bangladesh Bank and fixed at 4.75% and 4% from 5.25% and 4.75% respectively. Also limit of Loan Deposit Ratio (LDR) has been increased from 85% to 87% and from 90% to 92% for Conventional and Islamic Banking.

As a consequence of the above reasons, all the interest rates started decreasing and hovering around lower levels. To take this opportunity of very low borrowing cost, Money Market Desk took the position of net borrowing side by creating short-term and medium-term assets substantially. This strategy contributed significantly to maximize profit of the Bank in the year 2020.

#### **Fixed Income Desk**

In the year 2020 global pandemic coupled with sluggish credit growth created a huge demand for risk free investment in government securities. Consequently, downward trend of the rate of interest of fixed income securities prevailed throughout the year 2020. With a view to tackle the ongoing pandemic government declared various stimulus packages that ultimately kept the financial market very liquid. Moreover, downward reduction in Cash Reserve Ratio (CRR) in different phases by Bangladesh Bank also freed considerable amount of money that was ultimately channeled to government securities. Besides these call money rate also hovered around 1.50% to 2.00% level which added more fuel in the fire to pull down rate of interest of fixed income securities at a very low level. With a view to capitalize this market condition we took part in primary auction of government securities at the beginning of the year and were able to purchase treasury bills and bonds reasonably at a higher rates. In order to minimize both our liquidity risk and interest rate risk a major portion of our voluntary investment was in 91 days, 182 days and 364 days treasury bills. In addition, Southeast Bank actively participated in secondary trading of government securities which also generated a considerable amount of income for the bank.

### **Asset Liability Management Desk**

Asset Liability Management (ALM) is considered as a key to balance sheet risk management activity, which focuses mainly on liquidity risk and interest rate risk. As per BB guideline, SEBL has a fully functional ALCO for prudent balance sheet risk management. The Committee consists of the Managing Director & CEO, as the Chairman of the Committee and strategically important divisional heads. In accordance with BB guidelines on ALM risk management, SEBL has developed an Asset Liability Risk Management Manual, which is approved by the Board of Directors of the bank. Moreover, to address and mitigate various risks involved in the business, ALM desk of the SEBL Treasury prepares ALCO paper as per the guidelines of BB every month and conducts at least one monthly ALCO meeting, where global economic outlook and balance sheet parameters of the bank are discussed and decisions are taken accordingly. The main objectives and functions of Asset-Liability Management desk are the following:

- To keep track of the growth and sustainability of assets and the liabilities.
- To supervise and manage the overall activities of Money Market.
- To manage and mitigate liquidity and market risk of the bank.
- To understand the market dynamics i.e. competition, potential target markets etc. for expansion of the business.
- To provide inputs regarding market views and to suggest proper balance sheet movement (expand or shrink) to cope with the changing situation in the market or in the economy.
- To keep records of ALCO meetings, to monitor the implementation status of the action taken in ALCO meetings etc.

Unlike other years, 2020 was totally a different year for bank's Asset liability management. From the beginning of the last month of the first quarter we felt the heat of global pandemic COVID-19 which required a different Asset Liability Management (ALM) approach. As a part of ALM mechanism we took time befitting decisions to manage and mitigate liquidity risk and interest rate risk. We remained very alert in procuring deposits especially corporate deposits as rate of interest was reviewed and revised frequently compared to the rate of interest of our peer banks. Moreover, we released considerable amount of some of our costly corporate deposits that ultimately reduced our cost of deposits. As a result, our net interest spread increased. At the same time decreasing trend of lending rate also prevailed throughout the year 2020.

### Foreign Exchange Desk

Southeast Bank's Foreign Exchange Desk is one of the most vibrant and dynamic desks with range of products offering like spot, forward, swap and term placement in world's major currencies in the interbank market. The FX Desk of Southeast Bank is the fund manager of foreign currency assets and liabilities of the bank. Throughout the year the desk efficiently maintained the Net Open Position (NOP) in a manner that ensured maximum liquidity, minimum risk and capital requirement along with registering optimum exchange gain for the bank.

A true condition of the country's foreign exchange position is reflected in the positive USD 4.05 billion Jul-Oct 2020-21 Current Account Balance. A very startling growth in the wage earners' remittance of 43 per cent along with 12.99 per cent negative growth in import business contributed to uplifting the foreign exchange reserve to all time high of USD 42.09 billion. The commercial banks sold USD 5.08 billion to the central bank which kept the USD/BDT exchange rate stable. At the beginning of the year the USD/BDT exchange rate was Tk. 84.90 and it gradually decreased to Tk. 84.80 for the extensive support by the central bank. The exchange rate is expected to remain stable with declining imports in the backdrop of robust remittance and improving exports.

Southeast Bank is one of the leading banks in Bangladesh in export-import business and a trusted name to the expatriate Bangladeshis to dock their hard earned money. The desk is also engaged into proprietary trading activities in the forex trading platform and proved itself as one of the best of its kind in the country. The desk booked a substantial amount of trading gain of around USD 600,000.00 in the speculative trading using trading platform.

### **Corporate Service Desk**

The corporate service desk of the Treasury Division of Southeast Bank provides specialized services to its corporate clients through its diversified products tailored to the customers' needs. The main responsibility of this desk is to ensure maximum utilization of the fund of the corporate customers. Basically different renowned life insurance companies are our corporate customers and they are maintaining a sizable amount of government securities portfolio with our bank. Corporate Service Desk of our treasury division gives its customers time befitting advices so that they can maximize their return by exploring new investment opportunities.

### **FOREIGN REMITTANCE**



In fiscal year 2018-2019, the country had received \$16.4 billion and \$14.98 billion in 2017-2018. Bangladesh is now the eighth highest remittance receiving country in the world. The World Bank in one of its reports also projected that Bangladesh would see increase in remittance inflow.

Experts opine that the inflow of remittance increased because of the Government approved 2% Cash Incentive on the money sent by the Bangladeshi expatriates.

Southeast Bank is one of the major contributors of the aforesaid achievement of Bangladesh in inward remittance. Despite numerous challenges posed by Covid-19 pandemic, Southeast Bank performed quite well in procuring inward foreign remittance through its active relationships with different foreign exchange houses in 2020. This remittance, in difficult economic condition, has helped the country to achieve the highest reserve of the time. In 2020, Southeast

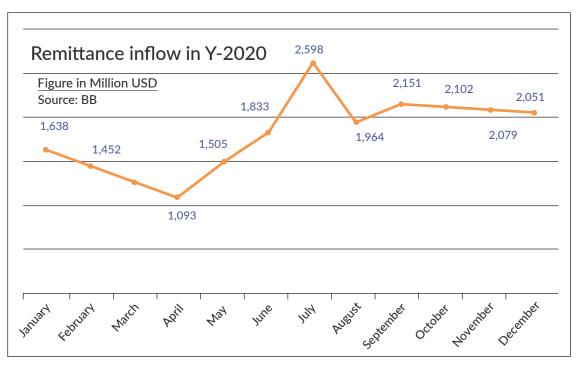


Figure: USD Remittance inflow in last 12 month

Bank procured USD 1,532 Million which is 7% of the country's total inward remittance.

In 2020, Remittance Division focused on improving service quality using latest technologies and in line with that developed and deployed a robust remittance transaction processing system for the exchange houses. This new system ensured faster transaction processing capacity, which ultimately improved the service quality and transaction processing time. Southeast Bank also ensures excellent remittance payment service across the country using a wide payment network consisting of 135 branches, 17 sub-branches, outlets of 19 sub-agent Banks and 4 reputed NGOs. Even in off banking hours, Exchange Houses are able to deposit remittance instantly in beneficiary accounts maintained with different branches of Southeast Bank.

Apart from providing premier services, Southeast Bank is facilitating opening of different types of Non-Resident Taka Account programs in the form of Savings Bank Deposit, Monthly Savings Scheme, Wage-Earners Pension Saving Scheme (WEPSS) etc through our subsidiaries and Contractual Marketing Executives (CME). In 2020, the bank launched Web-based Account Opening System & Remitter Account Management System (RAMS) to provide faster account opening service to the Remitter. Also, in the same year, the bank opened total 6132 NRB & Remittance Receiver accounts through our branch officials.

In 2020, the bank signed new relationship agreement with National Exchange Company SRL, Italy and was in the process to finalize tie-ups with Omnex Group Inc, a USA

based Money Transfer Company, FairREMIT-UPT, a Turkey based International Money Transfer Company, Al-Mulla Exchange, a Kuwait based Money Transfer Company and Travelex, a Middle East (Oman and Bahrain) based Money Transfer Company.

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

Upholding the flagship of the Bank, Southeast Bank's own subsidiary "Southeast Exchange Company (South Africa) Pty Ltd" (SECL) has been serving around 3,00,000 number of Bangladeshis in South Africa and became the trusted name among the Bangladeshi expatriates. Taking into account the potential for future growth of business, the Subsidiary upgraded its business licence from Category-III to Category-IV. With this upgradation, the remitters now will be able to send large ticket transactions to their kith and kin living in Bangladesh.

South Africa is a large country and Bangladeshi NRBs are residing all parts of the country. To facilitate remittance services of SECL, we have plans to introduce digital booths and App-based technologies within 2021. At present, the Subsidiary is running with two branches in South Africa. Its third branch in Bloemfontein will be in operation from June 2021 and the fourth one by December 2021. Under network expansion plan, the Subsidiary has further plan to onboard reputed agents, chain departmental stores in South Africa which will help reach the remittance services of SECL at the doorsteps of the NRBs in South Africa.



### **CARD BUSINESS**



SEBL Cards are enriched with the best features along with the state-of-the-art technology and good customer service. Southeast Bank has been issuing Cards since the year 2005 and has been adopting the latest technologies and attributing newer features to meet the ever-changing demands. Covid-19 Pandemic has made the Cards the safest and easiest ways of payment for every formal and informal transaction like shopping at the store and paying online.

In Covid-19 situation, we have been observing massive usage of Card in online purchases. To make the online purchase more comfortable, we have introduced the 'Quick Read Card'. The card number is vertically placed in 4 separate rows. The information like card expiry, security code is also placed just under the card number. The idea is to read the essential purchasing information quickly and conveniently on the front of the Card while making an online payment.

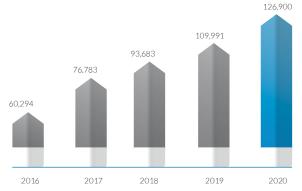
The Bank has introduced 'Anupama' Credit Card – A Platinum Credit Card for females. The Card is designed to suit the individual lifestyle and personality of a female. It is not just another Credit Card; it is more than that.

Southeast Bank issues Mastercard and Visa, the most popular brands of the world. The Card is with EMV CHIP PIN that minimizes the risk of fraudulent use at the POS terminal of a retail store. Nowadays, many of the best bargains and deals are found online. One can shop online at popular sites, book a hotel, buy a ticket, and pay visa processing or exam fee. 3D Secure transaction of Southeast Bank card makes online transactions risk- free. The Bank issues and processes Card

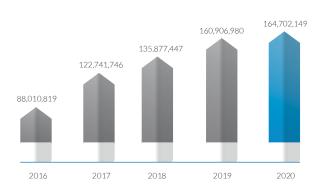
under its own card management software, which provides additional data security, and ensures faster transaction processing. World and Platinum cardholders and three guests can visit Balaka lounge, Sky Lounge at Hazrat Shahjalal International Airport, and Modhumoti Bank Lounge at Shah Amanat International Airport free of cost. A cardholder using the Card while purchasing earns

reward points. Reward points can be redeemed for an annual fee waiver or cash reward. A cardholder can repay individual large purchases in Equal Monthly Installments (EMI) over an extended specific repayment period under the "EMI PAY" program. Attractive discounts are available while paying using the Card from many retail outlets, restaurants, hotels, fashion houses, etc. Cardholders get a waiver of the renewal fee based on the number and amount of purchase. Cardholders receive an instant alert of transaction, balance, available balance, etc., by SMS and Email. Priority Pass is complimentary for World and Platinum Cardholders. Priority Pass provides access to over 600 airport lounges worldwide with a nominal fee irrespective of class of air ticket (economy/business).

### **Total Number of Cards**



### **Net Profit**



# ALTERNATIVE DELIVERY CHANNEL



### VISA Dual Currency Debit Card and VISA International Debit Card

The bank launched "VISA Dual Currency Debit Card" for its customers. Local CASA (Current and Savings) account holders of the bank can now endorse their passports without any fee and use their SEBL VISA Dual Currency Debit Cards abroad within their regular Travel Quota limits. Southeast Bank's EMV Chip and PIN based VISA Dual Currency Debit Card can be used to pay with ease at merchant outlets and to get cash out from VISA branded ATMs anywhere in the world 24/7. It enables customers to transact with local and international merchants for shopping, entertainment, dining, treatment and travel. This card is simple, easy and secure for customers' E-commerce transactions. In addition to that, Southeast Bank also launched VISA International Debit Card against Foreign Currency (FC) Account, Resident Foreign Currency Deposit Account (RFCD) and Export Retention Quota (ERQ) Account of USD currency.



### VISA Instant Dual Currency Debit Card

Instant VISA Dual Currency Debit Card is a non-personalized name less VISA Dual Currency Debit Card just as "Express Card" which customer can avail instantly after his/her

account opening. This initiative has added greater convenience to customers of the bank.

### Real time Interbank Fund transfer though ATM and Internet Banking using NPSB Channel

In order to add greater convenience to the customers, the bank has introduced real time Inter Bank Fund Transfer through ATMs and Internet Banking via National Payment Switch of Bangladesh (NPSB) channel. With this feature customers can instantly transfer fund to any other bank using our ATMs and/or Internet Banking.

### ATM EMV Acquiring

The introduction of ATM EMV Acquiring has made Debit Card transactions more secured. EMV acquiring at the bank's ATMs and Recycler ATMs will enhance security to a great extent by significantly reducing fraudulent activities for card-present transactions. Through incorporation of EMV acquiring feature at the bank's ATMs and Recycler ATMs, EMV Card holders of our and other banks' customers can transact at our ATMs and Recycler ATMs more securely.

### Deployment of Antimalware Solution for ATM & Recycler ATMs

Cyber-criminals employ specialized malware to interface with ATM software to dispense cash. This initiative will prevent any unauthorized actions in ATMs and Recycler ATMs by Cyber-criminals. This initiative will certainly enhance security of ATM and Recycler transactions and protect bank from any financial losses due to malware attack by cyber criminals.

### Card less Cash Withdrawal by Telecash Wallet Holders from SEBL ATMs and Recycler ATMs

Introduction of Card less Cash Withdrawal by Telecash Wallet Holders from SEBL ATMs and Recycler ATMs will be the convenient, faster and secured way for Telecash Wallet Holders to withdraw cash from all SEBL ATMs and Recycler ATMs. There are very few banks in Bangladesh who are providing such facilities. Thus, this initiative will provide competitive advantages to the bank.

### **ATMs and Recycler ATMs**

At the end of 2020, our live ATMs were 277 across the country. Among 277 ATMs, 135 ATMs were Recycler ATMs which provide customers with real time cash acceptance and dispense facility along with many other banking services 24/7 round the clock. The bank has reached the landmark of 200 hundred ATM Booths in the year of 2020. The bank has now countrywide ATM network with state-of the-art technology to facilitate customers. ADC has implemented world class technology and re-engineered process to ensure faster, smooth and better service. This leads to a noteworthy growth in SEBL Debit Card Transaction Number, Transaction amount and Debit Card Issuance.

#### **Debit Card Number**

At the end of year 2020, our total number of issued SEBL Debit Card was 2.75 Lac. The number of Debit Card has increased by 14.58 % in comparison to the year 2020.

### **Internet Banking**

The internet Banking services of the bank has facilitated customers to conveniently handle their account transactions without all the hassle of being in the queue. Customer can avail variety of banking services such as Account Opening, Real Time Fund Transfer Facility, Utility Payments, Account View and statement check options and many more with ease. Moreover, for convenience of individual customer, self-registration, self-user Id unlock and password reset etc. have also been introduced in the internet banking system. The bank's Internet Banking is a smart and secured solution for the customers to meet their banking needs.

### **Upcoming ADC Services in the year of 2021**

### Offline CDM (Cash and Cheque Deposit Machine)

To expand foot print in modern banking, the bank is going to introduce Offline CDM (Cash and Cheque Deposit Machine) in the year of 2021. Moreover, with the increase of low-cost deposits, transactions at the OTC (Over the Counter) at branches are also likely to be increased. Offline CDM (Cash and Cheque Deposit Machine) will ensure better que management at OTC (Over the Counter) of branches by diverting the load from OTC (Over the Counter) to Offline CDM (Cash and Cheque Deposit Machine).

Offline CDM offers benefits of saving time and experiencing a hassle-free money deposit process. Along with the bank's customers, walk-in customers can also avail following services seamlessly through SEBL Offline CDMs initially:

- 1. Cash Deposit in any SEBL Account without Card
- 2. Account Cheque/Pay-Order/ Demand Draft Deposit in any SEBL Account
- 3. SEBL Credit Card Bill payment
- 4. SEBL Credit Card Cheque Deposit

### Online CDM (Cash Deposit Machine)

The Bank is going to launch Online CDM (Cash Deposit Machine) in the year of 2021. SEBL Online Cash Deposit Machine will provide customers with real time card less cash deposit facility along with many other banking services 24/7 round the clock.

## Card less Deposit Facility at Recycler ATM and Online CDM (Cash Deposit Machine)

Introduction of Card less deposit facility at Online CDMs (Cash Deposit Machine) and Recycler ATMs will be the convenient, faster and secured way for the customers to make real time cash deposit of different denominations. Card less transactions are revolutionizing the way we use ATMs and CDMs. Thus, implementation of Card less deposit facility at Online CDMs (Cash Deposit Machine) and Recycler ATMs will provide competitive advantages to the bank. Since customers will no longer require Cards to make deposits at Online CDMs (Cash Deposit Machine) and Recycler ATMs, this initiative will attract the largest segment of customers who do not have any Debit/Credit/Pre-paid Cards. Therefore, it is expected that the number of ATM and CDM deposit transactions will significantly increase with this enhancement.

# CREDIT RISK MANAGEMENT IN SOUTHEAST BANK LIMITED



Operational guidelines/policies for approval of credit facilities of Southeast Bank are well defined and documented. Bank's Credit Risk Management Guideline has been prepared and updated in line with Bangladesh Bank guidelines illustrating the approval process, delegation of authority and other credit related important issues.

We all are aware that the corona virus pandemic is a humanitarian crisis that continues to affect lives and livelihoods around the world. It has forced regional and national economies to close for weeks and months at a time, causing hardship—sometimes of existential gravity—for many populations. There is much more epidemiological work to do, as the pandemic remains dangerously active.

Countermeasures taken to contain the virus and save lives stopped the economy from functioning. With lockdowns being lifted and businesses restarting, lending institutions are faced with a new and unfamiliar environment, in which we must evaluate and monitor credit risk with limited visibility and access to reliable data.

The good news is that regulators are already taking a range of actions to provide additional guidance to manage procyclical effects on financial systems and the wider economy. In our country in alignment with the policy of the Government, Bangladesh Bank has declared numerous stimulus funds for Industries & Service Sector Institutions, CMSME, Export oriented industries, Agricultural Sector, Low-income professionals, farmers, ultra-small business etc.

Accordingly, Southeast Bank Limited has already disbursed around Tk.1700.00 crore under different stimulus packages

which is ongoing. Here it is worth mentioning that the interest rate against these disbursed loan is highly subsidized (4.5%-5%) by Bangladesh Bank and in case of loans extended to Export oriented industries (for Salary/ wages of Employees) the rate of interest is Zero.

In addition, the loan repayment tenure has been extended and loan classification criteria has been relaxed by Bangladesh Bank up to 31.12.2020. Hence from the very beginning of 2021, the Bank is adopting prudent recovery policy to keep the quality of the Bank's loan portfolio intact.

### a. Credit Marketing

Branches and Uposhakhas located at different corners all over Bangladesh are the entrance points for the clients to experience the services and get acquainted with the products of Southeast Bank. In addition, a dedicated and professional Corporate Marketing Team under supervision of Senior Level Management at Head Office promotes and offers customized business solutions to the prospective corporate clients based on their business requirement and parks them in any suitable branch of the Bank. Alongside Syndicate Finance Unit of Head Office arranges structured financing for the corporate customers and also participates in various syndicated/club finances.

#### b. Credit Approval

Upon obtaining any request or approach by any potential client, the respective Branch management scrutinizes the proposal, if the Branch Credit Review Committee (BCRC) finds any feasible financing/ investment proposal; the

Committee recommends the proposal to the Head of Branch for approval. If approval of the credit facilities falls within the delegated business power of the Head of Branch, the proposal may be approved or declined at the Branch level.

However, beyond delegation of respective Head of Branch, the concerned branches forward prospective of the business with detailed analysis of the financing or investment to the Credit Risk Management Division, Head Office for consideration. Credit Risk Management Division takes into account various factors such as borrowers' financial positions, historical record, experiences & background, industry dynamics and quality of collateral for evaluation and place the proposal to Head Office Credit Review Committee (HOCRC) for their recommendation / observation. Upon recommendation, complying the observation (if any) of HOCRC, a comprehensive memo is placed before the approval authority for their decision.

#### c. Credit Administration

Credit Administration function is vital for providing administrative support for lending activities of the Bank. The areas that Credit Administration covers are different stages such as pre-disbursement, disbursement, post-disbursement & ongoing administration of Credit Portfolio of the Bank. Credit Administration procedures of the Bank performs the following responsibilities:

- Documentation, Limit loading and Disbursement.
- Credit Monitoring
- Compliance & Reporting
- CL, CIB & BB Returns

Credit Risk Review is conducted to ensure sound asset quality and adherence to regulatory as well as the Bank's own policies. The primary monitoring is done by branches' relationship officers as well as Head of Branch regarding performances, business, transaction and turnover, repayment behavior etc of the client.

The Credit Administration Division is assigned to look after post approval process by regular follow-up and monitoring of the credits right from its sanction and continues its efforts till repayment/recovery. Besides, overall portfolio along with industries/sectors concentration of the credit

portfolio of the bank is reviewed at regular intervals and brought to the notice of senior level management regarding concentration risks, geographical distribution, down gradation along with early alert list (if any) for information & their guidance. These coherent activities altogether enable the Bank to put viable solutions in place to prevent further deterioration in credit quality.

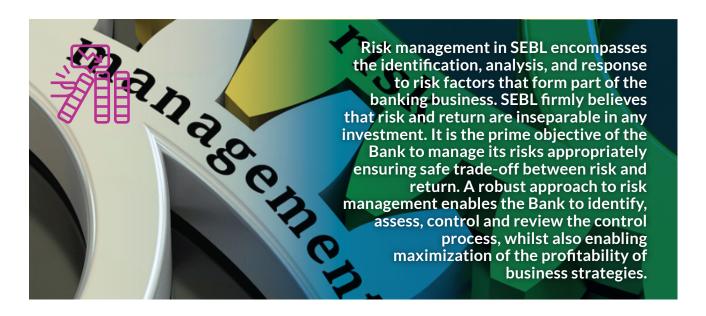
### d. Credit Risk Mitigation

To safeguard Bank's interest over the entire period of the advance, a comprehensive view of the capital, capacity, integrity of the borrower, adequacy, nature of security, compliance with all legal formalities, completion of all documentation and finally a constant watch on the account is being conducted. Generally, potential credit risks are mitigated by taking primary and collateral securities. There are other risk mitigating factors like netting agreements and other guarantees. The legal certainty and enforceability of the mitigating factors are verified by the professionals of the respective fields. Collateral types which are eligible for risk mitigation includes cash, residential, commercial and industrial property, land and machinery, marketable securities etc. Collaterals are physically verified by the officials of the Branches and Head Office. Side by side, valuation of the same is also done by the enlisted surveyor of the bank in accordance with the credit policy and procedures. For mitigation of credit risk Bank also uses tools like Risk-based pricing, Strict Covenants, Credit Insurance, Credit Tightening, Diversification etc. wherever which is applicable.

### e. Credit Recovery

Primarily, the concerned branches ensure timely recovery of disbursed credit facilities. In case of Non- performing loans the recovery unit of respective branch oversees the recovery of classified and Written-off loans. At Head Office, the Legal Affairs Division monitors recovery status of the branch, formulates strategies, provide necessary guidelines and assistance to the respective branches for recovery of classified loans. On the other hand, Special Asset Management Division (SAMD) at Head Office directly manages recovery of written-off loans alongside respective branches.

# PRACTICES OF RISK MANAGEMENT



Since the emergence of the Bank, SEBL treats risk management as a pivotal and integral part of its business for securing their long-term sustainability. Through proper risk control and management, the Bank has been able to build up a strong resilience system. Hence, it is essential for us to manage our risks well, within our risk appetite and well-structured control frameworks. Risk management guidelines are therefore an important facet of our sustainable value creation focus.

#### **Risk Management System**

The key elements of sound risk management system in SEBL for effective business operations encompass the following:

 Active involvement of the Board and Senior Management;

- Adequate policies and procedures;
- Appropriate management information systems; and
- Comprehensive internal controls and limits

### **Risk Management Process**

SEBL has set its Risk culture in a continuous process in line with the guidelines provided by the central bank which is followed in a sequential order. Each step of the process can contribute progressively to organizational improvement by providing management with a greater insight into risks and their impact. It is a series of multi-steps that, when undertaken in sequence, enable continual improvement in decision-making.



### Steps of Risk Management Process in the Bank:



### Risk Management and Basel-III Implementation

As per Basel Accords and in accordance with the directives of Bangladesh Bank, the Bank maintains capital adequacy ratio duly. The Bank rigorously monitors and takes initiatives to improve the Capital to Risk Weighted Asset Ratio (CRAR) 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 requirements.

### 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 assessing 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.

#### Role of the Board of Directors

The Board and senior management remain actively involved in ensuring effective business operations which plays the role of a key element of sound risk management system. A strong risk management culture for any financial institution is imperative for a stronger future. The Board's oversight and guidance, critical risk elements are highlighted in the Board Risk Management Committee (BRMC). The main concern of the Bank is to manage risks prudently and efficiently, to ensure profitability, capital adequacy and liquidity in a balanced manner. Thus, risk management practice in SEBL has emerged as a dynamic tool for the Bank, considering the ever-uncertain nature of risk.

# PREVENTION OF MONEY LAUNDERING



The Bank is committed to ensure the best corporate governance practices and aims at protecting the Bank and its employees, shareholders, management and customers from the adverse effect of Money Laundering (ML) and Terrorist Financing (TF).

Central Compliance Committee (CCC), comprising of eleven members, at Head Office, is performing for ensuring compliance with AML and CFT requirements properly. Anti-Money laundering & Combating Financing of Terrorism Division of the Bank is assisting the CCC continuously. In this respect, the Chief Anti-Money Laundering Compliance Officer (CAMLCO) leads CCC and AML & CFT Division to ensure oversight of all aspects of the Bank's AML and CFT activities including corrective actions to be taken to address the deficiencies identified through the inspection of BFIU, Independent Testing Procedure and Self-Assessment Report. Deputy CAMLCO, Head of Anti-Money Laundering Division and Branch Anti-Money Laundering Compliance Officers (BAMLCOs) of our branches also exercise care and caution to prevent acts of ML and TF through the use of Southeast Bank outlets.

In order to be compliant with FATF recommendations, instructions and guidelines of BFIU and relevant laws and regulations, Southeast Bank Limited is always sincere to the implementation of its AML and CFT compliance program. In the recent past, the Bank took a number of initiatives on the issue of AML and CFT compliance. Considering the social and

political cost of ML and TF, Southeast Bank Limited always attempts to thwart occurrence of both ML and TF in its day-to-day activities.

The Bank has given added concentration on Customer Due Diligence (CDD) Process. The CDD measures include KYC Procedure, KYE Procedure, Customer Acceptance Policy, Customer Identification Process, Verification Process, Transaction Monitoring, etc.

SEBL has crystal clear policy on corresponded relationship with foreign and local Banks. In this respect, SEBL has issued complete guidelines and several circulars, time to time, to prevent and to combat TBML threats and to accelerate AML and CFT activities.

SEBL is utilizing automated screening mechanism in respect of various Sanction Lists, e.g. sanction lists of UNSCR, OFAC, AUSTRAC, EU, and local Government. In this connection, the screening software 'S3' for Core Banking Systems and 'SWIFT' for international transaction have been put in place and are being used for combating the threats.

SEBL has also taken reasonable attempts to ensure that all the officials are fully informed of the AML and CFT Compliance requirements. The Bank does never excuse any violation of applicable legislations or rules or regulations or policies or procedures or industry guidance, etc. relating to AML and CFT in conducting business of the Bank.

## INFORMATION TECHNOLOGY (IT) AND CYBER SECURITY

These days Banking industry mostly depends on Information Technology to provide services to its customers. IT is helping the banking sector to improve its efficiency and effectiveness of the services offered to customers. Through using IT, business processes are being automated, effective management decisions are being taken and banking services are being provided on real time basis with least cost and efforts.

The Banks in Bangladesh have made substantial investments in technology platform, built multiple distribution channels to offer its customers with variety of banking products and services. By and large, the Banks have been successful in developing innovative products, reducing operating costs, enhancing customer service delivery, and minimizing inherent risks.

The Bank is offering online banking services across the country through its 137 Branches (incl. two Offshore Branches) and 17 Uposhakhas. It is also offering 24/7 alternative banking services through 250 ATMs and Recycle ATMs, Internet Banking and Mobile App. The Bank provides EMV compliant chip-based Visa and MasterCard Credit Card and Visa Debit Card. As part of initiative for inclusive banking to bring a greater number of unbanked people under the banking umbrella, the Bank introduced MFS (Mobile Financial Service) under the brand name of "Telecash" about 5 years back.

This year, the Bank took several initiatives to further strengthen its IT infrastructure. We have deployed SDN (Software Defined Network) ready Network Switches, improved cooling systems, video surveillance systems and enhanced physical security of the Data Centre.

Besides, a few new softwares as well as enhanced functionalities of the existing Software for automation and smooth operation of different banking operations have been deployed. These are mainly, (i) Risk Based Internal

Audit System (RBIAS) Application for Internal Control and Compliance Division, (ii) Remitter Account Management System (RAMS), (iii) Instapay - Web Version of SEBL Mobile App, (iv) Learning & Assessment Management System (LAMS) for conducting online exam, (v) Video Tutorial Management System (VTMS) for uploading audio/video lecture on different banking operations, (vi) BoardPac Software for conducting paperless Board Meeting, (vii) CBS integration with Telecash MFS for fund transfer from Account to Mobile Wallet, (viii) RPA (Robotic Process Automation) developed for Scheduler and various MIS Reporting, (ix) Cash Vault position with denominations has been developed for reporting to Central Bank, automatic charge deduction application for account statement generation more than twice in a year, Pay Order facility has been enhanced for encashment from any branch of the Bank, new Loan products for COVID-19 Stimulus Package implementation as per BB's circular from time to time and related MIS modules have been developed for supporting various stimulus packages, (x) BKash add money facility provided to account holders through Instapay and Mobile App, (xi) SMS OTP (One Time Password) has been introduced other than RSA Token for Instapay and Mobile App, xii) Credit Card Bill (Tk & USD) payment options have been incorporated at Instapay and Mobile App. (xiii) Annual Performance Appraisal, TA/DA and Self-Assessment modules have been developed in our existing HRMS.

The Bank has taken adequate measures to protect its information systems from cyber-attack. The steps that have been taken so far to this effect are described below:

- IT Security Unit has been formed within IT Division with a few experienced manpower
- 24/7 IT Security Monitoring Centre in the IT Division with a dedicated team has been established
- Several Information and Cyber Security Awareness Sessions were conducted using virtual platform for different levels of the officials
- ICT Security and ICT Risk Management Policies are in place according to the respective Guidelines of Bangladesh Bank and they are being followed and implemented at different IT operational activities. Moreover, these policies are updated every year to cope up evolving changes in the ICT operation.
- Next Generation Firewalls and other security solutions have been implemented for DMZ, Core zone, Server Farm zone of the Network
- Multi-layers of security solutions have been implemented for safe access to email and internet and other web-based applications/services, like Website, Web Mail, Internet Banking, Mobile App etc.
- SWIFT Server is connected to a dedicated Firewall as recommended by SWIFT's authorized Service Bureau Centre named "Nelito India Pvt Ltd"
- SWIFT network is also isolated from the usual network to ensure safe access of the authorised users and the users PCs are restricted to access to internet
- The end users have been restricted to access social media as well as vulnerable sites are totally blocked using Bank's network

- Advanced Anti-malware solution has been deployed at the end users' PCs, Laptops. Also, latest security patches for Windows, Linux, Oracle Databases are applied as and when are available.
- Anti-Malware solution has also been installed in all the ATMs, which is basically functioning as a system lockdown developed for fixed function devices, like ATM
- Far DC (2nd DRS) at Jessore was setup around 2 years back for prevention of Data loss in catastrophic events
- We have procured VA (Vulnerability Assessment) Tool (Qualys) which is executed in regular interval (quarterly basis) on all mission critical Web based Applications, like Website, Web Mail, Internet Banking/Mobile App, MFS, Credit/ Debit Card Systems to identify vulnerabilities.

Furthermore, before launching a new product or service, internal risk assessment is done by Risk Management Division and vulnerability assessment is conducted by IT Security Team. We have engaged external Security Firm named "SISA, India" to perform VA-PT (Vulnerability Assessment & Penetration Testing) on our IT Systems which is at the completion stage and they will submit final report very soon. We have also engaged a QSA (Quality Security Assessor) named "ControlCase Inc" USA based company for conducting gap assessment and providing remediation service to enable the Bank to achieve PCI-DSS certification by June 30, 2021. Moreover, IT Security Audit is conducted every year by internal and external audit team as well as Bangladesh Bank Inspection team and issues/weaknesses related to IT operation and security as pointed out by them are mitigated on priority basis.

# STATEMENT OF NON-PERFORMING LOAN



In quantitative criteria, performing loans are categorized as Unclassified-Standard and Unclassified-SMA (Special Mention Account) whereas non-performing loans categorized as Substandard, Doubtful and Bad/Loss based on number of past due days. Side by side, in qualitative criteria, any loan/advance can be classified as NPL on the basis of any uncertainty of recovery of loan based on any adverse signal in the client's business or industry, sudden adverse financial condition and so on.

NPLs have various implications for any commercial bank; the presence of an alarming amount of NPLs leads to undesirable effects for banks including restriction in new lending capacity, higher loan loss provision, rise in funding costs etc. Since the banks act as custodians of the assets of the general public and facilitate economic activities. It is crucial to reduce NPLs to an acceptable limit.

The year 2020 has been hit hard by COVID 19 pandemic; business sector has suffered enormously by this pandemic. To overcome such unforeseeable crisis, the Central Bank has issued some directives towards temporary changes in loan classification policy. Southeast Bank Limited has followed those directives meticulously.

### **Industry Scenario of NPL**

Banking industry in Bangladesh is lurching under bad loans and heavy provision burden. Banks in Bangladesh has been

suffering from high levels of non-performing loans (NPLs) for last few years. The banking sector passed a very hard time during the year 2019 as the NPL kept swelling during that year. In 2020, in addition to various obstacles, the world economy suffered the impacts of COVID 19 pandemic. As directed by Central Bank, classification did not further deteriorate during 2020.

In the final quarter of 2020, NPL ratio came down mainly because Central Bank suspended the routine exercise of classification to help businesses overcome the adverse impact of Covid-19 pandemic. Besides, the banks have been successful to recover and regularize a considerable amount from NPL. The share of NPLs in the total outstanding loans came down to 8.06% as on December 31, in 2020 from 9.32% as on December 31, 2019.

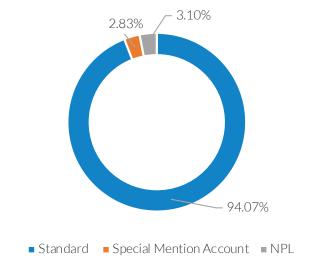
### Classification status of credit portfolio of Southeast Bank Limited

Southeast Bank follows the rules and regulations of loan classifications as per the policy of Bangladesh Bank. One of the core business priorities of Southeast Bank is to curb non-performing loans by maintaining quality assets.

Southeast Bank was successful in reducing its classified loan to reasonable level amounting to BDT 9,939.76 million which was 3.10% of total loans and advances as on December 31, 2020.

The status of unclassified and classified loans of the bank as on December 31, 2020 was as follows:

Status	Amount BDT in Million	Percentage			
Unclassified Loans					
Standard	301,368.80	94.07%			
Special Mention Account	9,059.61	2.83%			
Sub-Total	310,428.40	96.90%			
Classified Loans					
Sub-Standard	323.19	0.10%			
Doubtful	355.84	0.11%			
Bad/Loss	9,260.73	2.89%			
Sub Total	9,939.76	3.10%			
Grand Total	320,368.16	100.00%			



### **NPL** Ratio

NPL ratio (NPL to total loan) is the single most important indicator for banks to measure their portfolio health. It has been observed that the Non-Performing Loan (NPL) ratio of the bank has improved to 3.10% as of December 31, 2020 which was 4.87% as of December 31, 2019. Side by side, the Gross Non-Performing Loan (NPL) coverage ratio of the Bank has reduced from 130.59% as of December 31, 2019 to 106.08% as of December 31, 2020.

Different ratios of nonperforming loans of the Bank as of December 31, 2020 stood as follows:

SL No	Parameter/Particulars	Percentage
01	Gross Non-Performing Loan (NPL) Ratio	3.10%
02	Net Non-Performing Loan (NPL) Ratio	0.71%
03	Gross Non-Performing Loan (NPL) Coverage [(Specific Provision+ General Provision)/ Gross NPL]	106.08%

### **Provisioning**

Southeast Bank Limited makes general provisions against performing loans including off-balance sheet items and specific provisions against NPLs in conformity with the directives and guidelines of Bangladesh Bank from time to time. In some cases, the Bank makes additional provision assessing borrowers' financial position, value of securities kept against the loans etc. to meet the unexpected losses.

The total amount of general provision kept against performing loans of Southeast Bank Limited as on December 31, 2020 is BDT 4,567.30 million and the total amount of specific provision kept against loans as on December 31, 2020 is BDT 20,226.90 million.

### Loan Write-Off

After exhausting all avenues for recovery of loan, some loans remain classified for a longer period and such loans are being written-off by the Bank as per prudential guidelines of Bangladesh Bank. After writing-off such loans, Bank's right to recover the loan through legal action are fully protected as per Section 28(Ka) of Bank Company Act, 1991. In the year 2020, Southeast Bank Limited has written off BDT 2,960.40 million of its loans.

### Recovery of NPLs and Written-Off Loans

Debt recovery in the year 2020 amidst Covid 19 pandemic was strenuous. Despite this obstacle, Southeast Bank Limited has managed to recover a handsome amount from its NPLs and written-off loans. Cash recovery against NPLs and written-off loans in the year 2020 was BDT 355.34 million and BDT 501.43 million.

### **CAPITAL PLAN**



The Bank performs stress tests to verify that it is sufficiently capitalized to withstand adverse events caused by material risks arising from its business strategy at present and in future. The results of stress tests have confirmed the Bank's substantial capitalization. Our capitalization makes us resilient and ensures that we are well positioned to meet upcoming capital requirements as well as to continue to grow our business.

### **Capital Planning Process**

The Bank's capital planning takes into account both short-term and long-term requirement in order to give a comprehensive view of current and future capital levels in line with the Bank's Strategic Plan and Risk Appetite. The Bank's capital plan is designed to support its vision of being a premier banking institution of the country and aims to ensure:

- Balanced risk adjusted performance
- High risk management standards
- Compliance with regulatory requirements
- Strong capital and liquidity position

The starting point for the capital plan is the annual budget cycle which forecasts the Bank's balance sheet trajectory over a five year forward looking horizon. The budget cycle incorporates assumptions about the future shape and direction of the balance sheet of the Bank. It includes assumptions around the future path of Risk Weighted Assets (RWA), profitability and tax. The capital plans are then tested

for capital adequacy and measured against the Bank's risk appetite framework using a range of stress scenarios covering adverse economic conditions as well as other adverse factors that could impact the Bank. As a result, the Bank holds a diversified capital base that provides strong loss absorbing capacity and optimized returns.

### The following key factors are considered in preparing capital plan:

- Summary of our business strategy
- Narrative on the business, local market and economic scenario for the next five years
- Financial forecast for minimum of five years
- Analysis of the balance sheet and profitability
- Assessment of key risks and uncertainties
- Summary of key capital policies, including dividend and capital adequacy

The findings are then presented before the Executive Risk Management Committee (ERMC), Supervisory Review Process (SRP) team, Senior Management Team (SMT) and Board Risk Management Committee (BRMC). Finally, the Board of Directors gives suggestions and approvals regarding how much capital the Bank needs, when the capital will be raised, methods of raising capital, the pricing of the capital and the best ways to protect/enhance shareholders' value. The management of the Bank monitors the development of the capital plan and ensures that the capital position exceeds the minimum regulatory requirements and remains within the risk appetite of the Bank.

### Capital Management

Capital management and capital adequacy maintenance operation in the Bank is performed in an integrated way, seeking to maximize shareholders' value by prudently optimizing the level, mix and distribution to businesses of its capital resources, fulfilling the regulatory requirements and profit maximization target. The Bank's objectives are achieved through well embedded capital management practices into its operations. The main purposes of the Bank's capital management policies and practices are to support its business strategy and to ensure a sufficient level of capital to withstand even severe macroeconomic downturns. In order to achieve this, the following policies have been established to shape the approach that the Bank applies regarding capital management:

- Establish adequate capital planning that covers current needs and provides the necessary resources to meet the business plan requirements, regulatory requirements and the associated risks in the short and medium term, while maintaining the risk profile approved by the Board of Directors
- Ensure that, under stress scenarios, the Bank maintains enough capital to cover the needs arising from the risks due to deterioration of macroeconomic conditions

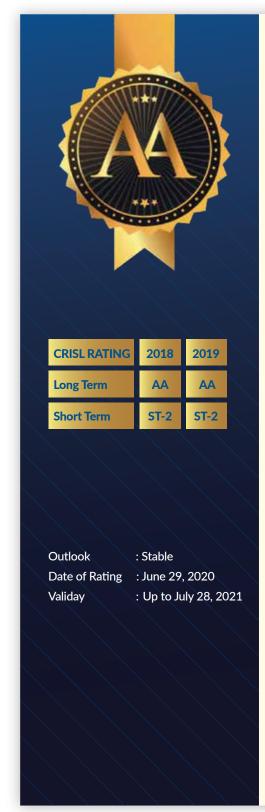
 Optimize capital use through appropriate allocation of capital among the businesses based on the relative return on capital as well as considering risk appetite

### Capital Requirement under Basel III

SEBL adopted the Basel III capital framework introduced by the central bank. The Bank has been compliant with the minimum capital requirements since it came into effect on January 2015. To ensure sustainable growth in coming years and to strengthen the capital base further, the Bank is gradually increasing its Tier 1 and Tier 2 capital in suitable ways. In 2020, The Bank issued Tier-II Subordinated Bond of Tk. 5,000 million to raise Tier-II capital of the Bank. Besides, the Bank is able to accumulate additional capital through the reduction in Risk Weighted Assets (RWA), retention or accumulation of retained surplus over time. The Bank is also able to manage the demand for capital through management actions including adjusting its lending strategy.

SEBL has always been ahead of the curve in deploying strategies for attaining good rating in capital adequacy as per central bank's assessment. The key to this success is the ability of the Bank to forecast the future financial indicators and plan for the capital requirements in context of the risk factors.

## **CREDIT RATING**



## **STABLE** CREDIT RATING

Credit Rating Information and Service Limited (CRISL) has reaffirmed the long term rating of Southeast Bank Limited at AA (Pronounced as Double A) and the short term rating at ST-2 based on audited financials up to  $31^{\rm st}$  December, 2019 and unaudited financials up to  $31^{\rm st}$  March, 2020 and other relevant qualitative as well as quantitative information up to the date of rating.

#### **Explanation:**

- The Bank rated AA (High Safety) in credit rating is adjudged to be
  of high quality, offers higher safety and has high credit quality.
  This level of rating indicates a corporate entity with a sound credit
  profile and without significant problems, Risks are modest and
  may vary slightly from time to time because of economic
  conditions.
- The Bank rated ST-2 (High Grade) in the short term in credit rating is considered to have high cretainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.





## REPORT ON RISK MANAGEMENT FRAMEWORK, MITIGATION METHODOLOGY AND RISK REPORTING BY CHIEF RISK OFFICER (CRO)

Effective risk management is fundamental to the business activities of the Bank. While we remain committed to increase shareholder value by developing and growing our business within our Board-determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders. SEBL's risk management process is comprised of risk assessment, risk treatment and prudent risk governance. The Bank considers risk management as a core job beside its businesses. We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment. Our risk management processes have continued to prove effective throughout the year, despite a tough economic environment due to Covid-19 pandemic. Executive management remained closely involved in important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, and effectively managing the risk portfolios. Responsibility and accountability for risk management resides at all levels within the Bank.

#### **Risk Management Vision**

In order to achieve our objective of being a resilient and sustainable bank we must have strong governance and management arrangements in place. Effective risk management is a core component of these arrangements. We will identify the risk and its root cause at the earliest opportunity; assess the potential impact on the organization and put in place controls to mitigate the risk. Additionally, we will seek to obtain assurance that the controls relied on to mitigate the key risks are effective. The Bank has developed a Risk Management framework to support the ongoing monitoring of controls.

#### Risk Management Framework

Effective risk management is of primary importance to SEBL's overall operations. Accordingly, our risk management process has been designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. SEBL's risk governance framework consists of the policies, standards, procedures and processes through which the Bank identifies, assesses, measures, manages, monitors, reports and controls risks across the Bank. It also emphasizes SEBL's risk culture and lays out standards, procedures and programs that are designed and undertaken to enhance the Bank's risk culture, embed this culture deeply within the organization, and give employees tools to make sound and ethical risk decisions and to escalate issues appropriately. A risk governance framework has also been developed in alignment with the Risk Management Guidelines by Bangladesh Bank.

#### **Risk Appetite**

SEBL's risk appetite, which is approved by the Board of Directors, specifies the aggregate levels and types of risk the Board and management are willing to assume for achieving strategic objectives and business plan, consistent with applicable capital, liquidity and other regulatory requirements. The Bank sets the risk appetite strategy based on current and anticipated exposures and views on the evolution of the markets and the economy – both in business-as-usual and stressed scenarios. In effect, the risk appetite is designed to measure the amount of market volatility and stress the Bank can endure, while still meeting its financial growth objectives and regulatory requirements. This enables the risk function to set, monitor and enforce appropriate risk limits.

#### **Risk Mitigation**

Southeast Bank always follows the global best practice to mitigate risks; risk taking decision is taken considering stakeholder's interest as well as sustainability of the Bank to make maximum profit with minimum exposure to risks.

These are the controls and actions put in place to reduce the likelihood of the risk occurring, or minimize the impact of the risk if it does occur. The Bank has an internal control system incorporating policies, processes and other aspects which-

- Enables the Bank to respond appropriately to the potential risks
- Helps ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate the flow of timely, relevant and reliable information, and
- Helps ensure compliance with applicable laws and regulations, and also with internal policies.

#### Risk Reporting

The Bank monitors and reports on risk levels on a regular basis against its Risk Appetite and Risk Management reports on its risk monitoring activities to senior management, the Board and its Committees, and appropriate executive and management committees. Complementing regular risk monitoring and reporting, ad hoc risk reporting is provided to senior management, the Risk Committee, and the Board, as appropriate, for new and emerging risks or any significant changes to the Bank's risk profile.



Chief Risk Officer (CRO)

## RISK MANAGEMENT IN SOUTHEAST BANK LIMITED

SEBL has established a strong risk management culture as a way to understand, assess, project and act to manage and absorb risks. The soundness in the risk management of SEBL indicates that the Bank is more sensitive to risks and proactive to mitigate or minimize the risks or its effects. For SEBL, effective risk management is imperative to its overall operations. Accordingly, SEBL's risk management process has been designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. Risk management system of this Bank treats every future uncertainty about deviation from expected earnings or expected outcome with paragon importance.

SEBL's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors and protects the safety and soundness of the Bank. Therefore, in order to ensure the sustainability of the Bank, risk culture of SEBL has been developed and strengthened to its optimum level. The higher management of the Bank has proper and adequate knowledge about risks, risk appetite, limit and tolerance of the institute.

#### **RISK STRATEGY AND RISK APPETITE**

Risk appetite describes the types and amount of risks that the Bank is prepared to take in executing its strategy and sets out the key business initiatives based on probable financial impacts of those initiatives. It is the maximum amount and type of risks that the Bank is willing to assume in pursuit of its strategy. The Board approves risk appetite, which is the level of risk the Bank is ready to take in to achieve its business objectives.

The Risk Management Division (RMD) of SEBL oversees, monitors, and reports all risks in line with the risk appetite set by the Risk Management Committee (RMC) of the Board. Board of Directors of the Bank determines the risk strategy and overall risk appetite and defines accountabilities, reporting structures, documentation and management of identified risks, and thresholds.

SEBL's strategy is to set long-term and short-term goals and objectives as well as determine processes to achieve those. Along with business goals, the Bank has risk mitigation strategies which enable it to achieve the desired outcome within the set risk appetite.

#### **RISK MANAGEMENT PROCESS**

SEBL's effective risk management system includes the implementation of clearly defined policies and processes to facilitate the identification and quantification of risks inherent in the Bank's different activities. Risk Management is a process of a series of multi-steps that, when undertaken in sequence, enable continual improvement in decision-making. Steps of Risk Management Process in a Banking Organization:

#### SOUTHEAST BANK'S RISK MANAGEMENT PROCESS



#### RISK MANAGEMENT FRAMEWORK

Southeast Bank always follows global best practices especially in case of risk management. SEBL's risk management framework is robust and its risk management network is spread all over the institution. It's top to bottom risk management framework helps maintain good financial health keeping the risk level at a minimum level.

#### THE RISK MANAGEMENT AT BOARD LEVEL

Three separate committees of the Board namely: Executive Committee, Audit Committee and Risk Management

Committee are responsible for risk management and operations of the Bank.

#### THREE LINES OF DEFENCE

Risk Management is effective when all the regulatory principles and guidelines are implemented and creates and protects value of the organization as an integral part of all of the organization's processes. Southeast Bank builds its approach to risk management on the concept of three lines of defence, signifying a clear division of responsibilities between the risk owners and control functions.

The risk management of SEBL is based on a sophisticated risk process with following three lines of defence:

## 1<sup>st</sup> Line of **DEFENCE**

#### Business Unit, Management/ Branches

Owns the risks and is responsible for identifying, recording, reporting and managing them and ensuring that the right controls and assessments are in place to mitigate them.

## 2<sup>nd</sup> Line of **DEFENCE**

## Risk Management Division of Head Office

Sets the policy and guidelines for managing specific risk areas, provides advice and guidance in relation to the risk, and challenges the first line of defence on effective risk management.

## 3<sup>rd</sup> Line of **DEFENCE**

#### Internal Audit

Provides independent and objective assurance of the adequacy of the design and operational effectiveness of the Bank's risk management framework and control governance process.

#### THE BOARD OF DIRECTORS

The Board and BRMC play the key role in risk management process of the Bank. The top-level authorities of the Bank are responsible for ensuring the ongoing effectiveness of the risk management system.

The Board of Directors of the Bank gives utmost importance on sound risk management practices. They take every possible initiative to keep various risks (credit, market, liquidity, operational risks etc.) within tolerable level.

#### **BOARD RISK MANAGEMENT COMMITTEE (BRMC)**

Board Risk Management Committee (BRMC) is formed for proper risk governance with member from Board of Directors. It supervises the activities of Executive Risk Management Committee (ERMC).

#### **EXECUTIVE RISK MANAGEMENT COMMITTEE (ERMC)**

SEBL has also formed an Executive Risk Management Committee (ERMC) comprising of CRO (as the Chairman), Heads of ICCD, CRMD, CAD, Treasury Division, AML & CFTD, ITD & FCAD. Risk Management Division acts as secretariat of the committee. ERMC is responsible to identify, measure and manage Bank's existing and potential risks through detailed risk analysis, Minimizing/ controlling risks through ensuring proper implementation of the decisions, reviewing risks involved in new products and activities and ensuring that the risks can be measured, monitored, and controlled adequately, Implementing the decisions of BRMC and Board meetings regarding risk issues.

#### **CHIEF RISK OFFICER (CRO)**

Chief Risk Officer (CRO) acts as the head of Risk Management Division. The Chief Risk Officer (CRO) plays one of the most important roles for the Risk Management of the Bank. He is responsible for ensuring intense and effective risk management across the organization. He works to ensure that the Bank is compliant with rules, regulations, and reviews factors that could negatively affect the Bank's objectives. To bring better transparency, synergy and prudence into risk management structure in the Bank, the role and responsibilities of the CRO is of paramount significance.

#### RISK MANAGEMENT DIVISION

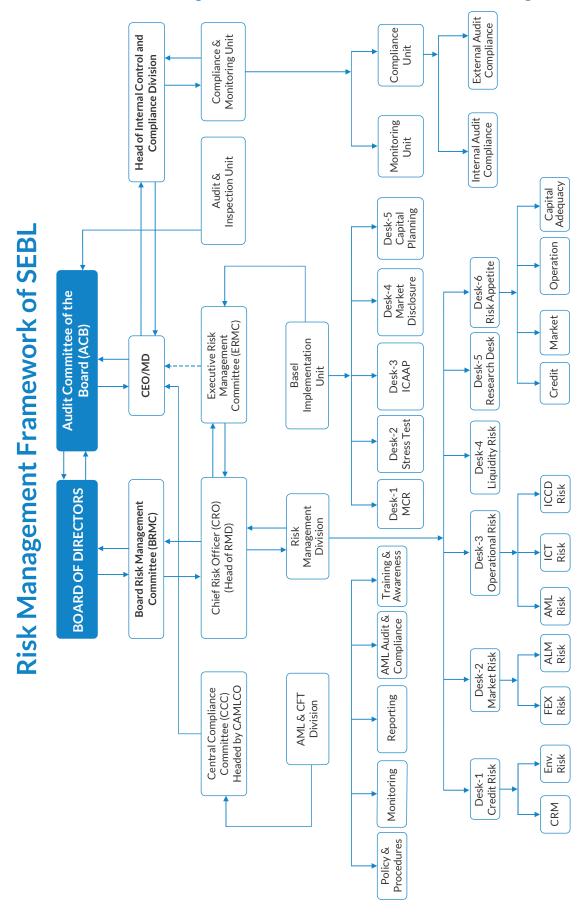
Risk Management Division (RMD) is an independent full-fledged division. It is headed by the Chief Risk Officer (CRO). The main functions of the department are managing the process for developing risk policies and procedures, coordinating with business users/units to prepare functional specifications, preparing and forwarding risk reports; and assisting in the implementation of all aspects of the risk function.

It has separate desks for overseeing each key risk area. The desks are as follows –

- 1) Credit Risk
- 2) Market Risk
- 3) Liquidity Risk
- 4) Operational Risk
- 5) Risk Research and policy development
- Risk appetite

All the desks are individually responsible for collecting the related data/information, progress report of the previously taken decisions of ERMC and BRMC from concerned divisions/department for proper risk analysis and identification of risks, making appropriate recommendations, preparing memo on related issues, monitoring and following up of implementation status of the decisions of meeting minutes, ensuring regulatory compliance on related issues, assisting in formulation and review of risk appetite and risk related policies/guidelines. The desks are also responsible for monitoring the associated risks through concerned department/divisions.

#### Southeast Bank's risk management framework and its robust network chart is given below:



## DISCLOSURE ON RISK BASED CAPITAL ADEQUACY (BASEL III)

The Basel III framework sets out minimum capital requirement standards for banks to ensure that banks are adequately capitalized against the risks they face and are able to withstand losses during periods of stress conditions. The framework consists of three pillars:

- Pillar 1 sets out the minimum capital requirements for credit, market and operational risk;
- Pillar 2 covers the review process by banks and supervisors to assess whether banks' Pillar 1 capital is adequate to meet the risk exposures and whether there is any requirement to hold additional capital in respect of any risks not covered by Pillar 1; and
- Pillar 3 encourages market discipline and transparency through appropriate disclosures on capital adequacy and risk management processes.

The purpose of this disclosure report is to set out how Southeast Bank complies with the Pillar 3 requirements under Basel III. The report will enable market participants to assess key information relating to the Bank's regulatory capital and risk exposures more effectively in order to instill confidence about the Bank's exposure to risk and overall regulatory capital adequacy. The report provides additional information to allow market participants to have a full picture of the risk profile of the Bank, to assess key information relevant to the capital structure, risk exposures, risk assessment processes and hence the capital adequacy of the Bank

These qualitative and quantitative disclosures of the Bank are prepared in accordance with the Central Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III). The disclosures meet the minimum regulatory requirements and provide disclosure of the risks to which it is exposed, both on and off-balance sheet. The disclosure framework has the following components:

- A. Scope of Application
- B. Capital Structure
- C. Capital Adequacy
- D. Credit Risk
- E. Equities: disclosures for banking book positions
- F. Interest rate risk in the banking book (IRRBB)
- G. Market Risk

H. Operational Risk J. Leverage RatioI. Liquidity Ratio K. Remuneration

#### A. SCOPE OF APPLICATION

#### a. Qualitative Disclosures

The name of the top corporate entity to which this framework applies: Southeast Bank Limited.

The quantitative disclosures are made on the basis of consolidated audited financial statements of the Bank and its Subsidiaries as at and for the year ended December 31, 2020 prepared under relevant International Accounting and Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time. In preparing consolidated financial statements, financial statement of the Bank and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, income and expenses. However, all intra group balances, transactions, profits and losses are eliminated in full.

Southeast Bank Limited has two subsidiaries particulars of which are given below:

#### **Southeast Bank Capital Services Limited**

Date of Incorporation:	September 23, 2010
Date of Commencement:	September 23, 2010
Authorized Capital:	BDT 6,000.00 million
Paid up Capital:	BDT 5,500.00 million
Ownership Interest in Capital :	99.82%

#### Southeast Exchange Company (South Africa) Pty Limited

Date of Incorporation:	December 15, 2014
Date of Commencement:	December 15, 2014
Paid up Capital:	RAND 6,632,179.00
Ownership Interest in Capital :	100%

#### b. Quantitative Disclosures

Southeast Bank Limited has two subsidiaries: Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited. Assets and liabilities of these subsidiaries are consolidated with the financials of the parent company. There is no capital deficiency in the financial year 2020.

#### **B. CAPITAL STRUCTURE**

#### a) Qualitative Disclosures

The regulatory capital under Basel-III is composed of (I) Tier-1 (Going-concern Capital) and (II) Tier-2 (Gone-concern Capital). From regulatory capital perspective, going-concern capital is the capital which can absorb losses without triggering bankruptcy of the Bank and gone-concern capital is the capital which will absorb losses only in a situation of liquidation of the Bank. Tier-1 capital is composed of (a) Common Equity Tier 1 and (b) Additional Tier 1, Whereas, Common Equity Tier 1 (CET1) capital consists of paid-up capital, statutory reserve, general reserve, retained earnings, minority interest in subsidiaries etc. Tier-2 capital is composed of general provision, subordinated debt, revaluation reserves etc.

#### Capital requirement rules

The Bank is required to maintain the following ratios on an ongoing basis:

- 1. Common Equity Tier 1 of at least 4.5% of the total RWA
- 2. Tier-1 capital will be at least 6.0% of the total RWA.
- 3. Minimum CRAR of 10% of the total RWA.
- 4. Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher.
- 5. Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher.
- 6. In addition to minimum CRAR, Capital Conservation Buffer (CCB) of 2.5% of the total RWA is introduced which is to be maintained in the form of CET1.

#### b) Quantitative Disclosures

Regulatory Capital:	Consolidated	Solo
Tier-1 capital		
1) Common Equity Tier-1 Capital (CET-1)		
Fully Paid-up capital	11,889.41	11,889.
Non- repayable share premium account		
Statutory reserve	11,580.48	11,580.
General reserve	247.65	247.
Retained earnings	1,315.62	1,190.
Dividend equalization Reserve		
Minority interest in subsidiaries	10.20	
Regulatory Adjustments		
Goodwill and all other Intangible assets	238.08	238.
2) Additional Tier-1 Capital (AT-1)		
3) Total Tier-1 capital (1+2)	24,805.28	24,669.
Tier-2 capital		
General provision (unclassified loans, SMA, off balance sheet)	4,567.25	4,567.
Subordinated debt	11,000.00	11,000.
All other preference shares		
Regulatory Adjustments		
4) Total Tier-2 capital	15,567.25	15,567.
Regulatory Adjustments		
Goodwill and all other Intangible assets	238.08	238.
Total eligible capital (3+4)	40,372.53	40,236.

#### C. CAPITAL ADEQUACY

#### a) Qualitative Disclosures

The Bank is presently following Standardized Approach for assessing and mitigating Credit Risk, Standardized Rule Based Approach for quantifying Market Risk and Basic Indicator Approach for Operational Risk to calculate Minimum Capital Requirement (MCR) under pillar-I of Basel-III framework as per the guidelines of Bangladesh Bank.

#### b) Quantitative Disclosures

BDT in Million

Capital Adequacy	Consolidated	Solo
Capital requirement for Credit Risk	23,589.80	23,957.64
Capital requirement for Market Risk	2,076.41	1,306.13
Capital requirement for Operational Risk	2,473.08	2,441.24
Minimum capital requirement (MCR)	28,138.28	27,705.01
Total capital maintained	40,372.53	40,236.71
Capital surplus over MCR	12,233.25	12,531.70
Capital to Risk Weighted Assets Ratio (CRAR)	14.35%	14.52%
CET-1 to RWA ratio	8.82%	8.90%
Tier-1 Capital to RWA ratio	8.82%	8.90%
Tier-2 Capital to RWA ratio	5.53%	5.62%
Capital Conservation Buffer	2.82%	2.90%
Available Capital under Pillar 2 Requirement	12,233.25	12,531.70

#### D. CREDIT RISK

#### a) Qualitative Disclosures

Credit risk is the potential loss that may arise from a borrower's failure to repay a loan or meet its obligation in accordance with agreed term.

#### 1. Credit Approval

Southeast Bank has well defined and documented operational guidelines/policies for approval of credit facilities. Bank's Credit Risk Management Guideline has been prepared and updated in line with Bangladesh Bank guidelines illustrating the approval process, delegation of authority and other credit related important issues. The approval process segregates relationship management/marketing from the approval authority. The approval authorities are delegated to different levels of management and Board. The Board of Directors of the Bank has the highest level of authority to approve any credit proposal and delegate such authority to the competent authority (EC, MD, AMD, DMD, and Branch Manager).

#### 2. Credit Administration

Credit Administration function is crucial for providing administrative support for lending activities of the Bank. Credit Administration shall cover different stages such as pre-disbursement, disbursement, post-disbursement & ongoing administration of Credit Portfolio of the Bank.

Credit Administration Division of the Bank has been separated from Credit Risk Management Division to avoid conflict of interest and ensure efficiency. Credit Administration procedures of the Bank performs the following responsibilities:

- a) Documentation and Disbursement
- b) Credit Monitoring
- c) Compliance & Reporting
- d) CL, CIB & BB Returns

#### 3. Credit Monitoring

Credit Risk Review is conducted at obligor level as well as at portfolio level to ensure sound asset quality and adherence to regulatory as well as the Bank's own policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Bank. It also aims at continuous improvement of the overall quality of assets at the portfolio level, by deploying appraisal skills, maintaining documentation standards and complying with the sanction terms and conditions. The primary monitoring is done by branches' relationship officers/managers as well as Head of Branch regarding their performances, business, transaction and turnover, repayment behavior

The Credit Administration Division is assigned to look after post approval process such as to establish better control over loan portfolio by constant follow-up and monitoring of the credits right from its sanction and continues its efforts till repayment/ recovery. Besides, overall portfolio along with industries/sectors concentration of the credit portfolio of the bank is reviewed at regular intervals and brought to the notice of senior level management regarding concentration risks, geographical distribution, down gradation along with early alert list (if any) for information & their guidance. These coherent activities altogether enable the Bank to put viable solutions in place to prevent further deterioration in credit quality.

#### 4. Credit Assessment and Grading

Know Your Customer (KYC) is the first step to analyze any credit proposal. Banker-Customer relationship is established through opening of CD/SB accounts of the customers. Proper introduction, photographs of the account holders/signatories, copies of passports etc. and all other required papers as per the Bank's policy are obtained at the time of account opening. Physical verification of customer address is done prior to credit appraisal. The integrity/competency of the borrower and his/her ability to conduct business, ability to repay loans, practical experiences are of paramount importance while assessing the credit risk. At least three Cs, i.e., Character, Capital and Capacity of the customers are confirmed. Credit Appraisals include inter alia the details of amount and type of loan(s) proposed, purpose of loan (s), result of financial analysis, Debt Structure (Tenor,

Covenants, Repayment Schedule, Interest), security arrangements. The above are minimum components to appraise a credit and there are other analyses depending on the nature of credit.

To measure and identify associated credit risks for all lending exposures of the banks in excess of Bangladesh Taka (BDT) 10 million 'the Lending Risk Analysis (LRA)' was used which was introduced by Bangladesh Bank in 1993. The LRA framework, however, could make a little impact in risk identification and mitigation. As an advancement in this area, in 2005, Bangladesh Bank, vide its BRPD Circular No.18, advised all scheduled banks to implement Credit Risk Grading (CRG) for borrowing clients for all exposures. Till then CRG was used by the Banks to identify and categorize the associated risks. During the last couple of years, industry characteristics have changed a lot. Besides, necessity has evolved to review different weights applied in the CRG framework. In order to deal with growing complexities in a more dynamic banking industry, Bangladesh Bank vide their BRPD Circular 16/2018 dated October 30, 2018 has upgraded Credit Risk Grading mechanism and developed "Internal Credit Risk Rating System" comprises with 20 (twenty) different rating templates for 20 (twenty) industries/sectors instead of just one template for all the sectors. To ensure the current system useful, the following sectors are selected considering the size of exposures of banks in these industries:

	Industry	S	ervice		
1.	Ready Made Garments (RMG)	1.	Housing and Construction		
2.	Textile (including spinning, knitting, weaving)	2.	Hospitals and Clinics		
3.	Food and Allied Industries	3.	Telecommunication		
4.	Pharmaceutical	4.	Other service		
5.	Chemical				
6.	Fertilizer			Trade	Agro based &
7.	Cement			& Commerce	Agro
8.	Ceramic			Commerce	Processing
9.	Ship building				
10.	Ship breaking				
11.	Jute Mills				
12.	Steel Engineering				
13.	Power and Gas				
14.	Other industry (if the borrower falls under industry but does not fit with other 13 specific sub-categories)				

#### Quantitative and Qualitative indicators and associated weights:

Details indicators under these categories and associated weights are furnished below:

	QUANTITATIVE INDICATORS	5	QUALITATIVE INDICATORS		
SL	Parameters	Weights	SL	Parameters	Weights
01	Leverage	10%	01	Performance Behavior	10%
02	Liquidity	10%	02	Business and Industry Risk	07%
03	Profitability	10%	03	Management Risk	07%
04	Coverage	15%	04	Security Risk	11%
05	Operational Efficiency	10%	05	Relationship Risk	03%
06	Earning Quality	05%	06	Compliance Risk	02%
	Total	60%		Total	40%

#### **Credit Risk Ratings Scores**

The ICRR consists of 4-notched rating system covering the Quantitative and Qualitative parameters. The ratings and scores are mentioned below:

Rating	Scores Aggregate	Features					
Excellent	≥80%	<ul> <li>Strong repayment capacity of the borrower evident by the high liquidity, low leverage, strong earnings, and cash flow</li> <li>Borrower has well established strong market share.</li> <li>Very good management skill &amp; expertise.</li> </ul>					
Good	≥70% to <80%	Aggregate score of 70 or greater but less than 80 and the quantitative score of at least 30.					
		These borrowers are not as strong as "Excellent "borrowers, but still demonstrate consistent earnings, cash flow and have a good track record.					
		Borrower is well established and has strong market share.					
		Very good management skill & expertise.					
Marginal	≥60% to <70%	Aggregate score of 60 or greater but less than 70 and the quantitative score of at least 30.					
		<ul> <li>This grade has potential weaknesses that deserve management's close attention. If left uncorrected, these weaknesses may result in a deterioration of the repayment prospects of the borrower.</li> </ul>					
Unacceptable	<60%	Financial condition is weak and no capacity or inclination to repay. Severe management problems exist.					
		<ul> <li>Facilities should be downgraded to this grade if sustained deterioration in financial condition is noted (consecutive losses, negative net worth, excessive leverage).</li> </ul>					

#### 5. Credit Risk Mitigation

Generally, potential credit risks are mitigated by taking primary and collateral securities. There are other risk mitigates like netting agreements and other guarantees. The legal certainty and enforceability of the mitigates are verified by the professionals of the respective fields. Collateral types which are eligible for risk mitigation includes - cash, residential, commercial and industrial property, land and machinery; marketable securities etc. Collaterals

are physically verified by the officials of the Branches and Head Office. Side by side, valuation of the same are also done by the enlisted surveyor of the Bank in accordance with the credit policy and procedures. For mitigation of credit risk, Bank also may use the following methods:

a) Risk-based pricing: Generally charging a high interest rate to borrowers who are more likely to default, a practice called risk-based pricing.

- b) Strict Covenants: Imposing strict stipulations/ conditions on the borrower, called covenants, into loan agreements:
- c) Credit insurance: Hedging credit risk by purchasing credit insurance.
- d) Credit Tightening: Reducing credit risks by reducing the amount of credit extended, either in total or to certain borrowers.
- e) Diversification: Lending to a small number of borrowers (or kinds of borrower) face a high degree of unsystematic credit risk, called concentration risk.

#### 6. Past Due and Impaired Credit

Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by

the bank, will be treated as past due/ overdue from the following day of the expiry date.

Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.

In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date.

For loan classification and maintenance of specific and general provision, Bank follows BRPD circular no-14 and 19 of 2012, 05 of 2013, 12, 16 of 2014, 15 of 2017, 01 of 2018 and 03 of 2019 and as advised by Bangladesh Bank from time to time.

	Short Term	Con	sumer Fin	inancing Loans to		All other			
Particulars	Agri. Credit	Other than HF, LP, CC	HF	LP	сс	SMEF	BHs/MBs/SDs	Credit	
Standard	1.0%	2%	1%	2%	2%	0.25%	2%	1%	
SMA	-	2%	1%	2%	2%	0.25%	2%	1%	
SS	5%	20%	20%	20%	20%	20%	20%	20%	
DF	5%	50%	50%	50%	50%	50%	50%	50%	
B/L	100%	100%	100%	100%	100%	100%	100%	100%	

NB: SMA=Special Mention Account, SS=Substandard, DF=Doubtful, B/L=Bad/Loss, HF=Housing Finance, LP=Loans for Professionals to setup business, CC=Credit Card, SMEF= Small and Medium Enterprise Financing, BHs/MBs/SDs=Loans to Brokerage Houses/Merchant Banks/Stock Dealers.

#### 7. Base for Provision

For the following types of eligible collaterals, provision is maintained at the stated rates mentioned above on the base for provision. Base for provision is calculated deducting interest suspense and the value of eligible collateral from outstanding classified loans. Eligible collaterals are the followings:

- Deposit with the same bank kept under lien against the loan
- Government bond/savings certificate kept under lien.
- Guarantee given by Government or Bangladesh Bank.

For all other eligible collaterals, the provision are maintained by the stated rates mentioned above on the balance calculated as the greater of the following two amounts:

- Outstanding balance of the classified loan less the amount of Interest Suspense and the value of eligible collateral; and
- 15% of the outstanding balance of the loan.

#### 8. Eligible Collateral

The following collaterals are included as eligible collateral in determining base for provision:

- 100% of deposit under lien against the loan
- 100% of the value of government bond/savings certificate under lien
- 100% of the value of guarantee given by Government or Bangladesh Bank
- 100% of the market value of gold or gold ornaments pledged with the bank.
- 50% of the market value of easily marketable commodities kept under control of the bank
- Maximum 50% of the market value of land and building mortgaged with the bank
- 50% of the average market value for last 06 months or 50% of the face value, whichever is less, of the shares traded in stock exchange.

#### 9. Subjective Judgment

Considering the nature and performance of a loan, the bank can also classify a particular loan on the basis of subjective judgment taking into consideration the factors such as uncertainty or doubt of repayment, continuous loss of capital, adverse situation, decrease of value of securities, legal suit etc. However, regardless of all rules and regulations the central bank can classify any loan on the basis of their subjective judgment and can instruct the bank to make additional provision on non-performing loans.

#### b) Quantitative Disclosures

## Total gross credit risk exposures broken down by major types of credit exposure:

Total gross credit risk exposures by major types: Bangladesh Bank guidelines on Basel III stipulated to segregate bank's asset portfolio into different categories and the following table shows our gross exposure in each asset category.

SI	Particulars Particulars	Consolidated	Solo
а	Cash	21,431.27	21,431.26
b	Claims on Bangladesh Government and Bangladesh Bank	83,226.36	83,226.36
С	Claims on Banks & NBFIs	25,756.71	25,633.18
d	Claims on Corporate	159,699.13	159,699.13
е	Claims on SME	82,723.30	82,723.30
f	Claims under Credit Risk Mitigation	29,427.26	29,427.26
g	Claims categorized as retail portfolio (excluding SME, Consumer finance and Staff loan) up to 1 crore	1,120.66	1,120.66
h	Consumer finance	2,344.90	2,344.90
i	Claims fully secured by residential property	4,804.28	4,804.28
j	Claims fully secured by commercial real estate	2,039.07	2,039.07
	1. Past Due Claims that is past due for 60 days or more (Risk weights are to be assigned net of specific provision):		
	Where specific provisions are less than 20% of the outstanding amount of the past due claim	11,846.80	11,846.80
	Where specific provisions are no less than 20% of the outstanding amount of the past due claim	764.95	764.95
k	Where specific provisions are more than 50% of the outstanding amount of the past due claim	1,312.73	1,312.73
	2. Claims fully secured against residential property that are past due for more than 60 days and/or impaired specific provision held there-against is less than 20% of outstanding amount	139.91	139.91
	3. Loans and claims fully secured against residential property that are past due for more than 60 days and/or impaired and specific provision held there - against is no less than 20% of outstanding amount	188.21	188.21
I	Capital Market Exposure	1,892.67	
m	Investment in equity and other regulatory capital instruments issued by other banks and Merchant Banks/Brokerage Houses/Exchange Houses which are not listed in the Stock Exchanges (other than those deducted from capital) held in banking book	6,660.17	12,194.31
n	Investments in premises, plant and equipment and all other fixed assets	9,714.97	9,182.67
0	Claims on all fixed assets under operating lease		
	All other assets		
	i) Claims on GoB & BB	1,192.63	1,192.63
	ii) Staff Ioan	350.74	350.74
р	iii) Claims on Offshore Banking Unit		
	iv) Others	6,761.02	6,444.61
	Total	453,397.76	456,066.99

#### c) Geographical distribution of exposures

BDT in Million

	Regions	Exposure
	Dhaka	257,359.01
	Chattogram	49,311.75
	Rajshahi	5,421.06
	Sylhet	3,849.69
Region Based	Khulna	2,317.68
	Rangpur	1,356.28
	Barisal	260.54
	Mymensingh	492.14
	Total	320,368.16
Country Daged	Domestic	320,368.16
Country Based	Overseas	-

#### d) Major Industry wise distribution of exposures (Industrial Loan)

BDT in Million

Total	242,445.32
Other Industries	98,428.17
Pharmaceuticals industries	1,721.85
Ship Breaking & Ship Building industries	5,174.20
Cement & Ceramics industries	7,663.69
Agro-Based Industries	15,493.46
Textile industries	19,660.23
Real Estate industries	21,606.83
Ready Made Garment industries (RMG)	72,696.89

#### e) Residual contractual maturity breakdown of the whole portfolio

BDT in Million

On demand	42,961.37
Less than three months	57,083.66
More than three months but less than one year	93,582.68
More than one year but less than five years	83,298.52
More than five years	43,441.92
Total	320,368.15

#### f) Major Industry type amount of impaired loans

Agriculture	63.53
Industrial (Manufacturing)	5,884.97
Industrial (Services)	1,377.77
Consumer Credit	167.25
Trade & Commerce (Commercial Loans)	2,435.27
Credit to NBFI	-
Loans to Capital Market	-
Other Loans	10.97
Total	9,939.76

#### g) Gross Non-Performing Assets (NPAs)

BDT in Million

Gross Non-Performing Assets (NPAs)	9,939.76
Non-performing assets to outstanding loans and advances	3.10%
Movement of Non-Performing Assets (NPAs):	-
Opening balance	14,375.30
Additions	216.00
Reductions	4,651.60
Closing balance	9,939.76
Movement of specific provisions for NPAs:	-
Opening balance	18,243.60
Provision made during the period	5,176.00
Write off	3,192.80
Write back of excess provisions	-
Closing balance	20,226.80

#### E. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

#### a) Qualitative Disclosures

Banking book positions consist of those assets which are bought for holding until they mature. The Bank treats unquoted equities as banking book assets. Unquoted equities are not traded in the bourses or in the secondary market. They are shown in the balance sheet at cost price and no revaluation reserve is created against these equities.

#### b) Quantitative Disclosures

Values of investments as disclosed in the Balance Sheet:

BDT in Million

Doublestone	Consolidated		So	lo
Particulars	Cost Price	Market Price	Cost Price	Market Price
Unquoted Share	610.17	610.17	610.17	610.17
Quoted Share	7,004.92	8,282.34	4,297.72	4,430.94

#### c) For Banking Book Equity

BDT in Million

Particulars	Consolidated	Solo
The cumulative realized gains/losses arising from sales and	-	-
liquidations in the reporting period		

#### d) For Banking Book Equity

Particulars	Consolidated	Solo
Total unrealized gains/losses	-	-
Total latest revaluation gains/losses	-	-
Any amounts of the above included in Tier 2 capital	-	-

e)

BDT in Million

Particulars -	Capital Requirement	
	Consolidated	Solo
Unquoted Share	76.27	76.27
Quoted Share	1,656.46	886.18

As equities do not have any maturity, we have calculated risk weighted assets for unquoted equities on the basis of fixed risk weight which is 125% of investment value. And for quoted share capital charge is 10% for both specific and market risks

#### F. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

#### a) Qualitative Disclosures

Interest rate risk affects the bank's financial condition due to adverse movements in interest rates of interest sensitive assets and interest sensitive liabilities. Changes in interest rates have two types of impact:

- i. Earnings perspective: It affects a bank's earnings by changing its net interest income and the level of other interest sensitive income and operating expenses.
- ii. Economic value perspective: The economic value of future cash flows changes when interest rate changes.

At present SEBL is following the Bangladesh Bank prescribed format for assessing the economic value due to interest rate shock.

#### b) Quantitative Disclosures

#### Earnings perspective:

Here, we have used maturity gap method to measure changes in earnings due to changes in interest rates:

BDT in Million

Up to 12 Month (Cumulative Gap)	Percentage changes in interest rate	Net interest income and re-pricing impact
	1% increase in interest rate	868.50
	1% decrease in interest rate	(868.50)
83,662.00	2% increase in interest rate	1,737.00
	2% decrease in interest rate	(1,737.00)
	3% increase in interest rate	2,605.00
	3% decrease in interest rate	(2,605.00)

#### G. MARKET RISK

#### a) Qualitative Disclosures

#### View of the Board of Directors on trading/investment activities

Market risk arises due to changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. The financial instruments held with trading intent or to hedge against various risks, which are purchased to make profit from spreads between the bid-price and ask price are subject to market risk. SEBL is exposed to market risk mostly stemming from Government Treasury Bills, Bonds and Shares of listed Public Limited Companies, foreign currency etc.

#### Methods used to measure Market Risk

There are several methods used to measure market risk and the Bank uses those methods which are deemed fit for a particular scenario. For measuring interest risk from earnings perspective, the Bank uses Maturity Gap analysis, Duration Gap analysis, Sensitivity Analysis and Mark to Market (MTM) method. For measuring foreign exchange risk, the Bank uses VaR analysis.

We use standardized (Rule Based) method for calculating capital charge against market risks for minimum capital requirement of the Bank under Basel-III.

#### Market Risk Management System

The Bank has its own Market Risk Management System which includes Asset Liability Risk Management (ALM) and Foreign Exchange Risk Management under the core risk management guidelines.

Asset Liability Management (ALM): The ALM policy specifically deals with liquidity risk management and interest rate risk management framework.

Foreign Exchange Risk Management: Foreign exchange risk arises when the Bank is involved in foreign currency transactions. These include foreign currency exchange, placement, investments, loans, borrowings and different contractual agreements. We use different hedging techniques to mitigate foreign exchange risks.

#### b) Quantitative Disclosures

#### The capital requirements for:

## Policies and processes for mitigating market risk are mentioned below:

- Risk Management and reporting is based on parameters such as Maturity Gap Analysis, Duration Gap Analysis, VaR etc, in line with the global best practices
- Risk Profiles are analyzed and mitigating strategies/ processes are suggested by the Asset Liability Committee (ALCO)
- Foreign Exchange Net Open Position (NOP) limit, deal-wise trigger limits, Stop-loss limit, Profit / Loss in respect of cross currency trading are properly monitored and exception reporting is regularly carried out
- Holding of equities is monitored regularly so that investment remains within the limit as set by Bangladesh Bank
- Asset Liability Management Committee (ALCO) analyzes market and determines strategies to attain business goals
- Reconciliation of foreign currency transactions

BDT in Million

Particulars Particulars	Consolidated	Solo
Interest rate risk	372.99	372.99
Equity position risk	1,656.47	886.19
Foreign exchange risk	46.94	46.94
Commodity risk	0.00	0.00
Total	2,076.40	1,306.13

#### H. OPERATIONAL RISK

#### a) Qualitative Disclosures

## Views of the Board of Directors on system to reduce Operational Risk

Operational risk is the risk which may arise directly or indirectly due to failure or breakdown of system, people and process. This definition includes legal risk, but excludes strategic and reputation risk. The Bank manages these risks through a control-based

environment in which processes are documented, authorization is kept independent and transactions are reconciled and monitored. This is supported by a periodic process conducted by ICCD and monitoring external operational risk events, which ensure that the Bank stays in line with the international best practices.

#### **Performance Gap of Executives and Staffs**

The Bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The Bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.

#### Policies and processes for mitigating operational risk

The Bank has adopted policies which deal with managing different Operational Risks. Bank strongly follows KYC norms for its customer dealings and other banking operations. The Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh

#### b) Quantitative Disclosures

#### The capital requirements for:

Bank and External Auditors conduct inspection on different branches and divisions at Head Office and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports.

## Approach for calculating capital charge for operational risk

The Bank has adopted Basic Indicator Approach (BIA) to compute capital charge against operational risk under Basel-III as per Bangladesh Bank Guidelines.

BDT in Million

Particulars Particulars	Consolidated	Solo
The capital requirements for operational risk	2,473.08	2,441.24

Calculation of Capital Charge for Operational Risk (Consolidated)

#### **Basic Indicator Approach**

BDT in Million

Year	Gross Income (GI)	Average GI	15% of Average GI
December, 2018	16,555.11	- 16,487.19	
December, 2019	17,688.84		2,473.08
December, 2020	15,217.62		2,47 3.00
Total GI	49,461.57		

#### I. LIQUIDITY RATIO

#### a) Qualitative Disclosures

## Views of the Board of Directors on system to reduce Liquidity Risk

Southeast Bank Limited has proficient Board of Directors that has always been giving utmost importance to minimum the liquidity risk of the Bank. In order to reduce liquidity risk, strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) is also being emphasized on a regular basis. Apart from these, as part of Basel-III requirement Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are also maintained under the guidance of the Board of Directors.

#### Methods used to measure Liquidity Risk

In order to measure liquidity risk various methods are being used which are as follows:

 GAP analysis is being done regularly that deals with the mismatch of assets and liabilities in different time buckets like 0-30 days, 31-90 days, 91-180 days, 181-270 days, 271-365 days and beyond 1 year. In our monthly ALCO paper, we show this GAP analysis based on which different strategic decisions are taken in order to reduce liquidity risk that may arise due to the mismatch between assets and liabilities

 Cash flow forecasting is another technique to measure liquidity risk that may arise due to future cash flow mismatch. In our monthly ALCO paper, we show this cash flow forecasting

#### Liquidity Risk Management system

As part of liquidity risk management system, we have Board approved liquidity contingency plan. In this liquidity contingency plan, we have incorporated all the strategic decisions to tackle any sort of liquidity crisis. As per Bangladesh Bank ALM guideline, this liquidity contingency plan is reviewed annually which is approved by the Board of Directors.

#### Policies and processes for mitigating Liquidity risk

We strictly follow the Bangladesh Bank instructions and policy guideline to prepare the structural liquidity profile and submit it to Bangladesh Bank every month. We also place liquidity related information to the meeting of the Board of Directors each month so that Board can give necessary directives to adjust/prevent us from the branch of the limits set by the Board and the Bangladesh Bank.

#### b) Quantitative Disclosures

BDT in Million

Particulars Particulars	Amount
Liquidity Coverage Ratio (LCR)	116.37%
Net Stable Funding Ratio (NSFR)	106.51%
Stock of High-quality liquid assets	104,123.56
Total net cash outflows over the next 30 calendar days	89,476.29
Available amount of stable funding	357,466.82
Required amount of stable funding	335,606.03

#### J. LEVERAGE RATIO

#### a) Qualitative Disclosures

### Views of the Board of Directors on system to reduce excessive leverage

Leverage is an inherent and essential part of modern banking business. In other words, banks are highly leveraged organizations which facilitate leverage for others. Leverage, in simple terms, is the extent to which a bank funds its assets with borrowings rather than capital. More debt relative to capital means a higher level of leverage.

Banks have a range of financial incentives to operate with high leverage. But it creates risk when it crosses a certain point. Therefore, the Board views that sound prudential controls are needed to ensure that the organization maintains a balance between its debt and equity. The Board also believes that the Bank should maintain its leverage ratio on and above the regulatory requirements which will eventually increase the public confidence in the organization.

## Policies and processes for managing excessive on and off-balance sheet leverage:

The leverage ratio is a non-risk-based approach to the measurement of leverage. The ratio acts as a 'backstop' against the risk-based capital requirements and is also designed to constrain excess leverage. There are three types of leverage: balance sheet, economic and embedded. Under Basel III, the Bank has to maintain a leverage ratio in excess of 3% of its exposures. The leverage ratio is intended to achieve the following objectives:

- a) Constrain the build-up of leverage in the Bank
- b) Reinforce the risk-based requirements with an easy to understand and a non-risk-based measure.

To manage excessive leverage, the Bank follows all regulatory requirements for capital, liquidity, commitment, Advance Deposit Ratio (ADR), Maximum Cumulative Outflow (MCO), large exposures, as well as risk management which are eventually reinforcing standards set by Bangladesh Bank. The aim is to ensure that the high leverage that is inherent in banking business models is carefully and prudently managed.

#### Approach for calculating exposure

Leverage ratio reflects the Bank's Tier-1 capital (the numerator) over total exposure (the denominator), which includes its balance sheet exposures and certain off-balance sheet exposures.

The capital measure for the leverage ratio is based on the Tier-1 capital. The exposure measure for the leverage ratio follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the followings are applied by the Bank:

- 1. On balance sheet, non-derivative exposures will be net off specific provisions and valuation adjustments
- 2. Physical or financial collateral, guarantee, or credit risk mitigation purchased is not considered to reduce on-balance sheet exposure.
- 3. Netting of loans and deposits is not considered.

Off-Balance Sheet (OBS) items are calculated by applying a uniform 100% credit conversion factor (CCF). For any commitments that are unconditionally cancellable at any time by the Bank without prior notice, a CCF of 10% is applied.

#### b) Quantitative Disclosures

#### The capital requirements for:

BDT in Million

Particulars Particulars	Consolidated	Solo
Leverage Ratio	4.87%	4.85%
On balance sheet exposure	445,066.63	444,855.60
Off balance sheet exposure	64,424.58	64,424.58
Total exposure after deduction	509,253.14	509,042.10

#### K. REMUNERATION

#### a) Qualitative Disclosure

### Information relating to the bodies that oversee remuneration:

The Human Resources Division of the Bank oversees the remuneration in line with its HR policy under direct guidance of the Board of Directors of the Bank. A committee comprising of few members of the Senior Management led by the Managing Director is responsible for formulating remuneration policy. The Head of Human Resources Division acts as the Member Secretary of the committee. The remuneration committee is the main body for overseeing the Bank's remuneration. The committee reviews the position of remuneration and recommend to the Board of Directors for approval taking into consideration present cost of living index, rate of inflation and the existing remuneration of peer banks.

The Bank does not have any external consultant in preparing and implementing the remuneration policy.

The Bank follows a non-discriminatory policy in respect of remuneration and benefits for Head quarter and regions. However, a foreign posting allowance in remuneration is in practice for employees who are posted outside Bangladesh.

## Information relating to the design and structure of remuneration processes:

The motto of the remuneration policy is to attract and retain productive employees who can contribute substantially to the overall growth of the Bank. The remuneration policy is carefully designed and regularly updated to provide adequate incentives so that the employees are fully committed to do their best to achieve the operational goals of the Bank.

The committee reviewed the Bank's remuneration policy in the year 2020. The Board of Directors approved upward revision of salary structure of the employees of the Bank as an incentive for posting better result. Changes were also made in annual increment structure in pay scales, certain allowances

etc. to bring about more uniformity in the remuneration package.

The risk and compliance related employees are carrying out the activities independently in line with delegation of powers and job descriptions approved by the appropriate authorities.

## Description of the ways in which current and future risks are taken into account in the remuneration processes:

When implementing remuneration measures, the Bank considers business risk, financial and liquidity risk, compliance and reputational risk for each official.

Various types of measures are taken into account in determining these risks. The measures focus on the organizational goals set for operational areas. Asset quality (NPL ratio), cost-income ratio, net profit growth etc. are used for measuring the risks.

The performance of each employee is evaluated for a particular period especially annually against performance indicators set and agreed with the officials at the beginning of the year. Performance differs from employee to employee and this affects the remuneration package.

In the year 2020, there has been no material change that could create impact on the remuneration.

## Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:

The Bank has one set of Performance Appraisal Form (PAF) to evaluate the performance of all categories of officials of the Bank. The PAF has 3 (three) parts i.e. (i) Key Performance Indicators, (ii) Personal Attributes and (iii) Job Related Skills and Competencies. Key Performance Indicators (KPIs) are deposit, investment and profit target oriented.

Decisions about promotion, granting of annual increment and incentive bonus are linked to the performance of the employees against set Key Performance Indicators.

#### Description of the ways in which the Bank seek to adjust remuneration taking into account of longer-term performance:

The Bank does not seek to adjust remuneration taking into account the longer-term performance.

## Description of the different forms of variable remuneration that the Bank utilizes and the rationales for using these different forms

The Bank pays variable remuneration such as, Technical Allowance for the officials of Information Technology Division, Alternative Delivery Channel (ADC) Division, Surveillance Allowance for the Head/Supervisor, In-charges & Operators of Central Monitoring System (CMS) of Head Office and Charge Allowance for Heads of Branches. Those allowances are paid taking into account the special and technical nature of the job they perform.

#### b) Quantitative Disclosure:

Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its matter	02 (Two) meetings of remuneration committee were held and no remuneration was paid to the members		
Number of employees having received a variable remuneration award during the financial year	219 employees received a variable remuneration in the year 2020		
Number and total amount of guaranteed bonuses awarded during the financial year	02 (Two) guaranteed bonuses were awarded and the total amount of bonus was Taka 166.78 Million		
Number and total amount of sign on awards made during the financial year	No amount was paid as sign-on awards		
Number and total amount of severance payments made during financial year	No payment was paid as severance		
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year	Not Applicable		
Breakdown of amount of remuneration awards for the financial year to	Particulars	Amount	(in Million Taka)
show:	Fixed	166.78	Total= 177.92
- fixed and variable.	Variable	11.14	
- deferred and non-deferred.	Deferred	0.00	
- different forms used (cash, shares and share linked instruments,	Non- deferred	177.92	
other forms)	Form used (cash)	177.92	
Quantitative information about employee's exposure to implicit (e.g. fluctuation in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluation of awards) of deferred remuneration and retained remuneration:	Not Applicable		
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	Not Applicable		
Total amount of reductions during the financial year due to ex post explicit adjustments	Not Applicable		
Total amount of reductions during the financial year due to ex post implicit adjustments	Not Applicable		





### SUSTAINABILITY APPRAISAL AND INTEGRATED REPORTING

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### SUSTAINABILITY REPORT-AT A GLIMPSE

SEBL strives to create sustainable solutions to serve the rapidly growing economy of Bangladesh. Despite our progress so far, we fully appreciate that there is always more that can be done. We seek to create long-term value for our stakeholders in a sustainable way. We believe that generating profits sensibly goes hand in hand with creating social impact. This aligns with our corporate value of being purpose-driven and our desire to make a difference beyond banking to touch real people, real businesses and real lives.

We understand sustainability to mean responsible corporate social activities for long term, economically positive result in consideration of key societal and environmental aspects. We will continue to combine financial success with social responsibility by anchoring sustainability as a fixed component of our business and by practicing sustainability as an integral leadership and management responsibility, in addition to taking key sustainability aspects into consideration in our business activities.

#### **Sustainability Strategy of Southeast Bank:**



#### **Responsible Banking**

We seek to conduct our business in a fair and responsible manner by ensuring that we only offer products and services that are suitable for our customers (otherwise known as fair dealing). We take a proactive stance to protect our customers' information from cyber-attacks and illicit usage. We have zero tolerance for financial crime, including bribery and corruption. We are committed to advancing responsible financing and financial inclusion as part of our role in promoting sustainable development.

#### **Responsible Corporate Citizenship**

As a good corporate citizen, we are conscious about managing our direct environmental footprint and seek to influence our supply chain towards sustainable practices.

#### **Creating Social Impact**

We recognize that not all returns stem from financial gains. We seek to create social impact by championing social entrepreneurship in Bangladesh and through our staff volunteerism movement, "People of Purpose".

#### **Employer of Choice**

Continued investment in our people is a key priority for us. We are committed to providing an inclusive work environment where every employee can develop professionally and personally.

As society continues to increase its expectation for businesses to deliver solutions sustainable for our planet, we see opportunities to offer banking solutions that can help meet those expectations. We are encouraged by how the advancement of technology opens up viable banking solutions for new areas such as financial inclusion and green financing. We are exploring these opportunities, which at the same time allow us to do more for the communities we operate in.

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY

#### **CSR Policy of Bank**

Banks' Corporate Social Responsibility (CSR) activities follow relating to Corporate Social Responsibility (CSR) transparent business practices that are based on ethical values, compliance with legal and regulatory requirement and respect for people, communities and the environment. We are responsible for the totality of our impact on people and the planet, beyond making profit. Our corporate social responsibility is about addressing the needs of all the stakeholders in a way that advances our business and makes a positive and meaningful contribution to the society.

Southeast Bank pursues a strong policy based on its belief in Corporate Social Responsibility (CSR), a policy by which it contributes our support to the society in which we live and operate. By this policy, we contribute our small bit of backing in sustaining the society that gives us the business sustenance. Our Corporate Social Responsibility encompasses our customers, employees, shareholders, suppliers, business associates and the society as a whole. We endeavor to achieve our objectives in the area of corporate social responsibility in the following manner:

- Stressing upon extension of credit and participation in projects for economic development of the country;
- ii) Following fair and ethical banking practices and maintaining sound management;
- iii) Developing and prospering with customers by offering top-quality and high-value- added products and services;
- iv) Offering competitive pay package and career path to the employees and creating a congenial workplace;
- v) Enhancing shareholder value by optimizing financial performance at a competitive cost;
- vi) Creating a lasting relation with suppliers and business associates for mutual benefit;
- vii) Supporting charitable ventures, relief operations and environment protection;
- viii) Coming to the aid of the poor and the needy people of the society;
- ix) Maintaining high compliance standard in regard to all relevant laws and regulations of all regulatory bodies;

- x) Supporting art, education, sports, culture, healthcare etc.;
- xi) Promoting good community relation to foster a relationship of understanding, trust and credibility;
- xii) Observing environment related laws and regulations and working for healthy development of the society;
- xiii) Supporting development of the women community;
- xiv) Carrying on energy and resource-saving activities within the Bank;
- xv) Winning the reputation that the citizens acknowledge the significance of Southeast Bank's existence;

#### Southeast Bank Green Foundation (SEBGF)

With a view to discharging Corporate Social Responsibilities in the most organized and coordinated way, Southeast Bank Green Foundation has established by Southeast Bank Limited. Because of having effective and organized frameworks, it has succeeded in undertaking a number of CSR programs.

### Donation to the Prime Minister's Relief and Welfare Funds

Southeast Bank never lacks in extending its material and financial support to national causes and natural calamity victims on humanitarian ground. At the call of necessity, Southeast Bank donated BDT 108.28 million to the Prime Minister's Relief and Welfare Fund in 2020.

#### **Educational Scholarship**

Southeast Bank Green Foundation started Scholarship Program back in 2009. It aims at helping the promising and brilliant learners coming from poor families in the pursuit of education at different levels. The process of selecting students for scholarship is done neutrally. In 2020, SEBGF spent total BDT 2.04 million for Scholarship to students at different levels selected from educational institutions across the country. In 2020, scholarship was awarded to 256 students at different levels.

#### Southeast Bank Green School

Considering the predominating demand for quality education at the grooming stage of life, Southeast Bank Green School was set up in 2013 for the children of families with moderate income at Mohammadpur, Dhaka. It is housed in 2 (two) adjacent buildings located in the midst of a number of housing societies. The school follows Edexcel British Curriculum. It is equipped with all modern amenities and facilities. Currently, 30 teachers are putting their relentless efforts to impart quality education to the students. In 2020, a total amount of BDT 20.94 million was spent for the school.

#### **Support for Educational Institutions**

Education is the backbone of a nation. To create good citizens for the nation, we supported educational institutions in improving their educational environment. In 2020, we spent BDT 6.69 million for the purpose.

#### **Support for Medical Treatment**

We get our business sustenance from the society in which we operate. We stand by the poor people distressed by serious illness and provide them financial assistance for medical treatment of their serious diseases. In the year 2020, an amount of BDT 5.67 million was spent for this humanitarian cause.

## Support for promotion of law and order in the country

Crime-free society is the key to economic development. We assisted different bodies in their longing for maintenance of law and order in the country. In 2020, we spent BDT 5.23 million for the purpose.

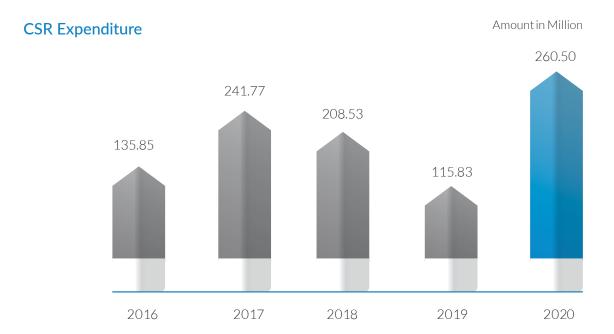
#### **Donation to different Bodies/Institutions**

In 2020, we extended financial support to different bodies and institutions to pursue charitable ventures, environment protection, women emancipation etc. In the year 2020, a total amount of BDT 215,19 million was spent for the purpose.

#### **Total CSR Expenditure**

Our CSR-efforts go beyond charity. We support institutions to protect wildlife habitat, curb effect of climate change and improve conditions of families and communities. We promote green living and green banking.

In 2020, Southeast Bank contributed total BDT 260.50 million for education, sports, art, culture, promotion of national heritage, improvement of the condition of autistic children, women emancipation, health-care, financial assistance to disadvantaged people, donation for national disaster-victims, help for poor peoples' medical treatment of serious diseases, community development, relief operation, winter-clothes for the cold-hit poor people, etc.



# WAY FORWARD TO ACHIEVE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all. Set by the United Nations Development Programme in 2015, the 17 SDGs and 169 targets included in the program address global sustainability challenges including those related to poverty, inequality, climate, environmental degradation, prosperity, peace, and justice.

With a target date set for 2030, the clock is ticking for the 193 countries signed up to meet the deadline. According to the Business and Sustainable Development Commission, reaching these goals will unlock at least \$12 trillion a year in economic development by 2030 and generate 380 million jobs, much of this in developing countries.

To meet the ambitious targets and deadline, Southeast Bank Limited will play an active role in providing both finance and expertise.





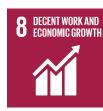
































#### A need for innovative thinking and sustainable innovation

The Bank has introduced Green Supply Chain Management by considering social and environmental risks while signing agreement with suppliers. The Bank has also introduced Green Award for contribution in protecting & conserving nature which encourages environmental consciousness to the entrepreneurs. The Bank ensures reducing energy consumption by efficient use of energy resources, encouraging e-mail-based communication and web-based activities, reducing use of paper, introducing biometric attendance system, etc.

Southeast Bank Limited has been contributing to achieve SDG's in the following ways -

SDG	PRODUCTS AND SERVICES	
1) No poverty	Private international development finance through impact investing	
2) Zero hunger	Microfinance for smallholder farmers	
3) Good health and well-being	Health-care investments, Gymnasium for Employees	
4) Quality education	Philanthropic donations to schools, Scholarship	
5) Gender equality	Microfinance and lending to women and female entrepreneurs, Customized products & services for women	
6) Clean water and sanitation	Socially responsible mutual funds investing in water	
7) Affordable and clean energy	Renewable energy investment, Green Banking	
8) Decent work and economic growth	General investments into the real economy	
9) Industry innovation and infrastructure	Project finance and commercial lending integrating social and environmental criteria for lending decisions	
10) Reduced inequalities	Fair payment of financial sector employees	
11) Sustainable cities and communities	Mortgage lending	
12) Responsible consumption and production	Socially responsible investing	
13) Climate action	Climate finance	
14) Life below water	Financing ecological services	
15) Life on land	Financing ecological services	
16) Peace, justice and strong institutions	Lending to public institutions	
17) Partnership for the Goals	Public Private Partnership Investment	

In the years leading up to 2030, Southeast Bank Limited will continue to innovate and partner to achieve these ambitious goals. While we do not underestimate the challenge, we look forward to embracing it head on to do our part in contributing to this important global agenda.

## CONTRIBUTION TO NATIONAL ECONOMY

Southeast Bank Limited (SEBL) is making a substantial contribution to the economic sector of the country. The Bank has been playing a vital role in the economy by providing credit for businesses and at the same time collecting deposits from general public through different types of depository products. SEBL provided banking services to the people and business entities. The Bank through its 135 branches and 17 sub-branches operating nationwide has been contributing immensely to the ever-growing national economy. SEBL formulates its business strategies in conformity with the economic policies. The Bank is committed to building relationships with the community within which it operates. SEBL has been widening its network of Branches to promote financial inclusion. SEBL is continuously striving for introducing breakthrough digital banking services to all customers in alignment of the Government's long term Vision to transform the country into "Digital Bangladesh". As part of this, the Bank is providing Mobile Financial Services (MFS) through its exclusive product branded as "Telecash". The product has enabled the people of all classes living both in rural and urban areas to avail banking and financial services at their doorsteps.

Economic growth in Bangladesh has been helped largely by export earnings from the ready-made garments (RMG) sector; remittances sent by migrant workers, growth in the agricultural sector, expansion in Medium, Small and Micro Enterprises (MSMEs), decline in the rate of population growth; and the government's safety net programmes.

RMG is the most important industry in the country; and Bangladesh is the second largest apparel exporter of western brands. The RMG sector accounts for around 82 per cent of total exports. During the year 2020, SEBL invested BDT 72,696.89 million in RMG sector. SEBL has been consistently expanding its foreign exchange operation. The Bank generated BDT 221,823.41 million and BDT 176,419.61

million in total import and total export respectively for the year 2020. Bangladesh with increase in the number of migrant workers, there has been considerable increase in the amount of annual remittance. SEBL has facilitated amount of BDT 129.887.10 as remittance from different countries.

Agriculture sector witnessed remarkable progress, despite continued loss of arable land. There has been a sharp increase in food grain production during the last four decades. This increase has been made possible as a result of a liberalized input market and expansion of irrigation, encouraging farmers to adopt the new seed-fertilizer technology, which is mainly financed by the banking sector. During the year 2020, SEBL invested BDT 3,843.41 to Agriculture sector.

Small and medium enterprises (SMEs) has also played a vital role in promoting economic growth, poverty reduction, and employment generation. The Government of Bangladesh highlighted the importance of SMEs in its Industrial Policy. During the year 2020, SEBL invested BDT 98,467.21 million in SME sector of the country.

The Bank always prefers to finance projects that are aimed at good health and well-being, clean water and sanitation, preservation of life on land and below water, affordable and renewable clean energy, quality education, green technology etc. SEBL takes immense pride in contributing to the national exchequer in the form of corporate tax, withholding tax, excise duty and VAT. The Bank paid a total of BDT 7,165.82 million as corporate tax to the national exchequer.

SEBL is committed to playing active part in the growth of the national economy through its existing sustainable business strategies and also through devising innovative products and services with modern technologies in days to come.

## SOUTHEAST BANK GREEN FOUNDATION

With a view to discharging Corporate Social Responsibilities in a most organized way, Southeast Bank Limited established Southeast Bank Green Foundation, an independent Foundation under the Societies Registration Act, 1860. The objects for which the Foundation is established are to undertake and carry out welfare activities on non-profit basis for benevolent, humanitarian and charitable purpose that includes Education, Preventive and curative healthcare, Emergency disaster relief, financial inclusion, Community investment by way of donations and also for promotion of art, science and literature.

The Southeast Bank Green Foundation has been continuing its operation with extended acclamation because of having a powerful and foresighted Governing Body which is consists with the following members:

01.	Mr. Alamgir Kabir, FCA	-	Chairman
02.	Mr. M. A. Kashem	-	Member
03.	Mr. Azim Uddin Ahmed	-	Member
04.	Mr. Yussuf Abdullah Harun, FCA	-	Member
05.	Dr. Zaidi Sattar	-	Member
06.	Mr. Zakir Ahmed Khan	-	Member
07.	Mr. M. Kamal Hossain	-	Member

# GREEN BANKING INITIATIVES ENVIRONMENTAL AND SOCIAL OBLIGATIONS

As the market leader in the financial sector of Bangladesh, Southeast Bank Ltd. has responsibility towards its stakeholders as well as to the communities in which it works and lives. In principle, it is committed to ensure due compliance and best practices as required by Bangladesh Bank and other local and foreign financial partners. Under this initiative, the bank considers all the social and environmental factors in its normal banking operations with an additional agenda toward taking care of the Earth's environment, habitats, resources, and society.

#### In-House Environmental Management

The Bank has developed and implemented a green office guide named 'Southeast Shobuj Jibon' for the Bank. Salient features of this Green Office Guide are as follows:

'Southeast Shobuj Jibon' is an initiative that moves beyond our processes and customers to efficient automated channels for building awareness and consciousness for environmental issues. The Bank has introduced a monthly newsletter to distribute among the employees of the Bank to create green awareness providing attention to the following aspects:

Making the Banking Business "Green" refers to how sustainable a bank is in its entirety, not just its lending operations.

#### Save Paper Save Trees (Every ton of paper involves 17 trees).

- Maximum communication through e-mail
- Purchase recycled paper.
- Print on reusable sheets.
- Print multiple pages on single sheet of paper.
- Set defaults to print double-sided and print on both sides.
- Print only the pages required.
- Preview documents before printing.
- Increase margin width of the documents.
- Introduction of Biometric Attendance system.
- Change the default font size from 12 point to 10 which would shrink document by about 10%.
- Use e-mail statements. Use post-consumer waste recycled paper internally (copy and printer paper) and externally (brochures, etc.)

- Shredding and recycling all paper internally
- Sharing electronic files, voice mail and e-mail instead of paper memos
- Both side printing (two-sided) when possible as well as limiting printed materials.
- Plant or help plant more trees and preventing the cutting of the existing ones, contribute towards the making of a healthy planet at no extra cost.
- "Pay bills online". For every 38,000 bills paid online, 5,058 pounds of greenhouse gases are avoided and two tons of trees are preserved.
- Use Car pools to go to work. Avoiding 10 miles of driving every week would eliminate about 500 pounds of carbon dioxide emissions a year.
- Drive responsibly. Every gallon of gas burned emits 20 pounds of carbon dioxide.
- Use LED lights. Compact Fluorescents Lights produce the same amount of light as normal bulbs, but use about a quarter of the electricity and last ten times longer.
- Unplug electronics. Cell phone chargers, TVs, DVD players, stereos, microwaves and other electronics with transformers continue to draw power, even when they're off or not charging anything, as long as they're plugged in.
- Turn off the tap while brushing teeth and of course after use.
- Always use a cloth bag. Do not use paper or plastic bags for your grocery.

#### **Automation towards Green Banking**

The Bank uses the latest technology to provide various banking services through online platform leading to green banking operations.

Automation status of Southeast Bank Ltd. for the Purpose of Green Banking:

Year	No. of Accounts using Internet Banking	No. of On-line Branches	Total Number of MFS Accounts
2019	25,789	135	72,345
2020	30,691	135	65,869

#### **Green Training and Capacity Building**

The Bank periodically arranges workshops, training on sustainable banking covering E&S issues for the employees in its training academy by local and foreign trainers. Besides, good number of employees were sent abroad to participate in different workshops and training conducted by internationally renowned organizations.

#### **Energy Efficiency Financing**

We have already been acknowledged as a pioneer bank for reducing GHG gases through our energy efficiency financing. Our GCPF financing for energy efficiency in different projects saved cumulative 15,690 tCO2 in 2020.

## ENVIRONMENT RELATED INITIATIVES

To convince a client to "go green", the Bank itself practices what it preaches. The Bank has adopted and implemented a green office guide named 'Southeast Shobuj Jibon' to reduce carbon footprint of the Bank.

Highlights of Southeast Bank Ltd.'s in-house Green Banking initiatives:

- As per Bangladesh Bank directives, a separate 'Sustainable Finance Unit', comprising experts in environmental and social issues has been formed.
- A robust 'Environmental and Social Management System' has been developed and implemented
- Different local and foreign funds have been procured for concessional Green lending.
- Several training programs and workshops, on Green Banking and Environmental and Social (E&S) risk management, conducted by local and foreign trainers have been arranged for the employees of different capacities.

- Environmental and Social Risks have been incorporated in credit proposals and they play an important role in lending decision making.
- 'Green Awards' have been introduced to promote sustainable development.
- Energy efficient electrical appliances are used leading to reduction in consumption of energy
- Instead of on-site meetings, video-conferencing or internet-conferencing has been introduced, where possible.
- The employees have been apprised of and trained on efficient housekeeping, for example- turning off idle equipment, lighting and air conditioners.
- Online coverage for clients has been enhanced; for example: ATM, SMS Banking, Internet Banking, Mobile Banking etc.



## REPORT ON HUMAN CAPITAL AND HR ACCOUNTING

Southeast Bank believes that its employees are its greatest assets and that the quality of its employees reflects the quality of service the Bank provides. To sustain and grow further in the fierce competitive sphere, we focus on Human Capital since the quality of service delivery and efficiency of the employees are the most differentiating factors which crucially depends on the attitude and skill set of the employees interacting with the customers. The Bank takes appropriate strategies to attract, manage, develop and retain skilled and qualified human recourses to meet the emerging challenges. In order to ensure sustained growth, we develop a proper manpower planning approach keeping in mind the ongoing need of human resources in the medium to the long term.

The Bank believes that employees remain our most valued resource and our continued success depends on the attributes of human capital such as knowledge building, experience and skills sharing because these have a clear impact on organizational outcome and can build a long-term competitive advantage. We strive to create a congenial atmosphere for upholding the highest principles of ethical and professional conduct of the employees.

We believe that the education and training of the employees increase knowledge base, ability to work, resolve problems and carry out innovation. The Bank makes investment on training (home and abroad) and work skill on regular basis since training is a tool to equip the human resources with adequate knowledge and skill besides shaping their behavior and attitude. This enables the employees to keep their knowledge updated as well as sharpen the skills. Total 101 numbers of employees have been trained on different training/ workshop/ seminar at home and aboard in the year 2020.

#### **Human Resource by Demographics**

The average age group of human resource of the Bank is 30-39. We have a pool of energetic and adaptive workforce of different age to render quality services to the customers who look for prompt, value added and cost-effective services. The Bank believes that the beauty of age diversity in the workplace lies in the fact that every generation brings a different set of skills, experiences, expectations and styles which improve our overall performance and brand value.

The permanent employees of the Bank stood at 2859 as on December 31, 2020 out of which Executives (Assistant Vice President to Managing Director) were 253, Officers 2128 and Sub-staff 478.

No. of human resource by Age Group for the Year 2020:

Age Group	Total	(%)
Below 30	288	10.07
30-39	1,456	50.93
40-49	782	27.35
50 and above	333	11.65
Total	2,859	100.00

#### **New Employment**

The Bank recruits young, energetic, dynamic and self-motivated individuals as fresh and lateral entrants in every year considering the business needs through different phases of assessment tests. We believe that the diverse workforce has the ability to innovate, develop wide-ranging expertise and create impactful networks. And when our employee operates in an inclusive and open corporate culture, we deliver cutting-edge ideas, products and services to our clients. The diversity of our workforce, including different skills, mindsets, knowledge and experience of our employees, gives us a better understanding of our clients' expectations. We are connected to our Human Resources function, united in our dedication to serving all of our employees. In the year 2020, the Bank recruited a total number of 78 employees. Out of them, 54 were fresh entrants and 24 were lateral entrants.

Besides, as part of Bank's commitments to the community in the field of education, 361 students of different recognized universities were given opportunity to complete their internship program in the Bank during the year 2020.

#### **Human Resource Accounting (HRA)**

The Bank considers its human resource as the most crucial and important asset since it controls all other resources. Human resource accounting measures the value of human resources keeping two focal points -costs incurred for the recruitment, hiring, familiarizing, training, development and maintenance and the benefits the employees provide to an organization. Human Resource Accounting (HRA) provides useful information about the cost and

value of human resources. It shows the strengths and weaknesses of the human resources. All this information helps us in planning and making the right decisions about human resource management.

We get the benefits of HR accounting in many ways such as, it prevents misuse of human resources, increases human

asset productivity, improves morale, job satisfaction, performance, motivation and creativity, etc. The Bank strives for continuous development of its human resources and considers any expenditure incurred on human resource development as investment with potential future benefits.

#### An overview of HRA for last five years (2016 to 2020) is given below:

(BDT in million)

Particulars	2016	2017	2018	2019	2020
Employee (Person)	2616	2704	2797	2885	2,859
Operating cost per employee	1.60	1.76	1.78	1.82	1.88
Investment in Training per employee (excluding sub-staff)	0.0027	0.0038	0.0020	0.0020	0.0004
Operating profit per employee	3.25	3.32	3.48	3.10	2.86
Salary cost as % of operating profit	20.25	20.24	20.57	24.05	25.10

#### **Gender Diversity**

Promoting equal opportunities for women remains a key focus at Southeast Bank Limited. The Bank believes that gender diversity at the workplace is a working environment wherein females have equal opportunities as males in recruitment, promotion, leadership, training, benefits, etc. The Bank recognizes the positive impact of gender diversity on the performance of team work and the business as a whole. In 2020, women accounted for 18.50% of our total workforce. We are working for increasing the proportion of qualified women in the Bank.

Gender diversity of the employees for the last five years (2016-2020) is given below:

	2016		2017		2018		2019		2020	
	No. of Employees	%								
Male	2,170	82.95	2,245	83.03	2,304	82.37	2,371	82.18	2330	81.50
Female	446	17.05	459	16.97	493	17.63	514	17.82	529	18.50
Total	2,616		2,704		2,797		2,885		2,859	

### Corporate Organogram

The corporate organogram shows the internal structure of the Bank. It is a clear visual depiction of the hierarchy and positions, jobs and divisions/departments that make up this organization. The Bank considers its corporate organogram as an important component of this organization for effectiveness of operations to gain competitive advantage. The corporate organogram depicts vividly the superior and subordinate relationship and it shows the lines of authority, accountability, responsibility and lines of communication as well. It illustrates the chain of command from the top to bottom. These insights help employees understand who will report to whom and ensure that the responsibilities are being allocated, activities are being performed and management authority is being exercised in a way as needed.

The Human Resource Division carries of the responsibility of developing and updating the corporate organogram.

## POLICY TO ENCOURAGE EMPLOYEES TO PARTICIPATE IN MANAGEMENT

Southeast Bank fosters a cordial and amiable work atmosphere where everyone shares a sense of belongingness and devotes themselves to perform their responsibilities with utmost sincerity. All employees are bound by a strong bond of professionalism and enjoy the confidence of each other in their cohesive effort to bring about success. The Bank always gives due importance to the views and opinions of the employees and encourages constructive feedback towards achieving a unified goal.

We welcome innovative ideas, concepts and thoughts from the employees and involve them in decision making process. Participatory management motivates the employees to meet specific organizational goals. We believe that motivated employees are the biggest assets of the Bank and participatory management is an effective strategy to retain them in the organization.

The Bank believes that two-way communication plays an important role in the success of any organization. Employee participation in decision making ensures proper flow of communication in the organization. Everyone contributes their best and tries to strengthen the organization to improve business processes. Participatory management is beneficial to organization as well as employees. It gives employees a higher degree of enjoyment at work place that drives them to work harder. It is equally rewarding for the management as it ensures tremendous improvement in work culture within the organization as well as increase in its productivity.

## WHISTLE BLOWER POLICY

The Bank has a Whistle Blower Policy to prevent and detect incidents of fraud or misconduct and to protect the Bank from potential threat as well as to implement the essence and message of National Integrity Strategy. The policy encourages and allows employees to report in good faith

without fear of discrimination, harassment and/ or retaliation. It ensures anonymity and nondisclosure of information about the whistleblower other than to the investigating body. SEBL nurtures the practice of Whistle Blower Policy.

## **VALUE ADDED STATEMENT**

The value-added statement for the Bank shows how the value is created and distributed among different stakeholders of the Bank. Value added to the Bank stood at BDT 5,937.36 million as of December 31, 2020 as against BDT 7,033.56 million in 2019.

BDT in Million

Particulars	2020 Taka	%	2019 Taka	%
Income from Banking Services:				
Interest and similar income on loan portfolios	22,250.49		26,258.88	
Investment income	6,750.89		5,288.98	
Commission, Exchange and Brokerage	3,536.22		3,859.61	
Other Operating Income	1,002.03 <b>33,539.64</b>		985.14 <b>36,392.61</b>	
Less: Cost of Services & Supplies	33,337.04		30,372.01	
Interest paid on Deposits & Borrowings	19,769.08		22,001.89	
Rent, Taxes, Insurance, Lighting etc.	877.91		1,083.36	
Legal expenses	1.59		2.00	
Postage, Stamp, Telegram & Telephone	164.21		174.55	
Stationery, Printing, Advertisement	157.20		165.75	
Directors' Fees and Expenses	2.69		3.47	
Audit Fee	1.86		1.90	
Repairs to Bank's property	81.59		91.65	
Other expenses	1,437.48		1,255.72	
VI AII II II B II C :	22,493.60		24,780.29	
Value Added by the Banking Services	11,046.04		11,612.32	
Add: Non-banking income	-		-	
Less: Provision for loans and advances/investments	(0.07.47)		(	
Specific provision on loan loss	(827.47)		(4,255.03)	
Transfer to general provisions Provision for diminution in value of Investment	(4,198.16) 117.06		(328.23)	
Provision for Off-Balance Sheet Exposures	(200.11)		(319.60)	
Trovision on balance sheet Exposures	(200.11)		(317.00)	
	(5,108.68)		(4,578.76)	
Value Added	5,937.36		7,033.56	
Distribution of Value Addition				
Employees-as Salaries and Allowances	2,076.39	34.97%	2,153.29	31%
Provider of Capital - as dividend	1,188.94	20.02%	1,159.94	16.49%
Government - as income tax	1,006.78	16.96%	1,895.67	26.95%
Expansion & Growth:				
Statutory Reserve	611.05	10.29%	875.28	12.44%
Retained Earnings	349.11	5.88%	506.40	7.20%
Depreciation	705.09	11.88%	442.98	6.30%
	5,937.36	100%	7,033.56	100%





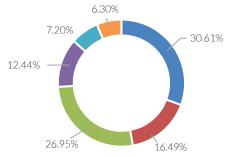


- To Government as income tax
- Retained Earnings

### ■ To Shareholders as dividend

- Statutory Reserve
- Depreciation

### Wealth Distribution of 2019 Data in %



- To employees as salaries & allowances
- To Government as income tax
- Retained Earnings
- To Shareholders as dividend
- Statutory Reserve
- Depreciation

# ECONOMIC VALUE ADDED STATEMENT

Economic Value Added (EVA) indicates the true economic profit of a company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks. EVA of the bank stood at BDT 3,220.53 Million as of December 31, 2020 as against BDT 3,236.15 Million as of December 31, 2019

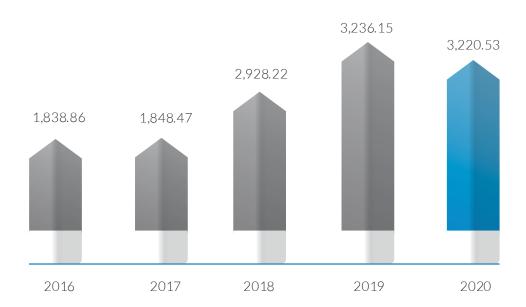
Economic Value Added

BDT in Million

Particulars			2020	2019
Total Revenue-			33,539.64	36,392.61
Less: Expenses (Interest & Operating)			(25,275.08)	(27,409.63)
Less: Corporate Tax			(1,006.78)	(1,895.67)
Less: Capital Charges			(4,037.25)	(3,851.16)
Economic Value Added			3,220.53	3,236.15
Capital Chargs	=	Required Rate of Return X Total Capital & Res	serves	
Required Rate of Return (10.67%)	=	Weighted average rate of 10 years treasury b in 2020	ond @ 7.64% +Ri	sk Premium @ 2%
		Weighted average rate of 10 years treasury b in 2019	ond @ 8.67% +Ri	sk Premium @ 2%
Total Capital & Reserves	=	BDT 40,372.53 million in 2020 (BDT 36,093.3	33 million in 2019	9)
Economic Value Added	=	Total Revenue - (Expenses + Corporate Tax + 0	Capital Changes)	

### **Economic Value Addition**

(BDT in Million)



# MARKET VALUE ADDED STATEMENT

Market Value Added (MVA) is the difference between the equity market value of a company and the book value of equity invested in the company. A high MVA indicates that the company has created substantial wealth for the shareholders. MVA is equivalent to the present value of all future expected Economic Value Added (EVA). The equity market value of the Bank stood at BDT 14,802.31 million whereas the book value of equity stood at BDT 11,889.41 million, resulting a Market Value Added of BDT 2,912.90 million as of December 31, 2020 as against Tk. 3,827.81 million in 2019.

Market Value Added

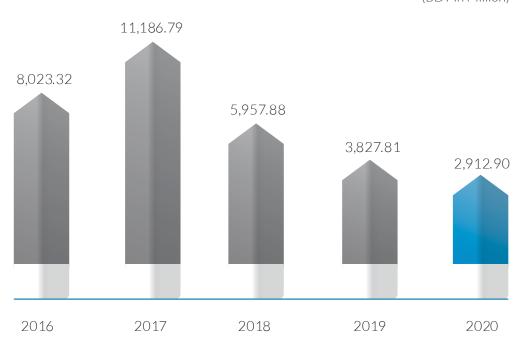
BDT in Million

Particulars			2020	2019
Market Value of Total Equity			14,802.31	15,427.23
Less: Book Value of Equity (share capital)			(11,889.41)	(11,599.42)
Market Value Added			2,912.90	3,827.81
Total Number of Shares outstanding	=		1,188,940,521	1,159,941,972
Market Value per Share	=		12.45	13.30
Market Value of Total Equity	= [Total Number	er of shares outstanding X Marke	et value per share	as on 31.12.20]

Market Value Added = [Market Value of Total Equity] - [Book Value of Equity]

### Market Value Addition

(BDT in Million)







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## COMMUNICATION TO SHAREHOLDERS

### Throughout the year we communicate with Shareholders in the following ways:

- By Publishing Price Sensitive Information (PSI) in National Dailies and Online News Portal;
- By releasing PSI via website of DSE, CSE and also in Bank website: www.southeastbank.com.bd
- By publishing Press Release about Bank's important events in the newspapers;
- By issuing notices to the Shareholders for holding Annual General Meeting every year and Extra-Ordinary General Meeting (as and when necessary);
- By sending the Annual Reports of the Bank every year;
- By sending the Right Offer Document (ROD) as and when required;
- By publishing Financial Statements in the newspapers;
- By holding General Meetings of Shareholders;
- By holding dialogue with Shareholders;
- Electronic and other means of communications with Shareholders:
  - i) Call Centre (7X24X365);
  - ii) Bank's Website- www.southeastbank.com.bd
  - iii) Web-Chat:
  - iv) Investors' Relation Department (during office hours);
  - v) Short Message Service (SMS);
  - vi) E-mail Communication, irdsebl@southeastbank.com.bd.
  - vii) Letter Communication;

### Availability of information for Investors' about Southeast Bank Limited

Annual Report of each year and other relevant information about SEBL may be viewed on SEBL's website www.southeastbank.com.bd. The Bank provides copies of Annual Reports to the Bangladesh Securities and Exchange Commission, Bangladesh Bank, The Dhaka Stock Exchange Limited and The Chittagong Stock Exchange Limited for their reference. Investors may read them at public reference room or library.

### **Investors' Enquiries**

Queries of Investors', for example, information relating to transfer of their shares and payment status of their dividend, are to be sent to the following address:

### **Investors' Relation Department**

Address : Southeast Bank Limited

Head Office

Eunoos Trade Centre (Level-2) 52-53, Dilkusha C/A, Dhaka-1000

Web Address : www.southeastbank.com.bd E-Mail : irdsebl@southeastbank.com.bd

Mobile : +88 01700706532 Phone : +8802 9567271 Fax : +8802 9567273

## REDRESSAL OF INVESTORS' COMPLAINTS

Southeast Bank ensures equal treatment to all shareholders. The Bank does not discriminate between minority and majority shareholders. To ensure equal treatment to all shareholders, the bank created various mechanisms, such as:

- i) Shareholders who are unable to attend the shareholders' meeting are provided with proxy forms to nominate proxy to attend and vote on their behalf. The proxy forms which are in accordance with the standard format are sent along with the annual report.
- ii) The shareholders' meetings proceed in accordance with the order of agenda, without adding new and uninformed agenda, to give shareholders the opportunity to study the information on the given agenda before the poll. Moreover, important information for the shareholders' meetings are not changed abruptly to the disadvantage of the shareholders.
- iii) The bank sees the importance of the consideration of transactions which may have conflict of interest or may be connected or related transactions and abides by good corporate governance principles, including the rules and regulations of the Bangladesh Securities and Exchange Commission and the Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd. Directors, management and those who are related persons do not participate in the consideration to approve such transactions.
- iv) The bank continues to have regular communication with the shareholders through periodic updates of performance and at any other time when it believes it needs to be done in the best interest of shareholders.
- v) At times, the investors lodge complaints. These complaints are timely resolved. Investors at times lodge complaints through DSE and CSE. Those are also timely taken up and resolved. The concerned investors and the DSE/CSE are informed regarding resolution of the complaint.

### SEBL follows the following principles in dealing with the Investors:

- Fair treatment:
- Timeliness in the resolution of investors' complaints;
- Information to investors about the resolution of their complaints;
- Friendliness with all investors and all investor segments;
- Protection of investors' interest;

### How we know about Investors' Complaints:

- An investor can complain through email irdsebl@southeastbank.com.bd
- An investor can make a written complaint through a letter.
- The company maintains Investor Grievance Registry in electronic Form in which full details of every written compliant are recorded.
- We have 3 designated persons who look after the investor grievances within a timeframe.
- The full details of the written complaint are passed on to the concerned department. The compliance officer of the Company must be apprised of it as soon as it is received.
- A letter or email is sent to the investor who has submitted written complaint by the designated person or compliance officer acknowledging receipt of the complaint and informing him/her of the process for suitable decision.
- The Investors' Complaints are thoroughly enquired as and when necessary.

## DIVIDEND DISTRIBUTION POLICY

Southeast Bank Limited (SEBL) has formulated a dividend distribution policy in compliance with the Directives No. BSEC/CMRRCD/2021-386/03 of Bangladesh Securities and Exchange Commission (BSEC) dated January 14, 2021.

### **Purpose of the Dividend Policy**

The purpose of the policy is to comply with the said Directive of Bangladesh Securities & Exchange Commission (BSEC).

### Process of distribution of dividend

The declared and approved dividend will be paid/ distributed within the stipulated time frame as per BSEC Directive No. BSEC/CMRRCD/2021-386/03, dated 14 January, 2021.

## a. Manner and Payment procedure of Cash Dividend

- (i) SEBL pay off the annual or final dividend to the entitled shareholders within 30(thirty) days of approval by the shareholders in the AGM.
- (ii) Within 10 (ten) days of declaration of cash dividend by the Board of Directors, an amount equivalent to the declared cash dividend payable for the concern year shall be kept in a separate bank account of SEBL dedicated for this purpose.
- (iii) SEBL shall pay off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN), Bank transfer or any electronic payment system as recognized by the Bangladesh Bank.
- (iv) SEBL, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client, shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN.
- (v) SEBL, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder.

(vi) SEBL, pay off cash dividend to non-resident sponsor, director, shareholder, foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;

## b. Manner and Payment procedure of Stock Dividend

SEBL shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL). SEBL, the CDBL and the exchange(s) shall follow the provisions of প্রবিধান ৪৬ of the ডিপোজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of bonus shares.

- (i) SEBL shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership.
- (ii) SEBL shall send at least 3 (three) reminders to the entitled shareholder;
- (iii) The Suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to SEBL. Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO Account.
- (iv) SEBL shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the BSEC and the exchange(s);
- (v) Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

### **Compliance Report regarding Dividend Distribution**

SEBL shall submit a compliance report to the commission and the exchange (s) in a specified format within 7 (seven) working days of completion of dividend distribution as well as publish the compliance report in its website.

#### Forfeiture of unclaimed cash or stock dividend

SEBL shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force

## Transfer to the Fund for unpaid or unclaimed or unsettled cash dividend

If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the SEBL to the Fund as directed or prescribed by the BSEC. Provided that the SEBL shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the BSEC.

Provided further that if any shareholder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, SEBL shall, after proper verification of the claim, recommend to the manager of the Fund to pay off such dividend from the Fund and the manager of the Fund shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the BSEC.

## Transfer to the Fund for unpaid or unclaimed or unsettled stock dividend

If any stock dividend or bonus shares remains unclaimed or unsettled including corporate benefit in terms of bonus shares thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the Fund as mentioned. Provided that SEBL shall provide detailed information to the manager of the Fund during transfer of stock dividend or bonus shares as directed or prescribed by the BSEC.

Provided further that if any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus shares to the BO Account of the Fund, within 15 (fifteen) days of receiving such claim, the SEBL shall, after proper verification of the claim, recommend to the manager of the Fund to pay off or transfer such stock dividend or bonus shares from the BO Account of the Fund and the

manager of the Fund shall pay off or transfer such stock dividend or bonus shares to the claimant's BO Account in accordance with the provisions and procedures as directed or prescribed by the BSEC.

#### Tax matters

Tax will be deducted at source as per applicable tax laws and issue certificate in this regard.

#### Review

The policy would be reviewed on an annual basis or as and when the need arises. Amendments (if any) would be approved by the Board.

### Maintaining detail information of the shareholders for proper distribution of cash dividend or stock dividend

SEBL, by itself or by appointing an agent, shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the shareholder for the purpose of proper distribution of cash dividend or stock dividend. Provided that the SEBL or its agent or the CDBL or its DP shall keep confidentiality of information. Provided further that SEBL shall collect detailed updated information of BO account, bank account, mobile number, email address and contact address of shareholder from CDBL at least once in a year for the purpose of proper distribution cash dividend or stock dividend and other compliances. In case of holding of paper share, SEBL shall update the information as above.

### Disclosure of the policy

This policy shall be disclosed in the annual report and official website of the Bank.

### Summary of Unclaimed Dividend

As of 31.12.2020 total amount of unclaimed dividend is Tk.38,766,539.21 against 72,302 no. of shareholders.

## **FINANCIAL HIGHLIGHTS**

**BDT In Million** 

						BDT In Million
Bentleden		Group			Bank	
Particulars	2020	2019	Change (%)	2020	2019	Change (%)
Performance During the Year						
Net Interest Income	2,481.42	4,257.00	-41.71%	2,409.23	4,215.65	-42.85%
Non-Interest Income	11,289.14	10,133.72	11.40%	11,142.52	9,995.48	11.48%
Operating Income	13,770.56	14,390.72	-4.31%	13,551.74	14,211.13	-4.64%
Operating Profit	8,264.56	8,982.98	-8.00%	8,163.91	8,955.15	-8.84%
Profit After Tax	2,149.10	2,508.56	-14.33%	2,095.93	2,520.79	-16.85%
Year End Financial Position						
Loans	322,251.46	296,752.96	8.59%	320,368.16	295,015.11	8.59%
Investments	97,073.89	77,310.04	25.56%	94,184.25	74,484.39	26.45%
Deposits	359,535.93	329,250.27	9.20%	359,899.88	329,797.46	9.13%
Shareholders' Equity	29,703.77	30,499.46	2.61%	29,580.06	30,418.84	2.76%
Total Assets	465,293.41	422,312.71	10.18%	465,082.38	422,430.59	10.10%
Earnings per Share (BDT)	1.81	2.11	-14.34%	1.76	2.12	-16.85%
Dividend (%)	10%	10%	-	10%	10%	-
Price earning ratio(times)	7.06	6.27	18.07%	6.27	6.17	1.67%
Net asset value per share(BDT)	24.98	26.29	-4.07%	25.11	26.22	-4.23%
Market price per share (BDT)	12.50	13.30	-6.02%	12.50	13.30	-6.02%
Ratios (%)						
CRAR	14.35%	11.52%	2.81%	14.52%	11.61%	2.91%
Non-performing loans	3.10%	4.87%	-1.77%	3.10%	4.87%	1.77%
Cost to income ratio	39.98%	37.58%	2.34%	39.69%	36.98%	2.71%



## **KEY FINANCIAL DATA AND RATIOS**

BDT in Million

BL									
Particulars	2020	2019	2018	2017	2016	2015			
BALANCE SHEET MATRIX									
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00			
Paid up Capital	11,889.41	11,599.42	10,544.93	9,169.50	9,169.50	9,169.50			
Reserve Fund & Surplus	28,483.13	24,493.91	28,315.19	24,595.63	24,886.78	19,340.03			
Total Shareholders' Equity	29,703.77	30,499.46	28,116.66	25,823.65	26,523.56	27,206.66			
Deposits	359,535.94	329,250.27	298,334.79	269,828.08	229,973.43	210,431.09			
Loans and Advances	322,251.46	296,752.96	267,671.63	234,316.72	191,865.59	168,878.46			
Investments	97,073.89	77,310.04	65,609.55	62,911.04	61,731.63	58,829.27			
Fixed Assets	9,714.97	9,333.66	9,337.30	9,321.80	8,947.16	7,885.23			
Total Assets	465,293.41	422,312.71	381,575.68	339,288.05	291,798.01	260,718.03			
Total Off-Balance Sheet Items	138,737.25	123,149.02	145,504.93	142,496.79	113,910.63	88,522.24			
Interest Earning Assets	420,116.44	370,238.67	331,101.81	291,947.38	254,120.97	225,546.44			
Non-Interest Earning Assets	45,176.97	52,074.04	50,473.87	47,340.68	37,677.04	35,171.59			
INCOME STATEMENT MATRIX				ı					
Interest Income	22,250.50	26,258.88	23,977.84	17,400.55	16,972.33	17,794.80			
Interest Expenses	19,769.08	22,001.89	18,777.90	13,372.86	12,765.12	14,656.34			
Investment Income	6,750.89	5,288.98	5,129.75	5,570.65	5,079.61	5,158.54			
Non-Interest Income	11,289.14	4,844.75	4,632.22	4,334.70	3,565.64	3,307.39			
Non-Interest Expenses	5,506.01	5,407.74	5,178.92	4,870.74	4,349.23	3,570.11			
Total Income	33,539.64	36,392.61	33,739.81	27,305.90	25,617.57	26,260.72			
Total Expenditure	25,275.08	27,409.63	23,956.82	18,243.60	17,114.35	18,226.45			
Operating Profit	8,264.56	8,982.98	9,783.00	9,062.30	8,503.22	8,034.27			
Profit before Tax	3,155.88	4,404.23	4,668.66	4,182.08	5,290.60	5,517.48			
Net Profit after Tax	2,149.10	2,508.56	2,473.21	1,168.63	2,435.07	3,069.42			
CAPITAL MATRIX									
Risk Weighted Assets	28,139.28	313,316.88	313,960.92	311,557.34	280,402.29	247,250.88			
Tier-l Capital	24,805.28	26,151.61	23,670.43	21,165.35	21,685.52	21,211.19			
Tier-II Capital	15,567.25	9,941.73	15,189.69	12,599.78	12,370.76	7,298.35			
Total Capital	40,372.53	36,093.33	38,860.11	33,765.13	34,056.28	28,509.53			
Capital Surplus/(Deficit)	5,198.43	(3,071.28)	1,577.25	(1,285.07)	4,263.54	3,784.44			
Tier I Capital ratio	8.82%	8.35%	7.54%	6.79%	7.73%	8.57%			
Tier II Capital ratio	5.53%	3.17%	4.84%	4.04%	4.41%	2.95%			
Total Capital to Risk Weighted Assets Ratio	14.35%	11.52%	12.38%	10.84%	12.15%	11.52%			
CREDIT QUALITY									
Classified Loans	9,939.76	14,375.29	15,558.85	13,878.53	9,257.79	7,193.82			
Provision for Unclassified Loans	3,301.06	529.63	3,321.40	3,440.61	2,430.00	1,540.00			
Provision for Classified Loans	20,226.77	18,243.63	9,961.90	6,628.68	3,728.28	2,323.29			
Provision for Contingent Liabilities	931.26	812.10	1,201.20	1,425.00	1,139.50	890.00			
Percentage of NPLs to total Loans and Advances	3.10%	4.87%	5.87%	5.99%	4.89%	4.25%			

### BDT in Million

BDT in Mi.											
Particulars	2020	2019	2018	2017	2016	2015					
FOREIGN EXCHANGE BUSINESS											
Import	221,823.40	248,901.33	242,294.82	215,379.77	171,531.73	151,812.58					
Export	176,419.60	205,907.10	190,402.85	167,562.98	146,606.09	126,423.89					
Remittance (Inward)	129,887.10	138,272.00	116,803.00	95,405.43	64,665.84	60,708.50					
OPERATING PROFIT RATIOS											
Credit Deposit ratio	80.26%	81.63%	81.55%	82.12%	83.43%	80.25%					
Cost of Deposit & Borrowing	5.31%	6.52%	6.17%	5.02%	5.51%	7.12%					
Administrative Cost	1.47%	1.60%	1.70%	1.83%	1.88%	1.69%					
Yield on Loans and Advances	7.19%	8.94%	9.55%	8.17%	9.41%	11.30%					
Spread	1.68%	2.42%	3.38%	3.15%	3.90%	4.18%					
Return on Assets	0.47%	0.62%	0.69%	0.37%	0.88%	1.23%					
Return on Equity	6.91%	8.56%	9.17%	4.46%	9.06%	11.86%					
Debt Equity ratio	14.66	12.85	12.57	12.14	10.00	8.58					
PERFORMANCE RATIOS											
Net Profit per Employee	0.73	0.87	0.88	0.43	0.92	1.30					
Net Profit per Branch	15.08	18.58	18.32	8.85	19.02	25.16					
Operating profit as % of Working Fund	1.18%	2.13%	2.56%	2.67%	2.91%	3.08%					
Net Interest income as % of Working Fund	0.53%	1.01%	1.36%	1.19%	1.44%	1.20%					
Ratio of Fees Income	25.68%	26.82%	24.41%	24.85%	22.59%	23.78%					
Salary Exp. to total Operating Exp.	37.52%	40.43%	39.32%	38.06%	40.32%	39.88%					
Salary Exp. to Fees Income	58.42%	56.65%	55.75%	53.54%	60.40%	51.59%					
Cost to Income ratio	39.98%	37.58%	34.61%	34.96%	33.84%	30.77%					
DIVIDEND & RIGHTS ISSUE											
Cash	10.00%	7.50%	-	-	20%	15%					
Stock	-	2.50%	10%	15%	-	-					
Rights Issue	-	-	-	-	-	-					
SHARES INFORMATION MATRIX											
No. of Shares Outstanding	1,188.94	1,159.94	1,054.49	916.95	916.95	916.95					
Earnings Per Share (Actual Figure)	1.81	2.16	2.35	1.11	2.66	3.35					
Number of Shareholders (Actual Figure)	31,881.00	32,416	33,851	36,038	39,009	46,285					
Market Value Per Share-DSE (Actual Figure)	12.50	13.40	15.60	22.20	18.70	17.60					
Price Earnings ratio	7.06	6.27	6.66	6.66	7.06	5.27					
Net Assets Value Per Share	24.98	26.29	26.66	28.16	28.93	29.67					
Dividend Cover ratio	0.55%	0.46	0.64	1.18	0.75	0.45					
OTHER INFORMATION											
Number of Branches	135	135	135	132	128	122					
Number of Islamic Windows	5	5	5	5	5	5					
Number of Employees	2,859	2,885	2797	2704	2616	2376					
Number of Foreign Correspondents	649	642	644	825	807	811					

## **HORIZONTAL ANALYSIS**

**Balance Sheet** BDT in Million

Balance Sheet										in Million
Particulars	2020(%)	2020	2019(%)	2019	2018(%)	2018	2017(%)	2017	2016(%)	2016
PROPERTY AND ASSETS										
Cash										
In hand (including foreign currencies)	143%	3,474.37	151%	3,664.88	148%	3,598.85	124%	3,010.98	100%	2,432.62
Balance with Bangladesh Bank	117%	17,956.90	123%	18,954.91	116%	17,916.58	117%	17,968.15	100%	15,402.83
Balance with other banks and financial ins	titutions									
In Bangladesh	74%	2,108.72	195%	5,568.59	139%	3,984.79	112%	3,196.88	100%	2,860.09
Outside Bangladesh	215%	2,550.53	161%	1,903.70	207%	2,449.64	91%	1,082.73	100%	1,185.13
Money at call and on short notice	52%	2,208.91	111%	4,739.53	161%	6,897.10	85%	3,643.95	100%	4,271.34
Investments		-								
Government	153%	83,226.36	115%	62,409.76	94%	50,963.04	92%	50,204.80	100%	54,299.80
Others	186%	13,847.53	200%	14,900.28	197%	14,646.51	171%	12,706.24	100%	7,431.83
Loans, cash credit, overdrafts etc./investments	168%	307,752.52	153%	278,757.95	140%	255,400.66	122%	223,657.50	100%	182,661.82
Bills purchased and discounted	158%	14,498.94	196%	17,995.01	133%	12,270.97	116%	10,659.21	100%	9,203.77
Fixed assets including premises, furniture and fixtures	109%	9,714.97	104%	9,333.66	104%	9,337.30	104%	9,321.80	100%	8,947.16
Other assets	256%	7,953.65	132%	4,084.43	133%	4,110.24	124%	3,835.80	100%	3,101.61
Total assets	159%	465,293.41	145%	422,312.71	131%	381,575.68	116%	339,288.05	100%	291,798.01
Liabilities										
Borrowings from other banks, financial ins	stitutions a	and agents								
Other borrowings	256%	18,897.68	186%	13,701.40	152%	11,211.70	138%	10,181.65	100%	7,371.64
Subordinated bond	170%	13,600.00	128%	10,200.00	148%	11,800.00	93%	7,400.00	100%	8,000.00
Deposits and other accounts										
Current/Al-wadeeah current accounts and other accounts	221%	66,850.59	159%	48,260.61	134%	40,472.07	117%	35,511.53	100%	30,285.06
Bills payable	60%	3,940.33	63%	4,095.29	69%	4,494.55	75%	4,933.77	100%	6,548.86
Savings bank/Mudaraba savings bank deposits	193%	38,060.94	154%	30,416.85	138%	27,259.92	121%	23,896.58	100%	19,700.58
Fixed deposits/Mudaraba fixed deposits	145%	250,684.08	142%	246,477.52	130%	226,108.26	118%	205,486.20	100%	173,438.93
Total Deposit	156%	359,535.93	143%	329,250.27	130%	298,334.79	117%	269,828.08	100%	229,973.43
Other liabilities	219%	43,545.83	186%	37,144.69	161%	32,102.46	131%	26,044.63	100%	19,919.38
Total liabilities	189%	435,579.44	159%	366,394.96	132%	330,437.25	118%	295,872.71	100%	249,892.81
Capital/shareholders' equity										
Paid up capital	130%	11,889.41	126%	11,599.42	115%	10,544.93	100%	9,169.50	100%	9,169.50
Statutory reserve	126%	11,580.48	120%	10,969.43	110%	10,094.15	100%	9,170.00	100%	9,170.00
Revaluation reserve	98%	4,672.53	89%	4,248.27	92%	4,360.80	95%	4,534.24	100%	4,763.89
Other reserve	100%	247.65	100%	247.65	100%	247.65	100%	247.65	100%	247.65
Foreign currency translation reserve	8%	(1.91)	36%	(8.78)	118%	(28.92)	58%	(14.14)	100%	(24.45)
Retained earnings	41%	1,315.62	108%	3,443.47	91%	2,898.04	85%	2,716.40	100%	3,196.97
Total shareholders' equity	112%	29,703.77	115%	30,499.46	106%	28,116.66	97%	25,823.65	100%	26,523.56
Non-controlling interest	102%	10.20	101%	10.07	101%	10.07	100%	10.05	100%	10.00
Total liabilities and shareholders' equity	159%	465,293.41	145%	422,312.71	131%	381,575.68	116%	339,288.05	100%	291,798.01
Acceptances and endorsements	117%	51,087.80	110%	48,407.68	146%	63,853.76	130%	57,138.53	100%	43,813.55
Letters of guarantee	113%	17,143.77	111%	16,773.72	127%	19,197.99	105%	15,924.96	100%	15,154.12
Irrevocable letters of credit	113%	37,175.74	85%	27,936.45	111%	36,374.56	134%	44,195.14	100%	32,881.30
Bills for collection	176%	31,398.29	160%	28,576.94	138%	24,664.93	127%	22,666.59	100%	17,830.30
Other contingent liabilities	131%	1,931.65	99%	1,454.22	96%	1,413.68	118%	1,744.47	100%	1,474.68
Other Commitments	-	-,,01.03		±, rJ¬.∠∠	-	1, 710.00	- 110/0	827.10	10070	2,756.66
	40001	400 707 05	40001	400 440 00	40007	445 50 105	40501		40001	
Total off-balance sheet items including	122%	138,737.25	108%	123,149.02	128%	145,504.93	125%	142,496.79	100%	113,910.63

### **Profit and Loss Account**

BDT in Million

Particulars	2020(%)	2020	2019(%)	2019	2018(%)	2018	2017(%)	2017	2016(%)	2016
Operating Income										
Interest income/profit on investments	131%	22,250.50	155%	26,258.88	141%	23,977.84	103%	17,400.55	100%	16,972.33
Interest paid/profit shared on deposits and borrowings etc.	155%	19,769.08	172%	22,001.89	147%	18,777.90	105%	13,372.86	100%	12,765.12
Net interest income/net profit on investments	59%	2,481.42	101%	4,257.00	124%	5,199.94	96%	4,027.69	100%	4,207.21
Investment income	133%	6,750.89	104%	5,288.98	101%	5,129.75	110%	5,570.65	100%	5,079.61
Commission, exchange and brokerage	122%	3,536.22	133%	3,859.61	126%	3,652.78	119%	3,462.93	100%	2,903.03
Other operating income	151%	1002.03	149%	985.14	148%	979.45	132%	871.78	100%	662.60
Total operating income (A)	107%	13,770.56	112%	14,390.72	116%	14,961.92	108%	13,933.04	100%	12,852.45
Salaries and allowances	118%	2,065.95	125%	2,175.29	116%	2,026.52	106%	1,843.96	100%	1,741.46
Rent, taxes, insurance, electricity etc.	110%	877.91	135%	1,083.36	129%	1,031.57	112%	899.48	100%	801.04
Legal expenses	265%	1.59	333%	2.00	217%	1.30	305%	1.83	100%	0.60
Postage, stamp, telecommunication etc.	99%	164.21	105%	174.55	110%	182.35	106%	176.22	100%	166.45
Stationery, printing, advertisements etc.	119%	157.20	125%	165.75	125%	165.64	113%	149.55	100%	132.23
Managing Director's salary and fees	87%	10.41	92%	11.07	84%	10.07	84%	10.04	100%	11.97
Directors' fees and expenses	92%	2.69	119%	3.47	100%	2.93	130%	3.79	100%	2.91
Auditors' fees	116%	1.86	119%	1.90	115%	1.85	119%	1.91	100%	1.60
Depreciation and repair of bank's assets	195%	786.68	132%	534.63	118%	476.29	113%	455.39	100%	403.60
Other expenses	132%	1,437.48	115%	1,255.72	118%	1,280.40	122%	1,328.58	100%	1,087.36
Total operating expenses (B)	127%	5,506.01	124%	5,407.74	119%	5,178.92	112%	4,870.74	100%	4,349.23
Profit before provision (C=A-B)	97%	8,264.56	106%	8,982.98	115%	9,783.00	107%	9,062.30	100%	8,503.22
General provision	472%	4,198.16	37%	328.23	-13%	(119.21)	114%	1,010.61	100%	890.00
Specific provision	35%	827.47	180%	4,255.03	211%	4,974.29	160%	3,781.32	100%	2,360.99
Provision for off-balance sheet items	48%	119.16	-156%	(389.10)	-90%	(223.80)	114%	285.50	100%	249.50
Provision for diminution in value of investments	29%	(117.06)	-79%	319.60	-102%	413.06	54%	(217.21)	100%	(403.60)
Other provisions	70%	80.96	56%	65.00	60%	70.00	17%	20.00	100%	115.74
Total provision (D)	159%	5,108.68	143%	4,578.75	159%	5,114.34	152%	4,880.22	100%	3,212.62
Total profit before taxation (C-D)	60%	3,155.88	83%	4,404.23	88%	4,668.66	79%	4,182.08	100%	5,290.60
Provision for taxation	35%	1,006.73	66%	1,895.67	77%	2,195.45	106%	3,013.45	100%	2,855.52
Net profit after taxation	88%	2,149.10	103%	2,508.56	102%	2,473.21	48%	1,168.63	100%	2,435.07
Retained surplus during the year	71%	1,538.05	76%	1,633.28	72%	1,549.06	54%	1,168.63	100%	2,162.38
Earnings per share (Tk.)	66%	1.81	81%	2.11	79%	2.11	48%	1.27	100%	2.66

## **VERTICAL ANALYSIS**

**Balance Sheet** BDT in Million

Particulars	2020(%)	2020	2019(%)	2019	2018(%)	2018	2017(%)	2017	2016(%)	2016
PROPERTY AND ASSETS			2017(70)		2010(70)		2017(70)		2020(70)	
Cash In hand (including foreign currencies)	1%	3,474.37	1%	3,664.88	1%	3,598.85	1%	3,010.98	1%	2,432.62
Balance with Bangladesh Bank and its agent banks	4%	17,956.90	4%	18,954.91	5%	17,916.58	5%	17,968.15	5%	15,402.83
(including foreign currencies)	770	17,730.70	170	10,75 1.71	370	17,710.50	370	17,700.15	370	15, 102.0
Balance with other banks and financial institutions										
In Bangladesh	0%	2,108.72	1%	5,568.59	1%	3,984.79	1%	3,196.88	1%	2,860.0
Outside Bangladesh	1%	2,550.53	0%	1,903.70	1%	2,449.64	0.3%	1,082.73	0.4%	1.185.1
Money at call and on short notice	0%	2,208.91	1%	4,739.53	2%	6,897.10	1%	3,643.95	1%	4,271.3
Investments	0%	2,200.71	1/0	4,737.33	270	0,077.10	1/0	3,043.73	1/0	4,271.3
	18%	02 224 24	15%	62,409.76	13%	50,963.04	15%	50,204.80	19%	54,299.8
Government Others		83,226.36	4%	14,900.28	4%	14,646.51	4%	12,706.24	3%	7,431.8
Loans and advances/investments	3%	13,847.53	470	14,700.20	470	14,040.31	470	12,700.24	370	7,431.0
		007.750.50	//0/	270 757 05	/70/	255 400 //	//0/	22275750	/ 20/	100 //10
Loans, cash credit, overdrafts etc./investments	66%	307,752.52	66%	278,757.95	67%	255,400.66	66%	223,657.50	63%	182,661.8
Bills purchased and discounted	3%	14,498.94	4% 2%	17,995.01 9,333.66	3%	12,270.97 9,337.30	3% 3%	10,659.21	3% 3%	9,203.7 8,947.1
Fixed assets including premises, furniture and fixtures	2%	9,714.97			2%			9,321.80		-7
Other assets	2%	7,953.65	1%	4,084.43	1%	4,110.24	1%	3,835.80	1%	3,101.6
Non - banking assets	-	-	4000/	-	4000/		4000/	-	-	0047000
Total assets	100%	465,293.41	100%	422,312.71	100%	381,575.68	100%	339,288.05	100%	291,798.0
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from other banks, financial ins				I						
Other Borrowings	4%	18,897.68	3%	13,701.40	3%	11,211.70	3%	10,181.65	3%	7,371.6
Subordinated bond	3%	13,600.00	2%	10,200.00	3%	11,800.00	2%	7,400.00	3%	8,000.0
Deposits and other accounts		I		<u> </u>						ı
Current/Al-wadeeah current accounts and other accounts	14%	66,850.59	11%	48,260.61	11%	40,472.07	10%	35,511.53	10%	30,285.0
Bills payable	1%	3,940.33	1%	4,095.29	1%	4,494.55	1%	4,933.77	2%	6,548.8
Savings bank/Mudaraba savings bank deposits	8%	38,060.94	7%	30,416.85	7%	27,259.92	7%	23,896.58	7%	19,700.5
Fixed deposits/Mudaraba fixed deposits	54%	250,684.08	58%	246,477.52	59%	226,108.26	61%	205,486.20	59%	173,438.9
Other liabilities	9%	43,545.83	9%	38,651.51	8%	32,102.46	8%	26,044.63	7%	19,919.3
Capital/shareholders' equity										
Paid up capital	3%	11,889.41	3%	11,599.42	3%	10,544.93	3%	9,169.50	3%	9,169.5
Statutory reserve	2%	11,580.48	3%	10,969.43	3%	10,094.15	3%	9,170.00	3%	9,170.0
Revaluation reserve	1%	4,672.53	1%	4,248.27	1%	4,360.80	1%	4,534.24	2%	4,763.8
Other reserve	0%	247.65	0%	247.65	0%	247.65	0%	247.65	0%	247.6
Foreign currency translation reserve	0%	(1.91)	0%	(8.78)	0%	(28.92)	0%	(14.14)	0%	(24.45
Retained earnings	0%	1,315.62	1%	3,443.47	1%	2,898.04	1%	2,716.40	1%	3,196.9
Total shareholders' equity	6%	29,703.77	7%	30,499.46	7%	28,116.66	8%	25,823.65	9%	26,523.5
Non-controlling interest	0%	10.20	0%	10.07	0%	10.07	0%	10.05	0%	10.0
Total liabilities and shareholders' equity	100%	465,293.41	100%	422,312.71	100%	381,575.68	100%	339,288.05	100%	291,798.0
OFF-BALANCE SHEET ITEMS										
Acceptances and endorsements	37%	51,087.80	39%	48,407.68	44%	63,853.76	40%	57,138.53	38%	43,813.5
Letters of guarantee	12%	17,143.77	14%	16,773.72	13%	19,197.99	11%	15,924.96	13%	15,154.1
Irrevocable letters of credit	27%	37,175.74	23%	27,936.45	25%	36,374.56	31%	44,195.14	29%	32,881.3
Bills for collection	23%	31,398.29	23%	28,576.94	17%	24,664.93	16%	22,666.59	16%	17,830.3
Other contingent liabilities	1%	1,931.65	1%	1,454.22	1%	1,413.68	1%	1,744.47	1%	1,474.6
Other commitments	0%	-	0%	-	0%	-	1%	827.10	2%	2,756.6
Total off-balance sheet items including contingent liabilities	100%	138,737.25	100%	123,149.02	100%	145,504.93	100%	142,496.79	100%	113,910.6

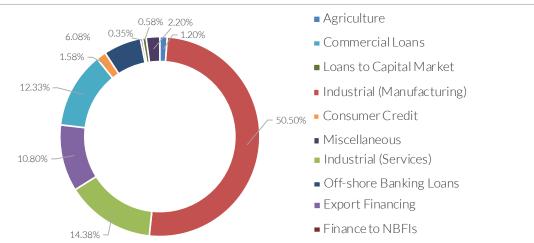
### **Profit and Loss Account**

BDT in Million

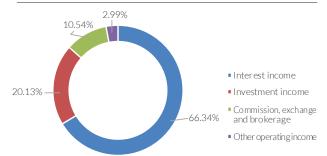
Particulars	2020(%)	2020	2019(%)	2019	2018(%)	2018	2017(%)	2017	2016(%)	2016
Operating Income										
Interest income/profit on investments	66%	22,250.50	72%	26,258.88	71%	23,977.84	64%	17,400.55	66%	16,972.33
Interest paid/profit shared on deposits and borrowings etc.	59%	19,769.08	60%	22,001.89	56%	18,777.90	49%	13,372.86	50%	12,765.12
Net interest income/net profit on investments	7%	2,481.42	12%	4,257.00	15%	5,199.94	15%	4,027.69	16%	4,207.21
Investment income	20%	6,750.89	15%	5,288.98	15%	5,129.75	20%	5,570.65	20%	5,079.61
Commission, exchange and brokerage	11%	3,536.22	11%	3,859.61	11%	3,652.78	13%	3,462.93	11%	2,903.03
Other operating income	3%	1002.03	3%	985.14	3%	979.45	3%	871.78	3%	662.60
Total operating income (A)	41%	13,756.13	40%	14,390.72	44%	14,961.92	51%	13,933.04	50%	12,852.45
Salaries and allowances	6%	2065.98	6%	2,175.29	6%	2,026.52	7%	1,843.96	7%	1,741.46
Rent, taxes, insurance, electricity etc.	3%	877.91	3%	1,083.36	3%	1,031.57	3%	899.48	3%	801.04
Legal expenses	0%	1.59	0%	2.00	0%	1.30	0%	1.83	0%	0.60
Postage, stamp, telecommunication etc.	0%	164.21	0%	174.55	1%	182.35	1%	176.22	1%	166.45
Stationery, printing, advertisements etc.	0%	157.20	0%	165.75	0%	165.64	1%	149.55	1%	132.23
Managing Director's salary and fees	0%	10.41	0%	11.07	0%	10.07	0%	10.04	0%	11.97
Directors' fees and expenses	0%	2.69	0%	3.47	0%	2.93	0%	3.79	0%	2.91
Auditors' fees	0%	1.86	0%	1.90	0%	1.85	0%	1.91	0%	1.60
Depreciation and repair of bank's assets	2%	786.68	1%	534.63	1%	476.29	2%	455.39	2%	403.60
Other expenses	4%	1,437.48	3%	1,255.72	4%	1,280.40	5%	1,328.58	4%	1,087.36
Total operating expenses (B)	16%	5506.01	15%	5,407.74	15%	5,178.92	18%	4,870.74	17%	4,349.23
Profit before provision (C=A-B)	25%	8,264.56	25%	8,982.98	29%	9,783.00	33%	9,062.30	33%	8,503.22
Provision for loans and advances/investments										
General provision	13%	4,198.16	1%	328.23	0%	(119.21)	4%	1,010.61	3%	890.00
Specific provision	2%	827.47	12%	4,255.03	15%	4,974.29	14%	3,781.32	9%	2,360.99
Provision for off-balance sheet items	0%	119.17	-1%	(389.10)	-1%	(223.80)	1%	285.50	1%	249.50
Provision for diminution in value of investments	0%	(117.06)	1%	319.60	1%	413.06	-1%	(217.21)	-2%	(403.60
Other provisions	1%	80.96	0%	65.00	0%	70.00	0%	20.00	0%	115.74
Total provision (D)	15%	5,108.68	13%	4,578.75	15%	5,114.34	18%	4,880.22	13%	3,212.62
Total profit before taxation (C-D)	9%	3,095.20	12%	4,404.23	14%	4,668.66	15%	4,182.08	21%	5,290.60
Provision for taxation	3%	1,006.73	5%	1,895.67	7%	2,195.45	11%	3,013.45	11%	2,855.52
Net profit after taxation	6%	2149.10	7%	2,508.56	7%	2,473.21	4%	1,168.63	10%	2,435.07

## **SEGMENT INFORMATION**

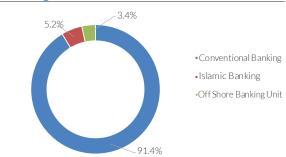
### Sector wise Investment



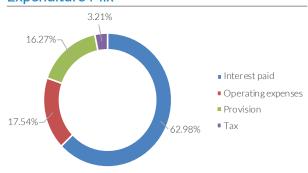
### **Revenue Sources**



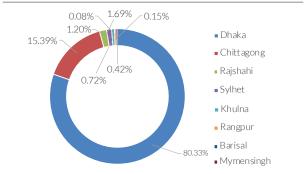
### **Operating Revenue**



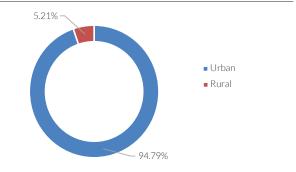
### **Expenditure Mix**



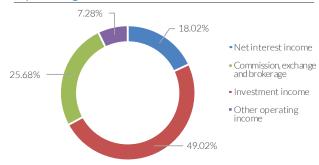
### **Division Wise Loan**



### Area wise Loan

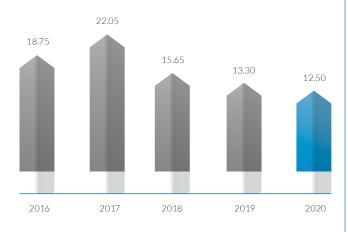


### **Operating Income Mix**



## **GRAPHICAL PRESENTATION**

### Market Price Per Share

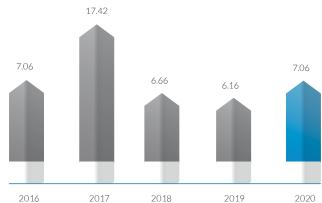


### **Price Earning Ratio**

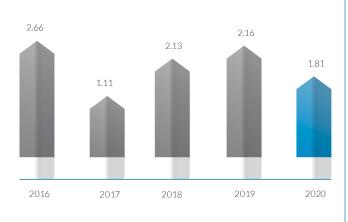
2016

322,251

2017



### Earnings per share





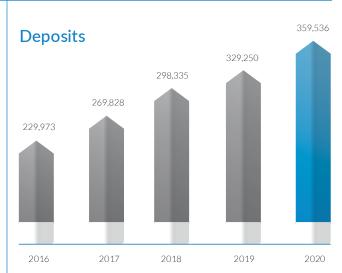
2018

2019

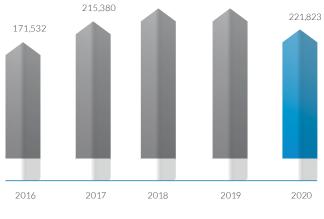
2020

### Loans and Advances



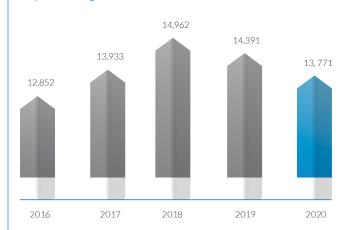


## Import Business 242,295 215,380

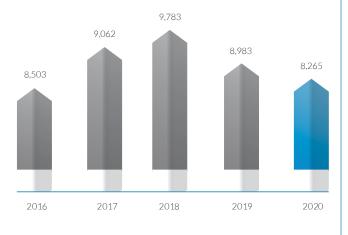


248,901

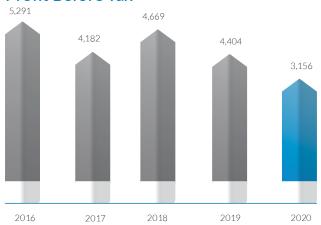
### **Operating Income**



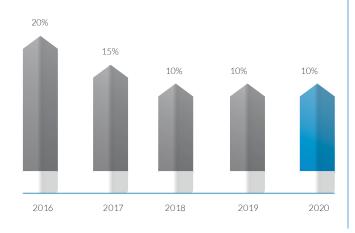
### **Operating Profit**



### **Profit Before Tax**



### Dividend



### **Shareholders' Equity**





### Ownership Composition - 2020

Name of the Category	Number of Shares	% to total Shares
Directors and Sponsors	358,817,886	30.18
Institutions and Investor A/C Holders	421,218,288	35.43
General Public	408,904,347	34.39
TOTAL	1,188,940,521	100.00

### Shares held by Directors in 2020

SI. No.	Name of the Directors	Designation	Shares
1	Mr. Alamgir Kabir, FCA	Chairman	26,709,202
2	Mrs. Duluma Ahmed	Vice Chairperson	24,743,159
3	Mr. M.A. Kashem	Director	26,330,640
4	Mr. Azim Uddin Ahmed	Director	33,051,923
5	Mrs. Jusna Ara Kashem	Director	23,779,485
6	Mrs. Rehana Rahman	Director	24,433,788
7	Mr. Md. Akikur Rahman	Director	31,764,465
8	Mr. Raiyan Kabir	Director	24,458,937
9	Bay Leasing & Investment Limited (Represented by Mr. M. Maniruz Zaman Khan)	Director	27,950,000
10	Mr. Syed Sajedul Karim	Independent Director	-
11	Dr. Quazi Mesbahuddin Ahmed	Independent Director	-
12	Mr. Mohammad Delwar Husain	Independent Director	-
13	Mr. M. Kamal Hossain	Managing Director	-
	Total Shares:	-	243,221,599

### **Market Price Information**

		DSE			CSE		Total
Months	Month High	Month Low	Total Volume	Month High	Month Low	Total Volume	Volume on DSE & CSE
20-Jan	13.50	12.10	12,739,849	13.40	11.70	647,590	13,387,439
20-Feb	13.60	12.20	10,446,899	13.50	12.60	607,104	11,054,003
20-Mar	12.70	10.30	18,390,777	12.90	10.80	552,593	18,943,370
20-Apr	-	-	-	-	-		-
20-May	11.60	11.30	694,443	-	-		694,443
20-Jun	11.30	11.30	803,006	11.40	11.40	24,076	827,082
20-Jul	11.50	11.30	13,779,442	11.50	11.40	618,865	14,398,307
20-Aug	14.80	11.30	108,039,653	14.50	11.40	3,308,584	111,348,237
20-Sep	14.00	12.70	37,157,712	14.40	12.70	929,525	38,087,237
20-Oct	13.10	12.10	25,203,459	13.40	12.00	686,778	25,890,237
20-Nov	12.90	12.20	23,753,028	13.30	12.10	738,434	24,491,462
20-Dec	12.80	12.40	29,180,507	13.00	12.20	1,036,097	30,216,604

# FINANCIAL CALENDAR-2020

Particulars Particulars	Date
Business policy and Planning Conference held and Annual Budget discussed in participation of all Heads of Branches of the Bank	19 January 2020
Audited Consolidated Financial Statements for the year 2019 finalized and signed	30 June 2020
Publication of Financial Statements for the year 2019 in two news papers	05 July 2020
25 <sup>th</sup> (Virtual ) Annual General Meeting held	16 September 2020
Final Dividend payment for 2019	15 October 2020
Interim Financial Statements	
For the 1st quarter ended March 31, 2020 (unaudited) published in two widely circulated news papers	06 July 2020
For the 2 <sup>nd</sup> quarter ended June 30, 2020 (unaudited) published in two widely circulated news papers	30 July 2020
For the 3 <sup>rd</sup> quarter ended September 30, 2020 (unaudited) published in two widely circulated news papers	30 October 2020
Financial Calendar 2021	
Audited Financial Statements for the year 2020 finalization and signature	09 May 2021
26 <sup>th</sup> (Virtual ) Annual General Meeting will be held	30 June 2021
Final Dividend for the year 2020 proposed to be paid	30 July 2021
Interim Financial Statements	
For the 1st quarter ended March 31, 2021 (unaudited) approved by the Board of Directors	09 May 2021
For the 2 <sup>nd</sup> quarter ended June 30, 2021 (unaudited) approved by the Board of Directors (Proposed)	30 July 2021
For the 3 <sup>rd</sup> quarter ended September 30, 2021 (unaudited) approved by the Board of Directors (Proposed)	30 October 2021

# STAKEHOLDERS' ENGAGEMENT PROCESS

### Our relationship-activity with Stakeholders:

The following table discusses various aspects of stakeholders, their engagement process and our responses:

Our Stakeholders	Mode of Engagement	Frequency of Engagement	Their Priorities	Methodologies used for Feedback
Customers	<ul> <li>Customer Feedback Survey</li> <li>Branches/ATM/Retail Banking and Mobile Banking</li> <li>Information in Brochure</li> <li>Newspaper and Electronic Media advertisements</li> <li>Corporate website</li> <li>Call Centre (7X24)</li> <li>Customer education and awareness</li> <li>Complaint Box</li> </ul>	<ul> <li>Monthly</li> <li>Frequently</li> <li>At times</li> <li>As and when required</li> <li>As and when required</li> <li>Continuous</li> <li>Frequently</li> <li>Any time</li> </ul>	<ul> <li>Innovative products and services</li> <li>Service Quality</li> <li>Competitive Pricing</li> <li>Flexibility in offerings</li> <li>No hidden Cost</li> <li>Timely disposal</li> </ul>	<ul> <li>Prescribed Form.</li> <li>Suggestion/Complaint Box kept in branches.</li> <li>Enhanced monitoring and due diligence</li> <li>Vibrant ALCO Team to decide on pricing</li> <li>E-Banking: (Internet Banking, SMS Banking, Mobile Banking.</li> </ul>
Shareholders	<ul> <li>Annual Report</li> <li>Annual General Meeting</li> <li>Extra-Ordinary General Meetings</li> <li>Corporate Disclosures</li> <li>Price Sensitive Information</li> <li>Interim Financial Statements</li> </ul>	<ul> <li>Annually</li> <li>Annually</li> <li>As and when required</li> <li>As and when required</li> <li>As and when required</li> <li>Quarterly</li> </ul>	<ul> <li>Results of operation</li> <li>Business ethics</li> <li>Sustainable Growth</li> <li>Assets Quality</li> <li>Corporate Social Responsibility</li> </ul>	<ul> <li>Concerns of existing and prospective shareholders are addressed</li> <li>Periodical dialogue</li> <li>Financial Risk Management Process.</li> <li>Risk Management Culture</li> <li>Timely loan/ investment recovery drives</li> </ul>
Employees	<ul> <li>Managers' Conference, Workshops, Seminars.</li> <li>Cross Functioning Training Program</li> <li>Internet Portal</li> <li>Website</li> <li>Awareness about news / developments in the business sector</li> <li>Team building through development of cross-cutting working groups</li> </ul>	<ul> <li>Annually, Half-Yearly &amp; as when felt necessary</li> <li>As and when required</li> <li>Continuous</li> <li>As and when necessitated</li> <li>Daily</li> <li>Periodically</li> </ul>	<ul> <li>Staff Welfare Measures</li> <li>Remuneration linked with performance</li> <li>Whistle blowing process</li> <li>Training and workshop program.</li> <li>Incentive program</li> </ul>	<ul> <li>Salary packages revised and adjusted considering industry scenario.</li> <li>Comprehensive Training and other development program.</li> <li>Health and safety standards are maintained including, Health Care Centre and Gym in Corporate Office.</li> <li>Festival Benefit and Incentive Bonus</li> </ul>
Regulators	<ul> <li>On-site surveillance by Bangladesh Bank</li> <li>Off-site supervision</li> <li>Directives and Circulars</li> <li>Filing of Returns and Statements</li> <li>Meetings</li> </ul>	<ul> <li>As and when felt necessary</li> <li>As and when required</li> <li>As and when required</li> <li>Within deadlines</li> <li>As and when required</li> </ul>	Proper compliance with laws and Regulations. Timely payment of all regulatory dues. Timely reporting Timely holding of meeting and implementation of decisions.	<ul> <li>Ensuring strict compliance with all regulatory requirements</li> <li>Focus on Compliance Culture in the Bank</li> <li>Time consciousness</li> </ul>
Business Associates	<ul> <li>Adherence to proper procurement regulations while maintaining a good business relationship with the service providers.</li> <li>Regular interaction on issues for mutual benefit</li> </ul>	<ul><li>As and when needed</li><li>Regularly</li></ul>	<ul> <li>Transparency</li> <li>Timely payment of their bills.</li> </ul>	<ul> <li>Rigorous observance of Bank's procurement policy</li> <li>Strict observance of Bank's ethical principles</li> </ul>
Business Associates	<ul> <li>Invest in Environment-Friendly Projects</li> <li>Awards to entrepreneurs for outstanding performance in sustainable development and protection of environment.</li> <li>Green School/ Student Scholarship Program</li> <li>Donation to Govt. Fund/Individual on regular basis to promote citizens' welfare</li> <li>Sponsoring efforts for protection of environment</li> <li>Other CSR Activities</li> </ul>	<ul> <li>Continuous</li> <li>Annually</li> <li>Ongoing and annually</li> <li>As and when required</li> <li>As and when felt necessary</li> <li>As and when decided</li> </ul>	<ul> <li>Financial Inclusion</li> <li>Micro/SME Financing</li> <li>Green Banking</li> <li>Sustainable operations</li> <li>Transparency</li> <li>Return to the society</li> <li>CSR</li> </ul>	<ul> <li>Charitable ventures</li> <li>Contribution to education, health, disaster managements, environmental protection</li> <li>Financial Inclusion through Mobile Banking and I-Banking Operations</li> <li>Green School</li> <li>Scholarship Program</li> <li>CSR Activities</li> </ul>





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Distribution Network: List of Branches,	
Uposhakhas and ATMs	255-270

### PRODUCTS AND SERVICES

## ISLAMIC BANKING DEPOSIT PRODUCTS

- Mudaraba Savings Account
- Al-Wadiah Current Deposit Account
- Mudaraba Short Notice Deposit
- Mudaraba Monthly Savings Scheme
- Mudaraba Monthly Income Scheme
- Mudaraba Pension Savings Scheme
- Mudaraba Double Benefit Scheme
- Mudaraba Super Double Benefit Scheme
- Mudaraba Multimillionaire Gold Deposit Scheme (MGDS)
- Mudaraba Wage Earners Pension Saving Scheme
- Mudaraba Millionaire Deposit Scheme
- Mudaraba Term Deposit Receipt



## CONVENTIONAL BANKING DEPOSIT PRODUCTS

- Savings Account (SB)
- Current Deposit Account (CD)
- Short Notice Deposit (SND)
- Fixed Deposit Receipt (FDR)
- Monthly Savings Scheme (MSS)
- Monthly Income Scheme (MIS)
- Pension Savings Scheme (PSS)
- Double Benefit Scheme (DBS)
- Super Double Benefit Scheme (SDBS)
- Millionaire Deposit scheme (MDS)
- Multimillionaire Gold Deposit Scheme (MGDS)
- Wage Earners Pension Savings Scheme (WEPSS)
- Anonya™ Savings Account
- Bichokkhon™ Savings Account
- ESTEEM™ (Priority Banking Service)
- School Banking
- **-** Taroka™
- Nokkhotro™
- Royal Savings "Savings Account"
- Savings Fast "Savings Account"

## VALUE ADDED SERVICES

- Student File
- Locker Service
- Senior Citizen Scheme
- Passport Endorsement
- Individual Remittance (Inward and Outward)
- Internet Banking Service
- Call Centre (7X24)
- Mobile Banking Services (Tele Cash)



## RETAIL BANKING SERVICES

- SEBL Home Loan
- SEBL Personal Loan
- SEBL Car Loan
- SEBL Express Cash



### CARD SERVICES

- Southeast Credit Card
- Southeast Virtual Card
- Southeast Travel Card
- Southeast Hajj Card
- Southeast Prepaid Card /INSTA Prepaid Card
- Southeast Express Card
- Southeast Personalized Debit Card
- Southeast My Remit Card
- Student Debit Card
- Quick Read Card



## LOAN PRODUCTS

- Southeast Shopan
- Southeast Shikhor
- Southeast Shuprova
- Southeast Shopnil
- Southeast Agri. Loan

## SERVICES PROVIDED BY OFF-SHORE BANKING UNIT

- Foreign Currency Deposit Account of Non-residents
- Export-Import services to Type-A industrial units of Export Processing Zones (EPZ) and Economic Zone (EZ).
- Financing Usance Payable at Sight (UPAS)
   Documentary Credit
- Short Term Foreign Currency Loan to ADs for purchase of Export Bills in Foreign Currency
- Foreign Currency Term Loan to eligible resident industrial units for non EPZ/EZ and EPZ/EZ clients.



## CORPORATE LOAN

- Working Capital Finance
- Term Finance
- Project Finance
- Syndication & Club Finance
- Work Order Finance
- Real Estate Finance
- Trade Finance
- Commercial Finance
- Export Finance
- Loan to NBFI

### TREASURY PRODUCTS

### **Money Market Products**

- Call Money
- Term Money
- Re-purchase Agreement (Repo)
- Reverse Repo
- → Foreign Exchange Swap

#### **Fixed Income Products**

- Treasury Bond to Inter-Bank
- Treasury Bond to Individual Investors
- Treasury Bond to Corporate Investors
- Subordinated Bond

### **Foreign Exchange Products**

- Spot in Major Currency Pairs
- Forward Contract
- Placement in USD



## **EXPORT SERVICES**

- Documentary Credit:
  - a. Advising Export Documentary Credit
  - b. Transferring Export Documentary Credit
  - c. Opening Back-to-Back Documentary Credit (Local & Foreign)
- Foreign Documentary Bills Collection:
  - a. Documents Against Payment (D/P)
  - b. Documents Against Acceptance (D/A)
- Pre-shipment Finance: Packing Credit
- Post-shipment Finance:
  - a. Foreign Documentary Bills Purchase (FDBP)
  - b. Purchase/Discounting Export Bills (Local)
  - c. Export Development Fund (EDF) from Bangladesh Bank
  - d. Cash Incentive from Bangladesh Bank



## FOREIGN CURRENCY (FC) ACCOUNT SERVICES

- Resident Foreign Currency Account (RFCD)
- Non-Resident Foreign Currency Account (NFCD)
- Non-Resident Taka Account (NRTA)
- --- Exporter's Retention Quota (ERQ) Account
- -- Non Resident Investor's Taka Account (NITA)



## IMPORT SERVICES

- Documentary Credit:
  - a. Opening Import Documentary Credit (Local and Foreign)
  - b. Arranging Add Confirmation through Foreign Correspondent Banks
  - c. Arranging Discounting through Foreign Correspondent Banks
- Post Import Finance:
  - a. Loan Trust Receipt (LTR)
  - b. Time Loan
  - c. Term Loan
- Documentary Collection services:
  - a. Documents Collections against Payment (D/P)
  - b. Documents Collections against Acceptance (D/A)
- Issuing Shipping Guarantee

## CENTRAL MONITORING SYSTEM - ROUND THE CLOCK

Central Monitoring System (CMS), a unique initiative of Southeast Bank Limited has been introduced to ensure the physical safety & security system and also supervision of service quality of its Branches across the country. CMS is manned 24X7 for ensuring continuous monitoring of all branch activities. It is to be noted that CMS of the Bank was installed ahead of Bangladesh Bank directives making it mandatory for all the Banks.

## Activities of the Central Monitoring System (CMS) are following:

- To facilitate virtual branch visit for the Branch Supervisors and Bank Management.
- To serve periodical reports to the management as per their requirement regarding safety & security and Service Quality of the branches.
- To ensure Service Quality.



- To assist investigation agencies.
- To build customer confidence and organizational image.

### **CALL CENTER 24X7**

Southeast Bank Call Center has been providing sustainable quality services to its valuable customers via phone, email & live chat round the clock. Contact Number of Call Center for local caller is **16206** and overseas caller is **09613116206**. Now it has become



the most popular service wing for Bank's valuable customers to meet their day to day banking needs. Increasing trend of customer call also reflects the acceptability of call centre. Call Center received around 0.48 million calls in the year 2020 which is 103% higher than the number of calls in 2019. Customers may email at client.care@southeastbank.com.bd to avail round the clock service at their convenience. We have extended the range of valuable services from our Call Centre such as Card activation, Card/PIN Replacement Request, E-commerce/ Foreign part enable request, EMI Conversion Request, MRP redemption, Card cheque book activation & requisition. Live Chat service has also been introduced by our Call Center which is a first time among the banks in Bangladesh.

### **MEDIA HIGHLIGHTS**



ospital Chairman Dr Anowar Farazy Emon inaugurates Rampura Uposhakha of Southeast Bank at Ali Ti apura in the city on Sunday, Bank's Managing Director M Kamal Hossain was also present on the occas



Southeast Bank Limited inaugurated its North Shahjahanpur sub-branch at Manama FR Heights in the city on Thursday. In presence of M. Kamal Hossain, Managing Director of Southeast Bank Limited, client of the bank Syedur Rahmani Sannamot, Chairman, Printing Industries Association of Bangladesh, formally inaugurated the North Shahjahanpur sub-branch.

### Southeast Bank opens North Shahjahanpur sub-branch

Southeast Bank Limited inaugurated its North Shahjahanpur sub-branch at Manama FR Heights in the city on Thursday, said a statement.

In presence of M. Kamal Hossain, Managing Director of Southeast Bank Limited, client of the bank Syedur Rahman Sannamot, Chairman, Printing Industries Association of Bangladesh, formally inaugu-

rated the North Shahjahanpur sub-branch. Md. Tofayel Khan, another client of the bank, renowned businessmen, customers and other officials of the bank were also present at the inaugural ceremony.

Southeast Bank's first and foremost priority is to provide quality service and maxi-mum satisfaction to the customers. From now on, technology-backed modern banking services will be provided to the cus-tomers from the newly opened North Shahjahanpur Uposhakha



চট্টগ্রামে সাউথইন্ট ব্যাংকের আকবরশাহ উপশাখার উদ্বোধন



Atheast Bank Limited signed a remittance disbursement agreement with sonal Exchange Company, an Italy-based money transfer company on nday for distributing inward foreign remittance. M. Kamal Hossain, naging Director of Southeast Bank Limited, and Mohammed Idrish Farazy, sirman of National Exchange Company S.R.L., Italy signed the agreement behalf of their respective organisations.

### Southeast Bank signs deal with National Exchange Company

NATIONAL EXCITATING CONTINUAL SOUTHERN SOUTHERN EXCITATION ASSOCIATION ASSOCIA



Bangladesh Bank handed over the Pre-finance Loan Cheque to Sparrow Apparels Limited under the "Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garment (RMG) Sector Project (SREUP)" at Jahangir Alam Conference Room, Bangladesh Bank, Head Office. Abu Farah Md. Naser, Executive Director, Bangladesh Bank, handed over the cheque for Tk14,75,50,000 to Sparrow Apparels Limited in presence of M. Kamal Hossain, Managing Director of Southeast Bank Limited.



### সাউথইস্ট ব্যাংকের বার্ষিক সাধারণ সভায় লভ্যাংশ ঘোষণা

সাউথইন্ট ব্যাংক লিমিটেডের ২৫তম বার্ষিক সাধারণ সভা গতকাল বুধবার ডিজিটাল প্লাটফর্মের মাধ্যমে অনুষ্ঠিত হয়। ব্যাংকের চেয়ারম্যান আলমগীর কবির, এফসিএ সভাপতিত্বে অনুষ্ঠিত সভায় ভাইস চেয়ারপারসন দুলুমা আহমেদ ও পর্ষদের পরিচালক এমএ কাশেম, আজিম উদ্দিন আহমেদ, মিসেস জোসনা আরা কাশেম, মিসেস রেহানা রহমান, মো. আকিকুর রহমান এবং স্বতন্ত্র পরিচালক সৈয়দ সাজেদুল করিম, ড. কাজী মেজবাইউদ্দিন আহমেদ, মোহাম্মদ দেলোয়ার হোসেন, ব্যবস্থাপনা পরিচালক এম কামাল হোসেন এবং ব্যাংকের উপদেষ্টা জাকির আহমেদ খান অংশগ্রহণ করেন। সভায় শেয়ারহোল্ডারদের সর্বসম্মত ভোটে ৭ দশমিক ৫ শতাংশ নগদ এবং ২.৫ শতাংশ স্টক লভ্যাংশ ঘোষণা ও ২০১৯ সালে সমাপ্ত হিসাব বছরের নিরীক্ষিত আর্থিক প্রতিবেদন অনুমোদিত হয়।

সভায় জানানো হয়, বিগত ২০১৯ সালে ৮ হাজার ৯৮২.৯৮ মিলিয়ন টাকা (সম্মিলিত) পরিচালন মুনাফা অর্জন করেছে। ৩১ ডিসেম্বর, ২০১৯ তারিখে ব্যাংকের আমানতের পরিমাণ ৩২ লাখ ৯ হাজার ২৫০.২৭ মিলিয়ন টাকা, মোট সম্পদের পরিমাণ ৪ লাখ ২২ হাজার ৩১২.৭১ মিলিয়ন টাকা, শেয়ারপ্রতি আয় ২.১৬ টাকা (সম্মিলিত), শেয়ারপ্রতি নিট সম্পদ মূল্য ২৬.২৯ টাকা (সম্মিলিত) এবং শেয়ারপ্রতি নিট পরিচালন নগদ প্রবাহ ছিল ১১.৬৮ টাকা (সম্মিলিত)। সংবাদ বিজ্ঞপ্তি



সাউথইস্ট ব্যাংকের খিলগাঁও তালতলা উপশাখার উদ্বোধন

রাজ্ঞধানী ছিলগাঁও তালতলার কপোতাক জেএফ টাওয়ারে (হোভিচ-৫৫১/নি) সাউৎইন্ট ব্যাংক ছিলগাঁও তালতলা উপশাখার উদ্বোধন করা হয়েছে। শতকাল সোমধার খ্যাংকর বাবস্থাপনা পরিচালক এম. কামাল হোসেনের উপস্থিতিতে বাহুকের গ্রাহক এইচবিসি হাই পাওয়ার লিমিটেড এবং এইচবিসি ইন্টান্তনাশাখনাল ইডাব্লিছ আডে টেকনেলাজি এবং বাবস্থাপনা পরিচালক মে. সেপিন রেজা আনুষ্ঠানিকভাবে দিশার বাবসাধীকা উপশাখার উদ্বোধন করে। ইন্টান্থনী জন্মানে মন্যানের মধ্যে খ্যাংকের গ্রাহক মোহাখাদ হোসেইন, বিশির বাবসাধীকৃপ ও বাহুকের কর্মকর্তারা উপস্থিত উলেন। বিজ্ঞানি



Kallim Sarwar, bureau chief of Bangladesh Sanghad Shongstha, Chattogram, and former president of Chattogram Press Club lanugurated the Rahattar Pul sub-branch of the Southeast Bank or Phursday. PNOTO: COURTEST

## **CARING FOR THE EMPLOYEES**

### **HEALTH AND SAFETY**

Southeast Bank ensures a safe and secure workplace for its employees. We encourage everyone to think of their safety and health not only during emergencies, but also to see the value of health and wellness in their everyday lives. The Bank has a full time Doctor in its Health Care Centre at Head office to promote a healthy lifestyle of the employees of the Bank. The Doctor provides free consultations to the employees for their wellness and fitness. The Doctor regularly issues bulletins to keep our employees abreast of news and updates on any safety issue in the workplace. The Health Care Center of the Bank is equipped with a state-of-the-art fitness centre which is used on separate schedules by both male and female employees.

SEBL has Memorandum of Understanding (MOU) with Evercare Hospital, Asgar Ali Hospital, Uttara Crescent

Hospital, Gulshan Clinic, Farazy Hospital Limited, Farazy Dental Hospital & Research Centre, Dhaka and Park View Hospital, Chattogram to facilitate different types of health checkup facility and cabin services at corporate discount price for the employees, employees' dependent family members. Moreover, SEBL employees also get priority medical services in terms of collecting blood sample, consultation services from medical consultants, ambulance services etc. For cases of injuries or ill health in the workplace, the Bank provides clinic services with Doctor. Besides, in case of emergency, we provide transport from workplace to hospital (if needed). The Bank takes care of its employees and their welfare because they are and always will be our greatest asset.

### **EMPOWERING WOMEN**

Empowering women through education, employment and self-development expedites the economic growth of the nation. Nevertheless, it is challenging, Southeast Bank Limited believes in the spirit of women empowerment. SEBL offers unique range of diversified products and services for the women at different financial platforms.

The Bank has two specialized Ladies Branches at Dhanmondi and Moghbazar which are run/operated by women officials with prioritized service for women clients. SEBL has special featured savings product viz. "Anonya" to facilitate daily banking activities for women. Additionally, the Bank has

dedicated SME product viz. "Shuprova" to assist women entrepreneurs surging the cash flow to their business and enabling them to pursue their entrepreneurial dreams with confidence and ease. Not only that, SEBL offers unique credit card facility named "Anupoma" with the spirit of women empowerment.

The Bank believes in the spirit of equal employment opportunities since the inception. SEBL recruits young, energetic, self motivated and educated females with promising career opportunities.



## SOUTHEAST BANK STAFF WELFARE TRUST

Southeast Bank Limited is managed by an efficient body of professionals who work with utmost zeal and commitment towards achieving the Bank's vision of becoming the pioneering financial institution of the country. They create and generate an environment based on mutual trust and respect/discipline that encourages and motivates everyone in the Bank to work together and achieve service excellence in every sphere of banking operations.

The Bank believes that employee benefits are the primary tools by which the Bank attracts and retains qualified personnel in the organization. It has significant financial and administrative impact in fulfilling the organizational goals. Since inception of the Bank, the employees are enjoying upward revisions of salary and benefits from time to time as an incentive for posting better result for the Bank.

In order to ensure enhanced staff welfare, the Bank has setup "Southeast Bank Staff Welfare Trust" under the Trust Act 1882 along with the Societies Act 1860. There are 7 (seven) members in the Board of Trustees with Mr. M. Kamal Hossain, Managing Director as the Chairman of the Board.

The Trust serves the greater interest and welfare of the employees of the Bank in accordance with true spirit and cardinal principles. The Trust ensures no discrimination to any employee of the Bank on account of ethnicity, origin, gender, language, religion, etc. The 1st Annual General Meeting (AGM) of Southeast Bank Staff Welfare Trust was held virtually by using digital platform on Thursday, the 26th November 2020 at 03:00 p.m. Mr. M. Kamal Hossain, Chairman, Southeast Bank Staff Welfare Trust presided over the meeting.

The Bank provides transportation facilities to the employees up to the position of First Assistant Vice President (FAVP) through its "Officers' Bus Service" from fixed pickup points of specific routes to office and back on working days in Dhaka City.

The Bank plans to include additional areas of staff welfare within the purview of "Southeast Bank Staff Welfare Trust"



### CAREER DEVELOPMENT PROGRAM

Human resource is our primary asset and we consider it as the most important contributing factor to our sustained growth. Accelerating professional development of employees has been an essential component of Southeast Bank's human resource agenda over the last few years. We believe that nurturing talent and polishing skills of our employees are essential to get the best out of them.

Training provides us with the opportunity to build up a skilled and knowledge-based human resource for our Bank. Training has specific goals of improving capability, productivity and performance of the executives and officers alike. A structured training program ensures consistent development of skills, sharing of mutual experience and knowledge and promotion of innovation and creativity among the employees.

Southeast Bank Training Institute, established in 1995 has been meeting the training needs of all employees throughout the Bank, with the support of trained resource persons from a pool of internal trainers as well as experts from outside the Bank.

In drawing up training programs the Institute gives importance to the following issues:

- Training Needs Analysis
- Feedback from the senior level management and the trainees
- Training curricula of local peer banks.
- Training programs followed by reputed banks outside the country.

As banking is fast moving towards digitalization in a holistic manner, the way training is provided must also go hand in hand with this development. Since the beginning of this year, efforts have been made to introduce e-learning in various forms through launching a project captioned "Human Resource Development: New Dimensions" which is

scheduled to be completed by March, 2021. About 90% of the work of the project has already been completed. The Institute has already developed new software to provide online training to all officers in addition to traditional class-room based training. Now training can be delivered and received at anytime and anywhere with least cost through the use of sophisticated digital platform.

Following training programs have already been completed during the year through the use of digital technology:

- 15 prerecorded audio/video tutorials on important subjects and subject wise questions and answers on important operational banking issues have already been uploaded in the web portal for the benefit of all officers.
- ii. Preparations have been completed for 16 workshops on important subjects for executive level officers.
- iii. Reformed the training calendar and developed a three-year training calendar following best practices; both national and international.
- iv. E-exam software is ready to be launched shortly for occasionally evaluating the knowledge and skill base of the officers.
- v. 25 courses were offered using Zoom through which 1850 officers were trained
- vi. 16 courses were undertaken physically in the classroom which were attended by 500 officers.
- vii. The Training Institute hopes to further widen the use of technology to provide e-learning and also maximize the use of traditional classroom-based training as much as possible.



### **ENVIRONMENT - RESPONSIVE BANK**

As per Environment and Social Risk Management (ESRM) guideline of Bangladesh Bank, the Bank has already incorporated Environmental, Social and Climate Change Risks as part of the existing credit analysis and financing decision process. To identify and measure different E&S risks, the bank uses auto generated Environmental and Social

Environmental and Social Risk Assessment, prescribed by Bangladesh Bank.

During credit appraisal process, we primarily focus on following environmental and social impacts of the activities of any borrower:





# SOUTHEAST BANK GREEN SCHOOL

Southeast Bank Green School, a brain child of Mr. Alamgir Kabir, FCA, the Chairman of Southeast Bank Limited is a noble venture of the Bank. The dream project started its promising journey since 2013 at Adabor, Mohammadpur, Dhaka to provide quality English Medium education to the children of middle class families at affordable cost.

We have a rich faculty with 30 devoted teachers who are involved in creating such talented, dedicated, and enthusiastic individuals under Edexcel British Curriculum from Pre – Play to O' level.

Being merged with the international standard curriculum, the educators also focus to help the students in every aspect of their individual development through exciting extracurricular activities.

The session 2020 – 2021 has been a massive challenge for all the educational sectors globally due to Corona pandemic. For

dealing with this unfamiliar situation along with lockdown activity, SEBGS has prompted new examples of educational innovation. In almost heroic fashion, the teachers have learned entirely new ways of teaching and have launched distance learning programs through online platform for the session of 2020 - 2021. Students' major assessments have also moved online, with a lot of trial and error, while many assessments are being replaced with other approaches.

We have a very high profile school management committee who is guiding us constantly with their valuable knowledge and experience to upgrade the school management system and the quality of the education as well. Besides, this committee plays a vital role behind the formulation and implementation of the school policies through their valuable advices and supports.

#### SCHOOL MANAGEMENT COMMITTEE

Mr. Alamgir Kabir, FCA	Chairman, Southeast Bank Limited & Southeast Bank Green Foundation	Chairman
Prof. Suraiya Begum	Former Principal, College of Home Economics, Dhaka & former member, Bangladesh Public Service Commission	Member
Mr. Zakir Ahmed Khan	Adviser, Southeast Bank Limited; former Secretary, Government of the People's Republic of Bangladesh	Member
Prof. Shaheen Ahmed	Former Principal of Bangladesh International School and College and also Former Principal at College of Home Economics, Dhaka Member	Member
Prof. Dr. Feroza Sultana	Former Principal, College of Home Economics, Azimpur, Dhaka.	Member
Mrs. Saleha Begum	Ex. D.G, Comilla BARD, Comilla.	Member
Syeda Nasrin Akhter	Principal, Southeast Bank Green School.	Member Secretary

# FINANCIAL INCLUSION MOBILE BANKING SERVICES -TELECASH

TeleCash Mobile Financial Services (MFS) of the Bank has completed six years of its journey with the business strategy of exploration of the niche market. The core objective of TeleCash is to ensure yearly profitability by creating an active customer base (especially those who belong to the marginal section of the society) and contribute to financial inclusion. To comply with the core objective, TeleCash has been continuing a digitization project for the members of Micro Finance Institutions (MFI) for the last two years. Microcredit disbursement among the members of MFIs and collection of instalments from them through a digital manner is the key proposition. Simultaneously the expansion of its cluster-based business (i.e., various bill payment service facilities) is continuing. Moreover, TeleCash is getting ready

to avail interoperability facility among MFS Operators through the NPSB channel of Bangladesh Bank. The interoperability feature will be the revolutionary milestone considering customers' convenience as well as the fulfilment of digital Bangladesh.

Availability of updated, robust, and trendy technical infrastructure is the key parameter of digitization. The Bank is in the migration stage of its existing TeleCash MFS System to a robust one for capacity building. The objective is to introduce innovative services for the customers on a regular interval for the sustainability of TeleCash as well as achieve customer satisfaction by ensuring instantly secured transactions



# SERVICE EXCELLENCE IN ACTION



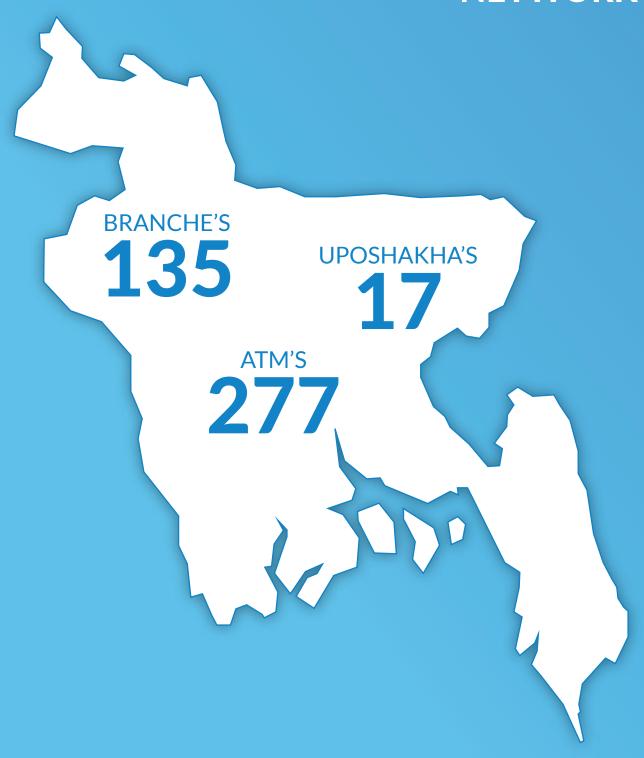
Service Excellence is one of the core values of Southeast Bank Limited. The Bank focuses on providing fast and high-quality customer service with state-of-the-art technology. Various methods have been adopted such as, 24X7 Call Center, Central Monitoring System (CMS), Web Chat Service to provide customer service in the most hassle-free way. Short code 16206 is now used round the clock 24X7 to address telephonically the business needs and queries of the clients. Through CCTV, all the activities of the branches are monitored by Head Office Central Monitoring System. Recently, bank introduced customer service through Web Chat. It enables live interaction between the client and bank's customer service executives to meet clients' banking queries.

We resolve customer complaints fairly, consistently and promptly. Every branch has a dedicated "Customer Service and Compliant Management Desk" for dispute resolution. Customers can lodge complaints in person or through other available means such as letter, telephone, facsimile and email. Compliant Lodgment Forms are available at all our branches. We deal guickly with complaints received from the clients. We seek ideas and suggestions of the clients on how we can serve them better. The customers can give their valuable feedback through Service Quality Forms available at all branches under sealed envelope. The branches send the sealed envelopes containing Service Quality feedback received from the clients to the Head Office for evaluation of customer opinion. The opinion/feedback of the customers are scrutinized and widely discussed in the monthly Management Committee meeting and necessary steps are

taken for improvement of customer service.

Branch Supervisors at Head Office work relentlessly to ensure service excellence. Supervisors periodically visit the branches to monitor various performance areas including quality of customer service of the branches. In the Managers' Conferences, different aspects of branches are elaborately reviewed and necessary steps taken for further improvement of the service quality of the bank. As part of off-site supervision, the supervisors can monitor their respective branches' activities through Central Monitoring System (CMS)-(a state of art technology) which has been placed at the Bank's Head Office. According to BRPD Circular No.07 dated July 05, 2015, Southeast Bank is the pioneer among peer banks, to set-up this technological solution in order to become compliant and disciplined.

# DISTRIBUTION NETWORK



### **BRANCHES**

#### **DHAKA DIVISION**

#### Aganagar Branch (Rural)

Hassan Market (1st Floor), Aganagar, Keranigonj, Dhaka Phone: 7772516, 7761133 FAX: 88 - 02 - 7761155

#### Balivadra Branch (Rural)

Vhandari Latif Super Market, Balivadra Bazar, Ganakbari, Thana: Ashulia, Dhaka Phone: 7789994,7789993

#### **Banglamotor Branch**

"Rupayan Trade Centre" 114, Kazi Nazrul Islam Avenue (1st & 2nd Floor), Dhaka Phone: +88 02 9352123, 9352124, 48315129

#### **Agargaon Branch**

Plot # E-4/B (1st Floor) Agargaon Administrative Area, Shere-E-Bangla Nagar, Mohammadpur, Dhaka - 1207 Phone: 88-02-8181851-5 Fax: 88-02-8181856

#### Balla Branch (Rural)

Mouza & Union: Balla P.S.: Kalihati, Dist.: Tangail Phone: 01705403798

#### **Bangshal Branch**

14/3, North South Road, Dhaka Phone: 9583342, 9583343, 7121248, 7121251, 9567163 Fax: 88 - 02 - 9567164

#### Ashulia Bazar Branch

"Shahid Sona Mia Plaza", Bangabandhu Road, Ashulia, Dhaka

#### Banani Branch

Plot #71, Block #B, Kamal Ataturk Avenue, Banani, Dhaka Phone: 9859518, 9859987, 9841629, 8826487 Fax: 88-02-9841960

#### Bashundhara Branch

Plot-142, Block-B, Bashundhara R/A, Baridhara, Dhaka -1212 Phone: 8431034-5, 8431031, 8431032 Fax: 88-02-8431033

#### Ashulia Branch (Rural)

Helim Shopping Complex, (Opposite Fantasy Kingdom), Ashulia, Dhaka Phone: 7788440, 7788420 Fax: 88-02-7788441

#### Banasree Branch

Twin Tower, Plot No.13, Block-C, Banasree Main Road, Banasree R/A, Rampura, Dhaka-1219 Phone: 88-02-8399141, 8399143 Fax: 88-02 8399142

#### Bhulta Branch (Rural)

Bhulta Bus Stand, Union: Golakandail, Thana: Rupgonj, Narayanganj Phone: 01755-637195

#### Ati Bazar Branch (Rural)

Mouza: Ati, Union: Sakta Thana: Keranigonj, Dhaka Phone: 88-02-55103281, 55103282 Fax: 88-02-55103280

#### Bandura Branch (Rural)

Puraton Bandura Bazar, Mouza: Puraton Bandura, Union: Bandura,

Thana: Nawabgonj, Dhaka Phone: 01730-781278

#### Corporate Branch

Eunoos Trade Centre (Ground Floor), Plot #52-53, Dilkusha C/A, Dhaka-1000 Phone: 9567764, 9551444, 9554447, 9564878, 9588692, 9565201 Fax: 88-02-9571424

#### Dakhin Khan Branch (Rural)

"Faisal Mansion" Shah Kabir Mazar Road, Mouza: Uttar Khan Union: Dakhin Khan Adarsha Union Parishad, Dakhin Khan, Dhaka Phone: 01755-637193

#### **Ghior Branch (Rural)**

Mouza+Union: Ghior, Upazila: Ghior Dist.: Manikganj Phone: 01705403799

#### Imamganj Branch

Bhuiyan Market, 163/2, Metford Road, Dhaka Phone: 7314801, 7316423, 7318567, 7316644 Fax: 88-02-7318567

#### **Dhanmondi Branch**

Fax: 88-02-9111427

Navana New Berry Place (1st Floor), 4/1/A, Mirpur Road, Sobhanbag, Dhaka Phone: 48111808, 48111832, 58150104, 48112193, 58151242

#### Gopaldi Branch (Rural)

Gopaldi Bazar, Union: Sadasadi Thana: Araihazar, Dist.: Narayanganj Phone: 01755-637194

#### Islampur Branch

Royal Tower (2nd Floor) 4, Ahsan Ullah Road, Islampur, Dhaka Phone: 0257394570, 0257396174, 0257394538, 0257394589

#### **Dhanmondi Ladies Branch**

"Rupayan Khan Plaza" Plot # 500/A (Old), 18 (New) Road # 7, Dhanmondi R/A Dhaka Phone: 9663924, 9663925, 9663992, 9663960, 9663970

#### Gulshan Branch

OTOBI Center (2nd Floor), Plot-12, Block-CWS (C), Gulshan South Avenue, Gulshan-1, Dhaka-1212 Phone: 8802-222283401-5 8802-222283491-5, 8802-222295012 Fax: 88-02-9883495

#### Joydebpur Branch (Rural)

Holding-235, Block-K, Shib Bari More, B.I.D.C Road, Gazipur Pauroshova, Joydebpur, Gazipur Phone: 01755594194

#### Donia Branch (Rural)

"Chowdhury Complex" (1st & 2nd Floor) 440-441, Noyapara, Donia, Jatrabari, Dhaka-121236 Phone: 7547955, 7548055 Fax: 7548122

#### Hasnabad Branch (Rural)

"Roky Tower", Hasnabad, Mouza: Ekuria Union: Subatta, Thana: Keranigonj, Dhaka Phone: 01730-781277

#### Joypara Branch (Rural)

Begum Aysha Shopping Complex (1st Floor), Holding # 222, Joypara Pourasava, Dohar, Dhaka Phone: 06223 - 56040, 06223 - 56041, 06223 - 56042 Fax: 06223 - 56040

#### Faridpur Branch

Nilima Tower - Khaleque Tower, Mujib Sarak, Upazila: Faridpur Sadar, Faridpur Phone: 01708-481079

#### Hemayetpur Branch (Rural)

Hemayetpur Super Market (2nd Floor), Mouza: Kulashur, Union: Tetuljora, Savar, Dhaka Phone: 01755594190

#### Kakrail Branch

"Toma Tower", 77/1, Anjuman Mofidul Islam Road (VIP Road), Kakrail, Dhaka Phone: 9356115, 9356116, 9340852,9340853 Fax: 88 - 02 - 9355990

#### Kalibari Branch (Rural)

Sobur Market, Duptara Adorsha Bazar Sattabhandi Bhuiyan Para (Kalibari) Thana: Araihazar, Narayanganj Phone: 01934448901

#### Le Meridien Branch

"Finance Square", Le Meridien Hotel Cum Office Complex, Commercial Block, 79/A, North Nikunja, Khilkhet, Dhaka Phone: 01700-706530

#### Mirpur Branch

Simpletree, Plot # 01, Road # 08, Block - C Section-06, Mirpur Housing Estate Pallabi, Dhaka Phone: 9029568-69 Fax: 88-02-9029572

#### Kamrangirchar Branch

"Elham Square", Rony Market Road,

Mouza: Char Kamrangirchar, Thana: Kamrangirchar, Dhaka Phone: 9667410. 9667393

Fax: 9667428

#### Madanpur SME / Krishi Branch

Ekata Samabay Super Market (2nd Floor), Mouza: Chandpur, Union: Madanpur, Bandar, Narayangani

Phone: 01730-727289

#### Moghbazar Ladies Branch

"Hall Mars", 66 (Old) Outer Circular Road 05 (New) Shahid Sangbadik Salina Parvin Sarak Boro Mogbazar, Dhaka Phone: 01934448905

#### Kapasia Branch (Rural)

Akter Market Kapasia Main Road,

Mouza: Banarhowla, Thana: Kapasia, Gazipur Phone: 01766-673597

#### Madhabdi Branch (Rural)

(1st Floor), Mouza: Par Kashipur, Madhabdi Pauroshava, Thana: Narsingdi, Narsingdi Phone: 9446125, 9446127 Fax: 02 - 9446126

#### Mohakhali Branch

"Bay's" (1st Floor), 50 Mohakhali C/A, Dhaka Phone: 02222282527, 02222285710, 02222285711 Fax-02-9885711

#### Kawran Bazar Branch

Jamuna Bhaban (1st Floor) 2, Kawran Bazar C/A, Dhaka-1215

Dnaka-1215

Phone: 9136112, 8189738-40 Fax: 88 - 02 - 9136510

#### Malibagh Branch

ABN Tower, 45, Siddheswari Circular Road, Dhaka Phone: 01787694948

#### Mohammadpur Branch

Axis Delvista (1st Floor), 7/1, Block-A, Aurongajeb Road, Mohmmadpur Housing Estate, Mohammadpur, Dhaka Phone: 8129649, 8129604, 8158571, 9101254 Fax: 88-02-9119583

#### Konabari Branch (Rural)

Plot # A-147/148, BSCIC I/R, Vunion: Konabari, P.S. Joydebpur, Gazipur Phone: 9298840

Fax: 88-02-9298837

#### Mawna SME / Krishi Branch

Mawna Bazar Road (1st Floor), Sreepur Pauroshava, Ward# 8, Thana: Sreepur, Gazipur Phone: 01730-727286

#### Monipur Bazar Branch (Rural)

"Isha Chowdhury Tower", Mouza: Bokran Monipur, Union: Bhawal Gor, PS.: Gazipur Sadar, Gazipur. Phone: 01934-448920

# Motijheel Branch (Islamic Banking)

125, Motijheel C/A, (1st Floor), Motijheel, Dhaka-1000 Phone: 9567286, 9567202, 9567303, 9567262 Fax: 88 - 02 - 9567701

#### **New Elephant Road Branch**

Kazi Bhaban 39, New Elephant Road, (1st & 2nd Floor), Dhanmondi, Dhaka-1205 Phone: 9674588, 9674327, 9674324-5 Fax: 88-02-9674588

#### Rajbari Branch

"Saleha Akkas Tower" 237, Binodpur (College Road), Thana: Rajbari Sadar Rajbari, Rajbari, Phone: 01934448903

#### Mouchak Branch

Karnaphuli Point (1st Floor), 70 Shaheed Sangbadik Selina Parveen Sarak, Malibagh, Dhaka-1217 Phone: 8333347, 8333676, 8333678, 8333679 Fax: 88 - 02 - 8333348

#### **New Eskaton Branch**

Chowdhury Center, 23/Ka, New Eskaton Road (1st Floor), Ramna, Dhaka-1000 Phone: 48320953, 9340001, 48321774, 48310176, 9340796 Fax: 88-02-9362177

#### Rokeya Sarani Branch

"Kusholi Bhaban", 238/1, West Kafrul Rokeya Sarani, Thana: Sher-E-Bangla Nagar, Mirpur, Dhaka Phone: 9103246, 9103247, 9103249

#### Munshigonj Branch

"B.M Complex" (1st Floor), House # 55, Jubillee Road, Thana: Munshigonj, Munshigonj, Phone: 01755594192

#### Pragati Sarani Branch

The Pearl Trade Center, Cha-90/3 (1st Floor), Pragati Sarani, Badda, Dhaka PABX: 02-58810707-9 Phone: 02-58810705, 58810706

#### Rupnagar Branch

"Rangan", Plot-14, Road-11, Rupnagar Residential Area, Mirpur Housing Estate, Mirpur, Dhaka Phone: 8051981 Fax: 8051965

#### Narayanganj Branch

26-29, S.M. Maleh Road, Tan Bazar, Narayanganj Phone: 7648201, 7648202, 7648203, 76342331 Fax: 88 - 02 - 7648200

#### **Principal Branch**

1, Dilkusha C/A, Dhaka - 1000 Phone: 9563101, 9550081 Fax: 88-02-9551575

#### Sarulia Branch

Samsul Haque Nilu Shopping Complex, Thana: Demra, Dhaka Phone: 01730-792169

#### Narsingdi SME / Krishi Branch

"Islam Plaza" (1st Floor) 1, Maddha Kanda Para, Sadar Road, Narsingdi Pauroshava, Narsingdi Phone: 029452082, 029452080, 029452081

#### R. K. Mission Road Branch

Nir Chhayabithi, 53, 53/1, R. K. Mission Road, Dhaka Phone: 02-57165223, 02-57165224; Fax: 02-57165222

#### Satmasjid Road Branch

ADC Empire Plaza (1st & 2nd Floor), Plot#183 (Old) 91 (New), Road# 22 (Old) 12/A (New), Satmasjid Road, Dhanmondi, Dhaka. Phone: 8191167, 8191168, 8191170, 8191171 Fax: 88-02-8191169

#### Savar Branch (Rural)

Plot #A-109, Bazar Road (1st Floor), Pauroshava & P.S.: Savar, Dhaka Phone: 7743691, 7743692, 7743693, 7743694 Fax: 88-02-7743690

#### Singair Branch (Rural)

Mob.: 01934-448918 Singair New Market, Holding No.: 2/2, Kansha Road, P.S.: Singair, Manikganj Phone: 01934-448918

#### Tongi Branch (Rural)

8/B, Anarkoli Road (1st Floor), Tongi Bazar, Gazipur Phone: 9816647, 9816648, 9816650, 9816651 Fax: 88 - 02 - 9816649

#### Shyamoli Branch

ASA Tower (2nd Floor), 23/3 & 23/14, Bir Uttam A.N.M. Nuruzzaman Sarak, Shyamoli, Mohammadpur, Dhaka-1207

Phone: 02-9128988, 58157155 Fax: 88-02-48110799

#### Tangail SME / Krishi Branch

Noor Plaza, 263 Main Road, Tangail Sadar, Tangail-1900 Phone: 01713-081580

#### **Uttara Branch**

"ARRHAMS", Plot-79, Sector-7 Azampur, Uttara, Dhaka-1230 Phone: 58952538, 8932026, 58953680, 58953591 Fax: 88 - 02 - 58953781

#### **CHATTOGRAM DIVISION**

#### Abutorab Branch (Rural)

"Kazi Market", Mouza: Modho Moghadiya, Union: 11 No. Moghadiya, Upazila: Mirsharai, Chattogram Phone: 01700-706529

#### **Agrabad Branch**

Faruk Mahal Avenue, 93, Agrabad Commercial Area, Chattogram. Phone: 031-713097, 713098, 713094, 713095, 721151, 721152, 721153 Fax: 880-31-713096

#### **Baraiyarhat Branch**

"Alam Tower" (1st Floor), Holding # 139 (1)/139, Mashjid Road, Baraiyarhat, Upazila: Mirsharai, Chattogram Phone: 01700-706528

#### **Bashurhat Branch (Rural)**

Ayesha Motaleb New Market, Holding # 428, Main Road, Thana: Companyganj, Noakhali Phone: 03223-56415, 56461 Fax: 03223-56430

#### Brahmanbaria SME / Krishi Branch

Sikder Plaza, 1001, Dr. Faridul Huda Road, Brahmanbaria Pourashava Brahmanbaria Phone: 01713-081613

# CDA Avenue Branch (Islamic Banking)

Ali Villa, 1640/1861 (New), CDA Avenue, East Nasirabad, Panchliash, Chattogram Phone: 031-652150, 654875, 2552385, 2552386 Fax: 031-2552387

#### Chakaria Branch (Rural)

"Society Jame Mosque Complex", Mouza: Chiringa, Thana: Chakaria, Dist.: Cox's Bazar Phone: 01755-594195

## Cox's Bazar Branch (Islamic Banking)

Asha Shopping Complex 430-431, Bazar Ghata (1st Floor), Cox's Bazar Phone: 0341-63406, 51053 Fax: 0341-64742

#### Halishahar Branch

House # 03, Block-G, Port Connecting Road, Halishahar Housing Estate, Halishahar, Chattogram Phone: 031-716826, 2526183, 2526184, 727949 Fax: 031-727949

# Chhagalnaiya Branch (Islamic Banking)

Mir Shopping Complex (1st Floor), Chhagalnaiya Bazar, Chhagalnaiya, Feni Phone: 03322-78302, 78432 Fax: 03322-78302

#### **Cumilla Branch**

Fax: 081-61321

359/328, Jhawtala,

1st Kandir Paar, Thana: Kotwali, Cumilla Phone: 081-64278, 64279, 64280, 61322

#### Hathazari SME / Krishi Branch

S.A. Shopping Complex Hathazari Bus Stand, Rangamati Road, Thana: Hathazari, Chattogram Phone: 01713-065977

#### Chowdhury Hat SME / Krishi Branch

"Halim Mansion", (1st Floor), Chowdhury Hat, Thana: Hathazari, Chattogram. Phone: 880-31-2584006, 2584007 Fax: 880-31-2584005

#### Fatikchari Branch (Rural)

"Mir Jahanara Complex", (1st Floor), College Road (Bibirhat), Thana: Fatikchari, Chattogram. Phone: 030-2256316, 2256317 Fax: 030-2256315

#### Jubilee Road Branch

Haji Golam Rasul Market, 96 Jubilee Road, Chattogram Phone: 031-611712, 635265, 611713, 611714, 611715, 635245, 635246 FAX: 88-031-611716

#### Chowmuhani Branch (Rural)

Hossain Market, D.B Road. Chowmuhani Pauroshava. Thana: Begumgani, Noakhali Phone: 0321-53534,

53535, 54018 Fax: 0321-54018

#### Feni Branch

Surma Sadan, (1st and 2nd Floor), 176,177 and 178 Trunk Road,

P.S.: Feni Sadar, Feni

Phone: 0331-63004, 62884, 61362, 61852

Fax: 0331-62884

#### Khatunganj Branch

410/411, Khatunganj, Chattogram Phone: 031-2863594, 621934, 620166, 620167, 620516 Fax: 880-031-620517

#### Companigonj Branch (Rural)

"Saudia Manjil" (1st & 2nd Floor), Mouza: North Tirish, Union: 15 No. Nobipur (West),

Nabinagar Road, Thana: Muradnagar, Cumilla

Phone: 59004, 59011 Fax: (08026) 59017

#### Haidergonj Branch (Rural)

Gazi Super Market Haidergonj Bazar,

Upazila: Raypur, Laxmipur Phone: 01766673599

#### Kotwali Branch

"Equity Anitri" (1st Floor) Holding #32, Shahid Sohrawardy Road,

Kotwali, Chattogram Phone: 031-632750-52 Fax: 031-632753

#### Lohagara SME / Krishi Branch

Mostafa City Center, Mouza: Amirabad, Thana: Lohagara,

Union: Amirabad, Chattogram

Phone: 0303-456623 Fax: 0303-456624

#### Pahartali Branch

Hajrat Taiyabia Complex, Holding #801 (New), D.T. Road, Alongkar Mour, Pahartoli, Chattogram Phone: 031 - 2771001-4

Fax: 031 - 2771005

#### Sonagazi SME / Krishi Branch

Holding #431,

Ward # 4, Mouza: Char Ganesh Pauroshava & Thana: Sonagazi,

Phone: 01713081600

#### Madambibir Hat Branch (Rural)

Madambibir Hat Union, Bhatiary P.S.:Sitakunda, Chattogram Phone: 031-2781001, 2781003,

2781004, 2781005 Fax: 031-2781002

#### Parshuram Branch (Rural)

"Mazumder Market", Main Road, Ward # 05,

Pourasava: Parshuram, PS.: Parshuram, Feni

Phone: 03324-56075, 56074

#### Teknaf Branch (Rural)

Alo Shopping Complex, K K Para, Main Road Pourashova: Teknaf, Thana: Teknaf Cox's Bazar Phone: 0342-675027, 0342-675059

#### Mia Bazar Branch (Rural)

Haji Siraj Mansion Mouza: Ashrabpur, Union: 2 No. Ujirpur

Thana: Chauddagram, Cumilla. Phone: 01766-665140

#### Potherhat Branch (Rural)

"Khaiz Ahmed Shopping Centre" (1st Floor),

Thana: Raujan, Chattogram Phone: 031-2573214, 031-2573216

Fax: +88-031-2573215

#### Oxygen More Branch

Holding 405, Kulgaon Chattogram City Corporation

Oxygen More,

Thana: Bayezid Bostami, Dist: Chattogram Phone: 01730727281

#### **Momin Road Branch**

"Equity Central", 42-43, Momin Road, Chattogram. Phone: 031-2857345, 2857346, 2857347, 2857348

Fax: 031-2857349

#### Shebarhat SME / Krishi Branch

Shebarhat Bazar, Chowmuhani Sarak (1st Floor), Thana Shenbag, Noakhali. Phone: 01713-065972

#### Silonia Bazar Branch (Rural)

"Razzak Market", Feni-Maizdi Road.

Union: Joylaskar, P.S.: Dagonbhuiyan, Feni Phone: 01708481074

#### **SYLHET DIVISION**

# Bandar Bazar Branch (Islamic Banking)

Karim Ullah Market, (1st Floor), Bandar Bazar, Sylhet Phone: +880 821 721243, +880 821 714017 Fax: +880 821 714085

#### Chouhatta Branch

Fax: 0821 - 720276

Manru Shopping City, Plot# 4953/4943 (1st Floor), Chouhatta Mirboxtola Road, Chouhatta, Sylhet Phone: 0821-720726, 720277

#### Moulvibazar Branch

Jarif Tower 199/2, M. Saifur Rahman Road, Moulvibazar Phone: 0861-53727, 53728, 53729 Fax: 88-0861-53730

#### Beanibazar SME / Krishi Branch

"Panchakhanda Haragovinda High School Market", Beanibazar - Sylhet Road, Beanibazar, Sylhet. Phone: 01713-081527

#### Hetimgonj Branch (Rural)

Khoyruganj Jame Masjid Market Complex (1st Floor), Hetimgonj Chourasta, Thana: Golapgonj, Sylhet Phone: 0821-841471, 841472 Fax: 0821-841473

#### Pathantula Branch

Haque Mansion of Modina Market, Holding No. 704, Pathantula Ward No. 8, Thana: Jalalabad, Sylhet. Phone: 0821-724545, 724300 Fax: 0821-724300

#### Biswanath SME / Krishi Branch

Haji Monir Uddin Market (1st Floor), Natun Bazar, Biswanath, Sylhet Phone: 08224-56205 Fax: 08224-56205

#### Kulaura Branch (Rural)

Aziz Roushan Shopping Center and Garden City, Pouroshova: Kulaura, Thana: Kulaura, Moulvibazar Bazar Phone: 08624-56208 Fax: 08624-56208

#### Shahjalal Uposhahar Branch

Plot # 07, Block# D, Main Road, Shahjalal Uposhahar, Sylhet Phone: 0821-713052, 713057, 713062, 811655 Fax: 0821-711820

#### Charkhai Branch (Rural)

Anisha Complex Mouza: Kamar Gram, Union: 2 No. Charkhai Thana: Beanibazar, Sylhet. Phone: 01766-665141

#### Laldighirpaar Branch

Mubarak Tower, 1794/1788, New Market, Sylhet Phone: 0821-710955, 715382, 710218 Fax: 821-710102

#### Tazpur SME / Krishi Branch

Tazpur Bazar, Mouza: Boraya, Union: 8 no Tazpur, Thana: Balagonj, Sylhet Phone: 01713-065904

#### **RAJSHAHI DIVISION**

#### Baneshwar Branch (Rural)

Al-Haj Amzad Hossain Market, Shibpur, Baneshwar, Thana: Puthia, Rajshahi Phone: 01766673596

#### Ishwardi Branch

"Adib Rana Plaza" 994/930 &1017, Station Road, Ishwardi, Pabna Phone: 01787678778

#### Pabna Branch

"Khairul Tower" 116, Mawlana Mohammed Ali Road (Narikel Bagan Road), Thana: Pabna Sadar, Pabna Phone: 0731-65027, 65059

#### **Bogura Branch**

Bhandari Monzil, (2nd Floor), 776-777 Barogola, Bogura Phone: 051-68083, 68084, 68085, 68086 Fax: 051-51939

#### Naogaon Branch

Kazi Habibur Rahman Market, 301, Old Hospital Road, (Bridge Mour), Naogaon Sadar, Naogaon Phone: 0741-63397, 63286, 63397, 61274 Fax: 0741-61831

#### Rajshahi Branch

Plot # 447, Mangol Bhaban, Alupatti Mour, P.O. Ghoramara, P.S.: Boalia, Rajshahi Phone: 0721-812203, 812204, 812205, 812206, 812207 Fax: 0721 - 812207

#### Chapainawabganj Branch

8, Boro Indara More, Thana: Chapainawabganj Sadar, Chapainawabganj Phone: 01730727283

#### **Natore Branch**

"Lily Plaza", Holding No.: 838, Kanaikhali, Pourasava: Natore P.S.: Natore Sadar, Natore Phone: 01712803701

#### Sirajganj Branch

Basak Plaza 947-948, Shaheed Suharawardy Road Sirajganj Phone: 01766-665142

#### **KHULNA DIVISION**

#### Chuadanga Branch

"Brothers Tower", Thana Road, Pourasava: Chuadanga, PS.: Chuadanga Sadar, Chuadanga Phone: 01934448917

#### **Dumuria Branch (Rural)**

R.R. Plaza, Mouza: Araji Sajiyara Union: 11 No. Dumuria PS.: Dumuria, Khulna Phone: 01705403796

#### Jashore SME / Krishi Branch

11, R.N. Road, Thana: Kotwali, Jashore Phone: 01713065973

#### Khulna Branch

Haji Hanif Complex (1st Floor), 12 & 13, Khan Jahan Ali Road, Khulna

Phone: 041-730606, 731406, 731304, 731406

731306, 731606 Fax: 880-41-731506

#### Rupdia Bazar Branch (Rural)

"Bhowmik Super Market", 12 No. Norendrapur PS.: Jashore Sadar, Jashore

#### Sir Iqbal Road

"Noor Jahan Plaza" 155, Sir Iqbal Road, Kotwali, Khulna Phone: 01755637192

#### Kushtia Branch

Aneek Tower, 295, Nowab Sirajuddoula Road, PS.: Kushtia Sadar, Kushtia Phone: 01709633284

#### Satkhira SME / Krishi Branch

5896, Palash Pole (1st Floor), Shahid Nazmul Sarak (Satkhira Bus Stand), Thana: Satkhira Sadar, Satkhira Fax: 0471-63569

#### **BARISHAL DIVISION**

#### **Barishal Branch**

54, Sadar Road (1st Floor), Kotowali, Barishal Phone: 0431-2176601, 2176602, 2176603, 2176604 Fax: 0431-64056

#### **MYMENSINGH DIVISION**

#### Muktagacha Branch

Rabeya Momtaz Tower (1st Floor), 574 Mymensingh-Tangail Main Road (Old Bus Stand), Muktagacha, Mymensingh,

Phone: 01700-702113

#### **Sherpur Branch**

Muslim Market, 166, Shahid Bulbul Sarak, Munshi Bazar, Pourasava: Sherpur Thana: Sherpur Sadar, Sherpur Phone: 01705403797

#### Mymensingh Branch

"Minar Complex", 09 Mukti Joddha Sarani (Choto Bazar) Thana: Kotwali Sadar, Mymensingh Phone: 091-62916, 62813, 62830

#### **RANGPUR DIVISION**

#### Dinajpur Branch

808/837, Ganesh Tola Jail Road, Thana: Dinajpur Sadar, Dinajpur Phone: 0531-52025, 26 Fax: 0531-52024

#### Rangpur Branch

"CANOPUS" (1st Floor), 39/7, Dhap Jail Road, Rangpur City Corporation, Rangpur Phone: 0521-64672, 64673,

64778, 64779 Fax: 0521-64780

#### **OFF-SHORE BANKING UNIT**

#### Off-shore Banking Unit, DEPZ

Zone Service Building No.1, Room No.77 (3rd Floor), Dhaka EPZ, Ganak Bari, Savar, Dhaka Phone: 7788628, 7788629

#### Off-Shore Banking Unit, CEPZ

Zone Service Complex (1st Floor), East Wing North Chattogram EPZ, Chattogram Phone: 031-740780 Fax: 031-740779

#### **UPOSHAKHAS**

#### Adabor Uposhakha

PC Culture Housing Society, Holding No-13, Road No-06 Block-Kha, Adabar, Dhaka

#### Banti Bazar Uposhakha

Araihazar, Narayanganj

#### Green Road Uposhakha

R H Home Center, 74/B/1, Green Road, Dhaka

#### Gulshan North Avenue Uposhakha

1st Floor, Navana Nasrin Časabella Plot # 2-A, North Avenue Gulshan, Dhaka

#### Khilgaon Taltola Uposhakha

Kopotakkha JF Tower, Holding-551/C, Khilgaon Taltola Khilgaon, Dhaka

#### North Shahjahanpur Uposhakha

Manama FR Heights, Holding-202, North Shahjahanpur, Dhaka

#### Rabindro Sarani Uposhakha

Shahazadi Plaza, House # 39, Road # 18, Sector # 3, Uttara, Dhaka

#### Rampura Uposhakha

Ali Tower, Holding-17/2, DIT Main Road, East Rampura, Dhaka

#### West Mothertek Uposhakha

Bondhon Tower, Holding No-97/A, 97/A-1, West Madartek, Shabujbag, Dhaka

#### Akbarshah Uposhakha

Subarna Heaven, Holding-A/39, Road-01, CDA Akbarshah, Chattogram

#### Chawkbazar Uposhakha

KB Plaza, Holding # 172/232, Chatteshwari Road, Chawkbazar, Chottogram.

#### Halishahar Housing Estate Uposhakha

Holding-6, Road-1, Block-A, Lane-6 Halishahar Housing Estate, Halishahar, Chottogram

#### Keramotia Bazar Uposhakha

Tanjir Fashion Market, 2nd Floor, 125, Main Road, Kachari Pukur, Sonagazi, Feni.

#### Patenga Uposhakha

Noorjahan Complex Holding # 1690/24/13, Katgar More Patenga, Chottogram

#### Rahattar Pul Uposhakha

Forid Mansion, K. B Aman Ali Road, Chanda Pukur Par, Rahattar Pul, Chattogram

#### S.S K Road Uposhakha

Star Market, 2nd Floor, 941-943, Shahid Shahidullah Kaisar Road, Feni

#### Abdul Hamid Road Uposhakha

2nd Floor, 256, Abdul Hamid Road Ward # 02, Pabna Pauroshava Thana: Pabna Sadar, Pabna

# ATM's

#### **DHAKA DIVISION**

#### Corporate ATM

Eunoos Trade Centre (Ground Floor), 52-53, Dilkusha C/A, Dhaka-1000

#### Uttara -ATM-1- Sector 1

House #1, Road #11, Sector #1, Uttara, Dhaka-1230

#### Gulshan ATM-1

House #82 CES (F), 1, Gulshan Avenue Dhaka

#### Banani ATM-1

Plot #71, Block #B, Kamal Ataturk Avenue, Banani, Dhaka

#### **Dhonia ATM-1**

Chowdhury Complex" (1st & 2nd Floor) 440-441, Noyapara, Donia, Jatrabari, Dhaka – 1236

#### Mouchak ATM-1

Karnaphuli Point (1st Floor), 70 New Circular Road, Malibagh, Dhaka

#### Madobdi ATM

(1st Floor), Madhabdi Pauroshava, Thana: Narsingdi, Dist: Narsingdi

#### Savar ATM

Plot # A -109, Bazar Road (1st Floor), Pauroshava & P.S.: Savar, Dhaka

#### Basundhara ATM-1

Plot#142, Block# B, Bashundhara R/A, Baridhara, Dhaka -1212

#### Hemayetpur ATM

Hemayetpur Super Market (2nd Floor), Thana: Savar, District: Dhaka

#### Ashulia ATM

Helim Shopping Complex, (Opposite Fantasy Kingdom), Ashulia, Dhaka

#### Joypara ATM

Begum Aysha Shopping Complex (1st Floor), 222, Joyapara Pourasava, Dohar, Dhaka

#### Konabari ATM

Plot # A-147/148, BSCIC I/R, Union: Konabari, P.S. - Joydebpur, Gazipur Basundhara ATM-2, NSU North South University Campus ATM Booth Plot 15, Block-B, Bashundhara, Dhaka-1229

#### Narayanganj ATM

53/2 S.M. Maleh Road, Tanbazar, Narayangonj

#### Uttara - ATM-2, Sector 14

Plot No: 20, Road No: 12, Sector No: 14, Uttara Residential Model Town, Dhaka-1230

#### Principal-ATM-2, ACS Textile

ACS Textiles (Bangladesh) Limited, Tetlabo, Word No: 03, P.O: Parabo, P.S: Rupgoni, Narayangani

#### Elephant Road-ATM-1,

Concord Arcadia Shopping Mall, Plot No. 1 & 2, Road No: 04, Dhanmondi, Dhaka

#### Kawran Bazar-ATM-2,

Green Road - Comfort Hospital 167, Green Road, Dhaka

#### Bhulta ATM-1

Bhulta Bus Stand, Union: Golakandail, Thana: Rupgoni, Dist.: Narayangani

#### Dokkhinkhan ATM

Faisal Mansion, Shah Kabir Mazar Road, P.S # Dakshin Khan, Dhaka

#### New Eskaton ATM-1

Chowdhury Center, 23/Ka, New Eskaton Road (1st Floor), Ramna, Dhaka-1000

#### Mohammadpur ATM

Axis Delvista (1st Floor), Holding No:7/1, Block - A, Aurongajeb Road, Mohmmadpur Housing Estate, Mohammadpur, Dhaka

#### Principal ATM-1

1, Dilkusha C/A, Annex Building Hotel Purbani International, Motijheel, Dhaka

#### Aganagar ATM

Din Complex, Kodomtoli Circle, Keranigonj, Dhaka

#### Principal-ATM-03,

Pirjongi Shah Mazar, Motijheel Coloney Jamee Masjid Complex Market, Shop No# 08,

Pirjongi Shah Mazar, Outer Circular Road, Dhaka.

#### Elephant Road, ATM-2, Hatirpool

149/1, Elephant Road (Presently- Dr. Kudrat-e-Khuda Road), Dhaka

#### **Tangail ATM**

Noor Plaza, Holding # 263, Main Road, Tangail-1900

#### Satmasjid Road ATM-2

ADC Empire Plaza, Holding No# 91, Road No# 12/A, Satmasjid Road, Dhanmondi, Dhaka

#### New Eskaton-ATM-2

Boro Mogh Bazar, Shitol Bhaban, 625, Boro Moghbazar, Red Crescent Road, Ramana, Dhaka

#### Kapasia ATM

Akhter Market, Kapasia Main Road, Village: Kapasia, Mouza: Banar Hawla, Union: Kapasia, Kapasia Thana, Dhaka

#### New Eskaton-ATM-3,

"Farr Ceramics", Noulapara Mouza No: 2 No Borkhan, Monipur, Union: Vaoalergor, Gazipur Sadar Thana, Gazipur

#### Hasnabad ATM

Rocky Tower, Mouza Name: Ekuria, Union Name: Subatta, Keranigonj Thana, Dhaka

#### Kamrangirchar ATM

Rony Market Bhaban (Ground Floor), 648-649, Rasulpur, Market Road, Ward No. 56, Kamrangirchar Thana, Dhaka

#### Rupnagar ATM

"Rangan", Plot # 14, Road # 11, Rupnagar Residential Area, Mirpur Housing Estate, Mirpur, Dhaka

#### Principal Br.-ATM-4,

Business faculty, DU Campus Administrative Building, Faculty of Business Studies, University of Dhaka

#### Bhulta-ATM-2

Panchrukhi Bazar, Araihazar MP Tower Building, Panchrukhi Bazar, Araihazar Thana, District: Narayangonj

#### Ashulia Bazar ATM

"Shahid Sonamia Plaza", Ashulia Bazar, Bangobondu Road, Ashulia Union, Ashulia Thana, Dhaka

#### Kalibari ATM

"Sabur Market", Dhuptara Adarsha Bazar, Kalibari, Thana: Araihazar, District: Narayangonj

#### Balivhadra ATM

"Vhandari Latif Super Market", Village: Balivhadra Bazar, Mouza: Ganakbari, Thana: Ashulia, Dhaka

#### Mirpur ATM

"Simpletree" Plot # 01, Road # 8, Section # 6, Mirpur, Pallabi, Mirpur Dhaka

#### Tongi ATM

"Kazi Market", 8/B, Anarkoli Road, Gazipur City Corporation, Tongi, Gazipur

#### Rajbari ATM

"Saleh Akkas Tower", Binodpur (College Road), Rajbari Sadar Thana, Rajbari.

#### Malibagh ATM

"Fakhr-E-Nur ABN Tower", 45, Siddeswari Circular Road, Ramna. Dhaka.

#### Joydebpur, ATM-2

"OK Tower", F-214/10, Hakkani Housing Society, Rajbari-Jourpukur Road, Joydebpur Thana, Gazipur

#### **Balla ATM**

Balla, Mouza: Balla, Union: Balla, Thana: Kalihati, District: Tangail

#### **Ghior ATM**

Ghior, Union: Ghior, Thana: Ghior, District: Manikganj

#### Dhanmondi ATM-2

"Navana Newbury Place", Road/Holding No.4/1/A, Subhanbagh, Mirpur Road, Kalabagan, Dhanmondi, Dhaka

#### Wari ATM

4/2 Joykali Mondir, Wari, Dhaka

#### Imamganj ATM

Bhuiyan Market, 163/2, Metford Road, Dhaka

#### Agargaon ATM

248-1/G, West Agargaon, Sher-e-Bangla Nagar, Dhaka

#### Singair ATM

"Singair New Market", 02/02, Kansha Road, Singair Bazar, Singair Pauroshava, Upazilla/Thana: Singair, Manikganj

#### Madanpur ATM

Ekata Samabay Super Market, Thana: Bandar, District: Narayanganj

#### Segun Bagicha ATM

Segun Bagicha Concord Apartment, 5, Segun Bagicha, Ramna, Dhaka

#### Ati Bazar Branch premises ATM

Mouza: Ati, Union: Sakta Thana: Keranigonj, Dist.: Dhaka

#### **Bangshal Branch ATM Booth**

House #5, Road # Bangshal Lane, P.S # Kotowali, Dhaka-1100

#### Uttara Sector# 13

House# 50, Gareeb-e-Nawaz Road, Sector# 13, Uttara, Dhaka

#### **WAPDA** Road Rampura

56, West Rampura, WAPDA Road, Dhaka

#### Khilgaon, Taltala

House# 566/C, Khilgaon, Taltala, Dhaka

#### Shyamoli Branch ATM

ASA Tower of 23/3 and 23/14, Bir Uttam A.N.M Nuruzzaman Sarak, Shyamoli, Mohammadpur, Dhaka-1207

#### Adabor ATM

"Baitul Aman Housing Society" House-533, Road-11, Adabor, Dhaka

#### Tejgaon Recycler ATM

Shop #12, Govt. Hockers Market, Tejgaon, Dhaka

#### Darussalam Recycler ATM 2

11, Darussalam Road, Mirpur-1

#### Narinda Recycler ATM

98/1 Narinda Road, Dhaka **Tejkunipara Recycler ATM** 

105, Tejkunipara (Awlad Hossain Market), Tejgaon

#### **Azimpur Recycler ATM**

209/Ka/2, Lalbagh Road, Azimpur (Beside New Graveyard)

#### Fulbaria Recycler ATM

9/5-GA, Ananda Bazar, Fulbaria Road, Dhaka

#### Sabuj-Kanan Recycler ATM

43/13, Sabuj Kanan, Atish Dipankar Road, Dhaka

#### Kalshi Recycler ATM

House# 2, Block # F, Sangbadik R/A, Kalshi Main Road, Mirpur, Dhaka-1216

#### Lalbagh Recycler ATM

House 27/A/8/2 Dhakeshwari Road, Lalbagh, Dhaka

## Azimpur Chapra Mosjid Recycler ATM

44/H Bely Garden, Azimpur Road, Dhaka

#### **DMC** Recycler ATM

31, Dhaka Medical Road Side City Corporation Market

#### Kawran Bazar Recycler ATM

3/C, HAK Tower, Kawran Bazar, Dhaka

#### Kalachandpur Recycler ATM

KA-12, Kalachandpur, Gulshan, Dhaka-1212

#### Noapara, Dakhin Khan Recycler ATM

64 Noapara, Dakhin Khan, S M Mozammal haque Road Dhaka-1230

#### Zoo Road Recycler ATM

Plot-66, Zoo Road, Shumi Tower, Mirpur.

#### Mirbag Recycler ATM

10/I/1, Mirbag chourasta, Magbazar, Dhaka-1217

#### Mirpur Sector 6 Recycler ATM

House #1/2, Road # 15, Block # D, Sector # 6, Mirpur-6, Dhaka-1216

#### Shahjahanpur Recycler ATM

Holding No-876, Shahjahampur, Shantinagar Dhaka-1217

#### Arambagh Recycler ATM

188/1, Arambagh, Motijheel, Dhaka

## Commerce College Road Recycler ATM

Saction- 2, Block- A, Road No- 5, Punarbashan Plot No- 72, Mirpur Housing Estate, Dhaka.

#### Malibagh DIT Road Recycler ATM

GM Mansion, 480, Malibagh, DIT Road, Dhaka-1217

#### Vatara Recycler ATM

Shajid Plaza, House/ Plot - 20, Madani Avenue, Noya Bari (100 ft), Vatara, Gulshan.

#### **New Elephant Road Recycler ATM**

234/Ka, New Elephant Road, New Market, Dhaka-1205

### Banasree Avenue Road Recycler ATM

H-361, Banasree, Dhaka

#### Mohakhali-Amtoli Recycler ATM

H-32/1, Amtoli, Mohakhali, Dhaka

#### Dhaka Uddayan Recycler ATM

Block -, Hazi Dil Mohammad Avenue, Plot - 13/1, Dhaka Uddayan, Mohammadpur, Dhaka - 1207

#### Nakhalpara Recycler ATM

272, Nakhalpra, Tejgaon, Dhaka-1215

#### Marma Composite Ltd ATM

Tongabari, Ashulia, Savar, Dhaka

#### R. K. Mission Road Recycler ATM

141/A, RK Mission Road, Gopibag, Dhaka-1203

#### Gulshan Branch Recycler ATM

OTOBI Center, Plot # 12, Block-CWS (C), Gulshan South Avenue, Gulshan-1, Dhaka-1212

#### Maksons Spinning Mills Ltd ATM

Maksons Spinning Mills Ltd, B-Bangla, Gouripur, Ashulia Bazar, Savar, Dhaka

#### Chawk Bazar Recycler ATM

16, Water works road, Chawk Bazar, Dhaka

#### Gazirchat, Ashulia Recycler ATM

Dakkhin Gazirchat, Uttar Gazirchat-1349, Ashulia, Dhaka

# CHATTOGRAM DIVISION

#### Halishahar ATM

House # 03, Block - G, Port Connecting Road, Halishahar Housing Estate, Halishahar, Chittagong

#### **Agrabad ATM**

Jahan Building, 59, Agrabad Commercial Area, Chittagong

#### Oxygen Moor ATM

405, Kulgao, Oxygen More, Biozid Bostami, Chittagong

#### Potherhat ATM

Khaiz Ahmed Shopping Centre" (1st Floor) Thana: Raujan, District: Chittagong

#### Jubilee Road ATM

Haji Golam Rasul Market, 96 Jubilee Road, Chittagong

#### CDA Avenue ATM 1 & 2

Ali Villa, 1640/1861 (New), CDA Avenue, Asian Highway, East Nasirabad, Thana - Panchliash, Chittagong

#### Chakaria ATM

"Society Jame Mosque Complex", Mouza: Chiringa, Chakaria Pauroshova, Thana: Chakaria, Cox's Bazar

#### Hathazari ATM

S. A. Shipping Complex Hathazari Bus Stand, Ranganati Road, Plot # 14238, hana: Hathazari, Chittagong

#### **Bashurhat ATM**

Kabirhat Road, Basurhat Bazar, Basurhat Pourusava, PS: Companygonj, Noakhali

#### Companygonj ATM

Saudia Manjil (1st & 2nd Floor), Nobipur (West), Nabinagar Road, Thana: Muradnagar, Comilla'

#### **Chowdhury Hat ATM**

S.N. Tower, Dadaram Sharok Road, Chowdhury Hat Bazar

#### Chowmuhani ATM

Hoque Tower, Bank Road, Chowmuhani, Noakhali

#### Cox's Bazar ATM-1

M&M Shopnaloy, Plot# A-12, Kolatoli, Main Road, Cox's Bazar

#### Mia Bazar ATM

Hazi Siraj Mansan, Mouza: Ashrabpur, Union: 02 No Ujirpur, Chowddrogram Thana, Comilla, Haidergonj,

#### Laxmipur ATM

Kazi Super Market, Haidergonj Bazar, Mouza-Char Ababil, Union-Char Ababil, Raipir, Laxmipur

#### Fatikchari ATM

Mir Jahanara Complex, College Road, Bibirhat, Dag No: 7622, Khatian No: 4989, JL-51, Mouza: North Dhurung, Thana: Fatikchari, Chittagong

#### Madambibir Hat ATM

Madambibir Hat Union, Bhatiary, P.S.: Sitakunda, Dist.: Chittagong

#### **Shebarhat ATM**

Jahanara & Sons Market, Village/ Area: Raja Rampur, Dag No: 3181, Khatian No: 998 JL-420, Mouza: Raja Rampur, Union: 7 No Mohammadpur, Senbagh Thana, Noakhali

#### **Teknaf ATM**

"Alo Shopping Complex', Holding No: P.C-177,K.K Para, Main Road, Teknaf Pauroshova, Ward No # 03, Thana: Teknaf. Cox's Bazar

#### Chhagalniya-ATM

"Tareque Memorial Hospital Complex", Dhaka-Chittagong old Main Road (Banshpara), Thana: Chhagalniya, Feni

#### Cox's Bazar-ATM-2,

"Coral Reef Mannan Plaza", Holding No: 569, Main Road, Bazar Ghata, Sadar -Cox's Bazar Thana, Cox's Bazar.

#### Momin Road, Ctg ATM

"Equity Central", Holding No: 42-43, Momin Road, Thana: Kotwali, Chittagong

#### Gunabati ATM

Gunabati Bazar", Thana: Choddogram, District: Comilla

#### Kotwali, ctg ATM

"Equity Anitri", Holding No: 32, Hossain Shahid Sarwardi Road, Kotwali, Chittagong.

#### Chagalniya Branch ATM

"Mir Shopping Complex", Chhagalnaiya Bazar, P.S.: Chhagalnaiya, Feni.

#### Khatungonj Branch ATM

Zaynab Tower, Holding # 46, Thana: Kotwali, Chittagong.

#### Sonagazi Branch ATM

Holding # 431, Mouza: Char Ganesh, Thana: Sonagazi, Feni

#### Silonia Bazar Branch ATM

BKB Building, Silonia Bazar, Dagonbhuiyan, Feni.

#### Feni Branch ATM

Liberty Super Market of Feni Pourashava, Feni, Abu Torab

#### **Branch ATM**

"Kazi Market", Upazila: Mirsharai, Chittagong.

#### Karamotia Bazar Recycler ATM

Karamotia Bazar, Meher Ali Mistri Bari, Vill: Charshahavikari, PO-Kacharipukur, PS-Sonagazi, Feni,

#### Halishahar Uposhakha Recycler ATM

Holding # 6, Road # 1, Block # A, Lane # 6, Halishahar Housing Estate, Halishahar, Chattogram.

#### **Cumilla Branch ATM**

623, Jhawtala, Cumilla

#### Lohagora Recycler ATM

Best Chodhury Plaza (Beside Chattogram-Cox's Bazar Highway), Lohagara, Chattogram.

#### Akbarshah Uposhakha Recycler ATM

Subarna Heaven, Holding-A/39, Road-01, CDA Akbarshah, Chattogram

#### Sarker Hat Bazar Recycler ATM

Sarker Hat Bazar, Hathazari, Chattogram

#### **SYLHET DIVISION**

#### Patantula -ATM

Jalalabad Ragib-Rabeya Medical College and Hospital, Road: Sunamgonj, Pathantula, Sylhet -3100 under the supervision of Pathantula Branch, Sylhet

#### Shahjalal Uposhar ATM

Block# D, Main Road, Shahjalal Uposhahar, Sylhet

#### Moulvibazar ATM

Jarip Tower, Holding No: 199/2, Road No: 59, Central Road (Saifur Rahman Road), Moulvibazar Pourashava, Thana: Moulvibazar, Moulvibazar

#### Laldigirpar-ATM, VIP Tower

VIP Tower, Plot No: 3714, Ward No: 13, Sylhet City Corporation, Kotwali Than, Sylhet

#### Chowhatta-ATM

Kazirtula Main Road Mujibur Rahman Complex, Holding No: 1469, 1470, 1471, 1472, Kazirtula Main Road, Ward No: 17, Sylhet City Corporation, Kotwali Than, Sylhet

#### Kulaura ATM

Aziz Rowshon Shopping Center & Garden City, Holding No: 0334-00, Ward No: 03, Kulaura Pourashava, Kulaura Thana, District: Moulvibazar.

#### Pathantula Branch Premises ATM

Haque Mansion of Modina Market, Holding No. 704, Pathantula Ward No. 8, sylhet City Corporation, Thana; Jalalabad, Dist: Sylhet

#### **RAJSHAHI DIVISION**

#### Chapainawabgonj ATM

"Sarker Tower", Holding # 59,60 & 61, Kalitola 1st Lane (Jhilim Road), Boro Indira Moor, Chapainawabganj Municipality, Thana: Chapainawabganj Sadar, Chapainawabganj

#### Bogra ATM-1

Mofiz Paglar Moor, Bogra

#### Naogaon ATM

Shahid Matiul Isalm Poura Market, Naogaon Pourashava, Thana: Naogaon sadar, Dist.: Naogaon

#### Rajshahi ATM-1, Laxmipur

Holding No: 634, Sher-Sha Road, Laxmipur, Rajshahi

#### Bogra ATM-2,

Rangpur Road, Bogra 288/325, 289/326, Jamil Shopping Center, Borogola, Rangpur Road, Bogra

#### Baneswar ATM

"Alhaj Amjad Hossain Market", Village: Kolahata, Mouza: Shibpur, Union: Baneswar, Thana: Potia, District: Rajshahi

#### Rajshahi-ATM-2,

Uposhahar New Market, Rajshahi Holding No: 10, Ward No: 14, Rajshahi City Corporation, Boalia Thana, Rajshahi

#### Rajshahi-ATM-3

Greater Road, Rajshahi Greater Road, Ward No: 13, Rajshahi City Corporation, Boalia Thana, Rajshahi

#### Raishahi-ATM-4.

Natore Road, Rajshahi Rokeya Bhaban, Holding No: 219, Natore Road, Ward No: 22, Rajshahi City Corporation, Boalia Thana, Rajshahi

#### Pabna ATM

Khairul Tower, Maowlana Mohammad Ali Road (Narikel Bagan Road), Ward No: 03 (Shibrampur), Pabna Porosuva, Pabna Sadar Thana, District: Pabna

#### Iswardi ATM

Holding # 994/930 & 1017, Ishwardi Porosova, Ishwardi Thana, District: Pabna

#### Sirajganj Branch Premises

"Basak Plaza" Holding # 947-948, Suhrawardi Road, P.S.: Sirajganj, Dist.: Sirajganj

#### **KHULNA DIVISION**

#### Khulna ATM

Haji Hanif Complex (1st floor), 12 & 13, Khan Jahan Ali Road, Khulna

#### Sir Igbal Road ATM

155, Sir Igbal Road, Khulna

#### Satkhira ATM

Palash Pole (Ground Floor), Shahid Kajal Sarak (Satkhira Bus Stand), Satkhira Pouroshova, Satkhira, Satkhira

#### Jessore ATM

11, R.N. Road, Thana: Kotwali, Dist.: Jessore

#### Rupdia ATM

Bhoumik Super Market, Rupdia Bazar, Vill: Zirat, Union: 14 no Narendropur, Jessore

#### **Dumuria ATM**

"R.R. Plaza", Mouza: Araji Sajiara, Union: 11 No. Dumuria Union,

Thana: Dumuria, District: Khulna.

#### Kahishpur Jute Mills ATM

Khalishpur Jute Mills Ltd. Khalishpur, Khulna

#### Eastern Jute Mills ATM

Eastern Jute Mills Ltd. Atra Industrial Area, Khulna

#### Kushtia ATM

Aneek Tower, 295, Nowab Sirajuddoula Road Ward # 03, Pauroshava: Kushtia P.S.: Kushtia Sadar, Dist.: Kushtia

#### Chuadanga ATM

"Brothers Tower", Holding # 0686-06, Thana Road, Chuadanga Pauroshava, Ward # 03, Thana: Chuadanga Sadar, District: Chuadanga

#### APBN, Khulna ATM

3, Armed police battalion (APBN), Shiromoni, Khulna

#### Dharmotola Bazar Recycler ATM

Dharmotola Bazar, Arabpur Union, Jashore Sadar, Jashore

#### Digholia Upojilla More Recycler ATM

Digholia Upojilla More, Khulna

#### **BARISHAL DIVISION**

#### Barisal-ATM-1,

Birsreshta Captain Mohiuddin Jahangir Sarok (Nazirerpool), Barisal City Corporation, Kotwali, Barisal

#### Natun Bazar Recycler ATM

Natun Bazar, M College Road, 159/1,60, Barishal City Corporation, Barishal-8200

#### **Barisal Univertsity ATM Booth**

SH Tower-1, Opposite to the Main Gate of Barishal University

#### **RANGPUR DIVISION**

#### Dinajpur ATM

Holding # 880/837, Ganesh Tola Jail Road, Dinajpur Municipal Corporation, Ward # 3, Thana: Dinajpur, Dinajpur

#### Rangpur ATM

Shah Murad Complex, RK Road, Medical Moor, Rangpur

#### Rangpur Branch ATM

"Canopus", Dhap Jail Road Mouza: Voghi, Rangpur City Corporation, Kotwali, Rangpur

#### **RFL Rangpur ATM**

Pran RFL group at Lalchandpur, Gangachora, Rangpur, Near Vinnya Jagat Amusement Park

### Chowdhurani Recycler ATM, Pirgacha

Chowdhurani, Pirgacha, Rangpur

# MYMENSINGH DIVISION

#### Mymensignh ATM

Minar Complex, Holding No: 09, Moktijodda Sarani (Choto Bazar), Mymensingh Porosuva, Kotwali Sadar, Mymensingh

#### Crown Wears ATM

Crown Wears (Pvt.) Limited, Zamirdia, Bhaluka, Mymensingh.

#### Muktagacha ATM

Al-haj Hasan Jamal Complex, Atani Bazar, Muktagacha Pourashava





# FINANCIAL STATEMENTS OF SOUTHEAST BANK LIMITED AND ITS SUBSIDIARIES

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#### Howladar Yunus &Co.

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# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SOUTHEAST BANK LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Southeast Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Southeast Bank Limited (the "Bank"), which comprise the consolidated and separate Balance Sheets as at 31 December 2020, and consolidated and separate Profit and Loss Accounts, consolidated and separate statement of Changes in Equity, and consolidated and separate Cash Flow Statements for the year then ended, and notes to consolidated and separate financial statements, including a summary of significant accounting policies.

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 2020, 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 2.1.

#### **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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Measurement of provision for Loans and Advances

See notes no. 10, 11 and 21.1 to the financial statements.

#### The Key Audit Matter

The process of estimating provision for loans and advances associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including:

- Future business performance of the borrower;
- Key assumptions relating to the further business performance of the borrower;
- The market value of the collateral; and
- Ability to repossess the collateral; and
- Recovery rates.

Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued from time to time.

#### How the matter was addressed in our audit

We tested the design and operating effectiveness of key controls focusing on the following:

- Tested the credit monitoring and provisioning process;
- Identification of loss events, including early warning and default warning indicators; and
- Reviewed the adequacy of transfer of interests to the Income account appropriate approvals in line with the Bangladesh Bank's guideline.

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

 Reviewed the adequacy of the companies general and specific provisions;



#### The Key Audit Matter

Due to the high level of judgment involved and using some manual process in estimating the provision for loans and advance, we considered this to be a key audit matter.

Interest amounting to Taka 4,131.55 million were transferred to Income account with the approval of the Board based on the recommendations of the Board Audit Committee in compliance with BRPD Circular No. 56, dated December 10, 2020, and an additional 1% Special general provision COVID-19 has been maintained amounting to Taka 1,161.70 million in line with the direction of said circular.

At the year end, the Group and the Bank reported total loans and advances of BDT 322,251 million (2019: BDT 296,752 million) and BDT 320,368 million (2019: BDT 295,015 million) respectively and the Bank reported provision for loans and advances of BDT 23,863 million (2019: BDT 18,773 million).

#### How the matter was addressed in our audit

- Assessed the methodologies on which the provision amounts based, recalculated the provisions, and tested the completeness and accuracy of the underlying information;
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and
- Reviewed the grounds for recommendations for approvals in cases of transfer of interests to the Income account.

#### 2. Valuation of Treasury Bill and Treasury Bond

See note no.9 to the financial statements.

#### The Key Audit Matter

The classification and measurement of Treasury Bills and Treasury Bonds require judgment and complex estimates.

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.

#### How the matter was addressed in our audit

We tested the operating effectiveness of key controls focusing on the classification and measurement of Treasury Bills and Treasury Bonds.

We tested a sample of the valuation models and the inputs used in those models using a variety of techniques. Applied in the circumstances.

Finally, we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

#### 3. Measurement of Deferred Tax Assets

See note no. 21.3 to the financial statements.

#### The Key Audit Matter

The Bank has recognized deferred tax liabilities for deductible temporary differences that it believes are recoverable.

The Bank has reported net deferred tax liabilities to a total of BDT 312 million (2019: 403 million) as at 31 December 2020.

Significant judgment is required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.

#### How the matter was addressed in our audit

We obtained an understanding of the Group and the Bank's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the Group and Bank's future taxable income.

We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.

We involved tax specialists to assess key assumptions, controls, recognition, and measurement of DTA's.

Finally, we assessed the appropriateness and presentation of disclosures as per IAS 12 Income Tax.



#### 4. Legal and Regulatory matters

#### The Key Audit Matter

We focused on legal and regulatory matters because the Group and the Bank operate 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.

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions and other contingent liabilities.

#### How the matter was addressed in our audit

We obtained an understanding of the Group and The Bank's key controls over the legal provision and contingencies process.

We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.

We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsels.

We assessed the methodologies on which the provision amounts are based, recalculated the provision, and tested the completeness and accuracy of the underlying information.

We also assessed the Bank's provisions and contingent liabilities disclosure.

#### 5. IT Systems and Controls

#### The Key Audit Matter

Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volumes of transactions processed in numerous locations daily and are reliance on automated and manual with automated (IT Dependent) controls.

We have focused on Data management, user access management, and developer access to the production environment and changes to the IT environment. Among others, these are key to ensuring the operating effectiveness of manual with automated control and automated controls.

We also concentrated on formal security administration policies and procedures to determine whether they are approved, comprehensive, up-to-date, and bank-wide communicated.

#### How the matter was addressed in our audit

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT General Controls (Logical Access, Changes in management, and aspects of IT Operational Controls). This included testing that requests for access to systems were appropriately reviewed and authorized.

We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.

We performed the Tests of IT General Controls to evaluate the Application Development and Database, Hosting Platforms, and segregation of incompatible duties relevant to application and database change management.

#### 6. Carrying value of Investments in Subsidiaries by the Bank

See note no. 15.3 and 15.4 to the financial statements.

#### The Key Audit Matter

The Bank has invested in equity shares of its subsidiaries namely Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited. As of 31 December 2020, the carrying value of these investments are BDT 5,534 million (2019: BDT 5,532 million).

At the time of conducting our audit of the separate financial statements of the Bank, we have considered the recoverable value of the Bank's investments in Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited stated at cost.

Management has conducted impairment assessment and calculated recoverable value of its subsidiary Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited in accordance with IAS 36.

#### How the matter was addressed in our audit

We have reviewed management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36: Impairment of Assets.

We have analyzed the appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.



#### 7. Recognition of interest income from loans and advances

See note no. 33 to the financial statements.

#### The Key Audit Matter

Recognition of interest income has significant and wide influence on financial statements.

Recognition and measurement of interest income has involvement of complex IT environment.

We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.

#### How the matter was addressed in our audit

We tested the design and operating effectiveness of key controlsover recognition and measurement of interest on loans and advances.

We performed test of operating effectiveness on automatedcontrol in place to measure and recognize interest income

We have also performed substantive procedure to check whether interest income is recognized completely and accurately.

We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

#### **Other Information**

Management of the Bank is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' 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 consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate 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 consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the bank.

# Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in Note 2.1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991(as amended up to date), and the Bangladesh Bank Regulations 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 consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Bank or to cease operations or has no realistic alternative but to do so.

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



#### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 consolidated and separate 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 Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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 consolidated and separate 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 Companies Act 1991 (as amended up to date), the Financial Reporting Act 2015, and the rules and regulations issued by Bangladesh Bank, we also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section informing the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank 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 Group 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 Group and its related entities.
- (iii) financial statements of two subsidiaries namely, Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited has been audited by Pinaki & Company, Chartered Accountants, and G. L. PALMER AND COMPANY respectively, and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements:
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations, and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery as explained in Note21.1 and 21.5.1(A).
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the Risk-weighted Assets of the Bank and spent over 5,200 person hours; and
- (xii) Bank maintained Capital to Risk-weighted Asset Ratio (CRAR) as explained in note 22.8.

Howladar Yunus & Co. Chartered Accountants Firm Registration No: N/A

Md. Jahidur Rahman FCA

Enrolment No: 860

Dated: Dhaka, May 09, 2021 DVC No: 2105090860AS469823

# Southeast Bank Limited and its Subsidiaries CONSOLIDATED BALANCE SHEET

As at 31 December 2020

		Amount	in Taka
Particulars Particulars Particulars	Note	2020	2019
		2020	2017
PROPERTY AND ASSETS			
Cash	4		
In hand (including foreign currencies)		3,474,367,542	3,664,880,130
Balance with Bangladesh Bank and its agent banks			
(including foreign currencies)		17,956,897,600	18,954,911,247
	_	21,431,265,142	22,619,791,377
Balance with other banks and financial institutions	5	0.400.704.///	F F ( 0 F 0 4 0 0 )
In Bangladesh		2,108,724,666	5,568,594,836
Outside Bangladesh		2,550,530,377 <b>4,659,255,043</b>	1,903,702,998 <b>7,472,297,834</b>
Money at call and on short notice	7	2,208,907,300	4,739,531,100
Investments	8	2,200,707,000	4,707,301,100
Government	O	83,226,359,543	62,409,764,654
Others		13,847,533,919	14,900,277,916
		97,073,893,462	77,310,042,570
Loans and advances/investments	10		
Loans, cash credit, overdrafts etc./investments		307,752,518,862	278,757,951,276
Bills purchased and discounted		14,498,943,318	17,995,011,999
		322,251,462,180	296,752,963,275
Fixed assets including premises, furniture and fixtures	12	9,714,971,217	9,333,658,015
Other assets	14	7,953,654,253	4,084,430,822
Non-banking assets		-	-
Total assets		465,293,408,597	422,312,714,993
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	16		
Subordinated bond		13,600,000,000	10,200,000,000
Other borrowings		18,897,676,319	13,701,399,879
		32,497,676,319	23,901,399,879
Deposits and other accounts	18		
Current/Al-wadeeah current accounts and other accounts		66,850,581,819	48,260,613,039
Bills payable		3,940,333,929	4,095,294,208
Savings bank/Mudaraba savings bank deposits		38,060,936,493	30,416,845,985
Fixed deposits/Mudaraba fixed deposits		250,684,079,440	246,477,520,709
		359,535,931,681	329,250,273,941
Other liabilities	20	43,545,833,362	38,651,506,648
Total liabilities	20	435,579,441,362	391,803,180,468
		,,	
Capital/shareholders' equity	00.0	14 000 405 040	44.500.440.700
Paid up capital	22.2	11,889,405,210	11,599,419,720
Statutory reserve Revaluation reserve	23 24	11,580,478,928 4,672,526,139	10,969,433,607 4,248,271,218
Other reserve	24 25	247,650,000	4,248,271,218
Foreign currency translation reserve	26	(1,919,103)	(8,779,606)
Retained earnings	27	1,315,624,550	3,443,466,969
Total shareholders' equity	-/	29,703,765,724	30,499,461,908
Non-controlling interest	29	10,201,511	10,072,617
Total liabilities and shareholders' equity		465,293,408,597	422,312,714,993

# Southeast Bank Limited and its Subsidiaries CONSOLIDATED BALANCE SHEET

As at 31 December 2020

Particulars	Note	Amount	in Taka
Fai ticulai 5	Note	2020	2019
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	30.1	51,087,802,689	48,407,681,253
Letters of guarantee	30.2	17,143,765,567	16,773,718,041
Irrevocable letters of credit	30.3	37,175,740,943	27,936,453,209
Bills for collection	30.4	31,398,294,693	28,576,944,200
Other contingent liabilities	30.5	1,931,650,000	1,454,224,000
Total contingent liabilities		138,737,253,892	123,149,020,703
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total off-balance sheet items including contingent liabilities		138,737,253,892	123,149,020,703

The annexed notes 1 to 71 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director

Signed in terms of our separate report of even date

Md. Jahidur Rahman FCA, Partner, Enrolment No: 860 Howladar Yunus & Co., Chartered Accountants Firm Registration No: N/A

Dhaka, May 09, 2021

DVC No: 2105090860AS469823

### Southeast Bank Limited and its Subsidiaries

# **CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2020

D (* 1		Make	Amount	: in Taka
Particul	ars	Note	2020	2019
Interest income/profit on investments		32	22,250,494,583	26,258,882,397
Interest paid/profit shared on deposits and bor	rowings etc	34	(19,769,075,898)	(22,001,885,612)
Net interest income/net profit on investmen	0		2.481.418.685	4,256,996,785
Investment income		36	6,750,891,038	5,288,975,155
Commission, exchange and brokerage		38	3,536,221,661	3,859,609,254
Other operating income		40	1,002,030,956	985,139,688
- *** F - * ***********************			11,289,143,655	10,133,724,097
Total operating income (A)			13,770,562,340	14,390,720,882
Salaries and allowances		42	2,065,978,613	2,175,294,624
Rent, taxes, insurance, electricity, etc.		44	877,905,601	1,083,363,119
Legal expenses			1,592,300	1,998,326
Postage, stamp, telecommunication, etc.		46	164,212,014	174,546,805
Stationery, printing, advertisements, etc		48	157,197,505	165,746,039
Managing Director's salary and fees		50	10,407,000	11,072,000
Directors' fees		51	2,688,060	3,468,248
Auditors' fees		53	1.860.327	1,904,078
Depreciation and repair		54	786,680,346	534,629,560
Other expenses		56	1,437,484,585	1,255,718,774
Total operating expenses (B)			5,506,006,351	5,407,741,573
Profit before provision (C=A-B)			8,264,555,989	8,982,979,309
Provision for loans and advances/investments		21.1	-, ,,,-	-,,,,,,,,,,
General provision			3,036,463,600	328,228,000
1% General provision for COVID-19			1,161,700,000	
Specific provision			827,466,570	4,255,025,727
			5,025,630,170	4,583,253,727
Provision for diminution in value of investment	S	21.7	(117,063,786)	319,600,000
Other provisions		21.5	200,114,466	(324,100,000)
Total provision (D)			5,108,680,850	4,578,753,727
Total profit before taxation (E=C-D)			3,155,875,139	4,404,225,582
Provision for taxation		58		
Current			1,097,476,351	2,640,055,033
Deferred			(90,700,000)	(744,386,000)
			1,006,776,351	1,895,669,033
Net profit after taxation			2,149,098,788	2,508,556,549
Net profit after taxation attributable to:				
Equity holders' of the Bank			2,148,969,893	2,508,554,444
Non-controlling interest			128,895	2,105
Net profit after taxation			2,149,098,788	2,508,556,549
Appropriations			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, , , , , , , , , , , , , , , , , , , ,
Statutory reserve		23	611,045,321	875,280,042
Statutory reserve		20	611,045,321	875,280,042
Retained surplus during the year			1,538,053,467	1,633,276,507
Earnings per share (par value Taka 10)		64	1.81	2.11
The annexed notes 1 to 71 form an integral part of	Ethana fin annial atatamanta	04	1.01	2.11
assarie &	Isma Ahmed	achane Bah		inol
Chairman	Director	Director		Managing Director

Md. Jahidur Rahman FCA, Partner, Enrolment No: 860 Howladar Yunus & Co., Chartered Accountants

Firm Registration No: N/A

Dhaka, May 09, 2021

DVC No: 2105090860AS469823

Signed in terms of our separate report of even date

#### Southeast Bank Limited and its Subsidiaries

# CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2020

Particulars Particulars	Note	Amount	in Taka
Pai ticulai S	Note	2020	2019
A. Cash flows from operating activities:			
A. Cash nows from operating activities.			
Interest receipts in cash		23,644,616,711	30,341,281,159
Interest payments		(21,368,661,048)	(20,768,783,904)
Dividend receipts Fees and commission receipts in cash	38	217,922,423 3,536,221,661	252,697,447 3,859,609,254
Recoveries on loans previously written-off	00	472,250,468	917,012,200
Cash payments to employees		(2,076,385,613)	(2,186,366,624)
Cash payments to suppliers		(147,155,289)	(183,212,580)
Income taxes paid Receipts from other operating activities	60	(2,898,827,100) 2,835,060,215	(2,198,773,052) 1,491,866,968
Payments for other operating activities	62	(2,508,769,642)	(2,649,462,049)
Operating profit before changes in operating assets and liabilities (i)		1,706,272,786	8,875,868,818
Increase (decrease) in operating assets and liabilities			
Sale of trading securities		1,703,677,101	932,751,633
Purchase of trading securities		(1,350,930,471)	(744,452,229)
Loans and advances to customers		(28,691,285,943)	(29,289,880,807)
Other assets		(1,544,473,813)	206,061,988
Deposits from other banks		5,196,276,440 31,847,082,912	2,489,699,536 29,472,714,367
Deposits from customers Other liabilities		2,480,944,520	1,599,560,682
Cash generated from (used in) operating assets and liabilities (ii)		9,641,290,746	4,666,455,169
Net cash flows from operating activities (a=i+ii)		11,347,563,532	13,542,323,987
B. Cash flows from investing activities:			
Proceeds from sale of securities		43,189,016,529	96,834,627,415
Payments for purchase of securities		(60,046,683,607)	(96,739,944,762)
Purchase of fixed assets		(675,162,052)	(340,168,614)
Sale proceeds of fixed assets  Cash generated from (used in) investing activities (b)		4,074,615 <b>(17,528,754,515)</b>	17,150,306 <b>(228,335,655)</b>
Cash generated from (used in) investing activities (b)		(17,320,734,313)	(220,000,000)
C. Cash flows from financing activities:			
Receipts from issue of loan capital & debt security		5,000,000,000	-
Payments for redemption of loan capital & debt security		(1,600,000,000)	(1,600,000,000)
Dividends paid Payment against lease obligation		(869,956,479) (183,986,326)	(133,379,383)
Cash generated from (used in) financing activities (c)		<b>2,346,057,195</b>	(1,733,379,383)
		_,_ :,,,,,,,,,	(2,7 00,07 7,000)
D. Net increase (decrease) in cash and cash equivalents (a+b+c)		(3,835,133,788)	11,580,608,949
E. Effects of exchange rate changes on cash and cash equivalents		5,474,771	(11,294,912)
F. Cash and cash equivalents at beginning of the year G. Cash and cash equivalents at end of the period (D+E+F)		48,392,991,767 <b>44,563,332,749</b>	36,823,677,730 <b>48,392,991,767</b>
G. Cash and Cash equivalents at end of the period (DFEFF)		44,505,552,747	40,372,771,707
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)	4	3,474,367,542	3,664,880,130
Balance with Bangladesh Bank and its agent banks		47.05 / 007 / 00	10.05/.0//.0/
(including foreign currencies) Balance with other banks and financial institutions	4 5	17,956,897,600 4,659,255,043	18,954,911,247 7,472,297,834
Money at call and on short notice	7	2,208,907,300	4,739,531,100
Treasury bills	9.1.1	16,258,372,264	13,555,450,056
Prize bond	9.1.1	5,533,000	5,921,400
		44,563,332,749	48,392,991,767

Southeast Bank Limited and its Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Particulars	Paid up capital	Statutory reserve	Revaluation reserve	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity of the Group
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2020 Changes in accounting policy/ Prior year adjustments Transfer to general provision	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	(8,779,606)	3,443,466,969	30,499,461,908	10,072,617	30,509,534,525
Restated balance	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	(8,779,606)	955,850,114	28,011,845,053	10,072,617	28,021,917,670
Surplus/deficit on account of revaluation of properties	1	1	1	ı	1	1	1	1	1
Surplus/deficit on account of revaluation of investments			424,254,921	I	1	1	424,254,921	1	424,254,921
Currency translation differences Southeast Financial Services (UK) Ltd	ı	1	1	1	6,860,503	(10,461,830) (7,746,336)	(3,601,327) (7,746,336)	1	(3,601,327) (7,746,336)
Net gains and losses not recognized in the income statement	ı		424,254,921		6,860,503	(18,208,166)	412,907,258	1	412,907,257
Net profit for the year Cash dividend	1 1	1 1	1 1	1 1	1 1	2,148,969,893 (869,956,479)	2,148,969,893 (869,956,479)	128,895	2,149,098,787 (869,956,479)
Issue of share capital/ Bonus share	289,985,490	1	1	ı	1	(289,985,490)	1	1	ı
Transfer to Southeast Bank Staff Welfare Trust	ı	ı	ı	ı	ı	ı	ı	ı	ı
Appropriation made during the year Statutory reserve	1	611,045,321	1	ı	1	(611,045,321)	1	1	1
Balance as at 31 December 2020	11,889,405,210	11,580,478,928	4,672,526,139	247,650,000	(1,919,103)	1,315,624,550	29,703,765,724	10,201,511	29,713,967,235
Balance as at 31 December 2019	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	(8,779,606)	3,443,466,969	30,499,461,908	10,072,617	30,509,534,525

# Southeast Bank Limited BALANCE SHEET As at 31 December 2020

Particulars Particulars	Note	Amount	in Taka
r ai ticulai 3	Note	2020	2019
DDODEDTY AND ACCETS			
PROPERTY AND ASSETS			
Cash	4.1		
In hand (including foreign currencies)		3,474,365,889	3,664,640,436
Balance with Bangladesh Bank and its agent banks			
(including foreign currencies)		17,956,897,600	18,954,911,247
		21,431,263,489	22,619,551,683
Balance with other banks and financial institutions	6		
In Bangladesh		2,108,724,666	5,568,594,836
Outside Bangladesh		2,427,007,183	1,762,989,139
		4,535,731,849	7,331,583,975
Money at call and on short notice	7	2,208,907,300	4,739,531,100
Investments	9		
Government		83,226,359,543	62,409,764,654
Others		10,957,893,063	12,074,625,437
	4.4	94,184,252,606	74,484,390,091
Loans and advances/investments	11	205.070.245.552	277 020 404 224
Loans, cash credit, overdrafts etc./investments		305,869,215,552	277,020,101,321
Bills purchased and discounted		14,498,943,318 <b>320,368,158,870</b>	17,995,011,999
Fixed assets including premises, furniture and fixtures	13	9,182,672,927	295,015,113,320 8,754,955,398
Other assets	15	13,171,388,605	9,485,465,483
Non - banking assets	13	-	-
Total assets		465,082,375,646	422,430,591,050
			, , ,
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	17		
Subordinated bond		13,600,000,000	10,200,000,000
Other borrowings		18,897,676,319	13,701,399,879
		32,497,676,319	23,901,399,879
Deposits and other accounts	19		
Current/Al-wadeeah current accounts and other accounts		66,764,534,952	48,807,799,671
Bills payable		3,940,333,929	4,095,294,208
Savings bank/Mudaraba savings bank deposits		38,060,936,493	30,416,845,985
Fixed deposits/Mudaraba fixed deposits		251,134,079,440	246,477,520,709
		359,899,884,814	329,797,460,573
Other liabilities	21	43,104,754,236	38,312,892,783
Total liabilities	21	435,502,315,369	392,011,753,235
Capital/shareholders' equity		400,502,015,007	372,011,733,233
Paid up capital	22.2	11,889,405,210	11,599,419,720
Statutory reserve	23	11,580,478,928	10,969,433,607
Revaluation reserve	24	4,672,526,139	4,248,271,218
Other reserve	25	247,650,000	247,650,000
Retained earnings	28	1,190,000,000	3,354,063,270
Total shareholders' equity		29,580,060,277	30,418,837,815
Total liabilities and shareholders' equity		465,082,375,646	422,430,591,050

### Southeast Bank Limited **BALANCE SHEET**

As at 31 December 2020

Particulars	Note	Amount	in Taka
rai ticulai S	Note	2020	2019
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	30.1	51,087,802,689	48,407,681,253
Letters of guarantee	30.2	17,143,765,567	16,773,718,041
Irrevocable letters of credit	30.3	37,175,740,943	27,936,453,209
Bills for collection	30.4	31,398,294,693	28,576,944,200
Other contingent liabilities	30.5	1,931,650,000	1,454,224,000
Total contingent liabilities		138,737,253,892	123,149,020,703
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total off-balance sheet items including contingent liabilities		138,737,253,892	123,149,020,703

The annexed notes 1 to 71 form an integral part of these financial statements.

Chairman

**Managing Director** 

Signed in terms of our separate report of even date

Md. Jahidur Rahman FCA, Partner, Enrolment No: 860 Howladar Yunus & Co., Chartered Accountants Firm Registration No: N/A

Dhaka, May 09, 2021

DVC No: 2105090860AS469823

# Southeast Bank Limited PROFIT AND LOSS ACCOUNT For the year ended 31 December 2020

D 11			Amount in Taka	
Partic	culars	Note	2020	2019
Interest income/profit on investments		33	22,219,789,107	26,242,459,146
Interest paid/profit shared on deposits and b	porrowings etc.	35	(19,810,562,829)	(22,026,807,868)
Net interest income/net profit on investm	ents		2,409,226,278	4,215,651,278
Investment income		37	6,702,952,777	5,251,583,015
Commission, exchange and brokerage		39	3,450,713,908	3,764,992,196
Other operating income		41	988,848,766	978,908,443
			11,142,515,451	9,995,483,654
Total operating income (A)			13,551,741,729	14,211,134,932
Salaries and allowances		43	2,038,615,950	2,142,216,378
Rent, taxes, insurance, electricity, etc.		45	862,560,078	1,061,295,939
Legal expenses			1,592,300	1,863,455
Postage, stamp, telecommunication, etc.		47	163,733,970	173,691,923
Stationery, printing, advertisements, etc.		49	156,210,729	164,420,208
Managing Director's salary and fees		50	10,407,000	11,072,000
Directors' fees		52	2,568,060	3,292,248
Auditors' fees			1,000,000	1,000,000
Depreciation and repair of bank's assets		55	735,994,461	478,520,196
Other expenses		57	1,415,151,724	1,218,608,648
Total operating expenses (B)			5,387,834,272	5,255,980,995
Profit before provision (C=A-B)			8,163,907,457	8,955,153,937
Provision for loans and advances/investmen	ts	21.1		
General provision			3,036,463,600	328,228,000
1% General provision due to COVID-19			1,161,700,000	-
Specific provision			827,466,570	4,255,025,727
D ( )		0474	5,025,630,170	4,583,253,727
Provision for diminution in value of investme	ents	21.7.1	(117,063,786)	319,600,000
Other provisions		21.5	200,114,466	(324,100,000)
Total provision (D)			5,108,680,850	4,578,753,727
Total profit before taxation (C-D) Provision for taxation		59	3,055,226,607	4,376,400,210
Current		39	1.050.000.000	2 (00 000 000
Deferred			1,050,000,000	2,600,000,000 (744,386,000)
Deferred			(90,700,000) <b>959,300,000</b>	1,855,614,000
Not profit after toyation			2,095,926,607	2,520,786,210
Net profit after taxation			2,073,720,007	2,320,780,210
Appropriations				
Statutory reserve		23	611,045,321	
			611,045,321	875,280,042
Retained surplus during the year			1,484,881,286	1,645,506,168
Earnings per share (par value Taka 10)		65	1.76	2.12
The annexed notes 1 to 71 form an integral part of these financial statements.				
and in	Suluma Ahmed	achana Bah		[LLLOW]
Chairman	Director	Director		Managing Director

Signed in terms of our separate report of even date

Md. Jahidur Rahman FCA, Partner, Enrolment No: 860 Howladar Yunus & Co., Chartered Accountants Firm Registration No: N/A

Dhaka, May 09, 2021

DVC No: 2105090860AS469823

# Southeast Bank Limited CASH FLOW STATEMENT

For the year ended 31 December 2020

	Particulars Particulars		Amount in Taka	
	r di ticalai 3	Note	2020	2019
A.	Cash flows from operating activities:			
	Interest receipts in cash		23,613,911,235	30,324,857,908
	Interest payment		(21,470,027,181)	(20,475,695,465)
	Dividend receipts		158,163,234	189,895,835
	Fees and commission receipts in cash	39	3,450,713,908	3,764,992,196
	Recoveries on Loans previously written-off Cash payments to employees		472,250,468 (2,049,022,950)	917,012,200 (2,153,288,378)
	Cash payments to employees  Cash payments to suppliers		(146,168,513)	(181,886,749)
	Income taxes paid		(2,881,973,987)	(2,074,350,417)
	Receipts from other operating activities	61	2,779,701,420	1,485,635,723
	Payments for other operating activities	63	(2,479,508,845)	(2,604,170,083)
	Operating profit before changes in operating assets and liabilities (i)		1,448,038,790	9,193,002,769
	Increase (decrease) in operating assets and liabilities			
	Sale of trading securities		1,703,677,101	932,751,633
	Purchase of trading securities		(1,286,942,094)	(744,452,229)
	Loans and advances to customers		(28,545,832,588)	(29,602,357,424)
	Other assets		(891,378,600)	222,071,583
	Deposits from other banks Deposits from customers		5,196,276,440 31,663,849,413	2,543,908,363 30,034,109,210
	Other liabilities		2,081,195,427	950,459,975
	Cash generated from (used in) operating assets and liabilities (ii)		9,920,845,099	4,336,491,110
	Net cash flows from operating activities (a=i+ii)		11,368,883,889	13,529,493,878
В.	Cash flows from investing activities:			
	Proceeds from sale of securities		43,189,016,529	96,794,627,414
	Payments for purchase of securities		(60,046,683,607)	(96,739,944,762)
	Purchase of fixed assets		(672,193,202)	(271,637,583)
	Sale proceeds of fixed assets		4,074,615	17,150,306
	Cash generated from (used in) investing activities (b)		(17,525,785,664)	(199,804,625)
C.	Cash flows from financing activities:			
	Receipts from issue of loan capital & debt security		5,000,000,000	-
	Payments for redemption of loan capital & debt security		(1,600,000,000)	(1,600,000,000)
	Dividends paid		(869,956,479)	-
	Payment against lease obligation		(183,986,326) <b>2,346,057,195</b>	(133,379,383)
	Cash generated from (used in) financing activities (c)		2,346,057,195	(1,733,379,383)
D.	Net increase (decrease) in cash and cash equivalents (a+b+c)		(3,810,844,580)	11,596,309,870
E.	Effects of exchange rate changes on cash and cash equivalents		(1,385,732)	8,844,086
F.	Cash and cash equivalents at beginning of the year		48,252,038,214	36,646,884,258
G.	Cash and cash equivalents at end of the period (D+E+F)		44,439,807,902	48,252,038,214
	Cash and cash equivalents at end of the year represents			
	Cash in hand (including foreign currencies)	4.1	3,474,365,889	3,664,640,436
	Balance with Bangladesh Bank and its agent banks	11	17.05/.007/00	10.054.044.047
	(including foreign currencies) Balance with other banks and financial institutions	4.1 6	17,956,897,600 4,535,731,849	18,954,911,247 7,331,583,975
	Money at call and on short notice	7	2,208,907,300	4,739,531,100
	Treasury bills	9.1.1	16,258,372,264	13,555,450,056
	Prize bond	9.1.1	5,533,000	5,921,400
			44,439,807,902	48,252,038,214

 $Note: The \ reconciliation \ of \ net \ profit \ with \ cash \ flows \ from \ operating \ activies \ has \ been \ presented \ at \ Annexure-John \ flows \ from \ operating \ activies \ has \ been \ presented \ at \ Annexure-John \ flows \ from \ operating \ activies \ has \ been \ presented \ at \ Annexure-John \ flows \ f$ 

# Southeast Bank Limited STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2020

Particulars	Paid up capital	Statutory reserve	Revaluation reserve	Other	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2020 Changes in accounting policy/ prior year adjustments	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	3,354,063,270	30,418,837,815
Iransrer togeneral provision Restated balance	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	(2,487,616,833) <b>866,446,415</b>	<b>27,931,220,960</b>
Surplus/deficit on account of revaluation of properties Surplus/deficit on account of revaluation of investments Currency translation differences	1 1 1	1 1 1	- 424,254,921 -	1 1 1	- - (1,385,732)	424,254,921 (1,385,732)
Net gains and losses not recognized in the income statement			424,254,921	1	(1,385,732)	422,869,189
Net profit for the year Cash dividend Issue of share capital/ Bonus share Transfer to Southeast Bank Staff Welfare Trust <b>Appropriation made during the year</b> Statutory reserve	289,985,490	611,045,321		1 1 1	2,095,926,607 (869,956,479) (289,985,490) - (611,045,321)	2,095,926,607 (869,956,479)
Balance as at 31 December 2020 Balance as at 31 December 2019	11,889,405,210	11,580,478,928	4,672,526,139	247,650,000	1,190,000,000	29,580,060,277

# Southeast Bank Limited and its Subsidiaries

# **NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2020

### Corporate profile and significant Accounting Policies

### 1 Reporting entity

### 1.1 Status of the Bank

Southeast Bank Limited (the "Bank") is a scheduled commercial bank in the private sector established under the Bank Companies Act, 1991 and incorporated in Bangladesh on March 12, 1995 as a public limited company to carry out banking business in Bangladesh. The registered office of the Bank is located at Eunoos Trade Centre 52-53, Dilkusha Commercial Area (Level 2,3 &16), Dhaka-1000. The consolidated financial statements of the Bank as at and for the year ended 31 December 2020 comprise the Bank and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

### 1.2 Principal activities of the Bank

The Bank has 135 (2019:135) branches and 17 (2019: 12) sub-branches, with no overseas branch as on 31 December 2020. Out of 135 branches 5 (2019:5) branches run on Islamic banking and the rest 130 (2019:130) branches run on commercial conventional basis, of which 15 (2019:15) SME/agricultural branches are located across the country. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans and advances, export import financing, inland and international remittance facility etc. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company.

The Bank operates Islamic banking in 5 branches designated for the purpose in complying with the rules of Islamic Shariah the modus operandi.

The Bank has two subsidiaries, one for its merchant banking operation (for details see note 1.5.1) and other one for its remittance business of which in South Africa (for details see note 1.5.2).

### 1.3 Islamic Banking

The Bank obtained the Islamic Banking branches permission vide letter no. BRPD(P)745(22)/2003-2525 dated 28 June 2003, BRPD(P)745(22)/2004-1801 dated 9 May 2004 and BRPD(P)745(22)/2004-3957 dated 13 October 2004. The Islamic banking branches are governed under the rules and regulations of Bangladesh Bank.

The financial statements of the Islamic banking branches have also been prepared as per the Bank Companies Act, 1991 (amended up to 2018), IFRSs and other prevailing laws and regulations applicable in Bangladesh.

A separate balance sheet and profit and loss account are shown in **Annexure-G**, **G.1**, and **G.2** and the figures appearing in the annexure have been converted into relevant heads of financial statements under conventional banking for consolidation and incorporation in these financial statements.

# 1.4 Off-Shore Banking

In order to cater the varied financial needs of 100% foreign owned/joint venture industrial units and foreign entities located in Export Processing Zones of the country, the Bank obtained Off-Shore Banking License on 24 June 2008 vide letter no. BRPD(P-3)744(98)/2008-2213 from Bangladesh Bank. In the mean time as per BRPD circular # 2, dated 25 February 2019 we have already applied to Bangladesh Bank for conducting Off-shore banking in Bangladesh on 10 July 2019. Presently the Bank has 2 (2019: 2) off-shore banking units - one at Dhaka Export Processing Zone and the other at Chittagong Export Processing Zone. Off-shore banking unit is governed under the rules and regulations of Bangladesh Bank. The principal activities of the Units are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank. Separate financial statements of Off- Shore Banking Units are shown in **Annexure-H, H.1 and H.2.** 

### 1.5 Subsidiaries of the Bank

The Bank has following subsidiaries:

Name of the Subsidiaries	Principal activities	Country of incorporation	Controlling interest of the Bank
Southeast Bank Capital Services Limited	Trading securities	Bangladesh	99.816909%
Southeast Exchange Company (South Africa) Pty Ltd	Financial services	South Africa	100%
Southeast Financial Services (UK) Ltd	Financial services	England and Wales	Discontinued in 2020

### 1.5.1 Southeast Bank Capital Services Limited

Southeast Bank Capital Services Limited is a subsidiary of Southeast Bank Limited which was incorporated on 23 September 2010 and commenced its operation from 1 December 2010. The Bank transferred its Merchant Banking operation to the newly formed subsidiary company in pursuance of the direction of Bangladesh Bank vide DOS Circular No. 4 dated 15 June 2010. The principal activities of this subsidiary company is to provide quality services to the prospective institutional and individual investors in the capital market. It is decisively providing the following services:

- i) Portfolio Management Services
- ii) Underwriting of Share
- iii) Issue Management Services etc.

Copy of the audited financial statements is attached in Appendix - A.

### 1.5.2 Southeast Exchange Company (South Africa) Pty Ltd

Southeast Exchange Company (South Africa) Pty Limited (the "Company") was incorporated as a private limited company with The Companies and Intellectual Property Commission under registration no. 2011/008619/07 on 15 April 2011. The Company is a wholly owned subsidiary of Southeast Bank Limited. Southeast Exchange Company (South Africa) Pty Limited operates its operation with two branches one in Johannesburg another in Cape Town (established in November 2019).

The principal activities of the Company are to carry on the remittance business as well as to undertake and participate in transactions, activities and operations generally carried on or undertaken by Exchange House.

The subsidiary is registered in South Africa. The financial statements of the Company is audited by G. L Palmer and Company. The audited financial statements of this subsidiary are attached in **Appendix - B.** 

### 1.5.3 Southeast Financial Services (UK) Ltd

Southeast Bank Limited discontinue operation of Southeast Financial Services (UK) Ltd after obtaining permission from the Bangladesh Bank vide letter no. BRPD(AM) 204/13/2020-6109 dated 13 August 2020.

### 2 Basis of preparation

# 2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA), was enacted in the year 2015. The Financial Reporting Council (FRC) under the FRA was constituted in 2017, but the Financial Reporting Standards (FRS) under this council are yet to be issued for public interest entities such as banks. The Bank Company Act, 1991, was amended to require banks to prepare their financial statements under such financial reporting standards.

As FRS is yet to be issued by FRC, as per the provisions of FRA (section-69), consolidated and separate financial statements of the Group and the bank, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and, in addition to this, the bank also complied with the requirements of the following laws and regulations from various Government bodies:

- i) The Bank Company Act, 1991 and amendment thereon;
- ii) The Companies Act, 1994;
- iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- iv) Bangladesh Securities and Exchange Rules, 1987; Bangladesh Securities and Exchange Ordinance, 1969; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 and amendments thereon:
- v) The Income Tax Ordinance, 1984, and amendments thereon;
- vi) The Value Added Tax and Supplimentary Duty Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon:
- vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
- viii) Financial Reporting Act 2015.

In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRS, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

### i) Name of the financial statements

**IFRS:** As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information.

**Bangladesh Bank:** The forms of financial statements and directives for preparation thereof of the bank companies in Bangladesh are guided by BRPD Circular no. 14, dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

### ii) Presentation of financial statements

**IFRS:** As per IAS 1: Presentation of Financial Statements, a complete set of financial statements shall comprise a statement of financial position as at the end of the period; a statement of profit or loss and other comprehensive income for the period; a statement of changes in equity for the period; a statement of cash flows for the period; notes, comprising significant accounting policies and other explanatory information; and comparative information in respect of the preceding period. 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 Banking Companies Act 1991 (as amendment up to date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines issued by Bangladesh Bank. In the prescribed format, there is no option to present assets and liabilities under current and non-current classifications.

### iii) Investment in shares and Securities

**IFRS:** As per requirements of IFRS 9: classification and measurement of investment in Share 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 and 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 BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment.

### iv) Revaluation gain (loss) on Government securities

**IFRS:** Government securities refer primarily various debt instruments which include both bonds and bills. As per requirements of IFRS 9 Financial Instruments, bonds can be categorised as "Amortised Cost (AC)" or "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortized cost method and interest income is recognized through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognized in profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognized in other reserve as a part of equity.

As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognized in profit and loss or other reserve as a part of equity respectively.

**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 (loss are recognized in profit and loss account) as a part of equity.

### v) Provision on loans and advances

**IFRS:** As per IFRS 9 Financial Instruments an entity shall recognize 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. 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 dated 17 November 2019, BRPD circular No. 6 dated 19 May 2019, BRPD circular No. 5 dated 16 May 2019, BRPD circular No. 3 dated 21 April 2019, BRPD circular No.15 dated 27 September 2017, BRPD circular No.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013 and BRPD circular No.1 dated 20 February 2018 a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5% to 20%, 20% to 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, BRPD circular no. 07, dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). 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 also complies with that.

### vi) Recognition of interest in suspense

**IFRS:** Loans and advances to customers are generally classified at amortized cost as per IFRS 9 and interest income is recognized in profit and loss account 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 amortized cost of these loans and advances.

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

### vii) Other comprehensive income

**IFRS:** As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a Single 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 OCI statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

### viii) Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9 Financial Instruments. Hence some disclosure and presentation requirements of IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation, cannot be made in this financial statements

### ix) 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 or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and 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 BRPD guidelines, 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 transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

### x) Financial guarantees

**IFRS:** As per IFRS 9 Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

**Bangladesh Bank:** As per BRPD 14, financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin.

### xi) 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 and on short notice', Treasury bills, Prize bonds are not shown as cash and cash equivalent. Money at call and on short notice presented on the face of the balance sheet, Treasury bills and Prize bonds are shown in Investments.

### xii) Non-banking assets

IFRS: No indication of non-banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD 14, there must exist a face item named non-banking assets.

# xiii) Cash flow statement

**IFRS:** As per IAS 7 Statement of Cash Flows, Cash Flow Statement can be prepared using either in direct method or in 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 14, cash flow is the mixture of direct and indirect method.

# xiv) Balance with Bangladesh Bank: (Cash reserve ratio)

**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.

### xv) Presentation of intangible asset

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

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD 14.

### xvi) Off-balance sheet items

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

**Bangladesh Bank:** As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately in face of balance sheet.

# 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 14, an appropriation of profit should be disclosed in the face of profit and loss account.

### xviii) Loans and advance net of provision

IFRS: As per IFRS 9, loans and advances/Investments should be presented net of provision.

Bangladesh Bank: As per BRPD 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

### xix) Recovery of written off loans

**IFRS:** As per IAS 1, an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by any IFRS. Again recovery of written off loans should be charged to profit & loss account as per IFRS 15.

**Bangladesh Bank:** As per BRPD 14, recoveries of amount previously written off should be adjusted with the specific provision for loans and advances.

(Also refer to note 3.20 Compliance of IFRSs)

### 2.2 The Bank's compliance with related pronouncements by Bangladesh Bank

### i) Internal control

The objective of internal control is to ensure that management has reasonable assurance that (i) operations are effective, efficient and aligned with strategy, (ii) financial reporting and management information is reliable, complete and timely accessible, (iii) the entity is in compliance with applicable laws and regulations as well as its internal policies and ethical values including sustainability and (iv) assets of the company are safeguarded and frauds & errors are prevented or detected.

Southeast Bank Limited has established an effective internal control system whose primary aim is to ensure the overall control of risks and provide reasonable assurance that the objectives set by the Bank will be met. It has designed to develop a high level compliance culture among the personnel of the Bank, establish efficient and qualified operating model in the Bank, ensure reliability of internal and external information including accounting and financial information, secure the Bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The Board of Directors of Southeast Bank Limited, through its Audit Committee, periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls, risk management systems, the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting functions. Board Audit Committee reviews the actions taken on internal control issues identified by the internal and external auditors and regulatory authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

### ii) Risk management

Banking business faces uncertainties in its operating environment, which, if not managed and mitigated, would not only disrupt the achievement of its strategic and operational objectives, but may also cause extensive financial and reputational loss. Effective risk management enables Banks to take better and informed decisions that substantially improve the probability of achieving their strategic and operational objectives. In this connection, the Bank has come forward to establish a general framework to manage the risk factors considering Bangladesh Bank's guidelines.

As one of the leading Banks in Bangladesh, Southeast Bank Limited (SEBL) has established approved policies in compliance with central bank's guidelines covering major risk areas such as: (a) Credit (b) Foreign Exchange (c) Asset Liability Management (d) Money Laundering Prevention (e) Internal Control & Compliance (f) Information and Communication Technology.

For strengthening and updating risk management system, the Bank has developed a manual for core risks assessment in light of the Bangladesh Bank's Risk Management Guidelines. The purpose of this assessment is to inform management about the loopholes of full fledged implementation of core risks management, risk management culture, restructure minimum standard and assist in the ongoing improvement.

Risk Management Reports (RMR) are being prepared on monthly, quarterly and semiannually basis and is reviewed in the monthly risk management meeting to have management opinion on the issues identified in RMR.

### iii) Internal audit

Internal audit is the continuous and systematic process of examining and reporting on the activities of an organization undertaken by the specially assigned staff(s). Internal auditor works as the Eyes & Ears of the management. It may therefore be used to bridge the gap between management & shop floor. It can assure the management that the internal controls are adequate and in operations, the policies and systems laid down are being adhered to and accounting records provided by all levels are correct.

Internal audit mechanism is used as an important element to ensure good governance of SEBL. Internal audit activity of SEBL is effective and it provides senior management with a number of important services. These include detecting and preventing errors and fraud, testing internal control and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/ guidelines of regulatory authority etc.

During the year 2020, Audit & Inspection Unit of ICCD conducted inspection on most of the branches and some of the important divisions of head office of the Bank as per plan and submitted reports presenting the findings of the audits/inspections to the appropriate authorities. The bank conducted the risk grading of branches as per Bangladesh Bank guideline. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The key points of the Reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Controls & Compliance of the Bank.

# iv) Fraud and forgeries

Fraud can happen anywhere. Though, only relatively few major frauds are picked up by the media, huge sums are lost by all kinds of businesses against huge number of smaller frauds. The risks of fraud is increasing day by day as a result of growing globalization, more competitive markets, rapid developments in technology, periods of economic difficulty, etc. Banks by virtue of the nature of activities undertaken and its operating environment are vulnerable to frauds, which take place when aggressive business strategy and process for quick growth is adopted without adequate/appropriate internal controls or non-adhering of operating standards/ controls. In the recent past, incidence of frauds in the Banking industry has increased which calls for concerted steps in investigating the frauds and identifying the fraudsters for eventual criminal prosecution and internal punitive action.

It will never be possible to eliminate all frauds and no system is completely fraud proof, since many fraudsters are able to bypass control systems put in place. SEBL pays attention on anti-fraud internal controls for prevention of fraud and forgery. SEBL assesses/evaluates the effectiveness of its anti-fraud internal control measures on quarterly basis as per the items/areas mentioned in the prescribed checklist of Bangladesh Bank.

### 2.3 Basis of measurement

The financial statements of the Bank have been prepared on the historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market concept with gain crediting revaluation reserve.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' and remeasured Government Treasury Bond at present value using amortization concept.
- Investment in shares of listed companies
- Zero Coupon Bond are measured at present value using amortization concept.
- Land is recognized at cost at the time of acquisition and subsequently measured at fair value following revaluation model as per IAS 16: Property Plant and Equipment.

No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the bank, as appropriate.

# 2.4 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

### 2.5 Use of estimates and judgments

The preparation of these financial statements in conformity with Bangladesh Bank circulars and IFRSs 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 recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect in the year ended 31 December 2020 is included in the following notes:

a) Note 3.3.3 : Rate of provision for loans, advances/investments

b) Note 3.3.4 : Useful lives of depreciable assets

c) Note 21.3 : Provision for current tax & deferred tax

d) Note 24 : Assets revaluation reserve

e) Note 21.4.1 : Lease liabilities f) Note 21.5.1 : Other provision

# 2.6 Reporting period

These financial statements cover one calendar year from 1 January 2020 to 31 December 2020.

### 2.7 Cash flow statement

Cash flow statement has been prepared in accordance with the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

### 2.8 Statement of changes in equity

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

### 2.9 Liquidity statements

The consolidated and separate liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as on 31 December, 2020 under the presented format of BRPD Circular # 14 dated 25 June 2003, SEBL has prepared its liquidity statement on following basis:

SI. No.	Items	On the basis of
а	Balance with other Banks and financial institutions, money at call and short notice, etc.	Maturity term
b	Investments	Respective maturity
С	Loans and advances	Repayment schedules
d	Fixed assets	Useful lives
е	Other assets	Realizations/ amortizations
f	Borrowing from other banks, financial institutions and agents etc.	Maturities/ repayment terms
g	Deposits and other accounts	Maturity term and past trend of withdrawal by the depositors.
h	Other long term liability	Maturity term
i	Provisions and other liabilities	Payments/ adjustments schedule

Consolidated liquidity statements of the Group and the separate liquidity statements of the Bank have been furnished in **Annexure-B** and **Annexure-B.1** respectively.

### 3 Significant accounting policies

The accounting policy set out below have applied consistently to all periods presented in these consolidated financial statements of the Group and those of the Bank, and have been applied consistently by the group entities.

### 3.1 Basis of consolidation

The consolidated financial statements include the financial statements of Southeast Bank Limited and its two subsidiaries Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Ltd made up to the end of the financial year as on 31 December, 2020. The Consolidated Financial Statements have been prepared in accordance with IFRS-10 "Consolidated Financial Statements". Consolidated Financial Statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances.

# 3.1.1 Subsidiaries

Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. A parent of a subsidiary should present consolidated financial statements according to IAS 27 "Separate financial statements" and IFRS 10 "Consolidated Financial Statements". The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. The conversion policy of subsidiary companies is given below:

Particulars	Price	Southeast Exchange Company (South Africa) Pty Ltd
For Assets & Liabilities	Closing Price	ZAR1 = 5.7200 BDT
For Income & Expenses	Average Price	ZAR1 = 5.1142 BDT

### 3.1.2 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date; i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

# 3.1.3 Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries are the entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### 3.1.4 Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2 Foreign currency

### 3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in equity.

### 3.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Taka at spot exchange rates at the reporting date. The income and expenses of foreign operations, are translated into Taka at average exchange rates. As per IAS 21, "Foreign Currency Transactions", foreign currency denominated nonmonetary items of OBUs are translated at historical rate, as 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 unique nature.

Foreign currency differences are presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in the foreign operation and presented in the translation reserve in equity.

### 3.3 Assets and basis of their valuation

# 3.3.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and on short notice, investments in treasury bills and prize bond.

# 3.3.2 Investments

All investment securities are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discounts are accredited.

### Held to Maturity

Investments which have, 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'.

### **Held for Trading**

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

### Re-measured bond

As per DOS circular letter no. 2 dated 19 January 2012, Treasury bond held in HFT category by the Primary Dealer (PD) may be re-measured at amortized cost instead of fair value.

### Revaluation

As per the DOS Circular letter no. 5 dated 26 May 2008, HFT securities are revaluated each week using Marking to Market concept and HTM securities are amortised once a year according to Bangladesh Bank guidelines.

Value of investments has been shown as under:

Name of the Investment	Initial recognition	Valuation Method	Recording of changes
Government Treasury Bills and Bonds (HFT)	Cost	Fair value (using marking to market concept)	Loss to profit and loss account, gain to revaluation reserve.
Government Treasury Bills and Bonds (HTM)	Cost	At present value (using amortisation concept)	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Re-measured Government Treasury Bonds	Cost	At present value (using amortisation concept)	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Bangladesh Government Islamic Bond	Cost	At cost	Not applicable.
Prize Bonds	Cost	At cost	Not applicable.
Shares (unquoted)*	Cost	At cost or net book value of the last audited balance sheet whichever is lower	Loss to profit and loss account but no unrealised gain booking.
Shares (quoted)*	Cost	At cost or market value whichever is lower at balance sheet date	Loss (net off gain) to profit and loss account but no unrealised gain booking.
Mutual fund (closed-end) *	Cost	Lower of cost and (higher of market value and 85% of NAV)	Loss (net) to profit and loss account but no unrealised gain booking.

<sup>\*</sup>Provision for shares against unrealised loss (gain net off) has been made as per DOS circular no. 4 dated 24 November 2011 and for mutual funds (close end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Details are shown in notes 8 and 9.

### 3.3.3 Loans and advances/investments and provisions for loans and advances/investments

- a) Loans and advances of conventional Banking/Investments of Islamic Banking branches are stated in the Balance Sheet on gross value.
- b) 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 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 dated 17 November 2019, BRPD circular No. 6 dated 19 May 2019, BRPD circular No. 5 dated 16 May 2019, BRPD circular No. 3 dated 21 April 2019, BRPD circular No.15 dated 27 September 2017, BRPD circular No.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013 and BRPD circular No.1 dated 20 February 2018 a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5% to 20%, 20% to 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, BRPD circular no. 07, dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). 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 guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. BRPD circular No.14 dated 23 September 2012 as amended by BRPD circular No. 19 dated 27 December 2012 also provides scope for further provisioning based on qualitative judgments. The rates of provision for different classifications are given helow:

Particulars	Rate
General provision on:	
All unclassified loans and advances/investments except followings	1%
Small and medium enterprise financing	0.25%
Housing finance (HF) and loans for professionals (LP) to set up business	
under consumer financing scheme	1%-2%
Consumer financing	2%-5%
Loan to Brokerage Houses (BHs)/Merchant Banks (MBs)/	
Sponsor Directors (SDs) against shares	2%
Special mention account (SMA)	0.25%-5%
Specific provision on:	
Substandard loans and advances/investments	5% -20%
Doubtful loans and advances/investments	20% - 50%
Bad/loss loans and advances/investments	100%
Provisions for Short term Agricultural and Micro-Credits	
All credits except 'Bad/Loss'	1%-5%
(i.e. Doubtful, Substandard, irregular and regular credit)	
Bad/Loss	100%

c) Loans and advances are written off to the extent that

i) 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), and

ii) against which legal cases are filed and classified as bad/loss as per guidelines of Bangladesh Bank.

These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are maintained and followed up.

d) Amounts receivable on credit cards are included in advances to customers at the amounts expected to be recovered.

Details are shown in notes 10 and 11.

### 3.3.4 Fixed assets and depreciation

# **Recognition and measurement**

Items of fixed assets excluding land are measured at cost/revaluation less accumulated depreciation and accumulated impairment losses, if any. Land is measured at revaluation.

Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

When parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognised in other income/other expenses in profit or loss.

# Subsequent costs

The cost of replacing a component of an item of fixed assets is 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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

### Depreciation

Depreciation is recognised in profit or loss on reducing balance method, except motor vehicles which are depreciated on straight line basis, over the estimated useful lives of each part of an item of fixed assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas depreciation on disposed off fixed assets is charged up to the month prior to the disposal. Asset category-wise depreciation rates for the current and comparative years are as follows:

<u>Category of assets</u>	Rate of depreciation
Land	Nil
Buildings	4%
Furniture and fixtures	10%
Office appliances	20%
Professional and reference books	30%
Electrical appliances	20%
Computer	20%
ATM Booth	20%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted, if appropriate.

# 3.3.5 IFRS 16: Lease and its relevant assumptions and disclosures

IFRS 16 Leases, defines a lease as "A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration". In order for such a contract to exist the user of the asset needs to have the right to:

- Obtain substantially all of the economic benefits from the use of asset (Identifiable asset)
- The right to direct the use of asset

As per the new standard, from lessee's perspective, almost all leases being recognized on the balance sheet, the distinction between operating and finance leases is removed. Upon lease commencement a lessee recognizes a right-of-use (ROU) asset and a lease liability. The ROU asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The impact of the new standard on lessees' financial statements are:

- An increase in recognized assets and liabilities
- More lease expenses recognized in early periods of lease, and less in the later periods of a lease
- A shift in lease expense classification from rental expenses to interest expense and depreciation.

### Lease liabilities

At the commencement date of the lease, the bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

International Accounting Standard Board (IASB) has adopted IFRS 16 (replacing IAS 17) globally effective from 01 January 2019 and Bank has adopted IFRS 16 from the same date proposed by IASB. In Bangladesh Institute of Chartered Accountants of Bangladesh (ICAB) adopted IFRS 16 with same effective date. As Bangladesh Bank (BB) has no other alternative regulation or guidance regarding the same, the bank has adopted IFRS 16 from the same date in preparing solo financial statements.

### Short-term leases and leases of low value assets

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets and short term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognizes lease payments associated with these leases as an expense.

### 3.4 Liabilities and basis of their valuation

### 3.4.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents includes refinance from Bangladesh Bank against agro-based credit, SME Loan etc., interest-bearing borrowings against securities from Bangladesh Bank and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in notes 16 and 17.

### 3.4.2 Non-Convertible Subordinated Bond

The Bank has issued 7 (Seven) years term subordinated bond during the year 2014 for BDT 3,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy" through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B (P)/ 2014-7629, dated 30 November 2014. The Bank has further issued 7 (Seven) years term 2nd subordinated bond during the year 2016 for BDT 5,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)" vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2016-6188 dated September 19,2016 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/DS-19/2014/462 dated August 02,2016. The Bank has further issued 7 (Seven) years term 3rd subordinated bond during the year 2018 for BDT 5,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)" vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2018-2144 dated March 27,2018 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/DS-19/2014/459 dated March 07,2018. The Bank has further issued 7 (Seven) years term 4th subordinated bond during the year 2020 for BDT 5,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)" vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2020-2148 dated February 23, 2020 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/DS-119/ 2020/197 dated September 10, 2020.

# 3.4.3 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in notes 18 and 19.

### 3.4.4 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, lease liability etc. Other liabilities are recognized in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance, 1984 and internal policy of the Bank. Details are shown in notes 20 and 21.

# 3.5 Capital/Shareholders' equity

### 3.5.1 Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

Details are shown in note 22.1

# 3.5.2 Paid up capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in note 22.2.

### 3.5.3 Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act 1991, until such reserve equals to its paid up capital together with the share premium.

### 3.5.4 Revaluation reserve

Revaluation reserve arises from the revaluation of land and buildings as well as the revaluation of Treasury bills and bonds (HFT & HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010. The tax effects on revaluation gain are measured and recognized in the financial statements as per IAS 12: Income Taxes.

When a fixed asset's carrying amount is increase as a result of revaluation, the increased amount has been credited directly to equity under the head of revaluation reserve as per IAS 16 "Property, Plant and Equipment". The whole amount of revaluation surplus included in equity in respect of property, plant and equipment is transferred directly to retained earning when the asset is retired or disposed of as per the para 41 of IAS 16.

Details are shown in note 24.

### 3.6 Contingent liabilities

A contingent liability is -

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

A present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

### 3.7 Revenue recognition

### 3.7.1 Interest income (Conventional Banking)

Interest on loans and advances is calculated on daily product basis and accrued at the end of each month, but charged to customers' accounts on quarterly basis. Interest accrued on loans and advances fall under Sub Standards (SS) and Doubtful (DF) category are credited to interest suspense account instead of income account. Interest is not charged on bad and loss loans as per BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) and guideline of Bangladesh Bank. Such interest is kept in separate memorandum account. Interest on classified loans and advances is accounted for on a cash receipt basis. Interest income from fixed deposit with other banks and call lending to other banks is recognized on accrual basis.

### 3.7.2 Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments is transferred to profit suspense account instead of income account.

# 3.7.3 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.

### 3.7.4 Fees and commission income

The Bank earns fees and commissions from diverse range of services provided to its customers. Fees and commission income is recognized on a 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.

# 3.8 Interest paid on borrowing and other deposits (Conventional Banking)

Interest paid and other expenses are recognized on accrual basis.

### 3.9 Profit shared on deposits (Islamic Banking)

Profit shared to mudaraba deposits is recognized on accrual basis as per provisional rate.

### 3.10 Dividends

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in investment income.

### 3.11 Employee benefits

### 3.11.1 Provident Fund

Provident fund benefits are given to the staff of the Bank in accordance with the registered provident fund rules. The commissioner of Income Tax, National Board of Revenue, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The fund is operated by a Board of Trustees consisting of 6 (six) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount to the fund. Contributions made by the Bank are charged as expense and the bank bears no further liability. Interest earned from the investments is credited to the members' account on half yearly basis. Members are eligible to get both the contribution after 5 (five) years of continuous service from the date of their membership.

### 3.11.2 Gratuity Fund

Gratuity fund benefits are given to the staff of the Bank in accordance with the approved gratuity fund rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund with effect from December 2001. The fund is operated by a Board of Trustees consisting of 7 (seven) members of the Bank. Employees are entitled to gratuity benefit after completion of minimum 7 (seven) years of service in the Bank. The amount payable at the date of balance sheet is recognized and accounted for as at that date based on actual rate. The gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. The amount so calculated are transferred to the fund and charged to expenses of the Bank.

### 3.11.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

# 3.11.4 Workers' Profit Participation Fund (WPPF)

As per Bangladesh Labour Act 2006 (amended up to 2013) and SRO no. 336/Law/2010, all companies fall within the scope of WPPF are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. The Bank obtained opinion from its legal advisor regarding this issue. The legal advisor opined that, "Southeast Bank Limited being governed by Banking Companies Act, 1991 is obliged to follow the provisions of Banking Companies Act, 1991 being a special law, provisions of this Act shall prevail over Bangladesh Labour Laws, 2006 (amended up to 2013) which is a general law. Thus, we take the view that the Bank is not bound to form a WPPF under Bangladesh Labour Laws, 2006 (amended up to 2013)". Consistent with the industry practice and in accordance with the legal opinion and the Bank Company Act, 1991 (amended up to 2018), no provision has been made for WPPF.

### 3.12 Provisions and accrued expenses

In compliance with IAS-37, provisions and accrued expenses are recognized in the consolidated and separate financial statements when the Group/Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

# 3.13 Provision for Off-Balance Sheet Exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items are disclosed under contingent liabilities. As per BRPD Circular No.10 dated 18 September 2007 and BRPD Circular No. 14 dated 23 September 2012 and BRPD circular no. 7 dated 21 June 2018 and BRPD Circular no. 13 dated 18 October 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). Details are shown in note 21.5.1 (C).

### 3.14 Provision for Nostro Accounts

According to guideline of Foreign Exchange Policy Department of Bangladesh Bank, Circular No. FEOD (FEMO)/01/2005-677 dated 13 September 2005, Bank is not required to make provision regarding the un-reconciled debit balance as at Balance Sheet date since there was no debit entries more than three month.

### 3.15 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

### 3.15.1 Current tax

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 (ITO) 1984 and relevant Statutory Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. Currently the income tax rate applicable for 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.

Details are shown in note 21.3.1.

### 3.15.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities (inculding lease:IFRS-16) in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not
  reverse in the foreseeable future: and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax 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 reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax relating to unrealized surplus on revaluation of held to maturity (HTM) securities and held for trading (HFT) securities and land and buildings are recognized directly in revaluation reserve as a part of equity and is subsequently recognized in profit and loss account on maturity of the security and disposal of land and buildings. Details are shown in note 21.3.2.

# 3.15.3 Tax exposures

In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

# 3.16 Impairment of non-financial assets

The carrying amounts of the Group's and the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# 3.17 Earnings per share

The Group and the Bank present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group/ Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Details are shown in notes 64 and 65.

### 3.18 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as at the reporting date are not material.

# 3.19 Risk management

Effective risk management is an essential element of our operations and strategy. The Bank monitors risk at all levels throughout its operations and has established units to manage various types of risk. Our risk management framework is designed to identify, manage and mitigate the risk of any failure to achieve business objectives.

The risk management of the Bank covers following core risk areas:

- i) Credit Risk
- ii) Foreign Exchange Risk
- iii) Asset Liability Management Risk
- iv) Money Laundering Risk
- v) Internal Control & Compliance Risk; and
- vi) Information and Communication Technology Risk
- vii) Environmental Risk Management (ERM)

The Bank's risk management policy and process are composed with all the structures, policies, process and strategies in line with the guidelines of central bank and other regularity authorities. The Bank endeavors to maximize profits through the development of an integrated risk management system.

# 3.19.1 Credit risk

Credit risk is the possibility that a borrower or counter party will fail to repay the borrowed money as per the agreed terms and conditions. Managing Credit risk of the Bank in an efficient manner has become one of the most crucial tasks for the management. Given the fast changing, dynamic global economy, implementation of Basel-III and the increasing pressure of globalization and liberalization it is essential that banks have robust credit risk management policies and procedures that are sensitive and responsive to these changes.

A thorough assessment & due diligence are done before sanctioning any credit facility at Credit Risk Management Division (CRM) of the Bank. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facilities and various critical risk factors. The assessment process starts at Branch Credit department by the Officer and ends at Credit Risk Management Division (CRM) in Head Office where it is approved / declined by the competent authority. Credit approval authority has been partially delegated to the individual executives. Proposal beyond their delegation are approved / declined by the Board / Executive Committee (EC) of the Board.

### 3.19.2 Foreign Exchange Risk

Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. As per the guidelines of Bangladesh Bank, Southeast Bank Limited has developed a detailed Foreign Exchange Risk Management policy to minimize different types of risks associated with foreign exchange transactions. The Bank has also developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank.

The Foreign Exchange Desk of Treasury Division is involved in foreign exchange dealing activities with different counterparty banks. The Treasury Back Office is engaged in transfer of funds and passing of the transaction entries in the books of accounts; the Mid Office is responsible for verification of the deals. All foreign exchange assets and liabilities are revalued at market rate as per the directive of Bangladesh Bank. All nostro accounts are reconciled on a monthly basis and outstanding entries beyond 30 days are reviewed by the management for its settlement.

### 3.19.3 Asset Liability Management

Banks are exposed to the several risks such as Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk and Operational Risk etc. Monitoring and controlling these risks are vital to the survival of a financial institution. Asset-Liability Management is a tool to oversee whether different balance sheet risks are properly identified, appropriate policies and procedures are well established to control and limit these risks.

Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

### 3.19.4 Money Laundering Risk

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. If money laundering is done successfully, it allows the criminals to maintain control over their proceeds and ultimately to provide a legitimate cover for their source of income. Drug traffickers, the terrorists, the organized criminals, the insider dealer, the tax evaders as well as many others who intend to avoid the attention from the authorities of their sudden wealth brought from illegal activities take the help of money laundering. By engaging in this type of activity it is hoped to place the proceeds beyond the reach of any asset forfeiture laws.

Southeast Bank Limited (SEBL) has implemented an enterprise-wide AML (Anti-Money Laundering) and CFT (Combating the Financing of Terrorism) compliance program, which covers all the activities of the Bank and is reasonably designed to comply with applicable laws and regulations. It is the policy of SEBL to take all reasonable and appropriate steps to prevent persons engaged in money laundering, fraud, or other financial crime, including the financing of terrorists or terrorist operations, from utilizing SEBL products and services. SEBL makes every effort to remain in full compliance with all applicable AML and CFT laws, rules and standards in the jurisdictions in which it does business.

In order to facilitate compliance with AML and CFT requirements, SEBL has appointed one of its Senior Executives as the CAMLCO (Chief Anti-Money Laundering Compliance Officer) and a team of employees with experience on AML and CFT requirements under law to oversee the Bank's AML and CFT program. SEBL has developed and implemented written AML and CFT policies, procedures, internal controls and systems, which include (but not limited to) a customer identification program and procedures; procedures to collect and refresh, as appropriate, customer due diligence information; processes to assess risk; processes and systems to monitor customer transactions and activity; processes and systems to identify and report suspicious activity; and, processes to keep required records. SEBL educates its all employees on AML and CFT requirements and activities and also subjects its AML and CFT program to regular independent testing. SEBL cooperates fully with law enforcement and regulatory investigations and inquiries in identifying the criminals involve in Money Laundering and Terrorist Activities/Financing.

### 3.19.5 Internal Control & Compliance Risk

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists the bank in achieving its business objectives. It encompasses all controls incorporated into the strategic, governance and management processes, covering the bank's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

SEBL has established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank and this System provides reasonable assurance of effective & efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies, safeguarding of Bank's Assets, prevention & detection of fraud & errors, and accuracy & completeness of the accounting records.

The Board of Directors of SEBL regularly reviews the effectiveness of internal control process through its Audit Committee and the Audit Committee plays an effective role amongst the Board of Directors, Management, Shareholders, Depositors and develops an efficient, powerful and a safe banking system. The committee also performs a very important role for publishing Bank's financial statements, developing an appropriate internal control system and maintains an effective communication with internal and external auditors. It significantly contributes in controlling and monitoring various risks factors that arise from the business activities of the Bank. Board Audit Committee reviews the actions taken on internal control issues identified in the reports prepared by the internal & external auditors and regulatory authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

### 3.19.6 Information and communication technology

The Bank has Centralized Core Banking Software (CBS) and providing online banking services to its clients through 135 Branches across the country. The Bank is also offering 24/7 banking services through its different delivery channels, like Internet Banking, ATM and Mobile Financial Service (MFS). Besides, the Bank has introduced Recycler ATM in the brand name of "SEBL Instant Banking Service." Through this service, customers are able to deposit cash on a real time basis other than cash withdrawal facility. SMS and E-Mail Alert services are available for any debit/credit transaction through online and Internet Banking or using Bank's Debit / Credit Card as a deterrent against fraudulent transaction attempts. The Bank has established its Far DC (Data Center) at Jessore as it falls under different seismic zone as part of its business continuity plan (BCP) as well as for compliance of ICT Security Guideline of Bangladesh Bank. Data synchronization in near real time basis has been established through fiber optic cables from main DC to near DC (Disaster Recovery Site at Uttara) and again main DC to far DC at Jessore to ensure availability of data in any catastrophic situation.

The Bank has further reviewed its ICT Security and ICT Risk Management Policies and related internal processes for strengthening security of information assets from internal and external threats. Gradual implementation of the different policies is being carried out. Several sessions were conducted on ICT Security and Risk for the employees of the Bank to build awareness and minimize ICT related risks in banking operation.

### 3.19.7 Environmental Risk Management (ERM)

Environmental and Social risk is assessed by E&S due diligence (ESDD) checklists. It is a set of questionnaire provided by Bangladesh Bank. The purpose of the E&S due diligence is to review any potential E&S risks associated with the business activities of a potential client ensure that the transaction does not carry E&S risks, which could present a potential liability/risk to the Bank. The ESDD checklists (both generic and sector specific) will auto generate the E&S risk ratings – high, medium and low based on the responses provided to the questions in the checklist.

Potential E&S risks may not seem significant or relevant at the time of approval of a financial transaction, but may become so during execution, for instance as a result of higher regulatory standards and increased levels of enforcement. In other cases, E&S risks, such as spills or explosions, may seem unlikely to occur, but when they do, the E&S impact is potentially extremely high. Therefore, to identify Environment and Social (E&S) risks along with appropriate risk mitigation measures, Environment & Social Risks Management must be integrated with the Credit Risk Management of the bank.

# 3.20 Compliance of International Financial Reporting Standards (IFRSs)

Name of the standards	Ref.	Status
First-time Adoption of International Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Complied
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Applied
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	* Applied
Operating Segments	IFRS-8	** Applied
Financial Instruments	IFRS-9	*Applied
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in other Entities	IFRS-12	Applied
Fair Value Measurement	IFRS-13	* Applied
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue From Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	* Applied
Presentation of Financial Statements	IAS-1	* Applied
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	* Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates	IAS-28	Not Applicable
Financial Reporting in Hyperinflationary Economies	IAS-29	Not Applicable
Financial Instruments: Presentation	IAS-32	* Applied
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	* Applied
Intangible Assets	IAS-38	* Applied
Financial Instruments: Recognition and Measurement	IAS-39	* Applied
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

<sup>\*</sup> Subject to departure described in note 2.1

# Standards issued but not yet effective

IFRS 17 Insurance Contracts

Insurance contracts are effective for annual periods beginning on or after 1 January 2021. Earlier adoption is permitted. This has not been applied in preparing these consolidated and separate financial statements.

<sup>\*\*</sup> Subject to departure described in note 3.24

### 3.21 Credit Rating of the Bank

As per the BRPD 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 audited financial statements dated 31 December 2020.

Particulars	Date of Rating	Long term	Short term
		AA	ST-2
Surveillance Rating	29-Jul-20	Double A (High quality and High Safety)	(High Grade)
Outlook		Sta	ble

### 3.22 Correspondence items

Correspondence items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travelers cheques, savings certificates, wage earners bond and others fall under the correspondence items.

### 3.23 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group and the Bank have a legal right to set off the recognized amounts and it 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 under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

# 3.24 Operating segments

The Group and the Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per IFRS 8. However, geographical and business segments wise limited disclosures are furnished in **Annexure-I**.

### 3.25 Going concern basis of accounting

These financial statements have been prepared on the assessment of the Bank's ability to continue as a going concern. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to exhibit a healthy trend for couple of years. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

# 3.26 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenditures are presented on a net basis only when permitted by the relevant accounting standards.

# 3.27 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, the bank applies the accounting disclosure principles consistently from one period to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8.

# 3.28 Approval of financial statements

The financial statements were approved by the board of directors on May 09, 2021.

### 3.29 General

Figures of previous year have been rearranged, whenever necessary, to conform the current year's presentation.

	Particulars	Note	Amount	in Taka
	Particulars	Note	2020	2019
4	Consolidated cash			
	In hand (including foreign currencies):			
	Southeast Bank Limited	4.1	3,474,365,889	3,664,640,436
	Southeast Exchange Company (South Africa) Pty Ltd		1,653	239,694
			3,474,367,542	3,664,880,130
	Balance with Bangladesh Bank and its agent banks			
	(including foreign currencies):			
	Southeast Bank Limited	4.1	17,956,897,600	18,954,911,247
			21,431,265,142	22,619,791,377
4.1	Cash			
	In hand:			
	Local currency		3,416,744,106	3,605,548,057
	Foreign currencies		57,621,784	59,092,379
	Balance with Bangladesh Bank:		3,474,365,889	3,664,640,436
	Local currency		14,058,719,811	18,229,852,932
	Foreign currencies		3,368,838,231	291,691,563
			17,427,558,041	18,521,544,494
	Balance with Sonali Bank Limited (as agent of Bangladesh Bank):			
	Local currency		529,339,559	433,366,753
	Balance with Bangladesh Bank and its agent banks		17,956,897,600	18,954,911,247
	(including foreign currencies)			
			21,431,263,489	22,619,551,683

4.2 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act, 1991 (Amended up to 2013), MPD Circular nos. 4 and 5 dated 1 December 2010 and MPD Circular no. 1 and 2 dated 23 June 2014 and 10 December 2013 respectively and DOS Circular no.1 dated 19 January 2014 and MPD Circular No.1 dated 03 April 2018 and DOS Circular no 26 dated 19 August 2019 and MPD circular No.03 dated April 09 2020.

The Cash Reserve Ratio on the Bank's demand and time liabilities at the rate of minimum 3.50% on daily basis and 4.00% on bi-weekly basis for conventional and Islamic banking has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio for conventional banking and 5.50% Statutory Liquidity Ratio for Islamic banking on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including excess cash reserve balance with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

# 4.2.1 a) Cash Reserve Ratio (CRR) for Conventional Banking

4.00% (2019-5.50%) of average Demand and Time Liabilities:

Required reserve (average daily on bi-weekly basis)	12,843,562,580	16,507,223,865
Actual reserve held	13,321,885,169	16,732,475,519
Surplus	478,322,589	225,251,654

# b) Cash Reserve Ratio (CRR) for Islamic Banking

4.00% (2019 -5.50) of average Demand and Time Liabilities:

Required reserve (average daily on bi-weekly basis)	832,915,600	1,155,277,695
Actual reserve held	864,936,884	1,398,101,826
Surplus	32,021,284	242,824,131

		Particulars Particulars	Note	Amount	
		. ar tiodiai o	11010	2020	2019
4.2.2	a)	Statutory Liquidity Ratio (SLR) for Conventional Banking			
		Required reserve (13% of average Demand and Time Liabilities)		42,484,493,480	39,017,074,590
		Actual reserve held		86,020,253,005	65,518,845,332
		Surplus		43,535,759,525	26,501,770,742
		Held for Statutory Liquidity Ratio of Conventional Banking:			
		Cash in hand		3,278,653,055	3,400,969,000
		Balance with agent bank (Sonali Bank Limited) as per statement		528,837,820	432,860,426
		Excess cash reserve		478,322,589	225,251,654
		Government Securities (HFT)		31,784,961,354	15,658,489,282
		Government Securities (HTM)		49,943,945,187	45,795,353,970
		Other eligible securities/ Prize Bond		5,533,000	5,921,000
				86,020,253,005	65,518,845,332
	b)	Statutory Liquidity Ratio (SLR) for Islamic Banking			
		Required reserve (5.50 % of average Demand and Time Liabilities)		1,145,258,950	1,155,277,695
		Actual reserve held		1,719,715,284	1,457,367,131
		Surplus		574,456,334	302,089,436
		Held for Statutory Liquidity Ratio of Islamic Banking:			
		Cash in hand		195,712,834	264,507,000
		Balance with agent bank (Sonali Bank Limited) as per statement		61,000	36,000
		Excess cash reserve		32,021,284	242,824,131
		Government Securities (HTM)		1,491,920,000	950,000,000
				1,719,715,118	1,457,367,131
5	Co	nsolidated balance with other banks and financial institutions			
	In E	Bangladesh:			
		Southeast Bank Limited	6	2,108,724,666	5,568,594,836
		Southeast Bank Capital Services Limited		474,214,410	622,941,348
	Les	ss: Inter company balance eliminated		<b>2,582,939,076</b> 474,214,410	<b>6,191,536,184</b> 622,941,348
	LOU	s. Their company balance commuted		2,108,724,666	5,568,594,836
	Ou	tside Bangladesh:			, , ,
		Southeast Bank Limited	6	2,427,007,183	1,762,989,139
		Southeast Financial Services (UK) Ltd		-	223,145
		Southeast Exchange Company (South Africa) Pty Ltd		123,523,194	140,490,714
				2,550,530,377	1,903,702,998
				4,659,255,043	7,472,297,834
6	Bal	ance with other banks and financial institutions			
	In F	Bangladesh	6.1	2,108,724,666	5,568,594,836
		tside Bangladesh	6.2	2,427,007,183	1,762,989,139
				4,535,731,849	7,331,583,975
	Α.	antakan kata (Ofanakani)			
	Als	o refer to note 6.3 for maturity wise grouping			

Dantiaulana	Note	Amount ir	t in Taka	
Particulars	Note –	2020	2019	
In Bangladesh				
Current account with:		1/ 07/ 075	7.57/ 0	
Agrani Bank Limited		16,076,275	7,576,2	
Al Arafah Islami Bank Limited		68,025,912	54,359,5	
Bangladesh Krishi Bank		5,700	5,7	
BRAC Bank Limited		5,001	5,0	
BRAC Bank Limited (El Dorado Network)		310,818	310,8	
The City Bank Limited		77,186,347	19,444,7	
Commercial Bank of Ceylon PLC		- (2.040.277	13,5	
EXIM Bank Limited		62,019,267	33,431,9	
The Padma Bank Limited		2,910,485	1,012,4	
Islami Bank Bangladesh Limited		5,501	5,5	
Jamuna Bank Limited		38,703,502	21,491,2	
Janata Bank Limited		14,626	10,494,6	
Meghna Bank Limited		13,420,553	12,054,7	
Mercantile Bank Limited		430,630	15,767,1	
Modhumoti Bank Limited		5,322,683	2,804,5	
Mutual Trust Bank Limited		12,043,347	18,863,5	
National Bank Limited		9,011,345	16,8	
NRB Bank Limited		1,823,226		
One Bank Limited		49,570,551	45,192,7	
Pubali Bank Limited		3,008,107		
Rupali Bank Limited		-	7,011,7	
Shahjalal Islami Bank Limited		550,000	550,0	
Sonali Bank Limited		(5,395,879)	(9,313,93	
South Bangla Agriculture & Commerce Bank Limited		3,568,242	2,096,0	
Union Bank Limited		70,986,661	25,384,3	
United Commercial Bank Limited	L	50,160,589 <b>479,763,491</b>	25,585,4 <b>294,164,7</b>	
		177,700,171	27 1,10 1,7	
Short term deposits account with:	_			
AB Bank Limited		30,690	30,6	
The City Bank Limited		1,148,058	1,148,0	
Eastern Bank Limited		26,799	26,7	
EXIM Bank Limited		8,602,114	8,355,1	
Standard Chartered Bank		24,145,104	220,796,8	
Sonali Bank Limited		30,008,411	29,072,5	
		63,961,176	259,430,1	
Fixed deposits with other banks:	_		1,000,000,0	
Jamuna Bank Limited		-	1,000,000,0	
Mutual Trust Bank Limited		-	500,000,0	
NCC Bank Limited		-	200,000,0	
Social Islami Bank Limited	L	-	1,000,000,0 <b>2,700,000,0</b>	
			, , , ,	
Fixed deposits with financial institutions:				
Bay Leasing and Investment Limited		1,465,000,000	1,465,000,0	
IDLC Finance Limited		-	250,000,0	
Bangladesh Industrial Finance Company Limited		100,000,000	100,000,0	
Investment Corporation of Bangladesh		-	500,000,0	
		1,565,000,000	2,315,000,0	
		2,108,724,666	5,568,594,8	

	Dantiaulana		Amount	: in Taka
	Particulars Note	•	2020	2019
6.2	Outside Bangladesh			
	Current account			
	Interest bearing:			
	Standard Chartered Bank, New York, USA		681,848,854	149,899,156
	Citibank N.A. New York, USA		151,133,051	44,143,750
	Mashreg Bank PSC, New York, USA		49,426,229	70,709,236
	Wells Fargo Bank, N.A., New York, USA		119,627,105	92,584,903
	JP Morgan Chase Bank N.A., New York, USA		26,100,567	54,375,563
	Habib American Bank, New York, USA		230,255,476	248,392,506
		1,	,258,391,281	660,105,115
	Non-interest bearing:			
	Mashreq Bank, Mumbai, India		106,655,046	48,318,227
	Mashreq Bank, Mumbai, India		1,620,829	1,478,825
	Riyad Bank (SAR)		2,178,309	-
	Standard Chartered Bank, New York (OBU)		11,649,764	145,806,434
	Citibank AG, Frankfurt, Germany		38,656,167	3,474,431
	Standard Chartered Bank, Kolkata, India		116,749,326	31,348,847
	AB Bank Ltd., Mumbai, India		165,244,900	11,796,933
	ICICI Bank Ltd., Mumbai, India		150,309,132	18,249,482
	Standard Chartered Bank, London, UK		8,510,824	449,276
	Bank of Sydney Ltd, Sydney		7,313,170	6,113,182
	Banque Saudi Fransi, Riyadh		9,516,743	32,653,875
	United Bank Limited, Karachi, Pakistan		19,448,121	5,539,844
	Standard Chartered Bank, Colombo, Srilanka		15,364,064	39,045,170
	Bank of Tokyo, Mitsubishi, JPY		96,854,282	62,206,141
	Nepal Bangladesh Bank Ltd., Kathmandu, Nepal		58,281,536	50,403,858
	Bank of Bhutan, Pheuntsholing, Bhutan		16,708,506	17,194,896
	Commerz Bank AG, Frankfurt, Germany EURO		19,244,552	1,264,967
	Commerz Bank AG, Frankfurt, Germany USD		103,477,516	102,923,021
	Zuercher Kantonal Bank, Zurich, Switzerland		9,119,388	19,892,956
	HDFC Bank, Mumbai, India Abu Dhabi Commercial Bank.		150,838,132 1,493,346	8,417,708 2,002,608
	Mashreg Bank PSC, Dubai, UAE		35,104,049	479,696,009
	Habib Metropoliton Bank Ltd., Karachi, Pakistan		14,763,170	14,607,335
	AXIS Bank Ltd. Kolkata		9,515,030	14,007,333
	, and same sea, nometo	1,	,168,615,902	1,102,884,024
		2,	,427,007,183	1,762,989,139
	Details of Balance with other banks-Outside Bangladesh shown in <b>Annexure-C.</b>			
6.3	Maturity grouping of balance with other banks and financial institutions			
	On demand	2,	,970,731,849	2,316,583,975
	Not more than three months	1,	,095,000,000	4,715,000,000
	More than three months but not more than six months		370,000,000	300,000,000
	More than six months but not more than one year		-	-
	More than one year but less than five years		-	-
	Above five years		100,000,000	-
		4,	,535,731,849	7,331,583,975

	Particulars	Note	Amount	
			2020	2019
7	Money at call and on short notice			
	In bank:			
	Midland Bank Limited		-	200,000,000
	NCC Bank Limited		_	300,000,000
	The ICB Islamic Bank Limited		11,300,000	11,300,000
	The City Bank Limited		-	400,000,000
			11,300,000	911,300,000
	In non-banking financial institutions (public and private):			
	Bay Leasing and Investment Limited		620,000,000	750,000,000
	Delta BRAC Housing Finance Corporation Limited		-	180,000,000
	Investment Corporation of Bangladesh		30,000,000	280,000,000
			650,000,000	1,210,000,000
	In foreign currency:			
	AB Bank Limited		169,600,800	169,800,000
	Al Arafah Islami Bank Limited		-	254,700,000
	BRAC Bank Limited		-	424,500,000
	Agrani Bank Limited  Midland Bank Limited		- 04 000 400	849,000,000
	Midland Bank Limited  Modhumoti Bank Limited		21,200,100	241,031,100 254,700,000
	Islami Bank Bangladesh Limited		169,600,800 424,002,000	254,700,000
	NCC Bank Limited		424,002,000	169,800,000
	Jamuna Bank Limited		424,002,000	254,700,000
	Shahjalal Islami Bank Limited		339,201,600	234,700,000
	Shanjalar Islami Barik Elimitea		1,547,607,300	2,618,231,100
			2,208,907,300	4,739,531,100
			_,,,	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
8	Consolidated Investments			
	Government securities:			
	Southeast Bank Limited	9	83,226,359,543	62,409,764,654
			83,226,359,543	62,409,764,654
	Others:			
	Southeast Bank Limited	9	10,957,893,063	12,074,625,437
	Southeast Bank Capital Services Limited		2,889,640,856	2,825,652,479
			13,847,533,919	14,900,277,916
			97,073,893,462	77,310,042,570
9	Investments			
	Government securities:			
	Conventional Banking	9.1.1	81,734,439,543	61,459,764,654
	Islamic Banking	9.2.1	1,491,920,000	950,000,000
			83,226,359,543	62,409,764,654
	Others:			
	Conventional Banking	9.1.2	10,283,132,489	10,339,853,093
	Islamic Banking	9.2.2	674,760,574	1,734,772,344
			10,957,893,063	12,074,625,437
			94,184,252,606	74,484,390,091

Also refer to notes 9.3 to 9.8 for further analysis, maturity wise grouping, market value information, sector wise investment, etc.

				1
	Particulars Particulars	Note	Amount	
			2020	2019
9.1	Conventional Banking			
9.1.1	Government Securities			
	Treasury Bills			
	91 days Treasury Bills HTM 364 days Treasury Bills HTM		-	498,337,813 1,883,582,793
	91 days Treasury Bills HFT		-	2,334,936,450
	182 days Treasury Bills HFT		5,052,769,456	5,893,904,000
	364 days Treasury Bills HFT		12,590,916,009 <b>17,643,685,464</b>	2,462,939,000 <b>13,073,700,056</b>
	Add: Reverse repo with other banks (at book Value)		-	481,750,000
	Less: Repo with other banks (at book Value)		1,385,313,200	=
	Less: Assured Repo with Bangladesh Bank/ Others (at book value)		16,258,372,264	13,555,450,056
	Prize Bonds		5,533,000	5,921,400
	Bangladesh Bank Bills		-	-
	Government Bonds		5,533,000	5,921,400
	2 Years BGTB HTM		535,288,396	535,622,350
	5 Years BGTB HTM 10 Years BGTB HTM		6,335,068,544 22,133,179,111	9,321,865,808 15,533,082,040
	15 Years BGTB HTM		9,494,158,959	8,341,430,864
	20 Years BGTB HTM		10,661,463,640	8,712,742,194
	Remeasured 10 years BGTB HTM		784,786,539	968,690,110
	2 Years BGTB HFT		9,464,764,925	3,000,489,000
	5 Years BGTB HFT		2,891,498,744	472,231,200
	10 Years BGTB HFT		3,084,117,996	504,068,373
	15 Years BGTB HFT 20 Years BGTB HFT		18,598,023 67,609,403	15,242,704 104,057,515
	ZO TEALS DO LD FILE		<b>65,470,534,279</b>	47,509,522,158
	Add: Reverse repo with other banks (at book value)		-	388,871,040
	Less: Assured Repo with Bangladesh Bank/ Others (at book value)		-	-
			65,470,534,279	47,898,393,198
			81,734,439,543	61,459,764,654
9.1.2	Others			
	Shares in listed companies		3,622,962,577	2,979,683,180
	Shares in un-listed companies		610,169,912	610,169,912
	Bonds		6,050,000,000	6,750,000,000
			10,283,132,489	10,339,853,093
9.2	Islamic banking			
9.2.1	Government securities Bangladesh Government Islamic bond		1,491,920,000	950,000,000
	Bangiadesii Government Islamic Bond		1,491,920,000	950,000,000
9.2.2	Others			
9.2.2	Others Shares in listed companies		674,760,574	1,734,772,344
	Shares inhisted companies		674,760,574	1,734,772,344
0.0			,,.	,,- · <b>-</b> ,- · ·
9.3	Investments classified as per Bangladesh Bank Circular Held for trading (HFT)		31,790,494,354	15,664,410,682
	Held to maturity (HTM)		51,435,865,189	46,745,353,972
	Other securities		10,957,893,063	12,074,625,437
			94,184,252,606	74,484,390,091

	Particulars Particulars		Amour	nt in Taka
	Particulars		2020	2019
9.4	Maturity-wise grouping of investments			
	On demand		5,533,000	5,921,400
	Not more than three months		21,615,967,000	7,030,500,000
	More than three months but not more than one year		20,479,923,151	18,230,498,779
	More than one year but not more than five years		25,029,200,000	20,549,900,000
	Above five years		27,053,629,455	28,667,569,912
			94,184,252,606	74,484,390,091
9.5	Cost and market value of investments			
9.5.1	Government securities		00	0040
		20:		2019
	Conventional Banking	Cost price Taka	Market price Taka	Market price Taka
	Conventional Banking	Taka	Taka	Tana
	Treasury Bills	16,157,460,074	16,258,372,264	13,555,450,056
	Bangladesh Government Treasury Bond	65,976,320,907	65,470,534,279	47,898,393,198
	Prize Bonds	5,533,000	5,533,000	5,921,400
		82,139,313,981	81,734,439,543	61,459,764,654
	Islamic Banking			
	Bangladesh Government Islamic Bond	1,491,920,000	1,491,920,000	950,000,000
		83,631,233,981	83,226,359,543	62,409,764,654
9.5.2	Others (Investment in Shares)			
7.J.Z	Others (myestilient in Shares)	2020		2019
		Market price	Cost price	Cost price
	Conventional Banking	Taka	Taka	Taka
	Shares in listed companies	4,054,870,764	3,622,962,577	2,979,683,181
	Shares in un-listed companies	610,169,912	610,169,912	610,169,912
	Shares in air listed companies	4,665,040,676	4,233,132,489	3,589,853,093
	Islamic Banking			
	Shares in listed companies	376,072,066	674,760,574	1,734,772,344
		376,072,066	674,760,574	1,734,772,344
		5,041,112,742	4,907,893,063	5,324,625,437
9.6	Sector wise investment of shares	20:	20	2019
		Market price	Cost price	Cost price
	Shares in listed companies (A)	Taka	Taka	Taka
	Banks and NBFI	664,721,084	1,223,039,612	1,511,214,269
	Insurance Companies	3,159,007,267	2,329,880,239	76,805,098
	Fuel and Power Companies	52,106,650	91,622,259	286,553,627
	Mutual Fund	324,500,000	250,000,000	293,475,095
	Manufacturing & Other	230,607,828	403,181,041	2,546,407,435
		4,430,942,830	4,297,723,151	4,714,455,525
		203		2019
		Net book value	Cost price	Cost price
	Shares in un-listed companies (B)	Taka	Taka	Taka
	Banks and NBFI	54,183,820	54,183,820	54,183,820
	Others	555,986,092	555,986,092	555,986,092
	Tatalian attended of the control of	610,169,912	610,169,912	610,169,912
	Total investment of shares (C=A+B)		4,907,893,063	5,324,625,437

# 9.7

SL. no.	Name of the Company	202	0	Differences (Provision to be
110.		Market price Taka	Cost price Taka	required) Taka
1	Asia Insurance Limited	441.873.709	149,557,533	292,316,17
2	Bay Leasing and Investment Limited	318,081,616	653,582,763	(335,501,147
3	EXIM Bank	93,357,588	179,957,274	(86,599,686
4	LafargeHolcim Bangladesh Limited	58,825,548	98,541,933	(39,716,385
5	Delta Life Insurance Company Limited	4,659,833	12,382,964	(7,723,132
6	National Life Insurance Company Ltd.	2,712,473,725	2,167,939,742	544,533,98
7	Prime Bank Limited	233,837,524	361,894,155	(128,056,631
8	Southeast Bank 1st Mutual Fund	324,500,000	250,000,000	74,500,00
9	AFC Agro Biotech Ltd	14,587,343	36,946,327	(22,358,984
10	BSRM Steel Mills Limited	5,586,328	8,548,797	(2,962,469
11	Confidence Cement Ltd	49,860,365	64,878,145	(15,017,780
12	Golden Harvest Agro Industries Ltd	15,251,405	22,470,307	(7,218,90
13	Global Heavy Chemicals Ltd.	11,325,265	17,966,918	(6,641,65
14	Investment Corporation of Bangladesh	19,444,356	27,605,420	(8,161,064
15	Khulna Power Company Ltd.	9,060,000	21,082,720	(12,022,720
16	Matin Spinning Mills Ltd	10,323,040	14,044,434	(3,721,394
17	MJL Bangladesh Limited	13,726,650	21,016,635	(7,289,985
18	Premier Cement Mills Ltd	33,322,535	57,393,541	(24,071,007
19	Ratanpur Steel Re-Rolling Mills Ltd.	26,883,175	75,212,724	(48,329,549
20	Seapearl Beach Resort & Spa Ltd	147,601	17,769	129,83
21	Shahjibazar Power Co. Ltd	29,320,000	49,522,904	(20,202,904
22	WATA Chemical Limited	4,495,224	7,160,147	(2,664,923
		4,430,942,830	4,297,723,151	133,219,67
rans	actions of Repo and Reverse-repo during the year			
		Minimum outstanding	Maximum outstanding	Daily average outstanding
		Taka	Taka	Taka
020				
	ities sold under repo	/70 /00 /00	2.057.024.000	25 220 50
,	With Bangladesh Bank	678,420,400	2,956,824,000	35,230,58
ii)	With other Banks & FIs	247,479,500	4,246,048,400	961,590,98
	ities purchased under reverse repo			
	The state of the s			
i)	With Bangladesh Bank	- 100 227 490	2017055060	220.042.5

9.8	Transactions of Repo and Reverse-repo during the year			
		Minimum outstanding	Maximum outstanding	Daily average outstanding
		Taka	Taka	Taka
	2020			
	Securities sold under repo i) With Bangladesh Bank ii) With other Banks & FIs	678,420,400 247,479,500	2,956,824,000 4,246,048,400	35,230,582 961,590,984
	Securities purchased under reverse repo i) With Bangladesh Bank ii) With other Banks & FIs	- 190,237,680	- 3,017,055,960	239,063,517
	2019			
	Securities sold under repo i) With Bangladesh Bank ii) With other Banks & FIs	- 444,229,650	- 1,495,833,500	- 42,820,865
	<ul><li>Securities purchased under reverse repo</li><li>i) With Bangladesh Bank</li><li>ii) With other Banks &amp; FIs</li></ul>	- 149,747,280	- 3,295,576,303	- 545,786,635
		Note	2020 Taka	2019 Taka
10	Consolidated loans and advances/investments			
	Loans, cash credit, overdrafts etc./investments: Southeast Bank Limited Southeast Bank Capital Services Limited	11	305,869,215,552 1,883,303,310 <b>307,752,518,862</b>	277,020,101,321 1,737,849,955 <b>278,757,951,276</b>
	Less: Inter company balance eliminated		307,752,518,862	278,757,951,276
	Bills purchased and discounted: Southeast Bank Limited	11	14,498,943,318 14,498,943,318 322,251,462,180	17,995,011,999 17,995,011,999 296,752,963,275

	B 21 1		Amount	in Taka
	Particulars Particulars	Note	2020	2019
44				
	ns and advances/investments		005.070.045.550	0==000404004
	ns, cash credit, overdrafts etc./investments purchased and discounted	11.1 11.13	305,869,215,552 14,498,943,318	277,020,101,321 17,995,011,999
5	par shaced and ansecting a	11.10	320,368,158,870	295,015,113,320
11.1 Loa	ns, cash credit, overdrafts etc./Investments			
In B	angladesh:			
	onventional Banking		40.007.757.454	7.550.004.007
	emand loan ime loan		10,097,756,451 22,443,048,758	7,552,334,097 25,540,530,841
Т	erm loan		134,795,492,539	122,264,512,516
	erm loan-SREUP (BB Prefinance) gricultural credit-Term		386,116,793 1,258,672,742	- 1,378,470,597
	gricultural credit-Time		2,043,619,990	2,137,269,292
	gricultural credit-OD		212,798,430	212,368,194
	ionsumer credit scheme Car Ioan		659,186 117,512,495	2,499,669 128,130,055
	ersonal loan		375,489,923	429,677,902
	lome loan ural Home Loan		2,089,458,741 163,264,484	1,759,308,096 166,236,275
	oan against - LTFF		358,051,598	266,398,553
	oan against GTF		59,471,612	67,897,772
	ash credit and overdrafts ills Against Letter of Credit (BLC)		52,536,496,200 75,523,011	59,487,080,257 225,239,563
L	oan re-finance housing sector		12,371,131	13,599,386
	oan against Trust Receipt (LTR) dvances-packing credit (PC)		10,033,953,523 1,826,804,451	13,402,596,278 2,639,826,146
	oan against foreign bills		7,495,711	126,345,398
	louse building loan-staff		333,686,011	375,527,605
	erm Loan-Express Cash Jigital device		4,575,366	9,766
E	xport Development Fund (EDF)		29,253,347,054	19,057,302,226
	oan against cash incentive oan-credit card		116,853,027 2,237,169,632	30,545,174 2,158,063,208
	taff Loan - Car		293,249,641	2,130,003,200
L	Isance Payable at Sight (UPAS)		3,753,240,723	-
	oans and Advances against COVID-19 BB Stimulus package:		0.070.400.570	
	erm loan from NGO Refinance erm loan Agricultural		2,072,129,569 57,571,427	-
	Overdraft-WCSP Other then CMSME (BRPD-8)		1,452,289,136	-
	Overdraft CMSME (SMESPD-2)		3,762,183,076	-
	MG Salary refinance acking Credit: BB REFIN. (BRPD-9)		5,127,208,360 417,704,774	-
			287,775,265,564	259,421,768,866
Is	slamic Banking			
	Demand investment		336,092,550 344,922,440	888,481,948
	ai-Muajjal (Time) investment ai-Muajjal Time under CCS		70,635,449	392,827,368 82,921,352
	ai-Murabaha-BLC		6,299,491	22,294
	ai-Murabaha-LTR ai-Salam (advances-packing credit)		868,783,132 70,293,069	1,057,138,547 82,261,921
	taff house building investment		9,672,346	13,548,440
	xport Development Fund (EDF) ai-Muajjal-investment		760,722,200 3,109,336,413	674,178,978 3,371,439,522
	Aurabaha-investment		136,935,362	110,999,291
	taff Car investment		12,951,127	-
	lire purchase-investment		12,164,459,343	10,924,512,794
	nvestment against COVID-19 BB Stimulus package:		200 /40 000	
	ai- Muajjal Term investment from NGO Refinance (COVID 19) ai- Muajjal Term investment Agricultural (COVID 19)		200,618,889 2,228,178	-
	<u>"</u>		18,093,949,988	17,598,332,455
Out	side Bangladesh		305,869,215,552	277,020,101,321
Out			305,869,215,552	277,020,101,321

	Particulars		Amount in Taka	
	rai ticulai S	Note	2020	2019
11.2	Performing loans and advances/investments			
	Gross loans and advances/investments Non-performing loans and advances/investments		320,368,158,870 (9,939,755,293) <b>310,428,403,577</b>	295,015,113,320 (14,375,292,023) <b>280,639,821,297</b>
11.3	Maturity-wise grouping of loans and advances/investments			
	On demand Less than three months More than three months but less than one year More than one year but less than five years More than five years		42,961,370,104 57,083,663,137 93,582,681,979 83,298,521,306 43,441,922,343	42,270,540,000 75,701,460,000 79,967,800,000 57,748,700,000 39,326,613,320
	More trairrive years		320,368,158,870	295,015,113,320
11.4	Concentration of loans and advances/investments			
	Advances to allied concerns of directors Advances to chief executive and other senior executives  Advances to customers' group:  Advances to large and medium industries  Advances to small and cottage industries  Commercial Loans  Consumer Credit  Off-shore Banking Loans  Other loans and advances		148,827,204 228,351,312,127 14,094,004,625 39,517,386,857 5,071,136,407 19,478,341,589 13,707,150,061 320,368,158,870	153,220,739 202,681,057,418 14,362,857,301 42,230,548,118 4,726,846,322 18,539,053,971 12,321,529,451 <b>295,015,113,320</b>

# Details of large loan/investments

As at 31 December 2020 there were 37 (2019:33) clients with whom amount of outstanding loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Tk 40,236.71 million as at 31 December 2020 (Tk. 35,993.86 million as at 31 December 2019).

The Bank complies with the requirements of the section 26 (b) of the Bank Companies Act 1991 as amended in 2018 in connection with the general limitations of credit line.

Details are shown in **Annexure-D.** 

# 11.5 Sector-wise allocation of loans and advances

	2020			2019
	% of		% of	
	total		total	
	loan	Taka	loan	Taka
Agriculture	1.20%	3,843,409,443	1.37%	4,033,802,812
Industrial (Manufacturing)	50.50%	161,770,004,160	50.62%	149,337,701,819
Industrial (Services)	14.38%	46,073,077,916	14.54%	42,881,572,826
Export Financing	10.80%	34,602,234,676	8.41%	24,824,640,074
Commercial Loans	12.33%	39,517,386,857	14.31%	42,230,548,118
Consumer Credit	1.58%	5,071,136,407	1.60%	4,726,846,322
Others:				
a) Off-shore Banking Loans	6.08%	19,478,341,589	6.28%	18,539,053,971
b) Finance to NBFIs	0.35%	1,113,249,140	0.46%	1,355,234,453
c) Loans to Capital Market	0.58%	1,863,905,128	0.58%	1,715,987,471
d) Miscellaneous	2.20%	7,035,413,554	1.82%	5,369,725,453
	100.00%	320,368,158,870	100.00%	295,015,113,320

	Particulars No.		Amount	in Taka
			2020	2019
11.6	Industry-wise loans and advances (Industrial Loan)			
	Ready Made Garment industries Loan (RMG) Real Estate industries Textile industries Agro-Based Industries Cement & Ceramics industries Ship Breaking & Ship Building industries Pharmaceuticals industries Other Industries		72,696,885,226 21,606,831,526 19,660,231,806 15,493,461,576 7,663,691,539 5,174,195,826 1,721,848,237 98,428,171,015 <b>242,445,316,752</b>	61,487,892,563 19,751,975,037 16,615,783,585 15,545,115,456 6,474,774,052 5,693,618,007 1,755,866,651 89,718,889,369 217,043,914,719
11.7	Category-wise Small Medium Enterprise loans and advances (SME)			
	Service sector Trading sector Industrial sector		19,536,064,638 27,410,027,421 51,521,117,384 <b>98,467,209,444</b>	20,289,091,212 27,285,989,052 55,423,330,633 <b>102,998,410,897</b>

# 11.8 Geographical location-wise allocations of loans and advances

			2020		2019	
		% of		% of		
		total	T.1	total	T.1	
	Urban:	loan	Taka	loan	Taka	
	Dhaka region	76.96%	246,549,343,968	76.75%	226,421,370,679	
	Chittagong region	13.96%	44,717,035,885	13.94%	41,121,892,238	
	Rajshahi region	1.68%	5,373,025,866	1.83%	5,395,407,509	
	Sylhet region	1.04%	3,316,484,036	1.21%	3,576,063,473	
	Khulna region	0.50%	1,612,061,435	0.51%	1,499,150,540	
	Rangpur region	0.42%	1,356,283,882	0.28%	828,896,439	
	Barisal region	0.08%	260,537,093	0.08%	240,402,709	
	Mymensingh region	0.15%	492,138,511	0.14%	399,513,382	
	,	94.79%	303,676,910,677	94.74%	279,482,696,969	
	Rural:					
	Dhaka region	3.37%	10,809,670,326	3.27%	9,641,368,796	
	Chittagong region	1.43%	4.594.710.299	1.56%	4,597,897,002	
	Rajshahi region	0.01%	48,036,658	0.02%	61,396,883	
	Sylhet region	0.17%	533,208,038	0.17%	504,462,078	
	Khulna region	0.22%	705,622,872	0.25%	727,291,592	
	Tallalla region	5.21%	16,691,248,193	5.26%	15,532,416,351	
		100.00%	320,368,158,870	100.00%	295,015,113,320	
11.0	Classification of loans and advances					
11.9	Classification of loans and advances					
		% of	2020		2019 % of	
		total		total		
		loan	Taka	loan	Taka	
	Unclassified:	Tour	Turku	iouii	Tunu	
	Standard including staff loan	94.07%	301,368,798,084	92.28%	272,243,244,240	
	Special Mention Account (SMA)	2.83%	9,059,605,493	2.85%	8,396,577,057	
	Special Method Meddant (SIM)	96.90%	310,428,403,577	95.13%	280,639,821,297	
	Classified:	700,000		7012070		
	Sub-standard	0.10%	323,191,147	0.13%	375,565,881	
	Doubtful	0.11%	355,835,893	0.09%	270,814,840	
	Bad/loss	2.89%	9,260,728,254	4.65%	13,728,911,301	
		3.10%	9,939,755,293	4.87%	14,375,292,023	
		100.00%	320,368,158,870	100.00%	295,015,113,320	

		Particulars	Note	Amount 2020	in Taka 2019
11.10	Parti	iculars of loans and advances			
	i)	Debts considered good in respect of which the bank is fully secured;		266,641,789,276	241,985,581,080
	ii)	Debts considered good for which the bank holds no other security than the debtors' personal security;		18,194,426,708	10,912,630,334
	iii)	Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors;		36,908,770,557	42,116,901,906
	iv)	Debts adversely classified; provision not maintained			-
	v)	Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons;		648,756,013	387,917,332
	vi)	Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;		-	
	∨ii)	Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons;		648,756,013	387,917,332
	∨iii)	Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;		-	-
	ix)	Due from banking companies;			-
	x)	Classified loans/investments for which interest has not been charged:			
		(a) Increase/(decrease) of provision (specific)  Amount of debts written off (Principal Amount)  Amount realised against the debts previously written off		1,983,146,600 2,504,385,038 472,250,468	8,281,727,000 10,310,926 917,012,200
		(b) Provision against the debt classified as bad/loss at the date of balance sheet		4,689,667,262	6,862,579,457
		(c) Amount of interest charged in suspense account		10,741,106,029	9,294,042,050
	xi)	Loans written off:  - Current year  Cumulative to-date  Less: Amount realised against the debts previously written off  Less: Amount interest waiver during the year		2,960,354,546 13,420,758,231 472,250,468 229,878,371	13,459,101 12,230,294,841 917,012,200 852,878,956
		Balance as at 31 December		12,718,629,392	10,460,403,685
		- The amount of written off loans for which lawsuit filed		12,718,629,392	10,460,403,685

# 11.11 Particulars of required provision for loans and advances/investments

		2019			
Status	Outstanding as at 31 December 2020 Taka	Base for provision Taka	% of required provision	Required provision Taka	Required provision Taka
For loans and advances/ Investments:					
Unclassified-general provision All unclassified loans (other than small enterprises, housing finance, Loan to MBs loans for professional, consumer financing and special mention					
account)	202,299,793,583	202,299,793,583	1%	2,021,080,225	1,725,104,445
Small and medium enterprise financing	88,200,959,789	88,200,959,789	0.25%	220,502,403	226,569,026
Loan to BHs/MBs/SDs against shares	1,863,905,128	1,863,905,128	2%	37,278,103	34,319,749
Housing and loan for professional	2,376,921,556	2,376,921,556	2%	24,411,382	21,420,059
Consumer finance	2,580,631,642	2,580,631,642	2%	51,612,636	67,751,293
Agriculture finance	3,398,083,096	3,398,083,096	1%-5%	33,980,831	23,731,410
Staff loan	648,503,290	648,503,290	1%	6,485,033	3,871,200
Special Mention Account (SMA)	9,059,605,493	9,059,605,493	0.25%-5%	86,273,639	71,157,703 2,173,924,885
				2,481,624,252	2,173,924,665
Classified-specific provision:					
Sub-standard	323,191,147	86,399,067	5%-20%	8,412,855	18,461,143
Doubtful	355,835,893	113,537,958	5%-50%	24,115,222	57,920,285
Bad/loss	9,260,728,254	4,689,667,262	100%	4,689,667,262	6,862,579,457
	320,368,158,869	315,318,007,863		4,722,195,339	6,938,960,885
Required provision for loans and	7,203,819,591	9,112,885,769			
Total provision maintained (B)	23,862,771,455	18,773,255,000			
Excess provision as at 31 December (C=B-A)				16,658,951,864	9,660,369,231

	Particulars Particulars	Note	Amount	in Taka
	r articulais	Note	2020	2019
11.12	Listing of assets pledged as security/collaterals			
	Nature of the secured assets			
	Shares & Securities		1,356,423,781	1,689,122,454
	Merchandise		3,796,029,023	857,232,999
	Machinery with other fixed asset and financial obligation		5,747,670,965	4,167,920,849
	Real estate with financial obligation		262,256,290,181	238,673,761,651
	Financial obligation only		10,253,853,322	7,145,293,503
	(Insurance policies, savings certificatespank deposit etc)			
	Miscellaneous-			
	i) Crops/stock of crops hypothecation		154,619,808	250,625,273
	ii) Guarantee of individuals/institutions		23,766,917,006	34,355,140,556
	ii) Others		13,036,354,784	7,876,016,035
			320,368,158,870	295,015,113,320
11.13	Bills purchased and discounted			
	Conventional Banking			
	In Bangladesh		3,319,661,045	3,585,216,294
	Outside Bangladesh		10,864,431,380	14,048,336,097
			14,184,092,425	17,633,552,391
	Islamic Banking			
	In Bangladesh		297,970,077	337,062,325
	Outside Bangladesh		16,880,817	24,397,284
			314,850,894	361,459,608
			14,498,943,318	17,995,011,999
11.14	Maturity grouping of bills discounted and purchased			
	Mathin and manth		12040042040	/ 00/ 700 000
	Within one month		12,040,043,318	6,096,700,000
	More than one month but less than three months		2,456,100,000	8,849,911,999
	More than three months but less than six months		2,800,000	3,048,400,000
	More than six months		14,498,943,318	17,995,011,999
			14,470,743,310	17,773,011,779

### 11.15 Information about restructured loan as per Bangladesh Bank's BRPD Circular no. 4 dated 29 January 2015.

Loans amounting to Tk. 3,103.80 million (outstanding Tk. 2,522.30 million as on 31 December 2020) of Keya Group, Gulshan Branch, Dhaka have been restructured by extension of validity of Term Loan for 12-years & conversion of demand loan into 06-years Term Loan including one year moratorium under the purview of BRPD Circular # 04 dated 29 January 2015. The status of the loans is unclassified and reported as SMA as per Bangladesh Bank's guidelines. Accordingly, 2% provision has been made.

	Particulars Note		Amount in Taka	
	r ai ticulai 3	Note	2020	2019
12	Consolidated fixed assets including premises, furniture and fixtures			
	Cost:			
	Southeast Bank Limited	13	12,120,614,334	11,448,421,132
	Southeast Bank Capital Services Limited		817,942,354	816,073,827
	Southeast Exchange Company (South Africa) Pty Ltd		16,416,583	15,316,260
			12,954,973,271	12,279,811,219
	Less: Accumulated depreciation			
	Southeast Bank Limited	13	2,937,941,407	2,693,465,734
	Southeast Bank Capital Services Limited		293,688,455	246,002,900
	Southeast Exchange Company (South Africa) Pty Ltd		8,372,192	6,684,570
			3,240,002,054	2,946,153,204
	Written down value at the end of the year		9,714,971,217	9,333,658,015

There were no capitalized borrowing cost related to the acquisition of fixed assets during the year (2019: nil).

Details of consolidated amounts have not been provided as such amounts are insignificantly different from those of the Banks.

### 13 Fixed assets including premises, furniture and fixtures

	Cost:		
	Land	5,797,426,007	5,797,426,007
	Buildings	1,989,886,963	1,989,886,963
	Furniture and fixtures	1,381,364,685	1,421,217,386
	Office appliances	15,674,809	15,557,289
	Computer	533,119,148	309,141,176
	Electrical appliances	1,561,868,349	1,438,573,817
	ATM Booth	665,452,937	324,137,305
	Motor vehicles	175,821,436	152,481,189
		12,120,614,334	11,448,421,132
	Less: Accumulated depreciation		
	Buildings	641,572,118	585,392,846
	Furniture and fixtures	675,761,738	712,788,895
	Office appliances	11,854,565	10,989,673
	Computer	216,695,538	161,083,126
	Electrical appliances	1,045,404,854	955,186,841
	ATM Booth	225,499,889	166,056,528
	Motor vehicles	121,152,704	101,967,825
		2,937,941,407	2,693,465,734
	Written down value at the end of the year	9,182,672,927	8,754,955,398
	Details are shown in <b>Annexure-E.</b>		
14	Consolidated other assets		
	Southeast Bank Limited 15	13,171,388,605	9,485,465,483
	Southeast Bank Capital Services Limited	316,564,237	126,836,034
	Southeast Exchange Company (South Africa) Pty Ltd	1,947,689	4,267,272
		13,489,900,531	9,616,568,789
	Less:		
	Investment in subsidiary:		
	In Bangladesh	5,489,930,000	5,489,930,000
	Outside Bangladesh	44,211,055	42,207,967
		5,534,141,055	5,532,137,967
	Intercompany balance	2,105,223	-
		7,953,654,253	4,084,430,822

	Particulars	Note	Amount i	n Taka
	r ai ticulai 3	Note	2020	2019
15	Other assets		13,171,388,605	9,485,465,483
15.1	Classification of other assets			
	<ul> <li>i) Investment in shares of subsidiary companies:         <ul> <li>In Bangladesh</li> <li>Outside Bangladesh</li> </ul> </li> <li>ii) Stationery, stamps, printing materials, etc.</li> <li>iii) Advance rent and advertisement</li> <li>iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables</li> <li>v) Security deposits</li> <li>vi) Preliminary, formation and organisational expenses,</li> </ul>	15.3 15.4	5,489,930,000 44,211,055 38,500,279 58,643,430 4,565,919,217 5,004,494	5,489,930,000 42,207,967 50,176,317 294,913,787 1,563,924,636 4,923,619
	renovation, development and prepaid expenses vii) Suspense account viii) Right to use (ROU) assets ix) Others		814,629,677 28,346,846 979,340,395 1,146,863,212 <b>13,171,388,605</b>	953,725,582 40,140,155 207,595,018 837,928,403 <b>9,485,465,483</b>
15.2	Non-income generating other assets			
	<ul><li>i) Stationery, stamps, printing materials, etc.</li><li>ii) Advance rent and advertisement</li><li>iii) Suspense account</li><li>iv) Preliminary, formation and organisational expenses,</li></ul>		38,500,279 58,643,430 28,346,846	50,176,317 294,913,787 40,140,155
	renovation, development and prepaid expenses		814,629,677 <b>940,120,232</b>	953,725,582 <b>1,338,955,841</b>
15.3	Investment in shares of subsidiary company in Bangladesh			
	Cost Provision for impairment loss		5,489,930,000	5,489,930,000
15.4	Investment in shares of subsidiary companies outside Bangladesh		5,489,930,000	5,489,930,000
	Cost Provision for impairment loss		44,211,055 - <b>44,211,055</b>	82,704,302 (40,496,336) <b>42,207,967</b>
15.5	Particulars of required provision for other assets		11,222,000	12,207,707
		Base for provision	Rate (%)	Taka
	Legal expenses for defaulting borrowings Legal expenses for defaulting borrowings Others Protested bills Required provision on other assets Total provision maintained Excess provision	10,186,097 126,815,106 143,957,797 11,124,435	50% 100% 100% 100%	5,093,048 126,815,106 143,957,797 11,124,435 286,990,387 288,796,914 1,806,527
		Base for provision	Rate (%)	Taka
	Legal expenses for defaulting borrowings Legal expenses for defaulting borrowings Others Protested bills Required provision on other assets	21,555,745 97,954,681 105,957,797 5,987,140	50% 100% 100% 100%	10,777,872 97,954,681 105,957,797 5,987,140 220,677,490
	Total provision maintained Excess provision			228,796,914 8,119,424

	Particulars Particulars	Note	Amount 2020	in Taka 2019
16	Consolidated borrowings from other banks, financial institutions and agents			
	<b>Subordinated bond:</b> Southeast Bank Limited	17	13,600,000,000 <b>13,600,000,000</b>	10,200,000,000 <b>10,200,000,000</b>
	Other borrowings: Southeast Bank Limited Southeast Bank Capital Services Limited	17	18,897,676,319	13,701,399,879
	Less: Inter company balance eliminated		18,897,676,319 - 18,897,676,319	13,701,399,879 - <b>13,701,399,879</b>
			32,497,676,319	23,901,399,879
17	Borrowings from other banks, financial institutions and agents			
	Subordinated Bond Other borrowings	17.2.ii 17.2.i+17.3	13,600,000,000 18,897,676,319 <b>32,497,676,319</b>	10,200,000,000 13,701,399,879 <b>23,901,399,879</b>
17.1	Borrowing from other banks, financial institutions and agents			
	In Bangladesh Outside Bangladesh	17.2 17.3	21,465,144,279 11,032,532,040 <b>32,497,676,319</b>	11,820,129,879 12,081,270,000 <b>23,901,399,879</b>
17.2	In Bangladesh			
	i. Secured: Refinance against agro-based credit from Bangladesh Bank Refinance for housing sector from Bangladesh Bank Refinance against SME loan from Bangladesh Bank Refinance against Solar energy, Bio Gas & ETP Scheme from Bangladesh Bank Refinance against RPGCL BD Pre-Finance Under Sreup Borrowing from Pubali Bank Limited Bangladesh Bank Islamic Bond		18,456 185,569,746 147,776,659 555,556 2,000,000 22,387 382,735,500	11,344,643 60,380,122 119,993,843 3,888,884 - 22,387 - 424,500,000 1,000,000,000
	BB Refinance against COVID-19 Stimulus package: COVID-19 Salary RMG COVID-19 Refinance:oth than cmsme (BRPD-10) COVID-19 Refinance:packing credit (BRPD-09) COVID-19 Refinance:cmsme (SMESPD-02) COVID-19 Refinance:agriculture (ACD-01)		2,715,047,000 3,362,801,095 664,192,765 401,685,115 2,740,000 <b>7,865,144,279</b>	1,620,129,879
	ii. Unsecured: Subordinated Bond Rupali Bank Limited Sonali Bank Limited Agrani Bank Limited Pubali Bank Limited Mercantile Bank Limited Saudi-Bangladesh Industrial and Agricultural Investment Company Ltd Sadharan Bima Corporation Uttara Bank Limited Dhaka Bank Limited Dhaka Bank Limited National Life Insurance Limited Janata Bank Limited Delta Life Insurance Co. Limited Eastern Bank Limited Square Pharmaceuticals Limited Total (iii=i+ii)		2,100,000,000 1,500,000,000 3,120,000,000 810,000,000 800,000,000 160,000,000 120,000,000 450,000,000 1,450,000,000 1,300,000,000 250,000,000 1000,000,000 13,600,000,000 21,465,144,279	1,350,000,000 1,850,000,000 2,060,000,000 1,070,000,000 80,000,000 180,000,000 160,000,000 1,100,000,000 1,400,000,000 250,000,000 10,200,000 11,820,129,879

	Particulars Particulars	Note	Amount	in Taka
	Particulars	Note	2020	2019
17.3	Outside Bangladesh Secured			
	Borrowing from Commercial Bank of Qatar (CBQ) Borrowing from RAK BANK, UAE Borrowing FM SCB SINGAPORE Borrowing FM EIB, UAE Borrowing from ADCB, UAE Borrowing from DBS Bank Ltd Borrowing from Noor UAE Borrowing from FGB, UAE Borrowing from Caixa Bank, Nepal Borrowing from Caixa Bank, s.a., spain Borrowing from FM Habib Bank AG		254,401,200 958,244,520 2,968,014,000 1,475,526,960 508,802,400 - - 466,402,200 - 678,403,200 373,121,760	1,485,750,000 849,000,000 2,249,850,000 721,650,000 679,200,000 1,146,150,000 577,320,000 551,850,000 849,000,000
	Borrowing from HDFC BANK, Hong Kong		424,002,000 <b>8,106,918,240</b>	1,273,500,000 <b>10,383,270,000</b>
	<b>Unsecured</b> Borrowing from Global Climate Partnership Fund S.A. Borrowing from ADB		1,696,008,000 1,229,605,800 <b>2,925,613,800</b> <b>11,032,532,040</b>	1,698,000,000 1,698,000,000 12,081,270,000
17.4	Maturity grouping of borrowings		,,,_	
	Repayable on demand Repayable within one month Over one month but within six months Over six months but within one year Over one year		5,650,967,418 24,846,708,901 2,000,000,000 32,497,676,319	424,800,000 9,259,600,000 2,795,600,000 11,421,399,879 23,901,399,879
18	Consolidated deposits and other accounts			
	Current/Al-wadeeah current accounts and other accounts			
	Southeast Bank Limited Southeast Bank Capital Services Limited		66,764,534,952 110,261,276	48,807,799,671 75,754,716
	Less: Inter company balance eliminated		66,874,796,228 24,214,410 66,850,581,819	<b>48,883,554,387</b> 622,941,348 <b>48,260,613,039</b>
	Bills payable Southeast Bank Limited Southeast Bank Capital Services Limited		3,940,333,929 - <b>3,940,333,929</b>	4,095,294,208 - <b>4,095,294,208</b>
	Savings bank/Mudaraba savings bank deposits Southeast Bank Limited Southeast Bank Capital Services Limited		38,060,936,493	30,416,845,985
	Fixed deposits/Mudaraba fixed deposits Southeast Bank Limited		<b>38,060,936,493</b> 251,134,079,440	<b>30,416,845,985</b> 246,477,520,709
	Southeast Bank Capital Services Limited		251,134,077,440	246,477,520,707 - 246,477,520,709
	Less: Inter company balance eliminated		450,000,000 <b>250,684,079,440</b>	246,477,520,709
			359,535,931,681	329,250,273,941
19	Deposits and other accounts			
	Current/Al-wadeeah current accounts and other accounts Current/Al-wadeeah current deposits Foreign currency deposits Sundry deposits	19.1	14,631,129,902 2,658,297,921 49,475,107,129 <b>66,764,534,952</b>	12,879,444,883 2,222,988,779 33,705,366,009 <b>48,807,799,671</b>
	Bills payable Payment order issued Demand draft		3,936,386,516 3,947,413 <b>3,940,333,929</b>	4,091,346,795 3,947,413 4,095,294,208
	Savings bank/Mudaraba savings bank deposits		38,060,936,493	30,416,845,985
	Fixed deposits/Mudaraba fixed deposits Fixed deposits/Mudaraba fixed deposits Special notice/Mudaraba special notice deposits Scheme deposits Interest payable on FDR/Scheme		185,307,272,285 42,280,757,873 20,162,300,947 3,383,748,334 251,134,079,440 359,899,884,814	187,900,462,477 34,377,295,823 19,254,588,903 4,945,173,506 246,477,520,709 329,797,460,573

19.1   Sundry deposits		Doubleston	Nete	Amount	in Taka
Margin under letter of credit		Particulars Particulars	Note	2020	2019
Margin under letter of credit	101	Cunduu danasita			
Margin against IBP	17.1				
Margin against FBP   104,093,699   1,403,679,999   1,403,679   1		9			2,690,660,855 817,604
Margin under letter of guarantee   1460,567,929   14,273,77   45,273,214   4,273,77					78,719,028
Deposit held against FDBPAIDEP, export bills etc.   FC held against EDF L/C and LTFF/GTF   30.111.738.188   Accounts payable   1.017.058   56     Telegraphic transfer   9713.716   1.017.058   7.341.344   7.341.345   36.134   7.341.344   6.77   7.341.344   6.77   7.341.344   6.77   7.341.344   6.77   7.341.344   6.77   7.341.344   6.77   7.341.344   6.77   7.341.344   6.77   7.341.344   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   6.77   7.341.345   7.341.345   7.341.345   7.341.345   7.341.345   7.341.345   7.341.345   7.341.345   7.341.345   7.341.345   7.341.345   7.373.375.36   7.341.345   7.341.345   7.341.345   7.341.345   7.373.375.36   7.341.345   7				1,460,567,929	1,423,074,985
FC held against EDF L/C and LTFF/GTF   30,111,738,188   20,010,24   20,010,2					94,034,584
Accounts payable   1.017.058   7.098   1.017.058   1.017.058   1.017.058   1.017.058   1.0041.349   1.0041.					13,864,686
Telegraphic transfer		9			569,107
Export proceeds awaiting disposal Remittance awaiting disposal Others   7,341,384					983,716
Remittance awaiting disposal Others   1,2341,384   5,97   310,722   33,705,365   310,722   33,705,365   310,722   33,705,365   323,626,276   350,216,618,538   323,628,37   359,899,884,814   329,797,466   350,216,618,538   323,628,37   359,899,884,814   329,797,466   350,216,618,538   323,628,37   359,899,884,814   329,797,466   350,216,618,538   323,628,37   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,797,466   359,899,884,814   329,9					8,713,253,792
19.2   Deposits from banks and others					361,340,932 6,978,203
19.2   Deposits from banks and others					310,720,520
Inter-bank deposits					33,705,366,009
19.3   Inter-bank deposits   350,216,618,538   323,628,37   329,797,46   329,77,97,46	19.2	Deposits from banks and others			
19.3   Inter-bank deposits   350,216,618,538   323,628,37   329,797,46   329,779,46   329,779,		Inter-bank deposits	19.3	9.683,266,276	6,169,084,156
19.3 Inter-bank deposits  AB Bank Limited Agrani Bank Limited Al-Arafa Islami Bank Limited Al-Arafa Islami Bank Limited Al-Arafa Islami Bank Limited Bank Asia Limited 2,000,000,345 Citibank N.A. Dutch Bangla Bank Limited 2,500,000,000 EXIM Bank Limited 483,513 5,19 First Security Islami Bank Limited 165,717 16 IFIC Bank Limited 171,117 181,118 181,		·		350,216,618,538	323,628,376,417
AB Bank Limited Agrani Bank Limited Al-Arafa Islami Bank Limited Al-Arafa Islami Bank Limited Bank Asia Limited Citibank N.A. Dutch Bangla Bank Limited Birl Bank Limited Dutch Bangla Bank Limited Dutch Bangla Bank Limited Eli Bank Limited Asia, 513 First Security Islami Bank Limited Asia, 513 First Security Islami Bank Limited Asia, 513 First Security Islami Bank Limited Asia, 513 Asia Bank Bangladesh Limited Asia, 513 Asia Bank Bank Limited Asia Ba				359,899,884,814	329,797,460,573
Agrani Bank Limited Al-Arafa Islami Bank Limited Bank Asia Limited Citibank NA. Dutch Bangla Bank Limited EXIM Bank Limi	19.3	Inter-bank deposits			
Al-Arafa Islami Bank Limited Bank Asia Limited Citibank N.A. Dutch Bangla Bank Limited EXIM Bank Bangladesh Limited EXIM Bank Bangladesh Limited EXIM Bank Bangladesh Limited EXIM Bank Limited		AB Bank Limited		54,030	54,143
Bank Asia Limited   2,000,000,345   39,861,604   455,86   2,500,000,000   100,000   EXIM Bank Limited   483,513   5,19   First Security Islami Bank Limited   165,717   16   165,717   16   165,717   16   181ami Bank Limited   273,191   26   8,769,024   8,60   3,50   Meghna Bank Limited   8,769,024   8,60   3,50   Mercantile Bank Limited   4,241,535   5,34   Mutual Trust Bank Limited   646,057   71   NCC Bank Limited   646,057   71   NCC Bank Limited   31,807,087   24,10   1,000,000   State Bank of India   300,000,000   State Bank of India   300,000,000   State Bank Limited   7,465,982   105,43   Standard Chartered Bank   2000,000,000   Social Islami Bank Limited   10,646,463   10,46   United Commercial Bank Limited   1,000,000,000   Uttara Bank Limited   1,000,000,000   1,200,000,000		9		-	500,000,000
Citibank N.A.       39,861,604       455,86         Dutch Bangla Bank Limited       2,500,000,000       100,00         EXIM Bank Limited       105,717       16         IFIC Bank Limited       273,191       26         Islami Bank Bangladesh Limited       8,769,024       8,60         Meghna Bank Limited       860       3,50         Mercantile Bank Limited       4,241,535       5,34         Mutual Trust Bank Limited       646,057       71         NCC Bank Limited       31,807,087       24,10         NRB Commercial Bank Limited       31,807,087       24,10         Prime Bank Limited       750,000,000         State Bank of India       300,000,000         Sonali Bank Limited       7,465,982       105,43         Standard Chartered Bank       200,000,000         Social Islami Bank Limited       3,344,508       33         The City Bank Limited       10,646,463       10,46         United Commercial Bank Limited       1,200,000,000         Uttara Bank Limited       1,200,000,000         Uttara Bank Limited       1,200,000,000         9,683,266,276       6,169,08					749,040,064
EXIM Bank Limited First Security Islami Bank Limited IFIC Bank Limited Islami Bank Bangladesh Limited Islami Bank Bangladesh Limited Regna Bank Li					455,863,053
First Security Islami Bank Limited IFIC Bank Limited Islami Bank Bangladesh Limited Refna Bank Limited Refna					100,000,000
IFIC Bank Limited       273,191       26         Islami Bank Bangladesh Limited       8,769,024       8,60         Meghna Bank Limited       860       3,50         Mercantile Bank Limited       4,241,535       5,34         Mutual Trust Bank Limited       646,057       71         NCC Bank Limited       -       200,000         NRB Commercial Bank Limited       31,807,087       24,10         Prime Bank Limited       -       1,000,000         State Bank of India       300,000,000       300,000,000         State Bank of India       300,000,000       3,000,000         Sonali Bank Limited       -       3,000,000         Shahjalal Islami Bank Limited       7,465,982       105,43         Standard Chartered Bank       200,000,000         Social Islami Bank Limited       10,646,463       10,46         United Commercial Bank Limited       1,000,000,000       1,046         Uttara Bank Limited       1,000,000,000       9,683,266,276       6,169,08         19.4       Sector-wise deposits         Government       10,009,476,538       10,307,11					5,191,092
Islami Bank Bangladesh Limited       8,769,024       8,60         Meghna Bank Limited       860       3,50         Mercantile Bank Limited       4,241,535       5,34         Mutual Trust Bank Limited       646,057       71         NCC Bank Limited       -       200,000         NRB Commercial Bank Limited       -       1,000,000         Prime Bank Limited       750,000,000       300,000,000         State Bank of India       300,000,000       3,000,000         Sonali Bank Limited       7,465,982       105,43         Standard Chartered Bank       200,000,000       200,000,000         Social Islami Bank Limited       10,646,463       10,46         United Commercial Bank Limited       1,000,000,000       1,000,000,000         Uttara Bank Limited       1,000,000,000       6,169,08         19.4       Sector-wise deposits         Government       10,099,476,538       10,307,11		,		,	164,791 268,662
Mercantile Bank Limited       4,241,535       5,34         Mutual Trust Bank Limited       646,057       71         NCC Bank Limited       200,000         NRB Commercial Bank Limited       31,807,087       24,10         Prime Bank Limited       750,000,000         State Bank of India       300,000,000         Sonali Bank Limited       -       3,000,000         Sonali Bank Limited       7,465,982       105,43         Standard Chartered Bank       200,000,000       200,000,000         Social Islami Bank Limited (SIBL)       3,344,508       33         The City Bank Limited       10,646,463       10,46         United Commercial Bank Limited       1,000,000,000       1,200,000,000         Uttara Bank Limited       1,200,000,000       6,169,08         19.4       Sector-wise deposits       10,099,476,538       10,307,11					8,607,582
Mutual Trust Bank Limited       646,057       71         NCC Bank Limited       200,00         NRB Commercial Bank Limited       31,807,087       24,10         Prime Bank Limited       750,000,000       1,000,000         State Bank of India       300,000,000       3,000,000         Sonali Bank Limited       7,465,982       105,43         Standard Chartered Bank       200,000,000       3,344,508       33         Social Islami Bank Limited (SIBL)       3,344,508       33         The City Bank Limited       10,646,463       10,46         United Commercial Bank Limited       1,000,000,000       1,200,000,000         Uttara Bank Limited       1,200,000,000       6,169,08          19.4       Sector-wise deposits       10,099,476,538       10,307,11		9			3,501,780
NCC Bank Limited NRB Commercial Bank Limited Prime Bank Limited Pubali Bank Limited State Bank of India Sonali Bank Limited Shahjalal Islami Bank Limited Standard Chartered Bank Social Islami Bank Limited Socia					5,342,095
NRB Commercial Bank Limited       31,807,087       24,10         Prime Bank Limited       750,000,000       1,000,000         Pubali Bank Limited       750,000,000       300,000,000         State Bank of India       300,000,000         Sonali Bank Limited       7,465,982       105,43         Standard Chartered Bank       200,000,000         Social Islami Bank Limited (SIBL)       3,344,508       33         The City Bank Limited       10,646,463       10,46         United Commercial Bank Limited       1,000,000,000       10,46         Uttara Bank Limited       1,200,000,000       6,169,08         19.4       Sector-wise deposits         Government       10,099,476,538       10,307,11				-	713,862 200,000,000
Prime Bank Limited Pubali Bank Limited 750,000,000 State Bank of India 300,000,000 Sonali Bank Limited 50,000,000 Shahjalal Islami Bank Limited 7,465,982 Standard Chartered Bank Social Islami Bank Limited(SIBL) The City Bank Limited United Commercial Bank Limited Uttara Bank Limited 1,000,000,000 Uttara Bank Limited 1,000,000,000 9,683,266,276 6,169,08				31,807,087	24,108,748
State Bank of India Sonali Bank Limited Shahjalal Islami Bank Limited Standard Chartered Bank Social Islami Bank Limited(SIBL) The City Bank Limited United Commercial Bank Limited Uttara Bank Limited  10,646,463 10,46  10,000,000,000  11,200,000,000  11,				-	1,000,000,000
Sonali Bank Limited Shahjalal Islami Bank Limited Standard Chartered Bank Social Islami Bank Limited(SIBL) The City Bank Limited United Commercial Bank Limited Uttara Bank Limited Uttara Bank Limited  Sector-wise deposits  Government  3,000,000 105,43 105,43 105,43 105,43 105,43 105,43 107,46 107,46 107,46 107,46 107,46 107,46 107,476,538 107,307,11					-
Shahjalal Islami Bank Limited				300,000,000	3,000,000,000
Social Islami Bank Limited(SIBL) The City Bank Limited United Commercial Bank Limited Uttara Bank Limited  1,000,000,000 1,200,000,000 9,683,266,276  19.4 Sector-wise deposits  Government  10,099,476,538 10,307,11				7,465,982	105,431,394
The City Bank Limited United Commercial Bank Limited Uttara Bank Limited Uttara Bank Limited  10,646,463 1,000,000,000 1,200,0000,000 9,683,266,276 6,169,08  19.4 Sector-wise deposits  Government  10,099,476,538 10,307,11					-
United Commercial Bank Limited Uttara Bank Limited  1,000,000,000 1,200,000,000 9,683,266,276 6,169,08  19.4 Sector-wise deposits  Government  10,099,476,538 10,307,11		, ,		, , , , , , , , , , , , , , , , , , ,	335,533 10,461,357
9,683,266,276 6,169,080  19.4 Sector-wise deposits  Government 10,099,476,538 10,307,11		,			10,401,337
19.4       Sector-wise deposits         Government       10,099,476,538       10,307,11		Uttara Bank Limited			-
Government 10,099,476,538 10,307,11				9,683,266,276	6,169,084,156
	19.4	Sector-wise deposits			
		Government		10,099,476,538	10,307,116,456
		Deposit money banks		9,683,266,276	6,169,084,156
					25,926,853,338
					21,882,296,084 265,512,110,538
359,899,884,814 329,797,46					329,797,460,573
19.5 Unclaimed Deposits and valuables	19.5	Unclaimed Deposits and valuables			
Payment Order 2,079,973 2,68		Payment Order		2,079,973	2,682,163
2,079,973 2,68				2,079,973	2,682,163

	Particulars Particulars	Note	Amount	in Taka
	i articulars	Note	2020	2019
19.6	Analysis of residual maturity grouping of deposits Inter-bank deposits: Payable on demand Within one month More than one month but less than six months More than six months but less than one year More than one year but less than five years		1,650,400,000 6,700,000,000 1,332,866,276	865,500,000 300,000,000 5,003,584,156 - -
	More than five years but less than ten years		9,683,266,276	6,169,084,156
	Other Deposits: Payable on demand Within one month More than one month but less than six months More than six months but less than one year More than one year but less than five years More than five years but less than ten years		10,800,000,000 46,054,200,000 81,140,853,724 85,516,880,000 107,702,800,000 19,001,884,814 350,216,618,538 359,899,884,814	7,800,600,000 44,203,400,000 79,027,325,844 70,710,990,000 102,836,600,000 19,049,460,573 <b>323,628,376,417</b> <b>329,797,460,573</b>
20	Consolidated other liabilities			
	Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd	21	43,104,754,236 405,889,783 - 37,294,566 <b>43,547,938,585</b>	38,312,892,783 306,169,676 323,309 32,120,880 <b>38,651,506,648</b>
	Less: Inter company balance eliminated		2,105,223 <b>43,545,833,362</b>	38,651,506,648
21	Other liabilities			
	Provision for loans and advances/investments Interest suspense account Provision for taxation Obligation under finance lease Lease Liabilities (Right of Use Assets) Accrued expenses Interest payable on borrowings Accounts payable-Bangladesh Bank Accounts payable-others Provision for diminution in the market value of share Other provisions Unearned income Branch adjustment Withholding tax Provision for audit fees	21.1 21.2 21.3 21.4 21.4.1 21.7.1 21.5.1 21.6	23,862,771,455 10,741,106,029 2,891,305,423 - 652,822,368 14,091,799 403,740,977 28,186,890 1,214,240,145 126,200,000 1,263,023,180 228,560,194 513,771,775 1,163,934,002 1,000,000 43,104,754,236	18,773,255,000 9,294,042,050 4,814,160,997 868,030 132,956,073 20,738,308 501,780,157 66,346,869 1,209,485,335 684,270,141 1,062,908,714 334,006,098 393,145,849 1,023,929,163 1,000,000 38,312,892,783
21.1	Provision for loans and advances/investments			
	A. General Balance as at 1 January Add: Provision made during the year On standard loans and advances/investments etc. On Special Mention Account (SMA)  Add: 1% General provision due to COVID-19 Add: Transfer from retained earnings Less: Transfer to specific provision Less: Provision no longer required Balance as at 31 December		529,628,000  3,021,347,663 15,115,937  3,036,463,600 1,161,700,000 2,487,616,855 (3,579,410,600)  3,635,997,855	3,321,400,000  354,251,868 (26,023,868)  328,228,000  - (3,120,000,000)  - 529,628,000
	B. Specific		40.0	
	Balance as at 1 January  Less: Fully provided debt write off during the year Add: Recoveries of amounts previously written off Add: Specific provision for the year Add: Transfer from general provision Add: Transfer from Interest Suspense Less: Recoveries and provisions no longer required Less: Interest waiver during the year Net charge to Profit & Loss A/C Balance as at 31 December		18,243,627,000 (2,504,385,038) 472,250,468 827,466,570 3,579,410,600 296,806,000 (688,402,000) 1,983,146,600 20,226,773,600	9,961,900,000 (10,310,926) 917,012,200 4,255,025,727 3,120,000,000 8,281,727,000 18,243,627,000
	C. Total provision on loans and advances/investments (A+B)		23,862,771,455	18,773,255,000

	Particulars	Note	Amount	in Taka
	r ai ticulai 3	Note	2020	2019
21.2	Interest suspense account			
	Balance as at 1 January		9,294,042,050	5,995,927,271
	Add: Amount transferred to "interest suspense" account during the year		4,103,475,368 <b>13,397,517,418</b>	6,583,128,290 <b>12,579,055,561</b>
	Less: Amount of interest suspense recovered during the year		2,069,153,651	3,086,779,100
	Amount written off during the year		455,969,508	3,148,175
	Interest waiver during the year		131,288,230 <b>2,656,411,389</b>	195,086,236 <b>3,285,013,511</b>
	Balance as at 31 December		10,741,106,029	9,294,042,050
21.3	Provision for taxation			
	Provision for current tax	21.3.1	2,579,162,503	4,411,136,490
	Deferred tax liabilities	21.3.2	312,142,920	403,024,507
			2,891,305,423	4,814,160,997
21.3.1	Provision for current tax			
	Provision			
	Balance as at 1 January		13,985,654,808	14,079,760,869
	Settlement/adjustments for previous years Provision made for the current year	21.3.1.1	1,050,000,000	(2,694,106,061) 2,600,000,000
	(A) Balance as at 31 December	21.0.1.1	15,035,654,808	13,985,654,808
	Less: Advance tax			
	Balance as at 1 January Paid during the year		9,574,518,318 2,881,973,987	10,194,273,962 2,074,350,417
	Settlement/adjustments for previous years		-	(2,694,106,061)
	(B) Balance as at 31 December		12,456,492,305	9,574,518,318
	(A-B) Net balance as at 31 December		2,579,162,503	4,411,136,490
21.3.1.1	Provision made for the current year			
	Provision made during the year		1,050,000,000	2,600,000,000
	Less: Excess provision adjustment for prior years		1,050,000,000	2,600,000,000
			1,030,000,000	2,000,000,000
21.3.2	Deferred tax liabilities			
	Deferred tax liabilities are attributable to the following:			
	Revaluation reserve of land		615,761,213	615,761,213
	Revaluation reserve of buildings		125,911,051	125,911,051
	Fixed assets-except land and revaluation reserve of buildings	21.3.3.1	(437,382,640)	(352,382,640)
	Revaluation reserve of HTM securities	21.3.3.2	10,372,677	10,840,095
	Revaluation reserve of HFT securities	21.3.3.3	4,647,619	4,361,789
	Deferred tax on right of use assets	21.3.3.4	(7,167,000) <b>312,142,920</b>	(1,467,000) <b>403,024,507</b>
			312,172,720	703,027,307

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, by the balance sheet date. Following are the descriptions for each individual item of the deferred tax that are recognised by the Bank as a temporary difference with expected time of realisation.

### Revaluation reserve of land

As the land is not depreciable and as per local tax rules revaluation gain is not taxable. However, the tax office will charge taxes on capital gain which is the same amount of revaluation gain whether recovered through use or sale. Hence a taxable temporary difference arises against which the Bank recognises deferred tax liabilities. However, the outstanding amount of deferred tax will be automatically released with the disposal of the assets.

Amount in Taka
2020 2019

### Revaluation reserve of buildings

Buildings are depreciable assets. Its revalued carrying amount will be recovered through use and this will generate taxable income which exceeds the depreciation that will be allowable for tax purposes in future periods. As a result taxable temporary difference will arise.

### Fixed assets- except land and revaluation reserve of buildings

Accounting depreciation is not tax allowable expenses. Rather, the tax office will allow tax depreciation as per 3rd Schedule of the Income Tax Ordinance 1984. Hence a temporary difference arises due to the different depreciation rates and methodology against which the Bank recognizes deferred tax. This is an ongoing item as there is a difference between the tax depreciation rate and the accounting depreciation rate. However, the outstanding amount of deferred tax will be automatically released with the expiry of the economic useful life of the assets.

### Revaluation reserves of HTM and HFT securities

Deferred tax relating to unrealised interest on the revaluation of Held to Maturity (HTM) and Held for Trading (HFT) securities is recognised directly in other reserves as a part of equity and is subsequently recognised in the profit and loss account on maturity of the securities. The deferred tax recognised against this will be fully reversed at the maturity of all related securities.

### Right of use assets (IFRS-16

The new lease (IFRS-16) accounting rules has significant impact on the balance sheet and income statements. As under IFRS 16 all leases apart from low value and short term leases are brought on balance. SEBL recognize a ROU asset which is depreciated in a straight line and a lease liability which is discounted under the effective interest method. Resulting in a depreciation and interest expense rather than a rent expense (unde IAS 17). This will typically result in higher lease expenses during the early years of the lease and causes the value of the ROU asset and lease obligation to diverge over the duration of the lease contract. The depreciation and interest expenses are not allowable in tax, other hand rent tax office will allow the rent expenses. Hence temporary differences arise and accordingly deferred tax has been recognized. However, the outstanding amount of deferred tax will be atomically released with the expiry of the lease term.

21.3.3	Movement of deferred tax liabilities		
	Balance as at 1 January Provision made for deferred tax liabilities	403,024,507	1,144,993,875
	Charged to profit and loss account Charged to revaluation reserve	(90,700,000) 4,031,290	(744,386,000) 3,177,347
		(86,668,710) 316,355,797	(741,208,653) 403,785,222
	Adjustment made during the year for revaluation reserve	(4,212,877)	(760,715)
	Balance as at 31 December	312,142,920	403,024,507
21.3.3.1	Deferred tax on fixed assets- except land and revaluation reserve of buildings		
	Balance as at 1 January	(352,382,640)	390,536,360
	Charge to profit and loss account Balance as at 31 December	(85,000,000) (437,382,640)	(742,919,000) (352,382,640)
	Balance as at 31 December	(437,362,640)	(352,362,640)
21.3.3.2	Deferred tax on revaluation reserve of HTM securities		
	Balance as at 1 January Add: Charge to revaluation reserves	10,840,095 3,385,534	7,662,748 3,177,347
	Less: Adjustment during the year	(3,852,951)	
	Balance as at 31 December	10,372,677	10,840,095
21.3.3.3	Deferred tax on revaluation reserve of HFT securities		
	Balance as at 1 January	4,361,789	5,122,503
	Add: Charge to revaluation reserves Less: Adjustment during the year	645,756 (359,925)	(760,714)
	Balance as at 31 December	4,647,619	4,361,789
21.3.3.4	Deferred tax on right of use assets*		
	Balance as at 1 January	(1,467,000)	
	Addition during the year Adjustment during the year	(5,700,000)	(1,467,000)
	Balance as at 31 December	(7,167,000)	(1,467,000)
21.4	Obligation under lease labilities		
	Balance as at 1 January	868,030	1,291,340
	Addition during the year Interest charge during the year	-	- -
		868,030	1,291,340
	Adjustment during the year Balance as at 31 December	(868,030)	(423,310) <b>868,030</b>
	balance as at 31 December	-	808,030

	Particulars	Note	Amount i	n Taka
	rai ticulai 5	Note	2020	2019
21.4.1	Lease Liabilities Right of use (ROU) Assets			
	Balance as at 1 January		132,956,073	_
	Addition during the year		665,527,166	169,602,073
	Interest charge during the year		37,457,425	10,134,250
	Adjustment during the year		<b>835,940,664</b> 183,118,296	<b>179,736,323</b> 46,780,250
	Balance as at 31 December		652,822,368	132,956,073
21.5	Other provisions charged to profit and loss			
	Provision for other assets	21.5.1 (A)	60,000,000	65,000,000
	Provision for good borrowers	21.5.1 (B)	- ,	-
	Provision for off-balance sheet exposures	21.5.1 (C)	119,155,200	(389,100,000)
	Start-up fund	21.5.1 (D)	20,959,266	-
			200,114,466	(324,100,000)
21.5.1	Other Provisions			
	A) Provision for other assets			
	Balance as at 1 January		228,796,914	233,735,000
	Addition during the year		60,000,000	65,000,000
			288,796,914	298,735,000
	Adjustment during the year		-	(69,938,086)
	Balance as at 31 December		288,796,914	228,796,914
	B) Provision for good borrowers			
	Balance as at 1 January		22,011,800	22,011,800
	Addition during the year		-	-
			22,011,800	22,011,800
	Adjustment during the year		-	-
	Balance as at 31 December		22,011,800	22,011,800
	C) Provision for off-balance sheet exposures			
	Balance as at 1 January		812,100,000	1,201,200,000
	Provision made during the year		119,155,200	-
			931,255,200	1,201,200,000
	Adjustments made during the year Balance as at 31 December		024 255 200	(389,100,000)
	Balance as at 31 December		931,255,200	812,100,000
	D) Start-up fund			
	Balance as on 1 January		-	-
	Addition during the year 1% of net profit		20,959,266	-
	Balance as at 31 December		20,959,266	-
	Total other provisions (A+B+C+D)		1,263,023,180	1,062,908,714
21.6	Branch adjustment (credit)			
	General accounts debit		602,839,225	1,345,879,151
	General accounts credit		1,116,611,000	1,739,025,000
	Const. d. decodiffed di odife		513,771,775	393,145,849
			0 20,77 2,77 3	0.0,110,017

Branch adjustment account represents outstanding interbranch and head office transactions (net) originated but yet to be responded at balance sheet date. However, the un-respondent entries of 31 Dec 2020 are given below:

Upto 3 months

Over 3 months but within 6 months Over 6 months but within 1 year

Over 1 year but within 5 years

No. of unrespondent entries		of unrespondent entries Unrespondent	
Debit	Credit	Debit	Credit
646	1,297	602,839,225	1,116,611,000
-	=	=	-
-	-	-	-
-	-	-	-
646	1,297	602,839,225	1,116,611,000
		, , , , , , , , , , , , , , , , , , , ,	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

	Particulars	Note	Amount	in Taka
	rai ticulai s	Note	2020	2019
21.7	Consolidated provision for diminution in value of investments			
	Southeast Bank Limited Southeast Bank Capital Services Limited	21.7.1	(117,063,786)	319,600,000
	Balance as at 31 December		(117,063,786)	319,600,000
21.7.1	Provision for diminution in value of investments			
	Balance as at 1 January		684,270,141	799,726,500
	Adjustments made for loss of sales of shares during the year		(441,006,355)	(435,056,359)
	Provision made during the year (Charge to the profit and loss)  Balance as at 31 December		(117,063,786) <b>126,200,000</b>	319,600,000 <b>684,270,141</b>
22	Share Capital			
22.1	Authorised			
	<b>1,500,000,000</b> Ordinary shares of Tk 10 each		15,000,000,000	15,000,000,000
22.2	Issued, subscribed and paid up			
	378,164,970 ordinary shares of Tk 10 each issued for cash		3,781,649,700	3,781,649,700
	810,775,551 ordinary shares of Tk 10 each issued as bonus shares		8,107,755,510	7,817,770,020
	1,188,940,521		11,889,405,210	11,599,419,720
22.2.1	Reconciliation of number of shares			
	Balance as at 1 January		1,159,941,972	1,054,492,702
	Issue of bonus shares		28,998,549	105,449,270
	Balance as at 31 December		1,188,940,521	1,159,941,972

### 22.3 Dividends

The following dividends were declared and paid by the Bank for the year ended 31 December.

1.00 Taka (Cash 0.75 and stock 0.25 dividend) per ordinary share for 2019 and 1.00 Taka per (Stock dividend) ordinary share for 2018

1,159,941,972 1,054,492,700

After the end of the reporting period, the following dividends were proposed by the directors. The dividends have not been provided for and no tax consequences.

 $1.00\,Taka\,Cash\,dividend\,per\,ordinary\,share\,for\,2020\,and\,1.00\,Taka\,(Cash\,0.75\,and\,Stock\,0.25\,dividend)\,per\,ordinary\,share\,for\,2019.$ 

1,188,940,521 1,159,941,972

### 22.3.1 Summary of unclaimed dividends

Unclaimed dividned as on 31 December 2020 was an amount of BDT 38,766,539.21 against 72,302 nos. of shareholders.

### 22.4 Share capital at a glance from inception

Year	Particulars	Number of shares	Capital amount (Taka)	Cumulative (Taka)
1995	Opening / Sponsors Capital	1,000,000	100,000,000	100,000,000
1996	None	-	-	100,000,000
1997	25% Stock Dividend	250,000	25,000,000	125,000,000
1998	20% Stock Dividend	250,000	25,000,000	150,000,000
1999	Initial Public Offer (IPO)	1,500,000	150,000,000	300,000,000
2000	10% Stock Dividend	300,000	30,000,000	330,000,000
2001	10% Stock Dividend	330,000	33,000,000	363,000,000
2002	10% Stock Dividend	363,000	36,300,000	399,300,000
2002	Right Issue @ 1:2	1,650,000	165,000,000	564,300,000
2003	20% Stock Dividend	1,128,600	112,860,000	677,160,000
2004	30% Stock Dividend	2,031,480	203,148,000	880,308,000
2005	20% Stock Dividend	1,760,616	176,061,600	1,056,369,600
2007	Right Issue @1:1	10,563,696	1,056,369,600	2,112,739,200
2006	8% Stock Dividend	1,690,191	169,019,100	2,281,758,300
2007	25% Stock Dividend	5,704,395	570,439,500	2,852,197,800
2008	20% Stock Dividend	5,704,395	570,439,500	3,422,637,300
2009	35% Stock Dividend	11,979,230	1,197,923,000	4,620,560,300
2010	Right Issue @1:2	23,102,801	2,310,280,100	6,930,840,400
2010	20% Stock Dividend	13,861,680	1,386,168,000	8,317,008,400
2011	Stock split (1:10)	748,530,756	-	8,317,008,400
2011	5% Stock Dividend	41,585,042	415,850,420	8,732,858,820
2012	None	-	-	8,732,858,820
2013	5% Stock Dividend	43,664,294	436,642,940	9,169,501,760
2014	None	-	-	9,169,501,760
2015	None	-	-	9,169,501,760
2016	None	-	-	9,169,501,760
2017	15% Stock Dividend	137,542,526	1,375,425,260	10,544,927,020
2018	10% Stock Dividend	105,449,270	1,054,492,700	11,599,419,720
2019	2.5% Stock Dividend	28,998,549	289,985,490	11,889,405,210

### 22.5 Classification of shareholders by holding

Less than 500 shares
501 to 5,000 shares
5,001 to 10,000 shares
10,001 to 20,000 shares
20,001 to 30,000 shares
30,001 to 40,000 shares
40,001 to 50,000 shares
50,001 to 1,00,000 shares
1,00,001 to 10,00,000 shares
Over 10,00,000 shares

Number o	f holders	% of	total holding
2020	2019	2020	2019
8,578	8,404	0.12	0.13
15,589	16,342	2.52	2.65
3,182	3,322	1.88	1.97
2,043	2,024	2.43	2.45
727	674	1.50	1.42
419	379	1.23	1.12
236	181	0.90	0.70
492	472	2.92	2.83
482	472	10.90	11.02
133	146	75.60	75.72
31,881	32,416	100.00	100.00

### 22.6 Initial public offer (IPO)

Out of the total issued, subscribed and fully paid up capital of the bank 1,500,000 (after stock split: 15,000,000) ordinary shares of Tk 100 (after stock split: Tk. 10) each amounting to Tk 150,000,000 was raised through public offering on shares in 1999.

### 22.7 Name of the Directors and their shareholdings in the year 2020

SI. No.	Name of the directors	Status	As at 1 January 2020	As at 31 December 2020
1	Mr. Alamgir Kabir, FCA	Chairman	26,057,759	26,709,202
2	Mrs. Duluma Ahmed	Vice Chairperson	24,139,668	24,743,159
3	Mr. M. A. Kashem	Director	25,688,430	26,330,640
4	Mr. Azim Uddin Ahmed	Director	32,245,779	33,051,923
5	Mrs. Jusna Ara Kashem	Director	23,199,498	23,779,485
6	Mrs. Rehana Rahman	Director	23,837,842	24,433,788
7	Mr. Md. Akikur Rahman	Director	23,551,319	31,764,465
8	Mr. Raiyan Kabir (Appointed on October 28, 2020)	Director	-	24,458,937
9	Bay Leasing & Investment Limited (Represented by Mr. M. Maniruz Zaman Khan, Appointed on October 28, 2020)	Director	-	27,950,000
10	Mr. Syed Sajedul Karim	Independent Director	-	-
11	Dr. Quazi Mesbahuddin Ahmed	Independent Director	-	-
12	Mr. Mohammad Delwar Husain	Independent Director	-	-
13	Mr. M. Kamal Hossain	Managing Director	-	
-			178,720,295	243,221,599

Particulars Note Amount in Taka
2020 2019

### 22.8 Capital to Risk weighted Assets Ratio (CRAR) of the Bank

22.9

The calculation of CRAR has been done as per BRPD Circular no. 07 dated 31 March 2014 and the Basel-III guideline December 2014 vide BRPD Circular no. 18 dated 21 December 2014.

vide	BRPD Circular no. 18 dated 21 December 2014.			
Con	nmon equity Tier-1 capital (Going Concern Capital)			
	d up capital	22.2	11,889,405,210	11,599,419,720
	re premium		-	-
	utory reserve	23	11,580,478,928	10,969,433,607
	er reserve	25	247,650,000	247,650,000
Reta	ained earnings	28	1,190,000,000 <b>24,907,534,138</b>	3,354,063,270 <b>26,170,566,597</b>
Add	: Additional Tier 1 capital		24,707,334,130	-
Less	s: Regulatory adjustments		238,082,042	118,436,936
A) T	otal common equity Tier 1 capital		24,669,452,096	26,052,129,662
Tier	· 2 Capital (Gone -Concern Capital)			
	ordinated bond		11,000,000,000	8,600,000,000
Ger	neral provision maintained against unclassified loan/investments		3,635,997,855	529,628,000
Ger	eral provision on off-balance sheet items		931,255,200	812,100,000
	et revaluation reserve		-	2,101,404,750
Rev	aluation reserve of Government securities		=	22,730,860
Loca	Pagulatan radiustments		15,567,253,055	<b>12,065,863,610</b> 2,124,135,610
	s: Regulatory adjustments al Tier 2 capital		15,567,253,055	9,941,728,000
100	in Net Zeapital		13,307,230,033	7,741,720,000
B)	Total capital		40,236,705,151	35,993,857,662
C)	Risk Weighted Assets (RWA)			
	Credit Risk			
	On-balance sheet		215,051,106,873	245,711,589,681
	Off-balance sheet		24,525,321,227	30,245,839,839
			239,576,428,100	275,957,429,520
	Market risk		13,061,256,153	9,837,819,829
	Operational risk		24,412,432,152	24,176,795,376
	Total RWA		277,050,116,404	309,972,044,725
D)	Required common equity Tier 1 Capital		12,467,255,238	13,948,742,013
	Required Tier 1 Capital 6% (2019: 6%) of RWA)		16,623,006,984	18,598,322,683
E)	Required total capital 12.50% (2019: 12.50%) of RWA		34,631,264,551	38,746,505,591
F)	Surplus common equity Tier 1 Capital(A-D)		12,202,196,858	12,103,387,649
G)	Surplus total capital (B-E)		5,605,440,600	(2,752,647,928)
Can	ital to risk-weighted assets ratio:			
	common equity Tier 1 capital against standard of			
0	minimum 4.5%		8.90%	8.40%
On '	Tier 1 capital - against standard of minimum 6%		8.90%	8.40%
	total capital - against standard of minimum 12.50% (2019:12.50%)		14.52%	11.61%
Lev	erage Ratio of the Bank			
A)	Tier 1 capital considering all regulatory adjustments		24,669,452,096	26,052,129,662
B)	On-balance sheet exposure		444,855,602,047	404,186,964,050
C)	Off-balance sheet exposure		64,424,584,915	60,523,824,177
D)	Deduction from on and off balance sheet exposure			
	/Regulatory adjustment		238,082,042	118,436,936
E)	Total exposure (B+C-D)		509,042,104,920	464,592,351,291
Lev	erage ratio (A/E)		4.85%	5.61%
	uidity coverage ratio		116.37%	154.00%
	stable funding ratio		106.51%	113.88%

	Particulars Particulars	Note	Amount	in Taka
	r ai ticulai 3	Note	2020	2019
10 Ca	pital to Risk weighted Assets Ratio (CRAR) of the Group			
Сс	mmon Equity Tier 1 Capital			
	id up capital	22.2	11,889,405,210	11,599,419,720
Sh	are premium		-	-
Sta	atutory reserve	23	11,580,478,928	10,969,433,607
	her reserve	25	247,650,000	247,650,000
	on- controlling interest	29	10,201,511	10,072,617
Re	tained earnings	27	1,315,624,550	3,443,466,969
Λα	d. Additional Tigr 1 capital		25,043,360,199	26,270,042,913
	d: Additional Tier 1 capital ss: Regulatory adjustments		238,082,042	118,436,936
	Total common equity Tier 1 capital		24,805,278,157	26,151,605,977
Α,	Total common equity field a capital		24,003,270,137	20,131,003,777
Tie	er 2 capital (Gone- Concern Capital)			
	bordinated bond		11,000,000,000	8,600,000,000
	neral provision maintained against unclassified loan/investments		3,635,997,855	529,628,000
	neral provision on off-balance sheet items		931,255,200	812,100,000
	set revaluation reserve		-	2,101,404,750
Re	valuation reserve of Government securities		45.57.7.050.055	22,730,860
Lo	ss: Regulatory adjustments		15,567,253,055	<b>12,065,863,610</b> 2,124,135,610
	tal Tier 2 capital		15,567,253,055	9,941,728,000
10	tal Fici 2 capital		13,307,233,033	7,741,720,000
B)	Total capital		40,372,531,212	36,093,333,978
C)	Risk weighted assets (RWA)			
	Credit risk			
	On-balance sheet		211,372,679,188	241,706,678,361
	Off-balance sheet		24,525,321,227	30,245,839,839
			235,898,000,415	271,952,518,200
	Market risk		20,764,051,363	16,849,259,139
	Operational risk		24,730,786,751	24,515,099,512
	Total RWA		281,392,838,529	313,316,876,851
D)	Required common equity Tier 1 capital		12,662,677,734	14,099,259,458
	Required Tier 1 capital 6% (2019: 6%) of RWA		16,883,570,312	18,799,012,611
E)	Required total capital 12.50% (2019: 12.50%) of RWA		35,174,104,816	39,164,609,606
F)	Surplus common equity Tier 1 capital (A-D)		12,142,600,423	12,052,346,519
~`	Cumulus tatal assistal /D F\		E 400 40 ( 00 (	(2.074.075.400)
G)	Surplus total capital (B-E)		5,198,426,396	(3,071,275,629)
Ca	pital to risk- weighted assets ratio:			
Or	common equity Tier 1 capital - against standard of minimum 4.5%		8.82%	8.35%
	Tier 1 capital - against standard of minimum 6%		8.82%	8.35%
Or	total capital - against standard of minimum 12.50% (2019:12.50%)		14.35%	11.52%

	Deutterlens	Nete	Amount	in Taka
	Particulars Particulars	Note	2020	2019
22.11	Leverage ratio of the Group			
	A) Tier 1 capital considering all regulatory adjustments		24,805,278,157	26,151,605,977
	B) On-balance sheet exposure		445,066,634,997	404,069,087,993
	C) Off-balance sheet exposure		64,424,584,915	60,523,824,177
	D) Deduction from on and off balance sheet exposure		, , ,	, , ,
	/Regulatory adjustment		238,082,042	118,436,936
	E) Total exposure (B+C-D)		509,253,137,870	464,474,475,234
	Leverage ratio (A/E)		4.87% 116.37%	5.63% 154.00%
	Liquidity coverage ratio Net stable funding ratio		106.51%	113.88%
	The Stable Falland, Table		200.02%	
00				
23	Statutory reserve			
	Balance as at 1 January		10,969,433,607	10,094,153,565
	Addition during the year Balance as at 31 December		611,045,321 <b>11,580,478,928</b>	875,280,042 <b>10,969,433,607</b>
	Balance as at 31 December		11,360,476,726	10,707,433,007
24	Revaluation reserve			
	Revaluation reserve of land and buildings:			
	Balance as at 1 January		4,944,481,764	4,944,481,764
	Addition during the year		4,944,481,764	4,944,481,764
	Deferred tax liabilities		(741,672,265)	(741,672,265)
	Balance as at 31 December		4,202,809,499	4,202,809,499
	Revaluation reserve on HTM securities:			
	Balance as at 1 January		27,591,740	19,118,815
	Addition during the year		10,750,106	8,472,925
	A discolar and discrimental assessment		38,341,845	27,591,740
	Adjustment during the year		(6,245,560) <b>32,096,285</b>	27,591,740
	Deferred tax liabilities		(14,693,046)	(10,840,095)
	Balance as at 31 December		17,403,239	16,751,645
			17,400,207	10,731,043
	Revaluation reserve on HFT securities:			
	Balance as at 1 January		34,593,291	151,658,839
	Addition during the year		2,730,442,921	333,754,704
			2,765,036,212	485,413,542
	Adjustment during the year		(2,306,479,668)	(450,820,252)
	- 4		458,556,544	34,593,291
	Deferred tax liabilities		(6,243,143)	(5,883,217)
	Balance as at 31 December		452,313,401	28,710,074
			4,672,526,139	4,248,271,218
25	Other reserve			
	General reserve:			
	Balance as at 1 January		247,650,000	247,650,000
	Addition during the year		-	-
	Balance as at 31 December		247,650,000	247,650,000

	Particulars	Note	Amount in Taka	
	Fai ticulai 5		2020	2019
26	Foreign currency translation reserve			
	Balance as at 1 January (Adjustments)/addition during the year Balance as at 31 December		(8,779,606) 6,860,503 <b>(1,919,103)</b>	(28,918,605) 20,138,999 <b>(8,779,606)</b>

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

27	Consolidated retained earnings		
	Southeast Bank Limited 28	1,190,000,000	3,354,063,270
	Southeast Bank Capital Services Limited	71,694,142	1,423,733
	Southeast Financial Services (UK) Ltd	-	(32,750,000)
	Southeast Exchange Company (South Africa) Pty Ltd	53,930,408	80,233,629
	Less: Elimination for impairment of investment in subsidiary	-	40,496,336
		1,315,624,550	3,443,466,969
28	Retained earnings		
	Balance as at 1 January	3,354,063,270	2,803,806,592
	Currency translation differences	(1,385,732)	8,844,087
	Prior year adjustment	=	100,399,123
	Transfer to general provision	(2,487,616,855)	-
		865,060,683	2,913,049,802
	Retained surplus for the year	1,484,881,286	1,645,506,168
	Less:	2,349,941,969	4,558,555,970
	Transfer to Southeast Bank Staff Welfare Trust	_	150,000,000
	Issue of bonus share	289,985,490	1,054,492,700
	Cash dividend paid	869,956,479	1,034,472,700
	Castrativacità para	1,159,941,969	1,204,492,700
	Retained earnings carried forward	1,190,000,000	3,354,063,270
29	Non-controlling interest		
	Paid up capital	5,500,000,000	5,500,000,000
	Retained earnings	71,825,648	1,426,344
	Total net assets	5,571,825,648	5,501,426,344
	Non-controlling interest 0.183091% (2019:0.183091%) of net assets	10,201,511	10,072,617

Non-controlling interest arises only for Southeast Bank Capital Services Limited, the another subsidiary is wholly owned by Southeast Bank Limited.

30	Contingent liabilities		
30.1	Acceptances and endorsements		
	Acceptance under Letters of Credit (LC) - other than back to back Acceptance under Letters of Credit -back to back	35,151,633,948 15,936,168,741	31,298,942,846 17,108,738,407
		51,087,802,689	48,407,681,253
30.2	Letters of guarantee		
	Local Foreign	16,794,284,847 349,480,720	16,393,957,537 379,760,504
		17,143,765,567	16,773,718,041

	Particulars Particulars	Note	Amount	in Taka
	Particulars	Note	2020	2019
20.2.1	Balance for which the Bank is contingently liable			
30.2.1	in respect of guarantee issued favouring:			
	Directors or officers		4,783,061	4,783,061
	Government		-	-
	Banks and other financial institutions		62,959,115	46,929,219
	Others		17,076,023,391	16,722,005,761
			17,143,765,567	16,773,718,041
00.0				
30.3	Irrevocable Letters of Credit (L/C)			
	Back to back L/C		13,067,856,366	11,002,117,710
	Others		24,107,884,577	16,934,335,499
			37,175,740,943	27,936,453,209
30.4	Bills for collection			
	Local		15,798,359,855	14,780,735,049
	Foreign		15,599,934,838	13,796,209,151
			31,398,294,693	28,576,944,200
30.5	Other contingent liabilities			
30.3	other contingent nationals			
	Value of Bangladesh Sanchaypatra & others		1,931,650,000	1,454,224,000
31	Income statement			
	Income:			
	Interest, discount and similar income		26,615,905,816	30,811,600,364
	Dividend income		158,163,234	189,895,835
	Fees, commission and brokerage		2,259,032,362	2,201,445,993 458,154,698
	Gains less losses arising from dealing securities Gains less losses arising from investment securities		2,052,409,635 96,263,198	34,391,265
	Gains less losses arising from medianing in foreign currencies		1,191,681,547	1,563,546,203
	Other operating income		988,848,766	978,908,443
			33,362,304,558	36,237,942,800
	Expenses:			
	Interest, fees and commission		19,810,562,829	22,026,807,868
	Administrative expenses		3,315,468,761	3,647,173,030
	Other operating expenses		1,416,744,024	1,220,472,103
	Depreciation on banking assets		655,621,487 <b>25,198,397,101</b>	388,335,861 <b>27,282,788,863</b>
	Income over expenses		8,163,907,457	8,955,153,938
				.,,,
32	Consolidated interest income/profit on investments			
	Southeast Bank Limited	33	22,219,789,107	26,242,459,146
	Southeast Bank Capital Services Limited	00	66,805,334	35,365,624
	Southeast Exchange Company (South Africa) Pty Ltd		5,387,074	7,545,394
			22,291,981,514	26,285,370,165
	Less: Inter company balance eliminated		41,486,931	26,487,768
			22,250,494,583	26,258,882,397

	Particulars	Note	Amount 2020	in Taka 2019
			2020	2017
33	Interest income/profit on investments			
	Interest on loans and advances (Conventional Banking): Interest on loans and advances Interest on placement with other banks and financial institutions Interest on foreign currency balances		20,194,541,734 507,110,362 44,766,064 <b>20,746,418,160</b>	23,547,858,446 798,674,353 145,028,315 <b>24,491,561,114</b>
	Profit on investment (Islamic Banking): Profit on investments Profit on placement with other banks		1,399,693,777 73,677,170 1,473,370,947 22,219,789,107	1,689,605,015 61,293,017 <b>1,750,898,031</b> <b>26,242,459,146</b>
34	Consolidated interest paid/profit shared on deposits and borrowings etc.			
	Southeast Bank Limited Southeast Bank Capital Services Limited	35	19,810,562,829 - <b>19,810,562,829</b>	22,026,807,868 1,565,513 <b>22,028,373,381</b>
	Less: Inter company balance eliminated		41,486,931 <b>19,769,075,898</b>	22,028,373,381 26,487,768 22,001,885,612
35	Interest paid/profit shared on deposits and borrowings etc.			
	Interest paid on deposits (Conventional Banking): Interest on deposits Interest on borrowings Interest on repurchase agreement (repo) Interest on refinance Interest on foreign bank accounts		16,944,363,833 1,569,156,228 35,220,339 36,671,840 4,009,228 18,589,421,466	18,741,377,824 1,811,452,574 2,741,871 5,516,939 5,886,244 <b>20,566,975,453</b>
	Profit shared on deposits (Islamic Banking): Profit paid on deposits Profit on refinance borrowings		1,178,592,276 42,549,087 1,221,141,363 19,810,562,829	1,428,244,515 31,587,899 1,459,832,414 22,026,807,868
36	Consolidated investment income			,
	Southeast Bank Limited Southeast Bank Capital Services Limited Less: Inter company balance eliminated	37	6,702,952,777 101,935,794 6,804,888,571 53,997,533 6,750,891,038	5,251,583,015 72,876,814 <b>5,324,459,829</b> 35,484,673 <b>5,288,975,155</b>
37	Investment income		, ,	, ,
.,	Interest income from Government securities Capital gain (loss) on Government securities Revaluation gain (loss) on Government securities Dividend on investment in shares Gain on sale of investment in shares Interest income from investment in bonds	37.1 37.2 37.3	3,825,388,786 1,694,589,456 357,820,179 158,163,234 96,263,198 570,727,923 6,702,952,777	3,907,037,039 474,001,394 (15,846,696) 189,895,835 34,391,265 662,104,179 <b>5,251,583,015</b>
37.1	Interest income from Government securities			
	Interest on treasury bills Interest on treasury bonds/T&T bonds Interest on Bangladesh Bank bills		- 4,826,200,210 -	- 4,458,232,675 -
			4,826,200,210	4,458,232,675
	Interest expenses on treasury bills Interest expenses on treasury bonds		(1,000,811,424) (1,000,811,424)	(322,323) (550,873,313) <b>(551,195,636)</b>
	Net interest income from Government securities		3,825,388,786	3,907,037,039

	Particulars Particulars	Note	Amount i	n Taka
	Particulars	Note	2020	2019
37.2	Capital gain on Government securities			
	Caribal asin an has a combilla		1 070 047 450	500 7/0 040
	Capital gain on treasury bills Capital gain on treasury bonds/T&T bonds		1,379,316,459 646,839,972	503,768,813 212,532,498
	Capital gain on BB bills		-	-
			2,026,156,431	716,301,311
	Capital loss on treasury bills		(40,692,004)	(5,490,381)
	Capital loss on treasury bonds/T&T bonds		(290,874,971)	(236,809,536)
			(331,566,975)	(242,299,917)
	Net capital gain on Government securities		1,694,589,456	474,001,394
37.3	Revaluation gain (loss) on Government securities			
	Revaluation gain on treasury bills		-	
	Revaluation gain on treasury bonds		357,904,961	-
	Revaluation gain on Bangladesh Bank bills		357,904,961	-
			337,704,701	
	Revaluation loss on treasury bills		(84,782)	(15,846,696)
	Revaluation loss on treasury bonds		-	-
	Revaluation loss on Bangladesh Bank bills		-	-
			(84,782)	(15,846,696)
	Net revaluation gain (loss) on Government securities		357,820,179	(15,846,696)
38	Consolidated commission, exchange and brokerage			
	Southeast Bank Limited	39	3,450,713,908	3,764,992,196
	Southeast Bank Capital Services Limited		75,000	387,500
	Southeast Financial Services (UK) Ltd		-	4,401,964
	Southeast Exchange Company (South Africa) Pty Ltd		85,432,753	89,827,594
			3,536,221,661	3,859,609,254
39	Commission, exchange and brokerage			
	Commission and brokerage		2,259,032,362	2,201,445,993
	Exchange gain (net off exchange loss)	39.1	1,191,681,547	1,563,546,203
			3,450,713,908	3,764,992,196

 $Commission, fees \& Charges \ received \ against \ export \ and \ export \ related \ services \ are \ VAT \ exempted \ as \ per \ services \ code-S056 \ of \ SRO \ 189-AIN/2019/46-Mushak, \ dated-13 \ June \ 2019.$ 

39.1	Exchange gain (net off exchange loss)		
	Exchange gain from revaluation/trade of foreign currency	1,176,854,819	1,525,850,444
	Exchange gain from credit card	14,826,727	37,695,759
		1,191,681,547	1,563,546,203
40	Consolidated other operating income		
	Southeast Bank Limited 41	988,848,766	978,908,443
	Southeast Bank Capital Services Limited	17,456,110	10,298,550
	Southeast Financial Services (UK) Ltd	-	664,535
		1,006,304,876	989,871,528
	Less: Inter company balance eliminated	4,273,920	4,731,840
		1,002,030,956	985,139,688

Mote   Color		Dowties lave	Nete	Amount i	n Taka
Remittance fees   Service and incidental charges   Service and incidental charges   Service and incidental charges   Service and incidental charges   41,065,050   94,986,071   41,946,419   41,946,41		Particulars Particulars	Note -	2020	2019
Remittance fees   Service and incidental charges   Service and incidental charges   Service and incidental charges   Service and incidental charges   41,065,050   94,986,071   41,946,419   41,946,41	41	Other operating income			
Service and incidental charges   44,400,509   94,94,807   1   1   1   1   1   1   1   1   1		Ctrior operating meeting			
Other fees - belephone and postage   14.19.66.19   52.66.0074   1.0000					
Income from ATM Services   44,259,049   38,193,038   38,193,038   16,1048,439   16,1		9			
Income from retail banking   2433.99.918   176.148.439   20.046.76   27453.193   20.046.76   27453.193   20.046.76   27453.193   20.046.76   27453.193   20.046.77   20.046.					
Income from retail banking   2004-526   243,3493   216,221,760   229,76,221,6   229,76,221,6   229,76,221,6   229,76,221,6   229,76,221,6   246,53,79   266,23,79   266,53,7					
Other Fees-SWIFT and others   Gain on sale of fived assets   1.655379   1.6					
Gain on sale of fixed assets   41.1   1.058,379   2.662,321   37.419,789   37.419,789   37.419,789   37.419,789   37.419,789   38.848,766   37.898,443   37.419,789   38.848,766   37.898,443   37.419,789   38.848,766   37.419,789   38.848,766   37.419,789   38.848,766   37.419,789   38.848,766   37.419,789   38.848,766   37.419,789   37.419					, , , , , , , , , , , , , , , , , , ,
Income from telecash   7,395,770   34,603,201   341,407,5554   374,417,879   988,848,766   978,908,443   341,407,879   988,848,766   978,908,443   341,407,879   988,848,766   978,908,443   341,407,879   988,848,766   978,908,443   341,407,879   382,730   382,730   382,730   382,731			41.1	-	
### ### ### ### ### ### ### ### ### ##		Income from telecash		7,395,770	
### ### ##############################		Miscellaneous income	L		
Cost:   Furniture and fixtures			_	988,848,766	978,908,443
Furniture and foctures Office appliances Computer Electrical appliances ATM ATM Accumulated depreciation: Furniture and fixtures Office appliances Accumulated depreciation: Furniture and fixtures Accumulated assets Accumulated depreciation: Furniture and fixtures Accumulated depreciation: Furniture and fixtures Accumulated depreciation: Furniture and fixtures Accumulated assets Accumulated asse	41.1	Gain on sale of fixed assets			
Office appliances			_		,
Computer				-	
Clectrical appliances		• •		-	· · · · · · · · · · · · · · · · · · ·
ATM Motor vehicles		•		-	
Motor vehicles		···		_	
Accumulated depreciation:  Furniture and fixtures Office appliances Electrical appliances Electrical appliances ATM Motor vehicles  Written down value Sale proceeds of the above fixed assets Gain on sale of fixed assets  Consolidated salaries and allowances  Southeast Bank Limited Southeast Exchange Company (South Africa) Pty Ltd  Basic salary Allowances Basic salary Allowances Bousheast Bank Limited  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited  Consolidated rent, taxes, (UK) Ltd Southeast Bank Capital Services Limited Southeast Bank Capital Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Capital Services (UK) Ltd Southeast Bank Capital Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd Southeast Exchan				-	,
Furniture and fixtures Office appliances Ciffice appliances ATM Motor vehicles  Written down value Sale proceeds of the above fixed assets Gain on sale of fixed assets  Southeast Bank Limited Southeast Exchange Company (South Africa) Pty Ltd  Salaries and allowances  Basic salary Allowances Bonus Provident fund  Consolidated rent, taxes, insurance, electricity etc.  Furniture and fixtures Cinc 2,385,078 Cinc 1,402,078 Cinc 2, 108,078 Cinc 2,038,451,950 Cinc 2,142,216,378 Cinc 2,038,615,950 Cinc 2,038,6				-	
Office appliances Electrical appliances Electrical appliances ATM Motor vehicles  Written down value Sale proceeds of the above fixed assets Gain on sale of fixed assets Gain on sale of fixed assets Southeast Bank Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  Basic salary Allowances Basic salary Allowances Bous Provident fund  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Limited Southeast Exchange Company (South Africa) Pty Ltd Southeast Excha					2 205 070
Electrical appliances				-	
ATM Motor vehicles		• •		_	,
Motor vehicles				-	, , , , , , , , , , , , , , , , , , ,
Sale proceeds of the above fixed assets		Motor vehicles		-	
Sale proceeds of the above fixed assets				-	30,350,284
Consolidated salaries and allowances   Southeast Bank Limited		Written down value		-	15,484,927
Consolidated salaries and allowances   Southeast Bank Limited   43   2,038,615,950   2,142,216,378   13,591,240   13,775,340   5,000   2,142,216,378   13,771,423   13,131,331   2,065,978,613   2,175,294,624   13,771,423   13,131,331   2,065,978,613   2,175,294,624   13,771,423   13,131,331   2,065,978,613   2,175,294,624   1,062,297,814   1,058,499,854   717,925,797   684,957,939   165,775,305   309,814,083   92,617,035   88,944,502   2,038,615,950   2,142,216,378   1,061,295,939   1,061		·	L	-	
Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  13,771,423 13,131,331 2,065,978,613 2,175,294,624  43 Salaries and allowances  Basic salary Allowances Basic salary Allowances Bons Provident fund 1,062,297,814 717,925,797 684,957,939 165,775,305 92,617,035 88,944,502 2,038,615,950 2,142,216,378  44 Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  862,560,078 1,061,295,939 1,061,295,939 1,0667,886 5,174,927 882,179,521 1,088,094,959 Less: Inter company balance eliminated 4,273,920 4,731,840		Gain on sale of fixed assets	-	-	1,665,379
Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  43 Salaries and allowances  Basic salary Allowances Bonus Provident fund  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Exchange Company (South Africa) Pty Ltd  45 862,560,078 Southeast Bank Capital Services Limited Southeast Exchange Company (South Africa) Pty Ltd Southeast Exchange Company (South Africa) Pty Ltd  Basic salary Allowances And 1,062,297,814 And 1,058,499,854 And 1,062,297,814	42	Consolidated salaries and allowances			
Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  13,771,423 2,065,978,613 2,175,294,624  43 Salaries and allowances  Basic salary Allowances Bonus Provident fund  1,062,297,814 717,925,797 684,957,399 165,775,305 309,814,083 92,617,035 88,944,502 2,038,615,950 2,142,216,378  44 Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  882,179,521 Less: Inter company balance eliminated  4,273,920 4,731,840		Southeast Bank Limited	43	2,038,615,950	2,142,216,378
Southeast Exchange Company (South Africa) Pty Ltd  13,771,423 2,065,978,613 2,175,294,624  3 Salaries and allowances  Basic salary Allowances Bonus Provident fund  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  Less: Inter company balance eliminated  13,771,423 13,131,331 2,065,978,613 1,062,297,814 1,058,499,854 717,925,797 684,957,939 165,775,305 309,814,083 92,617,035 88,944,502 2,038,615,950 2,142,216,378 1,061,295,939 1,061,295,939 1,061,295,939 1,4435,593 5,174,927 1,88,500 5,174,927 1,088,094,959 4,731,840		Southeast Bank Capital Services Limited		13,591,240	13,775,340
### Salaries and allowances    Basic salary				-	6,171,575
## Salaries and allowances    Basic salary		Southeast Exchange Company (South Africa) Pty Ltd	L		
Basic salary Allowances Bonus Provident fund  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  Less: Inter company balance eliminated  1,062,297,814 1,058,499,854 717,925,797 684,957,939 309,814,083 88,944,502 2,038,615,950 2,142,216,378  862,560,078 1,061,295,939			-	2,065,978,613	2,175,294,624
Allowances Bonus Provident fund  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  Less: Inter company balance eliminated  Allowances 717,925,797 1684,957,939 309,814,083 88,944,502 2,038,615,950 2,142,216,378  1,061,295,939 1,061,295,939 1,061,295,939 1,4,435,593 1,1,88,500 5,174,927 1,088,094,959 1,088,094,959 1,088,094,959 1,088,094,959	43	Salaries and allowances			
Allowances Bonus Provident fund  Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd  Less: Inter company balance eliminated  Allowances 717,925,797 1684,957,939 309,814,083 88,944,502 2,038,615,950 2,142,216,378  1,061,295,939 1,061,295,939 1,061,295,939 1,4,435,593 1,1,88,500 5,174,927 1,088,094,959 1,088,094,959 1,088,094,959 1,088,094,959		Basic salary	Г	1,062,297,814	1,058,499,854
Provident fund 92,617,035 88,944,502 2,038,615,950 2,142,216,378  44 Consolidated rent, taxes, insurance, electricity etc.  Southeast Bank Limited 45 862,560,078 1,061,295,939 Southeast Bank Capital Services Limited 12,951,557 14,435,593 Southeast Financial Services (UK) Ltd 1,108,500 Southeast Exchange Company (South Africa) Pty Ltd 6,667,886 5,174,927 Less: Inter company balance eliminated 4,273,920 4,731,840					
2,038,615,950       2,142,216,378         44       Consolidated rent, taxes, insurance, electricity etc.       2,038,615,950       2,142,216,378         Southeast Bank Limited       45       862,560,078       1,061,295,939         Southeast Bank Capital Services Limited       12,951,557       14,435,593         Southeast Financial Services (UK) Ltd       -       7,188,500         Southeast Exchange Company (South Africa) Pty Ltd       6,667,886       5,174,927         Less: Inter company balance eliminated       4,273,920       4,731,840					
44       Consolidated rent, taxes, insurance, electricity etc.         Southeast Bank Limited       45       862,560,078       1,061,295,939         Southeast Bank Capital Services Limited       12,951,557       14,435,593         Southeast Financial Services (UK) Ltd       -       7,188,500         Southeast Exchange Company (South Africa) Pty Ltd       6,667,886       5,174,927         Less: Inter company balance eliminated       4,273,920       4,731,840		Provident fund	L		
Southeast Bank Capital Services Limited       12,951,557       14,435,593         Southeast Financial Services (UK) Ltd       -       7,188,500         Southeast Exchange Company (South Africa) Pty Ltd       6,667,886       5,174,927         Less: Inter company balance eliminated       4,273,920       4,731,840	44	Consolidated rent, taxes, insurance, electricity etc.	-	2,038,615,950	2,142,216,378
Southeast Bank Capital Services Limited       12,951,557       14,435,593         Southeast Financial Services (UK) Ltd       -       7,188,500         Southeast Exchange Company (South Africa) Pty Ltd       6,667,886       5,174,927         Less: Inter company balance eliminated       4,273,920       4,731,840				0/05/05=	10/100=
Southeast Financial Services (UK) Ltd       -       7,188,500         Southeast Exchange Company (South Africa) Pty Ltd       6,667,886       5,174,927         882,179,521       1,088,094,959         Less: Inter company balance eliminated       4,273,920       4,731,840			45		
Southeast Exchange Company (South Africa) Pty Ltd       6,667,886       5,174,927         882,179,521       1,088,094,959         Less: Inter company balance eliminated       4,273,920       4,731,840				12,751,557	
Less:         Inter company balance eliminated         882,179,521         1,088,094,959           4,273,920         4,731,840				6 667 886	
Less: Inter company balance eliminated 4,273,920 4,731,840		ossasast Exeriange Company (South Anica) I ty Eta	_		
		Less: Inter company balance eliminated			
		· ·			

	Particulars	Note	Amount	in Taka
	Particulars	Note	2020	2019
45	Rent, taxes, insurance, electricity etc.			
43	rent, taxes, insurance, electricity etc.			
	Rent, rates and taxes		517,197,075	727,738,301
	Insurance Electricity and lighting		249,303,802 96,059,201	224,724,893 108,832,744
	Electricity and righting		862,560,078	1,061,295,939
46	Consolidated postage, stamp, telecommunication etc.			
	Southeast Bank Limited	47	163,733,970	173,691,923
	Southeast Bank Capital Services Limited	17	160,393	159,151
	Southeast Financial Services (UK) Ltd		-	126,671
	Southeast Exchange Company (South Africa) Pty Ltd		317,651 <b>164,212,014</b>	569,060 <b>174,546,805</b>
			104,212,014	174,540,605
47	Postage, stamp, telecommunication etc.			
	Postage		39,383,964	49,385,385
	Telephone /Telex		17,925,533	17,224,826
	FC Charge (Nostro) VSAT on-line		10,553,800	5,723,162
	Reuters services		44,040,718 2,385,002	41,893,216 2,620,462
	Other Fees - SWIFT and others		49,444,952	56,844,872
			163,733,970	173,691,923
48	Consolidated stationery, printing, advertisements etc.			
	Southeast Bank Limited	49	156,210,729	164,420,208
	Southeast Bank Capital Services Limited		156,419	284,142
	Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd		830,357	302,974 738,715
	Southeast Exchange Company (South Wilea) Fty Eta		157,197,505	165,746,039
49	Stationery, printing, advertisements etc.			
	General and office stationery		79,008,424	88,952,597
	Printing and security stationery		29,754,976	28,990,001
	Publicity and advertisement		47,447,329 <b>156,210,729</b>	46,477,610 <b>164,420,208</b>
			130,210,727	104,420,200
50	Managing Director's salary and fees			
	Basic salary		4,020,000	4,020,000
	House rent		1,740,000	1,740,000
	House maintenance		900,000	900,000
	Leave fare concession		1,200,000	1,200,000
	Utility Special allowance		720,000 420,000	720,000 420,000
	Special allowance Provident Fund		402,000	402,000
	Bonus		1,005,000	1,670,000
			10,407,000	11,072,000

	Particulars	Note	Amount in	Taka
	r di ciculai 3	11010	2020	2019
51	Consolidated directors' fees			
	Southeast Bank Limited (Note 52) Southeast Bank Capital Services Limited	52	2,568,060 120,000	3,292,248 176,000
	Southeast Financial Services (UK) Limited	L	2,688,060	3,468,248
52	Directors' fees		2,088,000	3,400,240
	Directors' fees		2,376,000	2,720,000
	Directors' haltage and travelling		192,060	572,248
	Each Director is paid TK. 8,000/ per meeting per attendance.		2,568,060	3,292,248
53	Consolidated auditors' fees			
	Southeast Bank Limited		1,000,000	1,000,000
	Southeast Bank Capital Services Limited Southeast Exchange Company (South Africa) Pty Ltd		92,000 768,327	69,000 835,078
	Southeast Exchange Company (South Amica) it y Etu	L	1,860,327	1,904,078
54	Consolidated depreciation and repair			· · · ·
54	·			
	<b>Depreciation:</b> Southeast Bank Limited	55	655,621,487	388,335,861
	Southeast Bank Capital Services Limited	33	47,685,555	53,005,764
	Southeast Financial Services (UK) Ltd		- 4 707 705	71,643
	Southeast Exchange Company (South Africa) Pty Ltd	L	1,787,785 <b>705,094,827</b>	1,568,724 <b>442,981,992</b>
	Repair:			
	Southeast Bank Limited	55	80,372,974	90,184,334
	Southeast Bank Capital Services Limited		1,033,784	1,048,241
	Southeast Financial Services (UK) Ltd		-	83,620
	Southeast Exchange Company (South Africa) Pty Ltd	L	178,761	331,372
			81,585,518	91,647,567
			786,680,346	534,629,560
55	Depreciation and repair of bank's assets			
	A. Depreciation: Buildings		56,179,272	58,515,648
	Furniture and fixtures		74,461,925	74,357,090
	Professional and reference books		-	-
	Office appliances		867,615	941,920
	Computer Electrical appliances		54,940,817 105,227,266	31,201,120 108,917,252
	ATM Booth		59,836,826	33,988,946
	Motor vehicles		20,105,603	16,818,845
			371,619,324	324,740,820
	P. Bonoix S. anava navta			
	B. Repair & spare parts Furniture and fixtures	Г	6,869,459	7,003,027
	Office and electrical appliances		31,704,310	31,358,187
	Motor vehicles Repair, maintenance and utilities		2,787,610 39,011,594	4,056,162 47,766,959
	repair, maintenance and diffices		80,372,974	90,184,334
	C. Depreciation on right of use (ROU) assets*	Γ	284,002,163	63,595,041
			284,002,163	63,595,041
	Total (A+B+C)		735,994,461	478,520,196

	Particulars	Note	Amount	Amount in Taka	
	Fai ticulai S	Note	2020	2019	
56	Consolidated other expenses				
	Southeast Bank Limited Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd Southeast Exchange Company (South Africa) Pty Ltd	57	1,415,151,724 6,751,990 - 15,580,871	1,218,608,648 7,980,878 6,623,121 22,506,128	
			1,437,484,585	1,255,718,774	
57	Other expenses				
	Security and cleaning Entertainment Car expenses Books and periodicals Subscription Donation including CSR Travelling expenses Finance charge on leased assets Conveyance Petrol,oil and lubricant Training/seminar Uniforms and apparels Medical expenses Gratuity and others Professional expenses Expenses for CIB report IT enabled services Loss on sale of fixed assets Expenses regarding credit card Expenses regarding call centre Expenses regarding to ATM services Expenses regarding mobile banking services-Telecash Provision/(Adjustment) for Impairment loss from investment in subsidiary Others operating expenses	57.1	222,555,889 53,705,694 210,983,457 1,706,940 5,533,178 237,039,099 5,694,744 37,585,179 11,707,695 8,603,774 1,212,822 4,209,226 1,136,813 344,248,326 17,182,922 131,419 74,667,539 1,518,523 63,399,331 43,304,593 3,384,897 41,209,094 7,964,589 (2,003,089) 18,469,070	204,392,878 119,332,449 210,684,805 1,179,594 5,241,323 82,410,436 14,004,861 10,317,712 14,732,210 8,795,847 5,810,299 4,083,895 233,498 292,729,270 26,798,638 162,841 43,042,496 52,579,678 52,441,471 3,096,628 32,262,133 4,585,765 17,000,000 12,689,922	
			1,415,151,724	1,218,608,648	

Expenses incurred by the bank shown in these financial statements are inclusive of VAT where applicable as per VAT and Supplementary Duty Act-2012 and rules-2016.

57.1

Loss on sale of fixed assets		
Cost:		
Office appliances	8,115,208	-
ATM	464,300	-
Electrical appliances	14,617,251	-
House Elec. Appliance	1,200,000	-
Motor Vehicle	2,209,753	-
	26,606,512	-
Accumulated depreciation:		
Furniture and fixtures	5,448,158	-
ATM	353,698	-
Electrical appliances	13,482,589	-
House Elec. Appliance	808,204	-
Motor Vehicle	920,725	-
	21,013,374	-
Written down value	5,593,138	-
Sale proceeds of the above fixed assets	4,074,615	-
Loss on sale of fixed assets	(1,518,523)	-

	Deutleuleus	Nists	Amount i	n Taka
	Particulars Particulars	Note	2020	2019
58	Consolidated provision for taxation			
	Current tax:			
	Southeast Bank Limited	59	1,050,000,000	2,600,000,000
	Southeast Bank Capital Services Limited		33,329,994	25,279,358
	Southeast Exchange Company (South Africa) Pty Ltd		14,146,358	14,775,675
	Deferred tax:		1,097,476,351	2,640,055,033
	Southeast Bank Limited	59	(90,700,000)	(744,386,000)
	Southeast Exchange Company (South Africa) Pty Ltd		-	-
			(90,700,000)	(744,386,000)
			1,006,776,351	1,895,669,033
59	Provision for taxation			
37	Current tax		1,050,000,000	2,600,000,000
	Deferred tax		(90,700,000)	(744,386,000)
			959,300,000	1,855,614,000
59.1	Reconciliation of effective tax rate (Bank)			
	2020		<u>%</u>	<u>Taka</u>
	Profit before taxation as per profit and loss account			3,055,226,607
	Income tax as per applicable tax rate		37.50%	1,145,709,978
	Factors affecting the tax charge for current year		70.070/	2 442 402 405
	Non deductible expenses  Deductible expenses		78.97% -53.38%	2,412,682,485 (1,630,836,308)
	Tax exempt income		-26.64%	(813,778,890)
	Tax savings from reduced tax rates for dividend		-0.91%	(27,678,566)
	Tax savings for capital loss		-1.18%	(36,098,699)
	Change in taxable temporary difference		-2.97% <b>31.40%</b>	(90,700,000) <b>959,300,000</b>
			31.40%	737,300,000
	2019		<u>%</u>	<u>Taka</u>
	Profit before taxation as per profit and loss account			4,376,400,210
	Income tax as per applicable tax rate		37.50%	1,641,150,079
	Factors affecting the tax charge for current year			
	Non deductible expenses		39.25%	1,717,623,968
	Deductible expenses		-5.89%	(257,726,966)
	Tax exempt income		-10.39% -0.76%	(454,918,586) (33,231,771)
	Tax savings from reduced tax rates for dividend Tax savings for capital loss		-0.76%	(12,896,724)
	Change in taxable temporary difference		-17.01%	(744,386,000)
	Total income tax expenses		42.40%	1,855,614,000
60	Consolidated cash received from other operating activities			
	Southeast Bank Limited	61	2,779,701,420	1,485,635,723
	Southeast Bank Capital Services Limited		55,358,795	5,566,710
	Southeast Financial Services (UK) Ltd		-	664,535
			2,835,060,215	1,491,866,968

	Particulars	Note	Amount	in Taka
	Fai ticulai 5	Note	2020	2019
61	Cash received from other operating activities			
	Remittance fees		68,300	55,326
	Service and incidental charges		84,606,590	94,984,071
	Other Fees-Telephone and Postage		44,196,619	52,660,074
	Income from ATM services Income from Credit Card		43,259,693 243,399,918	39,103,635 176,148,439
	Other Fees - SWIFT and others		216.221.796	229,756,216
	Income from Retail Banking		8,094,526	7,453,193
	Income from Telecash		7,395,770	2,662,321
	Miscellaneous income		341,605,554	374,419,789
	Capital gain (loss) on Government securities		1,694,589,456	474,001,394
	Gain on sale of investment in shares		96,263,198 <b>2,779,701,420</b>	34,391,265 <b>1,485,635,723</b>
	Prior year figures have been rearranged to current year presentation			
62	Consolidated payments for other operating activities			
	Southeast Bank Limited	63	2,479,508,845	2,604,170,083
	Southeast Bank Capital Services Limited Southeast Financial Services (UK) Ltd		21,266,143	24,153,005
	Southeast Financial Services (OK) Ltd Southeast Exchange Company (South Africa) Pty Ltd		7,994,655	14,324,886 6,814,075
	Southeast Exchange Company (South Arrica) I by Etu		2,508,769,642	2,649,462,049
63	Payments for other operating activities			
	Rent rates and taxes		813,086,728	1,098,529,475
	Postage Directors' fees		163,733,970 2,568,060	173,691,923 3,292,248
	Repairs		80,372,974	90,184,334
	Legal expense		1,592,300	1,863,455
	Audit fees		1,000,000	1,000,000
	Other expenses		1,417,154,813 <b>2,479,508,845</b>	1,235,608,648 <b>2,604,170,083</b>
64	Consolidated earnings per share		, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, , , ,
	Net profit after tax for the year ended 31 December (Taka)		2,148,969,893	2,508,554,444
	Number of ordinary shares outstanding Earnings per share (EPS) (Taka)*		1,188,940,521	1,188,940,521
			1.81	2.11
65	Earnings per share			
	Net profit after tax for the year ended 31 December (Taka)  Number of ordinary shares outstanding		2,095,926,607 1,188,940,521	2,520,786,210 1,188,940,521
	Earnings per share (EPS) (Taka)*		1,188,940,521	2.12
	*Earnings per share has been calculated in accordance with IAS 33: Earnings Per	Share (EPS)	. Previous year's figures	have been restate
	for the issue of bonus shares during the year. During the period EPS decreased			
	provision for loans and advances.			
66	Consolidated net assets value (NAV) per share  Net Asset Value (NAV)		29,703,765,724	30,499,461,908
	Number of ordinary shares outstanding		1,188,940,521	1,159,941,972
	Net Asset Value (NAV) per share		24.98	26.29
67	Net Assets Value (NAV) per share			
	Net Asset Value (NAV)		29,580,060,277	30,418,837,815
	Number of ordinary shares outstanding		1,188,940,521	1,159,941,972
	Net Asset Value (NAV) per share		24.88	26.22
68	Consolidated net operating cash flow per share (NOCFPS)			
	Net Operating Cash Flow		11,347,563,532	13,542,323,987
	Number of ordinary shares outstanding Net Operating Cash Flow per share (NOCFPS)*		1,188,940,521 9.54	1,159,941,972 11.68
40			7.54	11.00
69	Net Operating Cash Flow per share (NOCFPS)		44.040.5-5	10.505 :
	Net Operating Cash Flow  Number of ordinary charge outstanding		11,368,883,889	13,529,493,878
	Number of ordinary shares outstanding Net Operating Cash Flow per share (NOCFPS)*		1,188,940,521 9.56	1,159,941,972 11.66
	*During the period NOCFPS decreased due to decrease of interest received in a	cash		
	2 a o the period 110 cm 2 decircased add to decircase of interest received int	20011		

### 70 Group entities

Name of subsidiary	Country of incorporation	Ownership interest %		
Name of Substituting	Country of incorporation	2020	2019	
Southeast Bank Capital Services Limited	Bangladesh	99.816909	99.816909	
Southeast Exchange Company (South Africa) Pty Ltd	South Africa	100	100	
Southeast Financial Services (UK) Ltd	England and Wales	Discontinued in 2020	100	

### 71 General

### 71.1 Audit Committee

The Audit Committee is an important functional Committee of the Board of Directors of the Bank. It is assigned with oversight of financial reporting, disclosure, regulatory compliance and disciplined banking operation complying with the rules and norms of banking.

### Feature and composition

The Audit Committee was last re-constituted by the Board of Directors in its 610<sup>th</sup> meeting held on October 15, 2020 in accordance with the Corporate Governance Code issued by BSEC on June 03, 2018 and Bangladesh Bank's BRPD circular no.11, dated October 27, 2013.

SI. No.	Name	Position	Meetings held	Attendance
1	Mr. Syed Sajedul Karim (Independent Director)	Chairman	5	5
2	Mrs. Duluma Ahmed	Member	5	5
3	Mrs. Jusna Ara Kashem	Member	5	5
4	Mrs. Rehana Rahman	Member	5	5
5	Dr. Quazi Mesbahuddin Ahmed (Independent Director)	Member	5	5

### Ouorum

Presence of 3 (three) members including one Independent Director constitutes a quorum for holding Audit Committee meeting. The Head of Internal Control and Compliance attended the meetings to present the agenda. On invitation, Senior Executives of the Bank including the Managing Director, Chief Financial Officer (CFO) and Head of Risk Management Division attended the meetings to meet instant queries of the Audit Committee to make its decisions fact-based. In addition, Heads of Branches, whose audit reports were placed to the Audit Committee were also present in the meetings to respond to the issues raised in the reports of Internal Control and Compliance Division and Bangladesh Bank.

The academic qualifications of the members of the Audit Committee are given below:

SI. No.	Name	Status in the Board	Status in the committee	Educational Qualification
1	Mr. Syed Sajedul Karim	Independent Director	Chairman	B.A (Hons), MA
2	Mrs. Duluma Ahmed	Director	Member	Graduate
3	Mrs. Jusna Ara Kashem	Director	Member	H.S.C
4	Mrs. Rehana Rahman	Director	Member	Graduate
5	Dr. Quazi Mesbahuddin Ahmed	Independent Director	Member	B.A (Hons), M.A., MEC, MSC., Phd in Economics

### Terms of reference of the Audit Committee

- i) Board shall appoint Non-Executive directors of the Bank as members of the Audit Committee excepting Chairman of the Board.
- i) Mr. Syed Sajedul Karim, in his capacity as the Independent Director, shall be the Chairman of the Audit Committee.
- iii) Presence of 03 (three) members shall form a quorum.
- iv) The quorum of the Audit Committee meeting shall require presence of at least 1 (one) Independent Director.
- v) The tenure of office of the Audit Committee shall be for 3 years.
- vi) The Company Secretary shall act as Secretary to the Audit Committee.
- vii) The terms of reference of the Audit Committee shall also be as specified in the BRPD Circular No.11 dated October 27, 2013 of Bangladesh Bank and provisions contained in Notification No.BSEC/CMRRCD/2006-158/207/Admin/80 of Bangladesh Securities and Exchange Commission (BSEC), dated 03 June, 2018.
- viii) Mr. Zakir Ahmed Khan, Advisor of the Bank, shall remain present in every meeting of the Audit Committee as far as possible and shall give his advice and suggestions for improvement of Bank's operations and strict compliance with rules of both the Bank and its regulators.
- ix) Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).

### Charter of the Audit Committee

The Audit Committee is constituted by the Board of Directors for the primary purpose of assisting the Board in:

- Overseeing the integrity of the company's financial statement.
- Overseeing the improvement of corporate governance standard of the company.
- Overseeing the Company's system of disclosure, internal controls and procedure.
- Overseeing Bank's internal control over financial reporting.
- Overseeing Bank's compliance with ethical standards adopted by the Bank.
- Making reports and recommendations to the Board.

### Roles and responsibilities

The role of Audit Committee is to assist the Board in discharging its duties and responsibilities for financial reporting, effective monitoring, corporate governance, internal control, green banking and environmental & climate change risks. The added roles of the Audit Committee include, but not limited to, the following:

- i) Overseeing the financial reporting process.
- ii) Monitoring choice of accounting policies and principles.
- iii) Monitoring Internal Audit and Compliance process including approval of Internal Audit and compliance plan.
- iv) Reviewing the Internal Audit and Compliance Report.
- v) Overseeing hiring and performance of external auditors.
- vi) Reviewing the Annual Financial Statements before submission to the Board for approval or adoption.
- vii) Reviewing the quarterly and half-yearly Financial Statements before submission to the Board for approval.
- viii) Reviewing the financial statements, in particular the investments made by the subsidiary company.
- ix) Reviewing the adequacy of internal audit functions.
- x) Reviewing the Management's Discussion and Analysis before disclosing in the Annual Report
- xi) Overseeing the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.
- xii) Reviewing statement of significant party transactions submitted by the management.
- xiii) Reviewing Management Letters/ Letter of Internal Control Weakness issued by Statutory Auditors.
- xiv) Reviewing the existing Risk Management Policy and procedures to improve the quality of Bank's assets portfolio.
- xv) Reviewing fund raising through Repeat Public Offering/ Rights Issue and its use and application.
- xvi) Monitoring internal control process.
- xvii) Maintaining oversight on regulatory compliance, ethics and whistle-blower hotlines
- xviii) Reviewing Audit Committee's own terms of reference.
- xix) Reviewing the compliance status of the Minutes of the Audit Committee Meeting.

### 71.2 Risk Management Committee of the Board of Directors of the Bank

The Bank Company Act-1991 (Amended up to 2018), inter alia, provided for constitution of a Risk Management Committee of the Board of Directors of every Bank. The committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against different risks.

### Feature and composition

The Risk Management Committee was reconstituted by the Board of Directors in its 610<sup>th</sup> meeting held on October 15, 2020 in accordance with the BRPD circular no. 11, dated October 27, 2013 issued by Bangladesh Bank. The composition of the Risk Management Committee in 2020 is given below:

SI. No.	Name	Position	Meetings held	Attendance
1	Mr. Alamgir Kabir, FCA	Chairman	4	4
2	Mr. M. A. Kashem	Member	4	4
3	Mr. Azim Uddin Ahmed	Member	4	4
4	Mr. Syed Sajedul Karim (Independent Director)	Member	4	4

### Structure of the Risk Management Committee (RMC)

- 1 The Chairman of the Board of Directors of the Bank shall be the Chairman of the Risk Management Committee.
- 2 Presence of 3 (three) members in a meeting of the Committee shall form quorum.
- 3 The Company Secretary of the Bank shall act as the Secretary to the Risk Management Committee of the Board.

### Functions of the Risk Management Committee

The broad functional areas of the Risk Management Committee are the following:

- a Formulating and reviewing risk management policies and strategies for sound risk management.
- b Monitoring implementation of risk management policies and process to ensure effective prevention and control measures.
- c Ensuring construction of adequate organizational structure for managing risks within the Bank.
- d Supervising the activities of Executive Risk Management Committee (ERMC).
- e Ensuring compliance of Bangladesh Bank instructions regarding implementation of core risk management.
- f Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval.
- g Approving adequate record keeping and reporting system and ensuring its proper use.
- h Holding at least four meetings in a year and more if deemed necessary.
- i Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- j Submitting proposal, suggestions and summary of BRMC meetings to the Board of Directors at least on quarterly basis.

- k Complying with instructions issued from time to time by the regulatory body.
- Analyzing all existing and probable risk issues in the meeting and taking appropriate decisions for risk mitigation.
- m Ensuring sufficient and efficient staff resources for RMD.
- n Establishing standards of ethics and integrity for staff and enforcing these standards.
- o Assessing overall effectiveness of risk management functions on yearly basis.

### 71.3 Related party/(ies)

Particulars of Directors of the Bank as at 31 December

SI. No.	Name of persons	Designation	Present address	% of shares as at 31 Dec 2020	% of shares as at 31 Dec 2019
1	Mr. Alamgir Kabir, FCA	Chairman	226, Dilu Road, New Eskaton, Dhaka	2.25%	2.25%
2	Mrs. Duluma Ahmed	Vice Chairperson	Plot No.51, Road No.09, Block-F Banani, Dhaka	2.08%	2.08%
3	Mr. M. A. Kashem	Director	73/C, Gulshan Avenue, Gulshan-1 Dhaka-1212	2.21%	2.21%
4	Mr. Azim Uddin Ahmed	Director	Plot No.51, Road No.09, Block-F Banani, Dhaka	2.78%	2.78%
5	Mrs. Jusna Ara Kashem	Director	73/C, Gulshan Avenue, Gulshan-1 Dhaka-1212	2.00%	2.00%
6	Mrs. Rehana Rahman	Director	House No.10, Road No.68, Gulshan-2, Dhaka-1212	2.06%	2.06%
7	Mr. Md. Akikur Rahman	Director	Sonarpara, Nobarun-227, Sylhet	2.67%	2.03%
8	Mr. Raiyan Kabir (Appointed on October 28, 2020)	Director	226, Dilu Road, New Eskaton, Dhaka	2.06%	-
9	Bay Leasing & Investment Ltd. (Represented by Mr. M. Maniruz Zaman Khan, Appointed on October 28, 2020)	Director	1/6, Eskaton Garden, Ramna, Dhaka	2.35%	-
10	Mr. Syed Sajedul Karim	Independent Director	Apartment B/3, House No.08, Road No.121, Gulshan-1, Dhaka-1212	-	-
11	Dr. Quazi Mesbahuddin Ahmed	Independent Director	Flat No.C/3, House No.01, Road No.36, Gulshan-2, Dhaka-1212	-	-
12	Mr. Mohammad Delwar Husain	Independent Director	Flat No.C-1, House No.160, Road No.3, Block-A, Bashundhara R/A, Dhaka-1229	-	-
13	Mr. M. Kamal Hossain	Managing Director	Southeast Bank Limited, Head Office, 52-53 Dilkusha C/A, Dhaka-1000	-	-

<sup>\*</sup>As per SEC notification no-SEC/CMRRCD/2009-193/119/Admin/34, dated: 22/11/2011; "Each director other than independent director(s)/nominated director(s) of any listed company shall hold minimum 2% (two percent) shares of the paid-up capital. Otherwise there shall be a casual vacancy of director".

### 71.3.1 Related party transactions

During the year 2020, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of	Relationship	Nature of transaction	Transaction value for 31 December 21			utstanding December
Organization	Relationship	Nature of transaction	2020	2019	2020	2019
			Taka	Taka	Taka	Taka
Asia Insurance Ltd.	Common Director	Insurance coverage	105,140,072	85,933,992	-	-
Southeast Bank		Share capital	-	-	5,489,930,000	5,489,930,000
Capital Services	Subsidiary company	Saving & Fixed Deposit Account	474,214,410	622,941,348	-	-
Ellilited		Interest on Saving & Fixed Deposit Account	41,486,931	26,487,768	-	-
Southeast Exchange Company (South Africa) Pty Ltd	Subsidiary company	Share capital	-	-	44,211,055	44,211,055
Southeast Financial Services (UK) Ltd	Subsidiary company	Share capital	-	-	-	38,493,247
Bay Leasing & Investment Ltd. (Represented by Mr. M. Maniruz Zaman Khan)	Director	Money at call and on short notice	620,000,000	-	-	-

### 71.3.2 Loans and advances to directors and their related concern

Name of party	Name of the director	Related by	Nature of transaction	Amount in Taka	Status
Monorom Traders	Mr. Azim Uddin Ahmed	Director	Bank	4,783,061.00	Regular
Monoroni Traders	Mrs. Duluma Ahmed	Director	Guarantee	4,7 00,001.00	Negulai
Ms. Sultana Kashem	Mr. M. A. Kashem	Director's daughter	Credit Card	174,246.82	Regular
Ms. Farzana Azim	Mr. Azim Uddin Ahmed	Director's daughter	Credit Card	78,276.46	Regular
Mr.Mamun Azim	Mr. Azim Uddin Ahmed	Director's son	Credit Card	199.60	Regular

The Bank complies with the requirements of the section 26 (c) of the Banking Companies Act 1991 (amended upto 2018) in connection to the transactions executed with persons related to the Banks.

### 71.4 Events after the reporting period

The Board of Directors in its  $626^{th}$  meeting held on May 9, 2021 has recommended Cash dividend @10% subject to the approval of the shareholders at the next Annual General Meeting.

### 71.5 Number of employees

The number of employees engaged for the whole year or part thereof in 2020 who received a total yearly remuneration of Tk. 36,000 or above were 2,859 The total number of employees were 2,885 in 2019.

### 71.6 Share trading

The Bank started trading its ordinary shares in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) through CDBL from 16 May 2004. The closing market price of the share as on 31 December 2020 was Tk. 12.50 (2019: Tk. 13.40) for each Tk. 10 per value of share at DSE and Tk. 12.40 (2019: Tk. 13.20) for each Tk. 10 per value of share at CSE.

### 71.7 Pattern of Shareholding

Breakup of shareholding pattern as per clause 1.5 (xxi) of Securities and Exchange Commission notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under Section 2CC of the Securities and Exchange Ordinance, 1969, is as follows:

a) Parent/Subsidiary/Associated companies and other related parties (name wise details):

SI. no.	Name of the Company	Shareholding Structure
1	Southeast Bank Capital Services Limited	99.816909% owned by Southeast Bank Limited
2	Southeast Exchange Company (South Africa) Pty Ltd	100% owned by Southeast Bank Limited

### 71.8 Highlights on the overall activities of the Bank

Highlights on the overall activities of the Bank have been furnished in **Annexure-A**.

### Annexure-A

### Southeast Bank Limited HIGHLIGHTS ON THE OVERALL ACTIVITIES As at and for the year ended 31 December 2020

SI. no.	Particulars	Currency	2020	2019
1	Paid-up capital	Taka	11,889,405,210	11,599,419,720
2	Total capital	Taka	40,236,705,151	35,993,857,662
3	Capital surplus	Taka	5,606,342,364	(2,752,647,928)
4	Total assets	Taka	465,082,375,646	422,430,591,050
5	Total deposits	Taka	359,899,884,814	329,797,460,573
6	Total loans and advances/investments	Taka	320,368,158,870	295,015,113,320
7	Total contingent liabilities and commitments	Taka	138,737,253,892	123,149,020,703
8	Credit deposit ratio		80.26%	81.63%
9	Percentage of classified loans/investments against total loans and advances/investments		3.10%	4.87%
10	Profit after tax and provision	Taka	2,095,926,607	2,520,786,210
11	Amount of classified loans/investments	Taka	9,939,755,293	14,375,292,023
12	Provisions kept against classified loans/investments	Taka	20,226,773,600	18,243,627,000
13	Provision surplus/(deficit) against classified loans/investments	Taka	16,658,951,864	9,660,369,231
14	Cost of fund		6.79%	8.08%
15	Interest earning assets	Taka	418,109,616,400	375,140,635,872
16	Non-interest earning assets	Taka	46,972,759,246	47,289,955,178
17	Return on investment (ROI)		0.52%	0.69%
18	Return on assets (ROA) [PAT/Average assets]		0.47%	0.63%
19	Income from investment	Taka	6,702,952,777	5,251,583,015
20	Capital adequacy		14.52%	11.61%
	Dividends			
21	a) Stock dividends		-	2.50%
	b) Cash dividends		10.00%	7.50%
22	Earnings per share (restate-2019)	Taka	1.76	2.12
23	Net income per share (restate-2019)	Taka	1.76	2.12
24	Price earning ratio (restate-2019)	Times	7.06	6.27

## Southeast Bank Limited and its Subsidiaries CONSOLIDATED LIQUIDITY STATEMENT

### (Assets and liabilities maturity analysis) As at 31 December 2020

	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
raruculars	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand	3,474,367,542	1	1	1	1	3,474,367,542
Balance with other banks and financial institutions	3,094,255,043	1	1,465,000,000	1	18,056,897,600	22,616,152,643
Money at call and on short notice	2,208,907,300	1	1	ı	ı	2,208,907,300
Investments	8,507,040,856	15,831,500,000	20,479,923,151	25,029,200,000	27,226,229,455	97,073,893,462
Loans and advances/investments	42,961,370,104	57,083,663,137	93,582,681,979	83,298,521,306	45,325,225,652	322,251,462,180
Fixed assets including premises, furniture and fixtures	1	1	1	2,036,932,075	7,678,039,142	9,714,971,217
Other assets	4,565,919,217	413,550,411	28,346,846	1,961,492,889	984,344,889	7,953,654,253
Non banking assets	ı	1	1	1	ī	1
Total assets (A)	64,811,860,063	73,328,713,548	115,555,951,977	112,326,146,270	99,270,736,738	465,293,408,597
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	ı	ı	5,650,967,418	24,846,708,901	2,000,000,000	32,497,676,319
Deposits	54,490,646,867	60,644,500,000	106,896,100,000	107,702,800,000	29,801,884,814	359,535,931,681
Provision and other liabilities	1	6,050,650,455	1	37,495,182,907	1	43,545,833,362
Total liabilities (B)	54,490,646,867	66,695,150,455	112,547,067,418	170,044,691,808	31,801,884,814	435,579,441,362
Net liquidity gap (A - B)	10,321,213,196	6,663,563,093	3,008,884,559	(57,718,545,538)	67,468,851,924	29,713,967,235

### Southeast Bank Limited LIQUIDITY STATEMENT (Assets and liabilities maturity analysis) As at 31 December 2020

	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Particulars	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand	3,474,365,889	ı	ı	1	1	3,474,365,889
Balance with other banks and financial institutions	2,970,731,849	1	1,465,000,000	ı	18,056,897,600	22,492,629,449
Money at call and on short notice	2,208,907,300	1	1	1	1	2,208,907,300
Investments	5,790,000,000	15,831,500,000	20,479,923,151	25,029,200,000	27,053,629,455	94,184,252,606
Loans and advances/investments	42,961,370,104	57,083,663,137	93,582,681,979	83,298,521,306	43,441,922,343	320,368,158,870
Fixed assets including premises, furniture and fixtures	1	1	1	2,036,932,075	7,145,740,852	9,182,672,927
Other assets	4,565,919,217	97,143,708	28,346,846	1,961,492,889	6,518,485,944	13,171,388,605
Non banking assets	1	1	ı	1	ı	ı
	61,971,294,360	73,012,306,845	115,555,951,977	112,326,146,270	102,216,676,194	465,082,375,646
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1	1	5,650,967,418	24,846,708,901	2,000,000,000	32,497,676,319
Deposits	54,404,600,000	61,094,500,000	106,896,100,000	107,702,800,000	29,801,884,814	359,899,884,814
Provision and other liabilities	1	5,609,571,329	-	37,495,182,907	1	43,104,754,236
Total liabilities (B)	54,404,600,000	66,704,071,329	112,547,067,418	170,044,691,808	31,801,884,814	435,502,315,369
Net liquidity gap (A - B)	7,566,694,360	6,308,235,516	3,008,884,559	(57,718,545,538)	70,414,791,380	29,580,060,277

## Southeast Bank Limited BALANCE WITH OTHER BANKS-OUTSIDE BANGLADESH (NOSTRO ACCOUNT) As on 31 December 2020

		ococ	9			0700	
			20			4107	
Name of the Bank	Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Interest bearing:							
Citibank, N.A., New York, USA	USD	1,785,175	84.66	151,133,051	519,950	84.90	44,143,750
Habib American Bank, New York, USA	OSD	2,715,264	84.80	230,255,476	2,925,707	84.90	248,392,506
JP Morgan Chase Bank N.A., New York, USA	OSD	307,788	84.80	26,100,567	640,466	84.90	54,375,563
Mashreq Bank PSC, New York, USA	OSD	582,854	84.80	49,426,229	832,853	84.90	70,709,236
Standard Chartered Bank, New York, USA	OSD	8,040,633	84.80	681,848,854	1,765,597	84.90	149,899,156
Wells Fargo Bank, N.A., New York, U.S.A.	OSD	1,410,690	84.80	119,627,105	1,090,517	84.90	92,584,903
Now in the control of	'	14,842,404	'	1,258,391,281	7,775,090		660,105,115
NOITHINETEST DESTRIB:	CV		70.00				
Al Kajni Bank, Saudi Arabia	SAK	1	22.30	1			
Abu Dhabi Commercial Bank, Abu Dhabi, UAE	AED	64,684	23.09	1,493,346	86,650	23.11	2,002,608
AB Bank Ltd., Mumbai, India	ACUD	1,948,634	84.80	165,244,900	138,951	84.90	11,796,933
Axic Bank Ltd, Mumbai, India	ACUD	112,205	84.80	9,515,030	-	-	ı
Bank of Bhutan, Pheuntsholing, Bhutan	ACUD	197,033	84.80	16,708,506	202,531	84.90	17,194,896
Bank of Sydney Ltd., Sydney	AUD	112,688	64.90	7,313,170	102,996	59.35	6,113,182
Bank of Tokyo-Mitsubishi, JPY	YEN	118,029,179	0.82	96,854,282	79,974,090	0.78	62,206,141
Banque Saudi Fransi, Riyadh	SAR	421,159	22.60	9,516,743	1,443,540	22.62	32,653,875
Riyad Bank, Riyadh, Saudi Arabia	SAR	96,400	22.60	2,178,309	1	1	1
Citibank AG, Frankfurt, Germany	EUR	370,880	104.23	38,656,167	36,536	95.10	3,474,431
Commerz Bank AG, Frankfurt, Germany	EUR	184,639	104.23	19,244,552	13,302	95.10	1,264,967
Commerz Bank AG, Frankfurt, Germany	OSD	1,220,248	84.80	103,477,516	1,212,285	84.90	102,923,021
HDFC Bank, Mumbai, India	ACUD	1,778,743	84.80	150,838,132	99,149	84.90	8,417,708
Habib Metropoliton Bank Ltd., Karachi, Pakistan	ACUD	174,093	84.80	14,763,170	172,053	84.90	14,607,335
ICICI Bank Ltd., Mumbai, India	ACUD	1,772,505	84.80	150,309,132	214,953	84.90	18,249,482
Standard Chartered Bank, Kolkata, India	ACUD	1,376,754	84.80	116,749,326	369,244	84.90	31,348,847
Standard Chartered Bank, London, UK	GBP	74,101	114.85	8,510,824	4,033	111.40	449,276
Standard Chartered Bank, New York OBU	OSD	137,379	84.80	11,649,764	1,717,390	84.90	145,806,434
Mashreq Bank, Mumbai, India	ACUD	1,257,719	84.80	106,655,046	569,119	84.90	48,318,227
Mashreq Bank, Mumbai, India	ACUEUR	15,551	104.23	1,620,829	15,551	95.10	1,478,825
Mashreq Bank PSC, Dubai, UAE	AED	1,520,520	23.09	35,104,049	20,755,751	23.11	479,696,009
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	ACUD	687,279	84.80	58,281,536	593,685	84.90	50,403,858
Standard Chartered Bank, Colombo, Srilanka	ACUD	181,179	84.80	15,364,064	459,896	84.90	39,045,170
United Bank Limited, Karachi, Pakistan	ACUD	229,340	84.80	19,448,121	65,251	84.90	5,539,844
Zuercher Kantonal Bank, Zurich, Switzerland	CHF	94,850	96.15	9,119,388	227,937	87.27	19,892,956
	1	132,057,761	1	1,168,615,902	108,474,894	ı	1,102,884,024
		146,900,165		2,427,007,183	116,249,983		1,762,989,139

### Southeast Bank Limited **DETAILS OF LARGE LOAN**As at 31 December 2020

Particulars	Amount	in Taka
rai ticulai 5	2020	2019
Number of clients Amount of outstanding advances (Amount in million Taka) Amount of classified advances (Amount in million Taka) Measures taken for recovery (Taka)	37 173,356.70 Nil Nil	33 133,009.10 NIL NIL

Client-wise break up is as follows:

(Amount in million Taka)

						(Amou	ınt in million Taka
SI.		Outstanding a	s at 31 Decemb	er 2020	Outstand	ing as at 31 Decer	mber 2019
no.	Name of clients	Funded	Non funded	Total	Funded	Non funded	Total
1	Abul Khair Group	182.50	4,346.40	4,528.90	161.90	747.40	909.30
2	ACS Textiles (Bangladesh) Limited and its related concern	3,017.30	2,480.50	5,497.80	2,337.50	997.90	3,335.40
3	Bashundhara Group	4,635.30	1,850.10	6,485.40	3,768.40	714.10	4,482.50
4	Bengal Group	2,701.60	1,790.30	4,491.90	2,781.60	1,156.90	3,938.50
5	Capital Banani One Ltd. and its related concern	5,339.80	1.40	5,341.20	4,240.00	1.40	4,241.40
6	Cassiopea Fashion Ltd. and its related concerns	978.60	1,038.60	2,017.20	820.70	1,960.80	2,781.50
7	Sparrow Apparels Ltd. and its related concerns	2,629.60	5,728.60	8,358.20	1,407.70	6,237.20	7,644.90
8	Deshbandhu Group	7,995.70	466.70	8,462.40	7,498.30	503.40	8,001.70
9	Grameen Phone Limited	-	1,500.20	1,500.20		1,495.80	1,495.80
10	KDS Group	167.00	1,493.90	1,660.90	254.50	1,443.50	1,698.00
11	Keya Group	7,369.20	5,312.20	12,681.40	6,248.30	3,138.50	9,386.80
12	Aaron Denim Limited and its related concerns	3,187.50	1,251.60	4,439.10	3,111.40	1,005.50	4,116.90
13	Maksons Spinning Mills Ltd.	1,977.80	3,008.40	4,986.20	1,963.90	2,504.00	4,467.90
14	Meghna Group	-	4,479.60	4,479.60	-	8,133.80	8,133.80
15	Mother Steel Ltd. and its related concerns	292.40	20.20	312.60	406.20	20.20	426.40
16	N. R. Group	1,086.40	3,181.80	4,268.20	1,256.90	2,462.10	3,719.00
17	Partex Group	4,583.30	612.30	5,195.60	4,524.30	1,995.10	6,519.40
18	S. Alam Group	4,491.80	-	4,491.80	4,247.60	-	4,247.60
19	Yunusco (BD) Limited and its related concerns	1,686.00	2,152.10	3,838.10	1,476.30	1,707.90	3,184.20
20	T. K. Group	377.00	5,266.50	5,643.50	-	4,159.00	4,159.00
21	Rupayan Housing Estate Limited and its related concerns	5,780.60	20.00	5,800.60	5,434.40	30.00	5,464.40
22	Chittagong Asian Apparels Ltd. and its related concerns	1,157.30	3,102.30	4,259.60	1,120.50	883.90	2,004.40
23	Snowtex Outerwear Limited and its related concerns	4,405.00	4,439.70	8,844.70	3,819.40	2,869.10	6,688.50
24	Generation Next Fashions Limited	2,505.10	1,721.60	4,226.70	2,230.00	1,734.80	3,964.80
25	Designtex Fashions Limited and its related concerns	4,778.90	3,564.30	8,343.20	4,368.40	1,902.60	6,271.00
26	Navana Group	4,634.10	14.70	4,648.80	4,352.40	17.80	4,370.20
27	City Group	-	2,360.50	2,360.50		1,090.90	1,090.90
28	Bashundhara Oil and Gas Company Limited	-	4,768.30	4,768.30	47.70	4,256.40	4,304.10
29	KSRM Steel Plant Ltd. and its related concerns	3,393.40	2,208.80	5,602.20	1,381.80	2,211.40	3,593.20
30	Vertex Group	495.80	408.60	904.40	384.70	270.50	655.20
31	Shanin Group	1,634.60	2,261.80	3,896.40	1,574.90	2,141.10	3,716.00
32	Masuma Khatun Textile Industries Ltd.	3,616.80	377.30	3,994.10	-	-	-
33	Bashundhara Trading Company Ltd. and its related concerns	1,297.50	2,041.40	3,338.90	1,702.20	285.30	1,987.50
34	MSA Textiles Ltd. and related concerns	515.20	3,338.30	3,853.50		-	-
35	Chaity Composite Ltd.	1,628.80	1,932.60	3,561.40	-	-	-
36	Amber Super Paper Ltd.and related concerns	1,813.20	1,826.40	3,639.60	-	-	-
37	Envoy Textiles Limited	1,990.40	643.20	2,633.60	1,696.90	312.00	2,008.90
	Total	92,345.50	81,011.20	173,356.70	74,618.80	58,390.30	133,009.10

# Southeast Bank Limited SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES As at 31 December 2020

			Cost/Revaluation	on				Dep	Depreciation		Written
Particulars	Balance as at 1 Jan 2020	Additions during the year	Revalued during the year	Disposal during the year	Balance as at 31 Dec 2020	Rate of dep.	Balance as at 1 Jan 2020	Charged during the year	Adjustment for disposal during the year	Balance as at 31 Dec 2020	down value as at 31 Dec 2020
A. Own assets Office:	Taka	<u> Taka</u>		Laka	Taka	%	Taka	Taka	<u>Taka</u>	<u> Taka</u>	Taka
Land	5,797,426,007	1	1	1	5,797,426,007	1	1		1		5,797,426,007
Building	1,989,886,963				1,989,886,963	4%	585,392,846	56,179,272	1	641,572,118	1,348,314,845
Furniture and fixtures	1,308,686,869	74,117,791		(7,294,265)	1,375,510,395	10%	604,807,892	74,044,387	(5,200,480)	673,651,798	701,858,597
Office Appliances	15,557,289	387,520	1	(270,000)	15,674,809	20%	10,989,673	867,615	(2,723)	11,854,565	3,820,245
Computer	309,141,176	224,042,972	1	(65,000)	533,119,148	20%	161,083,126	54,940,819	671,594	216,695,539	316,423,609
Electrical Appliances	1,417,587,137	142,491,706	-	(18,272,174)	1,541,806,669	20%	943,467,069	103,563,494	(14,196,890)	1,032,833,674	508,972,995
ATM Booth	324,137,305	346,025,482		(4,709,850)	665,452,937	20%	166,056,528	59,836,826	(393,465)	225,499,889	439,953,048
Motor vehicles	108,626,489	69,404,700		(2,209,753)	175,821,436	20%	58,855,417	19,660,237	42,637,051	121,152,705	54,668,731
Total	11,271,049,235	856,470,171		(32,821,042)	12,094,698,364		2,530,652,551	369,092,650	23,515,087	2,923,260,288	9,171,438,077
Residence of executives:											
Furniture and fixtures	6,504,290	1,375,000		(2,025,000)	5,854,290	10%	1,954,776	417,538	(262,375)	2,109,940	3,744,350
Electrical Appliances	20,986,680	3,475,000	٠	(4,400,000)	20,061,680	20%	11,719,772	1,663,772	(812,364)	12,571,180	7,490,500
Total	27,490,970	4,850,000	1	(6,425,000)	25,915,970		13,674,548	2,081,310	(1,074,739)	14,681,120	11,234,850
B.Right of Use Assets (PPE)											
Furniture and fixtures	106,026,227			(106,026,227)	ı	10%	106,026,227	1	(106,026,227)	1	1
Motor vehicles	43,854,700	-	-	(43,854,700)	-	20%	43,112,408	445,368	(43,557,776)	-	-
	149,880,927			(149,880,927)	ı		149,138,635	445,368	(149,584,003)	1	ı
Balance as at 31 December ' 2020	11,448,421,133	861,320,171	1	(189,126,969)	12,120,614,334		2,693,465,734	371,619,328	(127,143,654)	2,937,941,408	9,182,672,927
Balance as at 31 December ' 2019	11,176,783,549	317,472,794	-	(45,835,210)	11,448,421,132	-	2,394,419,803	324,740,820	(25,694,889)	2,693,465,734	8,754,955,398
Right of Use Assets											Annexure-E1
Right of use assets*	271,190,059	271,190,059 1,055,747,540	-		1,326,937,599		63,595,041	284,002,163	1	347,597,204	979,340,395

979,340,395

347,597,204

63,595,041 284,002,163

1,326,937,599

271,190,059 1,055,747,540

#### Southeast Bank Limited

#### NAMES OF DIRECTORS AND THEIR INTEREST IN DIFFERENT ENTITIES

SI. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/ managing agent/guarantor/employee/ partner, etc.	Position	% of Shareholdings
1	Mr. Alamgir Kabir, FCA	Chairman	-	-	Nil
2	Mrs. Duluma Ahmed	Vice Chairperson	Mutual Food Products Limited Mutual Milk Products Limited Mutual Trading Co. Limited	Chairman ," Director	31.78% 16.00% 12.96%
3	Mr. M. A. Kashem	Director	Rose Corner (Pvt.) Limited	Chairman	50.00%
4	Mr. Azim Uddin Ahmed	Director	Mutual Food Products Limited Mutual Milk Products Limited Mutual Trading Co. Limited AD Holdings Limited	Managing Director " Chairman & MD Chairman	44.78% 52.00% 71.30% 0.50%
5	Mrs. Jusna Ara Kashem	Director	Rose Corner (Pvt) Limited	Director	20.00%
6	Mrs. Rehana Rahman	Director	Bengal Tradeways Limited CHB Building Technologies Limited	Managing Director Director	74.61% 25.00%
7	Mr. Md. Akikur Rahman	Director	-	-	Nil
8	Mr. Raiyan Kabir	Director	-	-	Nil
9	Bay Leasing & Investment Limited (Represented by Mr. M. Maniruz Zaman Khan)	Director	-	-	Nil
10	Mr. Syed Sajedul Karim	Independent Director	-	-	Nil
11	Dr. Quazi Mesbahuddin Ahmed	Independent Director		=	Nil
12	Mr. Mohammad Delwar Husain	Independent Director	-	=	Nil
13	Mr. M. Kamal Hossain	Managing Director	-	-	Nil

### Southeast Bank Limited Islamic Banking Branches BALANCE SHEET As at 31 December 2020

Annexure-G

Doubleview	Note	Amount	in Taka
Particulars Particulars	Note	2020	2019
PROPERTY AND ASSETS			
Cash	1		
In hand (including foreign currencies)	1	195,712,834	263,677,174
Balance with Bangladesh Bank and its agent banks		173,712,034	200,077,174
(including foreign currencies)		865,027,350	1,398,163,335
(1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.		1,060,740,184	1,661,840,509
Balance with other banks and financial institutions	2		
In Bangladesh		8,603,988	1,008,357,038
Dutside Bangladesh		-	=
		8,603,988	1,008,357,038
Money at call and on short notice	0	-	-
Investments in shares and securities	3	1 401 020 000	050,000,000
Government Others		1,491,920,000	950,000,000
Julei S		674,760,574 <b>2,166,680,574</b>	1,734,772,344 <b>2,684,772,344</b>
Investments	4	2,100,000,574	2,004,772,344
General Investments etc.	,	18,093,949,988	17,598,332,455
Bills purchased and discounted		314,850,894	361,459,608
		18,408,800,882	17,959,792,063
Fixed assets including premises, furniture and fixtures	5	31,145,489	24,709,206
Other assets	6	2,954,193,456	1,568,842,061
Non - banking assets		-	-
Total assets		24,630,164,573	24,908,313,220
LIABILITIES AND CAPITAL			
Liabilities	7	139,092,106	1,001,916,667
Borrowings from other banks, financial institutions and agents	7	137,072,100	1,001,710,007
Deposits and other accounts	8		
Current/Al-wadeeah current accounts and other accounts		2,131,932,637	1,817,736,376
Bills payable		99,572,422	107,742,717
Savings bank/Mudaraba savings bank deposits		2,549,946,611	2,165,717,779
Fixed deposits/Mudaraba fixed deposits		17,929,720,266 <b>22,711,171,937</b>	17,600,583,206
		22,/11,1/1,93/	21,691,780,078
Other liabilities	9	1,779,900,530	2,214,616,475
Total liabilities	,	24,630,164,573	24,908,313,220
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	10.1	701,804,245	1,019,395,407
Letters of guarantee	10.2	1,245,950,472	1,039,498,731
Irrevocable letters of credit Bills for collection	10.3 10.4	1,107,042,699 1,260,279,014	989,534,786 1,652,806,086
Other contingent liabilities	10.4	1,200,277,014	1,032,000,000
Total contingent liabilities		4,315,076,430	4,701,235,009
		.,,	.,,,307
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments Total off-balance sheet items including contingent liabilities		4,315,076,430	4,701,235,009
rotal orr-paralice sheet items including contingent habilities		4,313,070,430	4,701,235,009

Annexure-G.1

## Southeast Bank Limited Islamic Banking Branches

# PROFIT AND LOSS ACCOUNT For the year ended 31 December 2020

Particulars Particulars	Note	Amount	in Taka
Particulars	Note	2020	2019
Profit on investments	11	2,058,139,012	2,196,460,816
Profit shared on deposits and borrowings etc.	12	(1,488,313,778)	(1,572,208,021)
Net profit on investments		569,825,234	624,252,794
Commission, exchange and brokerage	13	109,738,586	164,595,346
Other operating income	14	24,400,929	30,823,172
		134,139,515	195,418,517
Total operating income (A)		703,964,749	819,671,311
Salaries and allowances	15	76,293,503	79,167,097
Rent, taxes, insurance, electricity etc.	16	52,180,898	53,195,625
Legal expenses		2,000	19,500
Postage, stamp, telecommunication etc.	17	6,364,783	9,387,814
Stationery, printing, advertisements etc.	18	4,369,014	5,384,739
Depreciation and repair of bank's assets	19	7,460,809	7,169,372
Other expenses	20	29,866,778	27,784,283
Total operating expenses (B)		176,537,785	182,108,430
Profit before provision (C=A-B)		527,426,964	637,562,881
Provision for investments	9.1		
General provision		(11,576,550)	18,896,392
Specific provision		(51,030,742)	(21,752,232)
		(62,607,292)	(2,855,840)
Provision for off-balance sheet items	9.2	63,685	(27,900,626)
Provision for diminution in value of investments	9.3	(486,819,131)	164,297,424
Total provision (D)		(549,362,738)	133,540,958
Total profit before tax (C-D)		1,076,789,702	504,021,923

Southeast Bank Limited Islamic Banking Branches

Annexure-G.2

#### **NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2020

	Particulars		Amount	: in Taka
			2020	2019
1 C	ash			
In	hand:			
	Local currency		195,415,439	263,591,680
	Foreign currencies		297,395	85,494
			195,712,834	263,677,174
В	alance with Bangladesh Bank:			
	Local currency		864,936,884	1,398,101,826
	Foreign currencies		-	-
			864,936,884	1,398,101,826
В	alance with Sonali Bank Limited (as agent of Bangladesh Bank):			
	Local currency		90,467	61,509
			865,027,350	1,398,163,335
			1,060,740,184	1,661,840,509

1.1 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act 1991, MPD Circular nos. 4 and 5 dated 1 December 2010 and MPD Circular no. 1 and 2 dated 23 June 2014 and 10 December 2013 and DOS Circular No. 1 dated 19 January 2014 and MPD Circulars No. 1 dated 03 April 2018 and DOS Circular no 26 dated 19 August 2019 and MPD circular No. 03 dated April 09, 2020.

The Cash Reserve Ratio on the Shariah-based Islamic Bank's demand and time liabilities at the rate of minimum 3.50% on daily basis and 4.00% on bi-weekly basis been calculated and maintained with Bangladesh Bank in current account and 5.50% Statutory Liquidity Ratio on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including excess cash reserve balance with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

1.1.1	a)	Cash Reserve Ratio (CRR) for Islamic Banking		
		Required reserve (4.00% of average Demand and Time Liabilities)	832,915,600	1,155,277,695
		Actual reserve held (Average daily on bi-weekly basis):	864,936,884	1,398,101,826
		Surplus	32,021,284	242,824,131
	b)	Statutory Liquidity Ratio (SLR) for Islamic Banking		
		Required reserve (5.50 % of average Demand and Time Liabilities)	1,145,258,950	1,155,277,695
		Actual reserve held	1,719,715,284	1,457,367,131
		Surplus	574,456,334	302,089,436
		Held for Statutory Liquidity Ratio of Islamic Banking:		
		Cash in hand	195,713,000	264,507,000
		Balance with agent bank (Sonali Bank Ltd.) as per statement	61,000	36,000
		Excess cash reserve	32,021,284	242,824,131
		Government Securities (HTM)	1,491,920,000	950,000,000
			1,719,715,284	1,457,367,131
2	Bala	nce with other banks and financial institutions		
	In Ba	angladesh 2.1	8,603,988	1,008,357,038
	Outs	ide Bangladesh	-	-
			8,603,988	1,008,357,038

	Particulars		Note	Amount	in Taka
	Particulars		Note	2020	2019
2.1	In Bangladesh				
	Current account with: Sonali Bank Limited			740 <b>740</b>	740 <b>740</b>
	Short term deposits account with: Sonali Bank Limited			1,134	1,134
	EXIM Bank Limited			8,602,114 <b>8,603,248</b>	8,355,164 <b>8,356,298</b>
	Fixed deposits with other banks: Social Islamic Bank Limited			-	1,000,000,000 <b>1,000,000,000</b>
				8,603,988	1,008,357,038
3	Investments in shares and securities				
	Bangladesh Government Islamic Bond Others		3.1	1,491,920,000 674,760,574	950,000,000 1,734,772,344
3.1	Others			2,166,680,574	2,684,772,344
	Shares in listed companies Shares in un-listed companies			674,760,574	1,734,772,344
				674,760,574	1,734,772,344
3.2	Investments classified as per Bangladesh Bank Circular				
	Held to maturity (HTM) Other securities			1,491,920,000 674,760,574 <b>2,166,680,574</b>	950,000,000 1,734,772,344 <b>2,684,772,344</b>
3.3	Cost and market value of investments				
3.3.1	Government securities		2000		0040
		Cost price Taka	2020	Market price Taka	2019 Market price Taka
	Bangladesh Government Islamic Bond	1,491,920,000 <b>1,491,920,000</b>	] -	1,491,920,000 <b>1,491,920,000</b>	950,000,000 <b>950,000,000</b>
3.3.2	Others (Investment in shares)		2020		2019
		Market price <u>Taka</u>		Cost price Taka	Cost price Taka
	Shares in listed companies Shares in un-listed companies	376,072,066 -		674,760,574	1,734,772,344
		376,072,066	•	674,760,574	1,734,772,344

	Particulars	Note	Amount	in Taka
	Particulars	Note	2020	2019
4	Investments			
4	investments			
	Investments	4.1	18,093,949,988	17,598,332,455
	Bills purchased and discounted	4.2	314,850,894	361,459,608
			18,408,800,882	17,959,792,063
4.1	Investments			
	In Bangladesh			
	Demand Investment		336,092,550	888,481,948
	Bai-Muajjal (Time) Investment		344,922,440	392,827,368
	Bai-Muajjal Time under CCS		70,635,449	82,921,352
	Bai-Murabaha-BLC		6,299,491	22,294
	Bai-Murabaha-LTR		868,783,132	1,057,138,547
	Bai-Salam (PACKING CREDIT)		70,293,069	82,261,921
	Staff House Building Investment		22,623,473	13,548,440
	Export Development Fund (EDF) against LC		760,722,200	674,178,978
	Investment against Cash Incentive		202,847,067	-
	Bai-Muajjal - Investment		3,109,336,413	3,371,439,522
	Murabaha - Investment		136,935,362	110,999,291
	Hire purchase - Investment		12,164,459,343	10,924,512,794
			18,093,949,988	17,598,332,455
	Outside Bangladesh		-	-
			18,093,949,988	17,598,332,455
4.2	Bills purchased and discounted			
	In Bangladesh		297,970,077	361,459,608
	Outside Bangladesh		16,880,817	-
			314,850,894	361,459,608

	Doublesslave	Note	Amount i	n Taka
	Particulars Particulars	Note -	2020	2019
5	Fixed assets including premises, furniture and fixtures			
	Cost:			
	Furniture and fixture		28,542,486	28,029,981
	Office Appliances		81,620	81,620
	Electrical Appliances		33,320,390	30,626,923
	Motor Vehicles		2,620,000	2,620,000
	ATM Booth	l	12,863,094 <b>77,427,590</b>	7,029,226 <b>68,387,750</b>
	Less: Accumulated depreciation		77,427,370	00,307,730
	Furniture and fixture		15,725,942	15,011,205
	Office Appliances		81,619	81,619
	Electrical Appliances		23,202,627	23,328,010
	Motor Vehicles		2,620,000	2,183,342
	ATM Booth	l	4,651,912 <b>46,282,100</b>	3,074,368 <b>43,678,544</b>
	Written down value as at 31 December		31,145,489	24,709,206
6	Classification of other assets			
	i) Stationery, stamps, printing materials, etc.	ı	521,398	576,770
	ii) Advance rent and advertisement		16,642,174	25,203,392
	iii) Interest accrued on investment but not collected,			
	commission and brokerage receivable on shares and			
	debentures, and other income receivables		134,446,779	9,008,686
	<ul><li>iv) Security deposits</li><li>v) Preliminary, formation and organisational expenses,</li></ul>		69,460	69,460
	renovation, development and prepaid expenses		9,806,151	8,778,327
	vii) Suspense account		1,422,745	1,755,520
	viii) Silver		-	-
	ix) Head office general account		2,787,113,719	1,519,984,112
	X) Others	l	4,171,030 <b>2,954,193,456</b>	3,465,794 <b>1,568,842,061</b>
			2,734,173,430	1,366,642,061
7	Borrowing from other banks, financial institutions and agents			
	In Bangladesh	7.1	139,092,106	1,001,916,667
	Outside Bangladesh	l	139,092,106	1,001,916,667
7.1	In Bangladesh		107,072,100	1,001,710,007
,				
	Secured  Borrowing against securities from Bangladesh Bank	Г	_	1,001,916,667
	Bottowing against secartics it of the Banglades in Bank		-	1,001,916,667
	Unsecured		139,092,106	-
			139,092,106	1,001,916,667
8	Deposits and other accounts			
	Al-wadeeah current accounts and other accounts			
	Al-wadeeah current deposits		542,340,119	585,002,713
	Foreign currency deposits		154,325,267	234,596,835
	Sundry deposits	l	1,435,267,250 <b>2,131,932,637</b>	998,136,827 <b>1,817,736,376</b>
	Bills payable			
	Payment order issued		99,438,956	107,609,251
	T.T. payable Demand draft		80,630 52,836	80,630 52,836
	Demaild draft	L	99,572,422	107,742,717
			77,372,422	10/,/42,/1/

Mudaraba savings bank deposits		Particulars Particulars	Note	Amount	in Taka
Mudaraba fixed deposits   1349/2,172.93   14.29.76.127   1.396.930,809   1.31.104.864   1.574.720,000   1.306.930,809   1.31.104.864   1.574.720,000   1.306.930,809   1.31.104.864   1.574.720,000   1.306.930,809   1.31.104.864   1.574.720,000   1.306.930,809   1.31.104.864   1.574.720,000   1.306.930,809   1.306.93		i di ticulai 3	14010	2020	2019
Mutaraba fixed edeposits		Mudaraba savings bank deposits		2,549,946,611	2,165,717,779
Mutara bas fixed in ordinic deposits   13,992,112,535   14,295,702,102   1396,923,007   1396,923,007   1396,923,007   143,110,1846   1574,720,000   143,110,1846   1574,720,000   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,600,583,206   17,929,720,266   17,929,720,266   17,929,720,266   17,929,720,266   17,929,720,266   17,929,720,266   17,929,720,266   17,929,720,266   17,929,729,279   17,929,729,279   17,929		Mudaraba fixed deposits			
Scheme deposits				13,992,112,535	14,295,762,127
Interest Payable on FDR/Scheme   2004/23036   333.046.075   17.900.583.206   22.711.171.937   21.691.780.078   22.711.171.937   21.691.780.078   22.711.171.937   21.691.780.078   22.711.171.937   21.691.780.078   22.711.171.937   21.691.780.078   22.711.171.937   21.691.780.078   22.711.171.937   21.691.780.078   22.711.171.937   21.691.780.078   22.711.171.937   23.446.271.271.271.271.271.271.271.271.271.271				2,306,029,809	1,396,932,809
17,292,702,266   17,600,583,206   22,711,171,937   31,691,780,078					
9 Other liabilities Provision for investments Provision for investments Provision for investments Provision for off balance sheet exposures Provision for diminution in the market value of share Provision for diminution in the market value of share Provision for diminution in the market value of share Provision for investments Provision for investments A. General provision for investments  Balance as at 1 January Provision for investments Balance as at 3 December  Balance as at 3 December  Balance as at 3 December Provision made during the year Balance as at 3 December  Provision made during the year Balance as at 3 December  Provision made during the year Balance as at 3 December  Provision made during the year Balance as at 3 December  Provision made during the year Balance as at 3 December  Provision off-balance sheet exposures Balance as at 3 December  Provision for fire the pear Balance as at 3 December  Provision for off-balance sheet exposures Balance as at 3 December  Provision for off-balance sheet exposures Balance as at 3 December  Provision for off-balance sheet exposures Balance as at 3 December  Provision for off-balance sheet exposures Balance as at 3 December  Provision for off-balance sheet exposures Balance as at 3 December  Provision for diminution in the market value of share  Balance as at 4 December  Provision for diminution in the market value of share  Balance as at 4 December  Provision for diminution in the market value of share  Balance as at 4 December  Provision made during the year  A December  Balance as at 4 December  Balance as at 5 December  B		Interest Payable on FDR/Scheme			
9 Other liabilities         Provision for investments         9.1         356,297,919         413,433,462           Provision for off balance sheet exposures         9.2         30,547,974         30,442,20           Profit suspense account         745,007,136         587,803,023           Accounts payable e-dires         147,805         587,803,023           Accounts payable - dires         5,954         3,726           Accounts payable - dires         5,954         3,3726           Accounts payable - dires         5,954         4,333           Accounts payable - dires         5,954         3,776           Accounts payable - dires         5,954         3,372           Accounts payable - dires         5,954         3,372           Provision for diminution in the market value of share         9.3         298,688,508         785,507,639           Unarred finction         2,225,60,104         34,00,570         2214,616,475           9.1         Provision for investments         46,373,318,15         1,1779,900,530         2214,616,475           9.1         Provision for investments         131,575,141         112,678,750         12,875,141         112,678,750         12,875,141         112,678,750         12,875,141         131,575,141         131,575,141         131,575,					
Provision for investments 9.1 356,297,919 413,433,462 Provision for off balance sheet exposures 9.2 30,547,974 50,484,290 Profit suspense account 4 74,800,136 587,803,023 Accrued expenses 4 147,805 862,722 Accounts payable - Bangladesh Bank 55,754,133 4,205,700 Provision for diminution in the market value of share 9.3 288,688,098 78,5507,639 Adjustments made during the year 111,575,141 112,678,750 119,779,900,530 2,214,616,475 119,779,900,530 119,779,9				,	,_,,,,,,,,,,
Provision for off-balance sheet exposures Provision for off-balance sheet exposures Profit suspense account Accound expenses Accounts payable - Bangladesh Bank Accound spayable - Bangladesh Bank Accound spayable - Bangladesh Bank Accound spayable - Others Provision for diminution in the market value of share Withholding tax Vithholding tax Vithhold	9	Other liabilities			
Profit suspense account Accrued expenses Accounts payable - Bangladesh Bank Accounts payable - Bangladesh Bank Accounts payable - Bangladesh Bank Provision for diminution in the market value of share Unearned income Withholding tax Unearned income Unearned income Unearned income Unearned income Unearned income Withholding tax Unearned income Unearn					
Accrued expenses			9.2		
Accounts payable - Bangladesh Bank					
Accounts payable - others Provision for diminution in the market value of share Unearned income Withholding tax  9.3  9.4  9.5  Provision for investments  A. General provision for investments  Balance as at 1 January Provision for investments  Balance as at 1 January Balance as at 1 January Recoveries of amounts previously written off Provision made during the year Balance as at 31 December  Balance as at 31 December  Balance as at 31 December  Total provision non investments (A-B)  Provision on investments (A-B)  Provision made during the year Balance as at 31 December  Balance as at 31 December  Total provision on investments (A-B)  Provision made during the year Balance as at 1 January Recoveries of amounts previously written off Provision made during the year Balance as at 31 December  Total provision on investments (A-B)  Provision for off-balance sheet exposures  Balance as at 1 January Provision made during the year Adjustments made during the year  Balance as at 1 January Provision for off-balance sheet exposures  Balance as at 1 January Provision for off-balance sheet exposures  Balance as at 1 January Provision for off-balance sheet exposures  Balance as at 1 January Provision for diminution in the market value of share  Balance as at 31 December  785,507,639 Adjustments made during the year Adjustments made during the year Balance as at 31 December  785,507,639 Adjustments made during the year Adjustments made during the year Balance as at 1 January Provision for diminution in the market value of share  Balance as at 1 January Provision for diminution in the market value of share  Balance as at 1 January Provision for diminution in the market value of share					
Provision for diminution in the market value of share Unearred income Withholding tax Withholding tax Withholding tax Withholding tax  Provision for investments  A. General provision for investments  Balance as at 1 January Provision made during the year Balance as at 1 January Recoveries of amounts previously written off Provision made during the year Adjustments made during the year Balance as at 31 December  Provision for off-balance sheet exposures  Balance as at 31 January Provision made during the year Balance as at 31 January Provision for off-balance sheet exposures  Balance as at 31 January Provision for off-balance sheet exposures  Balance as at 31 January Provision for diminution in the market value of share  Balance as at 31 January Provision for diminution in the market value of share  Balance as at 31 January Provision made during the year Adjustments made during the year Balance as at 31 January Provision for diminution in the market value of share  Balance as at 31 January Provision made during the year Adjustments made during the year Balance as at 31 January Provision for diminution in the market value of share  Balance as at 31 January Provision made during the year Balance as at 31 January Provision made during the year  Balance as at 31 January Provision made during the year  Balance as at 31 January Provision made during the year  Balance as at 31 January Provision made during the year  Balance as at 31 January Provision made during the year  Balance as at 31 January Provision made during the year  Balance as at 31 January Provision made during the year  Balance as at 31 January Provision made during the year  Balance					
Unearned income			9.3		
Withholding tax         63,73,816 (1,779,900,530)         58,309,815 (2,214,616,475)           9.1 Provision for investments           Balance as at 1 January Provision made during the year         131,575,141 (11,576,550)         112,575,141 (11,576,550)           Balance as at 31 December         119,998,591 (11,575,141)         131,575,141 (11,576,550)           Balance as at 1 January Recoveries of amounts previously written off Provision made during the year         281,858,320 (11,575,141)         254,772,312 (12,752,232)           Adjustments made during the year Balance as at 31 December         287,330,070 (13,035,412)         30,540,553 (13,030,742)         21,212,232 (12,752,232)           Adjustments made during the year Balance as at 31 December         236,299,328 (13,036,299,328)         281,858,320 (12,1752,232)           Total provision on investments (A+B)         356,297,919 (13,433,462)         413,433,462           Provision for off-balance sheet exposures         30,484,290 (12,752,232)         58,384,916 (12,750,232)           Balance as at 1 January Provision for diminution in the market value of share         785,507,639 (12,100,215)         50,479,74 (12,100,215)           Provision for diminution in the market value of share         785,507,639 (12,100,215)         785,507,639 (12,100,215)         785,507,639 (12,100,215)         785,507,639 (12,100,215)         785,507,639 (12,100,215)         785,507,639 (12,100,215)         785,507,639 (12,100,215)         <			710		
9.1 Provision for investments         A. General provision for investments         Balance as at 1 January       131,575,141       112,678,750         Provision made during the year       131,575,141       131,575,141       131,575,141         Adjustments made during the year       (11,576,550)       131,575,141         Balance as at 31 December       119,998,591       131,575,141         Balance as at 1 January       281,858,320       254,722,312         Recoveries of amounts previously written off       5,471,750       48,888,241         Provision made during the year       287,330,070       303,610,553         Adjustments made during the year       (51,030,742)       (21,752,232)         Balance as at 31 December       236,299,328       281,858,320         Total provision on investments (A+B)       356,297,919       413,433,462         9.2 Provision for off-balance sheet exposures       8         Balance as at 1 January       30,484,290       58,384,916         Provision made during the year       63,3685       -         Adjustments made during the year       30,547,974       58,384,916         Adjustments made during the year       785,507,639       621,210,215         Provision made during the year       785,507,639       785,507,639 <td< td=""><td></td><td>Withholding tax</td><td></td><td></td><td></td></td<>		Withholding tax			
A. General provision for investments  Balance as at 1 January Provision made during the year  Adjustments made during the year Balance as at 31 December  B. Specific provision for investments  Balance as at 1 January Recoveries of amounts previously written off Provision made during the year Adjustments made during the year Balance as at 31 December  Balance as at 1 January Recoveries of amounts previously written off Provision made during the year Adjustments made during the year Balance as at 31 December  Total provision on investments (A+B)  9.2 Provision for off-balance sheet exposures  Balance as at 1 January Provision made during the year Adjustments made during the year Balance as at 31 December  785,807,639 Adjustments made during the year Adjustments made during the year Balance as at 1 January Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year Adjustments made during the year				1,779,900,530	2,214,616,475
A. General provision for investments  Balance as at 1 January Provision made during the year  Adjustments made during the year Balance as at 31 December  B. Specific provision for investments  Balance as at 1 January Recoveries of amounts previously written off Provision made during the year Adjustments made during the year Balance as at 31 December  Balance as at 1 January Recoveries of amounts previously written off Provision made during the year Adjustments made during the year Balance as at 31 December  Total provision on investments (A+B)  9.2 Provision for off-balance sheet exposures  Balance as at 1 January Provision made during the year Adjustments made during the year Balance as at 31 December  785,807,639 Adjustments made during the year Adjustments made during the year Balance as at 1 January Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year Adjustments made during the year	9.1	Provision for investments			
Provision made during the year					
Provision made during the year		Balance as at 1 January		131,575,141	112,678,750
Adjustments made during the year   119,798,591   131,575,141				-	
Balance as at 31 December   119,998,591   131,575,141					131,575,141
B. Specific provision for investments					-
Balance as at 1 January Recoveries of amounts previously written off Provision made during the year  Adjustments made during the year  Total provision on investments (A+B)  9.2 Provision for off-balance sheet exposures  Balance as at 1 January Provision made during the year  Adjustments made during the year  Balance as at 1 January Provision made during the year  Adjustments made during the year  Balance as at 31 December  9.3 Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year  Adjustments made during the year  Balance as at 1 January Provision made during the year  9.3 Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year  Adjustments made during the year  Balance as at 1 January Provision made during the year  Adjustments made during the year		Balance as at 31 December		119,998,591	131,575,141
Recoveries of amounts previously written off Provision made during the year   287,330,070   303,610,553   (51,030,742)   (21,752,232)   (21		B. Specific provision for investments			
Recoveries of amounts previously written off Provision made during the year   287,330,070   303,610,553   (51,030,742)   (21,752,232)   (21		Palance as at 1 January		201 050 220	254 722 212
Provision made during the year  Adjustments made during the year  Balance as at 31 December  7 Detail provision on investments (A+B)  Provision for off-balance sheet exposures  Balance as at 1 January  Provision made during the year  Adjustments made during the year  Adjustments made during the year  Adjustments made during the year  Balance as at 1 January  Provision for diminution in the market value of share  Balance as at 1 January  Provision made during the year  Adjustments made during the year  Balance as at 1 January  Provision for diminution in the market value of share  Balance as at 1 January  Provision made during the year  Adjustments made during the year  Balance as at 1 January  Provision made during the year  (27,900,626)  785,507,639  Adjustments made during the year  (486,819,131)					
Adjustments made during the year Balance as at 31 December  Total provision on investments (A+B)  9.2 Provision for off-balance sheet exposures  Balance as at 1 January Provision made during the year  Adjustments made during the year  Adjustments made during the year  Balance as at 31 December  9.3 Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year  Adjustments made during the year  Balance as at 31 December  9.3 Provision for diminution in the market value of share  Balance as at 31 January Provision made during the year  Adjustments made during the year  Balance as at 31 January Provision made during the year  Adjustments made during the year				-	-
Adjustments made during the year Balance as at 31 December  Total provision on investments (A+B)  9.2 Provision for off-balance sheet exposures  Balance as at 1 January Provision made during the year Adjustments made during the year  Adjustments made during the year  Balance as at 1 January Provision for diminution in the market value of share  Balance as at 1 January Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year  Adjustments made during the year  Balance as at 31 December  Adjustments made during the year  Balance as at 31 January Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year  Adjustments made during the year  (486,819,131)				287,330,070	303,610,553
Total provision on investments (A+B)         356,297,919         413,433,462           9.2         Provision for off-balance sheet exposures         30,484,290         58,384,916           Balance as at 1 January Provision made during the year         30,547,974         58,384,916           Adjustments made during the year         - (27,900,626)           Balance as at 31 December         30,547,974         30,484,290           9.3         Provision for diminution in the market value of share         785,507,639         621,210,215           Balance as at 1 January Provision made during the year         785,507,639         785,507,639         785,507,639           Adjustments made during the year         (486,819,131)         -		Adjustments made during the year		· · ·	
9.2 Provision for off-balance sheet exposures  Balance as at 1 January Provision made during the year  Adjustments made during the year  Adjustments made during the year Balance as at 31 December  9.3 Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year  Adjustments made during the year  Balance as at 1 January Provision made during the year  Adjustments made during the year  Adjustments made during the year  (486,819,131)		Balance as at 31 December		236,299,328	281,858,320
Balance as at 1 January Provision made during the year  Adjustments made during the year  Adjustments made during the year  Balance as at 31 December  9.3 Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year  Adjustments made during the year  (27,900,626)  30,547,974  30,484,290  785,507,639  785,507,639  785,507,639  785,507,639  Adjustments made during the year  (486,819,131)		Total provision on investments (A+B)		356,297,919	413,433,462
Provision made during the year  Adjustments made during the year  Adjustments made during the year  Balance as at 31 December  Provision for diminution in the market value of share  Balance as at 1 January  Provision made during the year  Adjustments made during the year  Adjustments made during the year  Adjustments made during the year  (486,819,131)	9.2	Provision for off-balance sheet exposures			
Provision made during the year  Adjustments made during the year  Adjustments made during the year  Balance as at 31 December  Provision for diminution in the market value of share  Balance as at 1 January  Provision made during the year  Adjustments made during the year  Adjustments made during the year  Adjustments made during the year  (486,819,131)		Balance as at 1 January		30,484,290	58,384,916
Adjustments made during the year  Balance as at 31 December  9.3 Provision for diminution in the market value of share  Balance as at 1 January Provision made during the year  Adjustments made during the year  Adjustments made during the year  - (27,900,626)  30,547,974  30,484,290   785,507,639  785,507,639  785,507,639  (486,819,131)  -					-
Balance as at 31 December       30,547,974       30,484,290         9.3       Provision for diminution in the market value of share       785,507,639       621,210,215         Balance as at 1 January Provision made during the year       785,507,639       621,210,215         Adjustments made during the year       785,507,639       785,507,639         Adjustments made during the year       (486,819,131)       -				30,547,974	58,384,916
9.3       Provision for diminution in the market value of share         Balance as at 1 January       785,507,639       621,210,215         Provision made during the year       164,297,424         Adjustments made during the year       (486,819,131)       -				-	
Balance as at 1 January       785,507,639       621,210,215         Provision made during the year       164,297,424         Adjustments made during the year       (486,819,131)       -		Balance as at 31 December		30,547,974	30,484,290
Provision made during the year         164,297,424           Adjustments made during the year         785,507,639         785,507,639           (486,819,131)         -	9.3	Provision for diminution in the market value of share			
Provision made during the year         164,297,424           Adjustments made during the year         785,507,639         785,507,639           (486,819,131)         -		Balance as at 1 January		785,507,639	621,210,215
Adjustments made during the year (486,819,131)				-	
					785,507,639
Balance as at 31 December <b>298,688,508 785,507,639</b>				(486,819,131)	-
		Balance as at 31 December		298,688,508	785,507,639

	Particulars Particulars	Note	Amount	in Taka
	Particulars	Note	2020	2019
10	Condinger to the little			
10	Contingent liabilities			
10.1	Acceptances and endorsements			
	Acceptance under Letters of credit - Import		303,838,770	429,264,253
	Acceptance under Letters of credit - Export		397,965,475	590,131,154
			701,804,245	1,019,395,407
10.2	Letters of guarantee			
	Local		1,187,418,472	904,402,731
	Foreign		58,532,000	135,096,000
			1,245,950,472	1,039,498,731
10.2.1	Balance for which the Bank is contingently liable in respect of guarantee issued favouring:			
	Directors or officers		-	-
	Government		-	-
	Banks and other financial institutions Others		- 1,245,950,472	- 1,039,498,731
	Uners		1,245,950,472	1,039,498,731
			, , ,	, , ,
10.3	Irrevocable letters of credit (L/C)			
	Back to back L/C		332,530,456	427,231,858
	Others		774,512,242	562,302,927
			1,107,042,699	989,534,786
10.4	Bills for collection			
	Local		650,142,865	642,129,455
	Foreign		610,136,150	1,010,676,631
			1,260,279,014	1,652,806,086
11.	Profit on investments			
	Demand investment		80,401,583	43,040,783
	Bai-Muajjal (Time) investment		41,288,087	114,298,087
	Bai-Muajjal time under CCS		6,886,992 2,109,934	10,032,773 1,460,707
	Bai-Murabaha-BLC Bai-Murabaha-LTR		105,886,879	156,847,090
	Bai-Salam (PACKING CREDIT)		4,637,562	7,396,112
	Staff house building investment		-	166,230
	Investment against cash incentive		178,180	2,046,929
	Bai-Muajjal - Investment		274,050,976 10,421,092	321,282,687
	Murabaha - Investment Hire purchase - Investment		825,408,931	12,071,830 823,906,796
	Profit on COVID-19 Loan		4,464,882	-
	Profit on special term deposit STD		938,700	3,476,405
	Bills purchased and discounted		39,915,457	48,771,798
	Profit on placement with other banks		360	-
	Profit on FDR Profit on NOSTRO ACCOUNTS (USD)		72,738,111	57,816,611 350
	Inter branch profit income		588,811,286	593,845,625
			2,058,139,012	2,196,460,816

12.	Profit shared on deposits and borrowings etc.  Profit shared on deposits (Islamic Banking Branch): Mudaraba Savings Deposits (MSB)	Note	2020	2019
12.	Profit shared on deposits (Islamic Banking Branch):			
		[	48,426,613	280,283,575
	Mudaraba Short Term Deposits (MSTD)		38,106,712	41,775,746
	Mudaraba Fixed Term Deposits (MFDR)		1,089,196,755	1,102,246,206
	Profit on foreign bank accounts		2,362,511	3,938,989
	Profit on Re-finance borrowings		43,048,772	31,587,899
	Inter Branch profit expenses	L	267,172,415 <b>1,488,313,778</b>	112,375,607 <b>1,572,208,021</b>
			1,400,313,770	1,372,200,021
13	Commission, exchange and brokerage			
	Commission and brokerage		93,003,066	136,412,367
	Exchange gain	L	16,735,520 <b>109,738,586</b>	28,182,978 <b>164,595,346</b>
			107,7 00,000	10 1,5 7 5,6 10
14	Other operating income			
	Remittance fees	Г	185	47,318
	Service and incidental charges		5,545,624	5,997,988
	Other fees-telephone and postage		1,360,302	3,000,463
	Income from retail banking		87,539	20,909
	Other fees - SWIFT		8,908,965	13,074,012
	Miscellaneous income	L	8,498,314	8,682,482
		-	24,400,929	30,823,172
15	Salaries and allowances			
	Basic salary	ſ	39,618,295	42,292,688
	Allowances		26,715,776	26,790,382
	Bonus		6,374,211	6,400,767
	Provident fund	L	3,585,221	3,683,260
		=	76,293,503	79,167,097
16	Rent, taxes, insurance, electricity etc.			
	Rent, rates and taxes	ſ	33,212,378	34,253,316
	Insurance		15,326,070	14,837,843
	Electricity and lighting	L	3,642,450	4,104,466
		-	52,180,898	53,195,625
17	Postage, stamp, telecommunication etc.			
1/	rostage, stamp, telecommunication etc.			
	Postage		1,932,475	3,664,865
	Telephone /Telex		187,602	258,226
	VSAT on-line SWIFT services		1,698,890	1,700,220
	SVVIF1 Services	L	2,545,815 <b>6,364,783</b>	3,764,503 <b>9,387,814</b>
18	Stationery, printing, advertisements etc.			
			4.070.404	4.057.400
	General office stationery		1,979,686	4,356,439
	Printing and security stationery Publicity and advertisement		2,385,559 3,770	1,018,300 10,000
	rubility allu auvei tisement	L	4,369,014	5,384,739

	Particulars Particulars	Note	Amount	in Taka
	rai ticulai s	Note	2020	2019
19	Depreciation and repair of bank's assets			
	Depreciation:			
	Furniture and fixtures		1,343,232	1,348,659
	Electrical appliances		1,653,209	1,602,590
	Motor vehicles		436,658	523,996
	ATM Booth		1,649,544	1,087,923
			5,082,643	4,563,169
	Repair:			
	Furniture and fixtures		281,555	488,715
	Office and electrical appliance		822,624	788,790
	Motor vehicles		304,597	239,189
	Repair, maintenance and utilities		969,390	1,089,510
			2,378,166	2,606,204
			7,460,809	7,169,372
20	Other expenses			
	Security and cleaning		9,467,115	8,186,069
	Entertainment		1,208,724	1,932,018
	Car expenses		7,372,996	6,235,940
	Books and periodicals		15,612	42,880
	Donation Including CSR		-	89,050
	Travelling expenses		61,840	166,963
	Conveyance		283,752	287,994
	Petrol,oil and lubricant		324,451	312,575
	Uniforms and apparels		127,165	101,673
	Expenses relating ATM services		445,178	380,035
	Expenses regarding retail banking		955,030	758,293
	IT enabled services		349,837	316,174
	Gratuity and others		8,594,651	8,720,251
	Others operating expenses		660,428	254,368
			29,866,778	27,784,283

### Southeast Bank Limited Off-Shore Banking Unit, Bangladesh BALANCE SHEET As at 31 December 2020

Annexure-H

Particulars	Nata	20:	20	2019
Particulars	Note	USD	Taka	Taka
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent banks				
(including foreign currencies)		-	-	-
Balances with other banks and financial institutions	3			FF0 007 170
In Bangladesh Outside Bangladesh		137,379	11,649,764	558,207,179 145,806,434
		137,379	11,649,764	704,013,613
Money at Call and on short notice Investments		-	-	849,000,000
Government		-	-	-
Others		-	-	-
Loans and advances	4	-	-	-
Loans, cash credit & overdrafts etc.		110,485,888	9,369,247,503	5,467,946,281
Bills purchased and discounted		119,209,489 <b>229,695,377</b>	10,109,012,385 <b>19,478,259,888</b>	13,071,107,690 <b>18,539,053,971</b>
Fixed assets including premises, furniture and fixtures	5	13,965	1,184,255	1,175,649
Other assets Non-banking assets	6	137,800 -	11,685,492 -	18,177,339
Total assets		229,984,521	19,502,779,399	20,111,420,572
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agent	<b>s</b> 7	206,500,000	17,511,282,600	17,990,310,000
Deposits and other accounts	8			
Current accounts and other accounts Bills payable		5,008,702	424,739,933	909,255,020
Savings bank deposits		-	-	-
Fixed deposits		547,210 <b>5,555,912</b>	46,403,658 <b>471,143,591</b>	41,183,492 <b>950,438,512</b>
Other liabilities	9	4,710,250	393,424,809	476,701,201
Total liabilities		216,766,162	18,375,851,000	19,417,449,713
Capital/shareholders' equity Paid up capital		-	-	-
Statutory reserve		-	-	-
Other reserves Foreign currency losses		-	-	-
Retained earnings	10	13,218,359	1,126,928,399	693,970,859
Total shareholders' equity Total liabilities and shareholders' equity		13,218,359 229,984,521	1,126,928,399 19,502,779,399	693,970,859 20,111,420,572
OFF-BALANCE SHEET ITEMS			=1,00=,111,011	
Contingent liabilities				
Acceptances and endorsements		-	-	-
Letters of guarantee Irrevocable letters of credit		-	-	-
Bills for collection		28,240,849	2,394,835,301	2,885,409,358
Other contingent liabilities  Total contingent liabilities		28,240,849	2,394,835,301	2,885,409,358
Other commitments		23,240,047	2,07 1,003,001	2,000,107,000
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 commitr	ments	_	-	-
Total other commitments Total off-balance sheet items including contingent liabilities		28,240,849	2,394,835,301	2,885,409,358
rotar or paramet sheet items including contingent liabilities		20,240,047	2,074,000,001	2,003,407,330

## Southeast Bank Limited Off-Shore Banking Unit, Bangladesh PROFIT AND LOSS ACCOUNT For the year ended 31 December 2020

Annexure-H.1

Particulars	Note	20	20	2019
r ai ticulai s	Note	USD	Taka	Taka
Interest income	11	11,390,419	966,682,055	788,928,271
Interest paid on deposits and borrowings etc.	12	(6,566,102)	(557,251,922)	(604,609,082)
Net interest income		4,824,317	409,430,133	184,319,189
Commission, exchange & brokerage	13	436,232	37,022,108	40,502,351
Other operating income	13.1	189,137	16,051,700	11,479,210
		625,369	53,073,808	51,981,561
Total operating income (A)		5,449,686	462,503,940	236,300,750
Salaries and allowances	14	60,032	5,094,827	4,691,388
Rent, taxes, insurance, electricity etc.	15	15,731	1,335,092	985,212
Postage, stamp, telecommunication	16	21,376	1,814,177	1,354,717
Stationery, printing, advertisements etc.	17	4,936	418,911	201,882
Depreciation and repair of bank's assets	18	3,283	278,599	244,816
Other expenses	19	136,614	11,594,170	5,030,966
Total operating expenses (B)		241,973	20,535,776	12,508,981
Operating profit (C=A-B)		5,207,713	441,968,165	223,791,769
Provision for loans and advances				
General provision	9.1	110,749	9,391,600	67,941,000
Specific provision		-	-	-
		110,749	9,391,600	67,941,000
Other provisions	9.2	(21,291)	(1,766,711)	-
Total provision (D)		89,458	7,624,889	67,941,000
Total profit before tax (C-D)		5,118,255	434,343,276	155,850,769

Southeast Bank Limited
Off-Shore Banking Unit, Bangladesh

Annexure-H.2

#### **NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2020

#### 1 Status of the unit

Off-shore Banking Unit (OBU) is a separate business unit of Southeast Bank Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained permission to operate OBU vide Letter No. BRPD(P-3)744(98)/2008-2213 dated June 24, 2008. In the mean time as per BRPD circular # 2, dated 25 February 2019 we have already applied to Bangladesh Bank for conducting Off-shore banking in Bangladesh on 10 July 2019. Presently the Bank has 2 (2019: 2) off-shore banking units - one at Dhaka Export Processing Zone and the other at Chittagong Export Processing Zone

OBU boosts up foreign trade by extending finance to industrial units inside and outside the Export Processing Zone (EPZ) area. OBU is free to make loans/advances to persons/institutions not resident in Bangladesh and to make loans/advances to Type-A (wholly foreign owned) units in the EPZs in Bangladesh. Industrial units outside the EPZs and Type-B and Type-C industrial units within the EPZs in Bangladesh may avail term loans in foreign currencies from OBU subject to compliance with the guidelines issued by the Board of Investment for borrowing abroad by industrial units Bangladesh.

#### 2 Significant accounting policies and basis of preparations

#### 2.1 Basis of preparation

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the OBU. The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated June 25, 2003, other Bangladesh Bank Circulars and International Financial Reporting Standards (IFRS).

#### 2.2 Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates, i.e., the functional currency. The financial statements are presented in Taka which is the Bank's functional and presentation currency. Figures appearing in the financial statements have been rounded off to the nearest Taka. Assets & liabilities and income & expenses have been converted into Taka currency @ US\$1 = Tk. 84.8004 (closing rate as at 31 December 2020) and Tk. 84.8680 (average rate which represents the year end) respectively.

#### 2.3 Basis of Accounting

OBU maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act, 1991, Bangladesh Financial Reporting Standards and other applicable directives issued by Bangladesh Bank.

#### 2.4 Functional and presentation currency

The Financial Statements of OBU are presented in both USD and Bangladesh Taka (Taka/Tk.) except as otherwise indicated. Financial information presented in Taka and USD has been rounded off to the nearest integer. and financial information presented in USD has been rounded into two decimal points.

	Particulars	Note	20	20	2019
	rai ticulai s	Note	USD	Taka	Taka
3	Balance with other banks and financial institutions				
	In Bangladesh Outside Bangladesh	3.1 3.2	137,379	11,649,764	558,207,179 145,806,434
3.1	In Bangladesh		137,379	11,649,764	704,013,613
	Southeast Bank Limited Other commercial bank			- -	558,207,179
			-	-	558,207,179

	Particulars	Note	202	20	2019
	i ai ciculai 3	Hote	USD	Taka	Taka
3.2	Outside Bangladesh (current account)				
	Standard Chartered Bank, New York		137,379	11,649,764	145,806,434
	Money at call and on short notice In bank; Modhumoti Bank Limited BRAC Bank Limited		-	-	169,800,000 424,500,000
	Jamuna Bank Limited		-	-	254,700,000 <b>849,000,000</b>
4	Loans and advances				
	Loans, cash credit, overdrafts etc. Bills purchased and discounted	4.1 4.2	110,485,888 119,209,489 <b>229,695,377</b>	9,369,247,503 10,109,012,385 <b>19,478,259,888</b>	5,467,946,281 13,071,107,690 <b>18,539,053,971</b>
4.1	Loans, cash credit, overdrafts etc.				
	In Bangladesh Outside Bangladesh	4.1.1	110,485,888 <b>110,485,888</b>	9,369,247,503 <b>9,369,247,503</b>	5,467,946,281 <b>5,467,946,281</b>
4.1.1	Outside Bangladesh				
	Time Ioan Term Ioan Usance Payable at Signt (UPAS) Advance-LTR		44,457,405 21,768,777 44,259,705	3,770,005,755 1,846,001,025 3,753,240,723	3,167,215,087 2,164,281,315 - 45,703,062
	Loan against foreign bill		110,485,888	9,369,247,503	90,746,817 <b>5,467,946,281</b>
4.2	Bills purchased and discounted		110,100,000	7,007,217,000	3, 107,7 10,201
	In Bangladesh		_	_	_
	Outside Bangladesh		119,209,489 <b>119,209,489</b>	10,109,012,385 <b>10,109,012,385</b>	13,071,107,690 <b>13,071,107,690</b>
5	Fixed assets including premises, furniture and fixtures				
	Cost:				
	Furniture and fixtures Electrical appliances		40,730 26,727	3,453,923 2,266,497	3,457,980 1,980,458
	Less: Accumulated depreciation		67,457	5,720,420	5,438,438
	Furniture and fixtures Electrical appliances		31,938 21,554	2,708,337 1,827,827	2,510,672 1,752,116
	Written down value as at 31 December		53,492 13,965	4,536,164	4,262,788 1,175,649
	White indown value as at 3.1 December		13,703	1,184,255	1,173,047
6	Other assets				
	Interest on calls and placements(USD) Prepaid management fee GCPF Interest Receive Bills purchase/Discount/UPASS Interest Receive Bills purchase/Discount		135,173 -	11,462,756	1,747,406 8,943,000 - 7,271,885
	Insurance Advance office rent		97 2,397	8,227 203,303	8,154 203,542
	others		132 <b>137,800</b>	11,206 <b>11,685,492</b>	3,352 <b>18,177,339</b>

	5.0.1		20	20	2019
	Particulars	Note	USD	Taka	Taka
7	Borrowing from other banks, financial institutions and agents				
	Borrowings from CBQ Borrowings from CAIXABANK, S.A., SPAIN Borrowings from GCPF Borrowings from RAK Bank ,UAE Borrowings from FGB, UAE Borrowings from ADB Borrowings from NBM Bank, Nepal		3,000,000 8,000,000 20,000,000 11,300,000 5,500,000 14,500,000	254,401,200 678,403,200 1,696,008,000 958,244,520 466,402,200 1,229,605,800	1,485,750,000 - 1,698,000,000 849,000,000 551,850,000 - 849,000,000
	Borrowings from SCB, Singapore Borrowings from EIB, UAE Borrowings from FM HDFC Bank, Hong Kong Borrowings from HABIB BANK AG Borrowings from ADCB, UAE Borrowings from DBS BANK LTD.		35,000,000 17,400,000 5,000,000 4,400,000 6,000,000	2,968,014,000 1,475,526,960 424,002,000 373,121,760 508,802,400	2,249,850,000 721,650,000 1,273,500,000 - 679,200,000 1,146,150,000
	Borrowings from NOOR BANK UAE Borrowings from Head Office		76,400,000 <b>206,500,000</b>	6,478,750,560 <b>17,511,282,600</b>	577,320,000 5,909,040,000 <b>17,990,310,000</b>
8	Deposit accounts				
	Current deposits Fixed deposits	8.1	5,008,702 547,210 <b>5,555,912</b>	424,739,933 46,403,658 <b>471,143,591</b>	909,255,020 41,183,492 <b>950,438,512</b>
8.1	Current deposits		3,333,712	471,140,371	730,100,312
	Current accounts Current A/C USD-Resident FDD Payable Sundry creditors		136,833 4,865,280 - 6,589 <b>5,008,702</b>	11,603,486 412,577,728 - 558,718 <b>424,739,933</b>	7,149 351,040,692 558,207,179 - 909,255,020
9	Other liabilities				
	Accrued interest on borrowing others bank Interest payable-CBQ Loan Accrued interest on borrowing from NBM Bank, Nepal Interest payable on RAK Bank, UAE Interest payable on FGB, UAE Interest payable on ADB Accrued interest on borrowing from EIB, UAE Accrued interest on borrowing from SCB, Singapore Accrued interest on borrowing from CAIXABANK, S.A., Interest payable on borrowing from HABIB BANK AG Accrued interest on borrowing FM-HDFC Bank, Hong Kong Accrued interest on borrowing from ADCB, UAE Accrued interest on borrowing from DBS BANK LTD Accrued interest on borrowing from NOOR BANK UAE Accrued interest on FDR Interest Suspense AIT & VAT Provision for unclassified loans and advances Provision for off-balance sheet exposures	9.1 9.2	611,381 3,186 - 37,096 22,464 105,287 243,412 235,216 34,743 33,064 5,250 190,752 - 1 816,131 4,487 2,367,782 - 4,710,250	51,845,319 270,151 3,145,720 1,904,938 8,928,379 20,641,417 19,946,413 2,946,191 2,803,855 445,202 16,175,877 - - 83 69,208,207 380,457 194,782,600 - 393,424,809	77,897,989 9,162,576 5,929,440 6,462,631 112,554 - 21,026,265 41,048,677 - 8,852,594 31,026,848 9,004,848 464,486 81 78,554,500 - 185,391,000 1,766,711 476,701,201
9.1	Provision for unclassified loans and advances				
	Balance as at 1 January Provision made during the year		2,257,033 110,749 <b>2,367,782</b>	185,391,000 9,391,600 <b>194,782,600</b>	117,450,000 67,941,000 <b>185,391,000</b>
	Adjustments made during the year Balance as at 31 December		2,367,782	194,782,600	185,391,000

			20	20	2019
	Particulars	Note	USD	Taka	Taka
9.2	Other provisions				
	<b>Provision for off-balance sheet exposures</b> Balance as at 1 January		21,291	1,766,711	1,766,711
	Add: Provision made during the year		21,291	1,766,711	1,766,711
	Less: Adjustments made during the year		(21,291)	(1,766,711)	-
	Balance as at 31 December		-	-	1,766,711
10	Retained earnings				
	Balance as at 1 January Add/less: foreign currency translation gain/(loss) for last y	/ear	8,100,104	693,970,859 (2,771,468)	529,276,000 8,844,089
	Addition during the year		<b>8,100,104</b> 5,118,255	<b>691,199,390</b> 434,343,276	<b>538,120,089</b> 155,850,769
	<i>σ</i> ,		13,218,359	1,125,542,666	693,970,859
	Add/less: foreign exchange gain (loss) Balance as at 31 December		13,218,359	1,385,733 <b>1,126,928,399</b>	693,970,859
11	Interest income on investment				
	Interest income from loans and advances Interest on overdraft		2,821,124	239,423,113	253,462,121 1,548
	Interest income from bill purchased and discounted		8,524,424	723,450,843	503,231,744
	Interest income calls & placement (FCY)		44,871 <b>11,390,419</b>	3,808,099 <b>966,682,055</b>	32,232,859 <b>788,928,271</b>
			,,,,,,		, ,
12	Interest paid on deposits and borrowings etc.				
	Interest on FDR		50 223,021	4,264 18,927,333	3,591
	Interest expense on Borrowing FM other OBU Interest expenses -GCPE loan		994,567	84,406,945	108,592,919
	Interest on CAIXABANK, S.A., SPAIN		282,344 217,728	23,961,979	- E7 EE0 224
	Interest on CBQ loan Interest expenses -Habib bank		33,064	18,478,120 2,806,090	57,559,324
	Interest expenses -RAK bank,UAE Interest expenses -AXIS BANK LTD.		340,726 125,780	28,916,775 10,674,697	38,486,128
	Interest expenses FARS BANK LTD.  Interest expenses FGB, UAE		227,153	19,278,017	32,642,218
	Interest expenses ADB Interest expense on -HDFC BANK, HONG		284,953 215,625	24,183,404 18,299,662	15,137,946 37,212,501
	Interest expense on -SCB, Singapore		894,716	75,932,749	103,333,101
	Interest expense on -EIB, UAE Interest expense on -NMB Bank		527,655 337,139	44,781,005 28,612,303	42,355,163 21,231,266
	Interest expense on -NOOR BANK UAE		203,599	17,279,074	462,184
	Interest expense on -ADCB, UAE Interest expense on - DBS BANK LTD		220,295 147,165	18,695,983 12,489,599	41,953,358 8,960,216
	Interest on calls and placement		1,290,521	109,523,923	96,679,167
			6,566,102	557,251,922	604,609,082
13	Commission, exchange & brokerage				
	Commission and other charges		436,232 <b>436,232</b>	37,022,108 <b>37,022,108</b>	40,502,351 <b>40,502,351</b>
			430,232	37,022,106	40,502,551
13.1					
	Other income- SWIFT Miscellaneous income		57,091 31,524	4,845,207 2,675,379	1,923,425 357,690
	Rebate from trade payments		100,522	8,531,115	9,198,095
			189,137	16,051,700	11,479,210
14	Salaries and allowances				
	Basic salary Allowances		28,307 24,925	2,402,357 2,115,339	2,234,271 1,862,036
	Provident fund contribution		2,385	202,445	218,816
	Bonus		4,415 <b>60,032</b>	374,686 <b>5,094,827</b>	376,265
			00,032	5,094,827	4,691,388

	Particulars	Note	20	20	2019
	rai liculai 3	Note	USD	Taka	Taka
15	Rent, taxes, insurance, electricity etc.				
	Rent, rates and taxes		13,269	1,126,138	810,776
	Insurance		162	13,720	13,855
	Electricity and lighting		2,300	195,235	160,581
			15,731	1,335,092	985,212
16	Postage, stamp, telecommunication etc.				
	Postage		9,265	786,319	258,262
	Internet service		2,947	250,107	253,045
	SWIFT charges		5,538	469,972	479,851
	FC Nostro charges		3,281	278,452	330,229
	Telephone		346	29,327	33,330
			21,376	1,814,177	1,354,717
17	Stationery, printing, advertisements etc.				
			4.007	440.044	004.000
	Office and printing stationery		4,936	418,911	201,882
			4,936	418,911	201,882
18	Depreciation and repair of bank's assets				
	Depreciation on own assets:				
	Furniture and fixtures		2,366	200,771	208,640
	Electrical appliances		917	77,828	36,176
			3,283	278,599	244,816
19	Other expenses				
	Entertainment		354	30,003	49,289
	Management fee GCPF		105,336	8,939,629	2,433,815
	Travelling expenses and allowance		-	-	13,430
	House maintenance (Executive )		3,953	335,481	251,443
	Repair, maintenance and utilities		4,085	346,668	71,130
	Books and periodicals		56	4,764	5,380
	Conveyance Miscellaneous		553 22,278	46,912 1,890,713	40,346 2,166,133
	iviiscellarieous		136,614	11,594,170	5,030,966
			130,014	11,574,170	3,030,766

Annexure-I

# Southeast Bank Limited and its subsidiaries GEOGRAPHICAL AND BUSINESS SEGMENT

# I) Geographical Segment

	_	Inside Bangladesh		Outside Bangladesh	
Particulars	SEBL (Conventional & Islamic Banking)	Off Shore Banking Unit	SEBL Capital Services Limited	Southeast Exchange Company (South Africa) Pty Ltd	Total
	Taka	Taka	Taka	Taka	Taka
Income	13,035,240,256	462,503,940	181,998,317	90,819,826	13,770,562,340
Less: Inter segmental income/expense	(37,213,011)	1	37,213,011	1	T.
Total Income	13,072,453,266	462,503,940	144,785,307	90,819,826	13,770,562,340
Operating profit (profit before unallocated expenses and tax)	13,072,453,266	462,503,940	144,785,307	90,819,826	13,770,562,340
Allocated expenses	(5,367,298,497)	(20,535,776)	(78,269,018)	(39,903,060)	(5,506,006,351)
Provision against loans & advances and others	(5,101,055,961)	(7,624,889)	-	1	(5,108,680,850)
Profit (loss) before tax	2,604,098,808	434,343,276	66,516,289	50,916,766	3,155,875,139
Provision for tax including deferred tax	(926,300,000)	1	(33,329,994)	(14,146,358)	(1,006,776,351)
Net profit	1,644,798,808	434,343,276	33,186,295	36,770,408	2,149,098,788
Segment assets	439,560,763,368	19,502,779,399	6,087,976,711	141,889,119	465,293,408,597
Segment liabilities	439,560,763,368	19,502,779,399	6,087,976,711	141,889,119	465,293,408,597

# II) Business Segment

	=	Inside Bangladesh		Outside Bangladesh	
Particulars	Conventional Banking including OBU	Islamic Banking	SEBL Capital Services Limited	Southeast Exchange Company (South Africa) Pty Ltd	Total
	Taka	Taka	Taka	Taka	Taka
Income	12,793,779,447	703,964,749	181,998,317	90,819,826	13,770,562,340
Less: Inter segmental income	(37,213,011)	ı	37,213,011	1	1
Total income	12,830,992,457	703,964,749	144,785,307	90,819,826	13,770,562,340
Operating profit (profit before unallocated expenses and tax)	12,830,992,457	703,964,749	144,785,307	90,819,826	13,770,562,340
Allocated expenses	(5,211,296,488)	(176,537,785)	(78,269,018)	(39,903,060)	(5,506,006,351)
Provision against loans & advances and others	(5,658,043,588)	549,362,738	-	-	(5,108,680,850)
Profit (loss) before tax	1,961,652,381	1,076,789,702	66,516,289	50,916,766	3,155,875,139
Provision for tax including deferred tax	(929,300,000)	-	(33,329,994)	(14,146,358)	(1,006,776,351)
Net profit	1,002,352,381	1,076,789,702	33,186,295	36,770,408	2,149,098,788
Segment assets	434,433,378,194	24,630,164,573	6,087,976,711	141,889,119	465,293,408,597
Segment liabilities	434,433,378,194	24,630,164,573	6,087,976,711	141,889,119	465,293,408,597

#### Southeast Bank Limited

Annexure-J

# RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES (STANDALONE BASIS) For the year ended 31 Dec 2020

Particulars	Note	Amount	in Taka
Fai ticulai 3	Note	2020	2019
Profit before tax as per profit and loss accounts		3,055,226,607	4,376,400,210
Adjustment for non-cash items:			
Provision for loans and advances/investments		5,025,630,170	4,583,253,727
Provision for diminution in value of investments		(117,063,786)	319,600,000
Provision for off- balance sheet items		119,155,200	(389,100,000)
Provision for others assets		60,000,000	65,000,000
Depreciation of property plant and equipment		371,619,324	371,619,324
Recoveries on Loans previously written-off		472,250,468	917,012,200
Foreign exchange gain/(Loss)		(1,385,732)	8,844,087
Sale proceeds of fixed assets		4,074,615	17,150,306
Increase/decrease in operating assets & liabilities:			
Loans and advances to customers		(28,545,832,588)	(29,602,357,424)
Other operating assets		(891,378,600)	222,071,583
Deposits from other banks		5,196,276,440	2,543,908,363
Deposits from customers		31,663,849,413	30,034,109,210
Others operating liabilities		(2,161,563,655)	2,136,332,709
Income tax paid		(2,881,973,987)	(2,074,350,417)
Cash flows from operating activities as per cash flow statement		11,368,883,889	13,529,493,878

Appendix-A

# Financial Statements of **SOUTHEAST BANK CAPITAL SERVICES LTD.**







#### INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Southeast Bank Capital Services Limited

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Southeast Bank Capital Services Ltd.** "(The Company)" which comprise the Statement of Financial Position as at 31 December 2020 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statement give true and fair view, in all material respects, of the Financial Position of the company as at 31 December 2020 and of its Financial Performance and Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Bangladesh Securities and Exchange Rules 1987 (Amended up to 2020), the Companies Act 1994, 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 remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Bangladesh Securities and Exchange Rules 1987(Amended up to 2020), the Companies Act 1994, and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities for the Audit of 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.







#### We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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, 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 Company'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 Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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.

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

According to the, Bangladesh Securities and Exchange Rules 1987(Amended up to 2020), the Companies Act 1994, and other applicable laws and regulations.

#### 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. In our opinion, proper books of accounts as required by law have been kept by the company and so far as it appeared from our examination of those books;
- iii. The Company's Financial Position as at 31 December 2020 and Statement of Profit or Loss and Other Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;

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Pinaki Das, FCA
Senior Partner
ICAB Enrol. No: 151
Pinaki & Company
Chartered Accountants
DVC No: 2105060151AS645745

Dhaka Dated: 06 May 2021

#### STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

PARTICULARS	Note	Amount	in Taka
FARTICULARS	Note	31-12-2020	31-12-2019
ASSETS			
A. NON-CURRENT ASSETS		524,253,898	570,070,927
Property, Plant and Equipments	Note-04	524,253,898	570,070,927
B. CURRENT ASSETS		5,563,722,813	5,313,279,815
Margin Loan	Note-05	1,883,303,310	1,737,849,955
Accounts Receivable	Note-06	170,732,240	2,413,398
Advances, Deposits and Prepayments	Note-07	145,831,997	124,422,634
Investment in Quoted Shares	Note-08	2,717,040,856	2,653,052,480
Investment in Unquoted Shares	Note-09	172,600,000	172,600,000
Cash and Cash Equivalents	Note- 10	24,214,410	22,941,348
Fixed Deposit With SEBL	Note-11	450,000,000	600,000,000
C. TOTAL ASSETS [A + B]		6,087,976,711	5,883,350,742
EQUITY AND LIABILITIES			
D. CAPITAL AND RESERVE		5,571,825,649	5,501,426,343
Share Capital	Note- 12	5,500,000,000	5,500,000,000
Retained Earnings	Note- 13	71,825,649	1,426,343
E. NON-CURRENT LIABILITIES		-	-
E CURRENT LIABILITIES		-	
F. CURRENT LIABILITIES  Margin Deposit	Note- 14	<b>516,151,062</b> 110,261,276	<b>381,924,399</b> 75,754,716
Margin Deposit Collection in Transit	Note- 14 Note- 15	85,555,452	21,705,172
Provision for Corporate Income Tax	Note- 13	152,742,137	119,412,143
Provision for Diminution in Value of Investments	Note- 17	153,692,107	153,692,107
Accrued Expenses	Note- 18	380,000	150,000
	Note- 19	13,520,090	11,210,261
Other Liabilities			

Director

Chairman

Dhaka Dated: 06 May 2021 Managing Director

Pinaki Das, FCA

Senior Partner ICAB Enrol. No. 151 **Pinaki & Company** 

Chartered Accountants DVC No: 2105060151AS645745

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

PARTICULARS	Note	Amount in	Taka
PARTICULARS	Note —	2020	2019
Income:			
Interest on Portfolio Loan		25,318,403	8,877,856
Portfolio Management Fee		3,093,069	1,695,051
Documentation Charge		198,200	143,950
Settlement Fees		9,890,451	3,716,609
Commission on Underwriting		75,000	227,500
Commission on Issue Management		-	160,000
Income on Investment in Shares		42,176,605	10,075,202
Dividend Income		59,759,189	62,801,612
Interest On Fixed Deposit		41,443,750	26,393,750
Other Income	Note- 20	4,274,390	4,742,940
Interest on SND Acc.		43,181	94,018
Total Income		186,272,238	118,928,488
Less: Expenses:			
Salary & Allowances	Note-21	13,591,240	13,775,340
Financial Expenses	Note- 22	-	1,565,513
Printing & Stationery		127,219	284,142
Local Conveyances		22,400	67,446
Entertainment		155,896	424,756
Car Maintenance		699,640	681,395
House Service & Utilities		258,000	258,000
House Maintenance		1,432,680	1,432,680
Telephone & Postage		160,393	159,151
Office Space Rentals		12,271,248	13,435,068
Other Rates & Taxes		482,800	916,620
Miscellaneous Expenses		458,199	561,281
CDBL Expenses		701,317	877,097
Misc. Contractual Services		684,780	871,805
Bank Charges		402,412	44,457
Director Remuneration		120,000	176,000
Fuel and Lubricant		215,450	372,950
Advertisement		29,200	-
Audit Fees		92,000	69,000
Professional Service Charge		588,416	609,500
Corporate Expenses (Subscription)		150,000	350,000
Utilities Charges (Repair, Maintenance & Utilities) Gratuity Expense		1,033,784 500,000	1,048,241 501,000
Training & Seminar		-	11,890
Electricity & Lighting Expenses		680,309	1,000,525
Depreciation		47,685,555	53,005,764
Total Expenses		82,542,938	92,499,621
Profit/(Loss) Before Tax		103,729,300	26,428,867
Less: Provision for Income Tax		33,329,994	25,279,358
Net profit(/Loss) after Tax		70,399,306	1,149,509

Director

Chairman

Dhaka

Dated: 06 May 2021

Managing Director

Perax Da

Pinaki Das, FCA Senior Partner ICAB Enrol. No. 151 Pinaki & Company

Chartered Accountants DVC No: 2105060151AS645745

#### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

(Amount in Taka)

Particulars	Share Capital	General Reserve	Retained Earnings	Total
Balance as on 01.01.2020	5,500,000,000	-	1,426,343	5,501,426,343
Net profit(/Loss) for the year		-	70,399,306	70,399,306
Balance as on 31.12.2020	5,500,000,000		71,825,649	5,571,825,649

## **STATEMENT OF CHANGES IN EQUITY** for the year ended 31 December 2019

(Amount in Taka)

Particulars	Share Capital	General Reserve	Retained Earnings	Total
Balance as on 01.01.2019	5,500,000,000	-	276,834	5,500,276,834
Net profit(/Loss) for the year		-	1,149,509	1,149,509
Balance as on 31.12.2019	5,500,000,000		1,426,343	5,501,426,343

Director

#### Southeast Bank Capital Services Ltd. STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

DADTICI II ADC	Amount i	n Taka
PARTICULARS	2020	2019
Cash flow from operating activities		
Cash receipt from Customer	(143,000,439)	26,958,773
Cash Received from Others	101,151,464	47,155,002
Cash paid to Employee and Suppliers	(32,317,554)	(38,878,198)
Advances, Deposits and Prepayments	(4,556,250)	267,515
Income Tax Paid	(16,853,113)	(34,183,146)
Margin Loan	(145,453,355)	729,567,292
Margin Deposit	34,506,560	38,222,354
Advance Received for Rent	-	(1,125,860)
Collection in Transit	63,850,280	(1,807,194)
Net cash used by operating activities	(142,672,406)	766,176,539
Cash flow from investing activities		
Investment in Quoted Shares	(63,988,376)	(99,856,241)
Acquisition of Fixed Asset	(1,868,526)	(73,824,391)
Fixed Deposite With SEBL	150,000,000	(600,000,000)
Interest on SND	43,181	94,018
Income from Dividend	59,759,189	62,801,612
Net cash provided from investing activities	143,945,468	(710,785,002)
Cash flow from financing activities		
Net Increase/(Decrease) in Overdraft	-	(54,208,826)
Net Increase/(Decrease) ICB Loan- Pronodona Scheme	-	(1,565,513)
Net cash used in financing activities	-	(55,774,339)
Increase/(Decrease) in Cash and Cash Equivalents	1,273,062	(382,803)
Cash and Cash Equivalents at the Opening Balance	22 041 240	22 224 454
Cash and Cash Equivalents at the Opening Dalance	22,941,348	23,324,151
Cash and Cash Equivalents at the Closing Balance	24,214,410	22,941,348
		, ,

Director

#### Southeast Bank Capital Services Ltd. NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2020

#### 1.0 Legal Status and Nature of the Company

Southeast Bank Capital Services Limited hereinafter referred to as "the Company" incorporated in Bangladesh as a public limited company on 23.09.2010 under the Companies Act 1994 and granted registration number C-87139/10

#### 1.1 Address of the Registered Office

The company operates its activities from Eunoos Trade Center, 52/53 Dilkusha C/A, Dhaka-1000.

#### 1.2 Nature of Business Activities:

The main object of Southeast Bank Capital Services Limited is to carry on the business of merchant banking under the Bangladesh Securities and Exchange Commission (Merchant Banking and Portfolio Management) Rules 1996.

#### 2.0 Significant Accounting Policies

#### 2.1 Statement of Compliance

The financial statements of Southeast Bank Capital Services Limited have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), the Bangladesh Securities and Exchange Rules 1987(Amended up to 2020), Companies Act 1994 and other applicable laws and regulations.

#### 2.2 Measurement Bases Used in Preparing the Financial Statements

The elements of financial statements have been measured on "Historical Cost" basis, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standard Board (IASB).

#### 2.3 Going Concern

Financial Statements have been prepared on going concern basis as there was no significant doubt or uncertainty to continue the operation of the company in the foreseeable future.

#### 2.4 Components of Financial Statements:

According to International Accounting Standard (IAS) 1, as adopted by ICAB as IAS - I "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of Profit or Loss and Other Comprehensive Income
- iii) Statement of Changes in Equity
- iv) Statement of Cash Flows and
- v) Notes to the Financial Statements.

#### 3.0 Principal Accounting Policies:

#### 3.1 Cash Flow Statement

Cash Flow Statement is prepared in accordance with IAS 7 "Cash Flow Statement". The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(b) of IAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

#### 3.2 Reporting currency and Level of Precision:

The figures in the financial statements represent Bangladesh Currency (Taka), which have been rounded-off to the nearest Taka.

- **3.3** The board at its meeting dated 20-12-2020 identified certain parties quite unable to accommodate interest on its portfolio loan which were considered totally unrealizable and as such kept the same out of interest during the year.
- **3.4** Total Negative Equity as on 31 December 2020 is BDT 284.07 Crore (including interest) out of which a net amount of BDT 79.54 Crore is the Company's equity loss(excluding interest).
- 3.5 The circular no. বিএসইসি/সার্ভেইল্যান্স/মুখপাত্র (৫ম খন্ড)/২০১৯/১৯৬ dated 16 July 2020, would be considered in due course.

#### 3.6 Others:

- a) There is no claim against the company, which has not been acknowledged as debt in the Statement of Financial Position.
- b) There was no contingent liability as on 31-12-2020.
- c) Figures of the previous year have been rearranged, wherever considered necessary to conform to current year's presentation.
- d) Investment in shares (Note: 08) has been restated in quoted and unquoted for fair presentation.

#### **NOTES TO THE FINANCIAL STATEMENTS**

as at 31 December 2020

		Amount	in Taka
NOTES NO.	PARTICULARS	31-12-2020	31-12-2019
		01 12 2020	01 12 2017
4.	Property, Plant and Equipments		
	Details of Property, Plant and Equipments and Depreciation as on 31 December 2020 are shown in the annexed <b>Schedule - A</b> . This is arrived at as follows:		
	Written Down Value (a-b)	524,253,898	570,070,927
	Cost value		
	Opening Balance - At Cost	816,073,827	742,249,436
	Add: Addition during the year -At Cost	1,868,526	73,824,391
		817,942,353	816,073,827
	Less : Adjustment during the year	-	-
	Closing Balance (a)	817,942,353	816,073,827
	Accumulated Depreciation		
	Opening Balance	246,002,900	192,997,136
	Add: Charged during the year	47,685,555	53,005,764
		293,688,455	246,002,900
	Less: Adjustment during the year	-	-
	Closing Balance (b)	293,688,455	246,002,900
05	Margin Loan	1,883,303,310	1,737,849,955
	Opening Balance	1,737,849,955	2,467,417,247
	Add: During the year	2,497,285,759	1,438,193,611
		4,235,135,714	3,905,610,858
	Less: Received during the year	2,351,832,404	2,167,760,903
06	Accounts Receivable	170,732,240	2,413,398
00	BLI Securities Ltd.	21,297,650	1,221,222
	AD Holdings Ltd.	10,650,550	44,671
	National Securities & Consultants Ltd.	-	112,605
	Int. Leasing Securities Ltd.	3,171,065	1,034,900
	Accounts Receivable (Others)	135,612,975	-
07	Advances, Deposits and Prepayments	145,831,997	124,422,634
07	Corporate Income Tax Note-07.1	141,275,747	124,422,634
	Advance Payment For Decoration	4,556,250	-
07.1	Corporate Income Tax	141,275,747	124,422,634
07.1	As per Last Account	124,422,634	90,239,488
	Add: Addition during the year (Advance Income Tax)	16,853,113	15,930,950
	, add, addition adming the year vitarates meeting taky	141,275,747	106,170,438
	Add: Paid by Pay order for the year 2015-16	-	16,152,196
	Add: Paid by Pay order for the year 2019-20	-	2,100,000
		141,275,747	124,422,634
	Less : Adjustment during the year	-	-

#### **NOTES TO THE FINANCIAL STATEMENTS**

as at 31 December 2020

NOTES	DADTICI II ADC		Amount	in Taka
NO.	PARTICULARS		31-12-2020	31-12-2019
08	Investment in Quoted Shares	Note- 08.1	2,717,040,856	2,653,052,480
	Openinig Balance		2,653,052,480	2,553,196,239
	Add: Net investment during the year		63,988,376	99,856,241
08.1	The total amount is invested as under:			
	Exim Bank Ltd.		118,114,786	118,114,786
	Prime Bank Ltd.		98,023,641	92,692,776
	City Bank Ltd.		46,962,061	-
	IFIC Bank Ltd.		-	39,843,728
	Trust Bank Ltd		6,757,536	5,491,750
	Dhaka Bank Ltd		19,225,068	19,225,068
	Pubali Bank Ltd		10,678,829	10,678,829
	Bay Leasing & Investment Ltd.		382,935,045	382,935,045
	National Life Insurance Co. Ltd.		1,462,000,069	1,462,000,069
	Asia Insurance Co. Ltd.		168,881,662	39,043,100
	Delta Life Insurance Co. Ltd.		69,679,950	77,446,334
	GPH Ispat		7,442,540	13,423,697
	KDS Accessories Ltd.		-	5,206,470
	Western Marine Shipyard Ltd.		18,267,021	16,390,126
	Runner Auto Mobiles Ltd.		-	540,450
	Eastland Insurance Company Ltd.		69,873,047	-
	BBS Cables		13,242,212	14,978,451
	Mobil Jamuna Ltd.		-	7,918,849
	Phoenix Insurance		60,063,787	-
	GBB Power Ltd.		8,554,118	12,157,161
	United Power Goneration & Distribution Cr.		-	8,539,303
	Barka Power Ltd.		20,782,817	26,621,347
	Mozaffar Hossain Spining Mills Ltd.		-	13,208,578
	Khulna Power Company ltd.		9,671,227	10,795,841
	Argon Denims Ltd.		9,572,078	13,082,641
	Queen South Textile Ltd.		-	6,180,863
	Dominage Sreel Building Systems Ltd.		17,187	-
	Esquire Knit Composit Ltd.		944,145	944,145
	Orion Pharma Ltd.		-	17,430,133
	AFC Agro Biotech Ltd.		25,186,743	25,186,743
	Active Fine Chemicals Lyd.		2,697,032	13,358,729
	Silco Pharmaceuticals Ltd. BSCCL		-	39,837 12,709,104
	Bockl Boshundhora Paper Mills Ltd.		-	13,788,460
	Meghna Petrolem		5,182,540	13,788,400
	Confidence Cement Ltd.		14,593,107	19,756,818
	ADN Telecom Ltd.		-	569,040
	Heidelberg Cement Ltd.		7,722,742	15,025,917
	Unique Hotels & Resorts Ltd.		20,191,273	20,191,273
	Robi Axita Ltd.		1,412,530	-
	Beximco Ltd.		-	50,617,769
	ACI Formulations		-	9,141,395
	C & N Textiles		_	10,106,933

#### **NOTES TO THE FINANCIAL STATEMENTS**

as at and for the year ended 31 December 2020

NOTES	DADTICI II ADC	Amount	in Taka
NO.	PARTICULARS	31-12-2020	31-12-2019
	5405	7040007	4 / 700 074
	FAS Finance & Investment	7,943,936	16,790,971
	Uttara Finance	8,747,696	10,490,793
	Energypac Power Generation Ltd. Shasha Denims Ltd.	5,000,000	- / /07.0E7
	Sea Pear Beach Resort	2,588,100 17,764	6,687,857 37,300
	Nurani Dyeing &Sweater Ltd.	8,580,180	9,957,338
	Olympic Industries	-	3,559,149
	Ring Shine Textile Ltd.	493,695	107,540
	Delta Brac Housing Finance Ltd.	4,649,683	-
	New Line Clothing	345,009	39,974
		2,717,040,856	2,653,052,480
09	Investment in Unquoted Shares	172,600,000	172,600,000
	VIPB(Non Listed)	3,500,000	3,500,000
	Lub-rref (BD) Ltd.	127,500,000	127,500,000
	BD Thai Food & Beveridge Ltd.	41,600,000	41,600,000
10	Cash and Cash Equivalents	24,214,410	22,941,348
	Cash in hand	-	-
	Cash at bank Note - 10.1	24,214,410	22,941,348
10.1	Cash at Bank	24,214,410	22,941,348
	Southeast Bank Ltd -CD A/C- 1100007409	81,875	82,565
	Southeast Bank Ltd -SND-13100000785	14,089,085	13,959,877
	Southeast Bank Ltd -Al- Wadiah A/C- 11100006778	10,043,450	8,898,906
11	Fixed Deposite With SEBL	450,000,000	600,000,000
	FDR-Southeast Bank Ltd. (Corporate Br.)	450,000,000	600,000,000
11.1	Fixed Deposite With SEBL	450,000,000	600,000,000
	Opening Balance	600,000,000	-
	Add: During the year	280,000,000	-
		880,000,000	-
	Less: Encashment during the year	430,000,000	-
12	Share Capital		
	Authorised Capital		
	600,000,000 shares of TK. 10/- each	6,000,000,000	6,000,000,000
	Issued and Subscribed Capital		
	550,000,000 shares of TK. 10/- each	5,500,000,000	5,500,000,000
	Paid up Capital		
	550,000,000 shares of TK. 10/- each	5,500,000,000	5,500,000,000
13	Retained Earnings	71 925 440	1 /124 2/12
13		71,825,649	1,426,343
	Opening Balance	1,426,343	276,834
	Add: Profit(/Loss) during the year	70,399,306	1,149,509

#### **NOTES TO THE FINANCIAL STATEMENTS**

as at and for the year ended 31 December 2020

NOTES	PARTICULARS	Amount	in Taka
NO.	PARTICULARS	31-12-2020	31-12-2019
14	Margin Deposit	110,261,276	75,754,716
	Opening Balance	75,754,716	37,532,362
	Add: During the year	498,010,577	297,501,997
		573,765,293	335,034,359
	Less: Paid during the year	463,504,017	259,279,643
15	Collection in Transit	85,555,452	21,705,172
	Opening Balance	21,705,172	23,512,365
	Add: Received during the year	3,281,772,797	3,343,242,338
		3,303,477,969	3,366,754,703
	Less: Paid during the year	3,217,922,517	3,345,049,531
16	Provision for Income Tax	152,742,137	119,412,143
	Opening Balance	119,412,143	94,132,785
	Add: Addition during the year	33,329,994	25,279,358
		152,742,137	119,412,143
	Less : Adjustment during the year	-	-
17	Provision for Diminution in Value of Investments	153,692,107	153,692,107
	Opening Balance	153,692,107	153,692,107
	Add:/(Less): During the year	-	-
18	Accrued Expenses	380,000	150,000
	CDBL Bill	288,000	80,000
	Audit Fee	92,000	69,000
	News paper Bill	-	1,000
19	Other Liabilities	13,520,090	11,210,261
17	Accounts Payable (Others)	1,098,763	1,904,774
	IPO Application Fund	11,921,327	8,805,487
	Provision for Gratuity	500,000	500,000
		Amount	in Taka
		2020	2019
20	Other Income	4,274,390	4,742,940
	Rental Income	4,273,920	4,731,840
	Miscellaneous Income	470	11,100
21	Salary & Allowances	13,591,240	13,775,340
	Salary & Allowances	9,949,800	9,735,600
	Festival Bonus	997,720	962,020
	Incentive Bonus	-	454,760
	Leave Fare Concession	2,064,960	2,064,960
	Provident Fund Contribution	578,760	558,000
22	Financial Expenses	-	1,565,513
	Interest on ICB Loan	-	1,565,513

# Schedule - A

# Southeast Bank Capital Services Ltd. NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2020

Property, Plant and Equipments

		Cost				Depreciation		
Name of Assets	Balance as on 01.01.2020	Addition during the year	Balance as on 31.12.2020	Rate of %	Balance as on 01.01.2020	Charged during the year	Balance as on 31.12.2020	W.D.V as on 31.12.2020
Land	98,206,531	ı	98,206,531		ı	·	ı	98,206,531
Buildings	676,425,111	·	676,425,111 10%	10%	226,361,179	45,006,393	271,367,572	405,057,538
Furniture & Fixture	29,370,272	ı	29,370,272 10%	10%	11,846,886	1,752,339	13,599,225	15,771,047
Electrical Appliance	10,771,913	1,868,526	12,640,439 20%	20%	6,497,374	925,553	7,422,927	5,217,512
Computer Software	1,300,000	ı	1,300,000	20%	1,297,461	1,270	1,298,731	1,270
Total	816,073,827	1,868,526	817,942,353		246,002,900	47,685,555	293,688,455	524,253,898

Appendix-B

# Financial Statements of SOUTHEAST EXCHANGE COMPANY (SOUTH AFRICA) PTY LTD.

# **SOUTHEAST EXCHANGE COMPANY (SOUTH AFRICA) PTY. LTD.**Annual Financial Statements For The Year Ended 31 December 2020

#### **GENERAL INFORMATION**

South Africa Country of incorporation and domicile

Nature of business and principal activities Facilitator of funds remittance

**Directors** Alamgir Kabir

M Kamal Hossain

Registered office and Business address 9 Dolly Rathebe Road

Corner Mint Road

Fordsburg Johannesburg

2092

9084402180 Tax reference number

Holding company Southeast Bank Limited

incorporated in Bangladesh

**Bankers** Standard Bank of South Africa

First National Bank

ABSA Bank Nedbank

Auditors GL Palmer and Company

Registered Auditors

Level of Assurance These annual financial statements have been audited in compliance with the

applicable requirements of the South African Reserve Bank

The annual financial statements were independently compiled by: Preparer

IA Seedat CA(SA)

Issued 29 January 2021

# G.L. PALMER AND COMPANY

CHARTERED ACCOUNTANTS (SA)



6 on 1st Avenue, Dunvegan Edenvale, Johannesburg, 1609 PO Box 220, Bruma 2026 Docex 9 Eastgate E-mail: info@glpalmer.com Tel: (+27-11) 616-0721/31 Fax: (+27-11) 616-0736

### INDEPENDENT AUDITOR'S REPORT

To the shareholder of Southeast Exchange Company (South Africa) (Proprietary) Limited

#### Opinion

We have audited the annual financial statements of Southeast Exchange Company (South Africa) (Proprietary) Limited (the company) Set out on pages 10 to 21 which comprise the Statement of Financial Position as at 31 December 2020 and the Statement of Comprehensive Income, Statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements including significant accounting policies.

In our opinion the annual financial statements present fairly, in all material respects, the financial position of Southeast Exchange Company (South Africa) (Proprietary) Limited as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

#### **Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code in consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards). 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 judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion of these matters.

We have determined that there are no key audit matters to communicate in our report.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Southeast Exchange Company (South Africa) (Proprietary) Limited annual financial statements for the year ended 31st December 2020", which includes the Directors' Report as required by the Companies Act 71 of 2008 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditors' report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 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.



SAICA PARTNERS: KP Christou MM Zackey

#### Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 the International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- \* Identify and assess the risks of material misstatement of the annual 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- \* Conclude on the appropriateness of the directors' 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 company'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 annual 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 company to cease to continue as a going concern.
- \* Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

GL PALMER & COMPANY

Registered Auditors
KP Christou (CA) SA

Partner
Johannesburg
29 January 2021



# SOUTHEAST EXCHANGE COMPANY (SOUTH AFRICA) PTY. LTD. Annual Financial Statements For The Year Ended 31 December 2020 DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2021 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 5.

The annual financial statements set out on pages 10 to 23, which have been prepared on the going concern basis, were approved by the board on 29 January 2021.

Alamgir Kabir, FCA

M Kamal Hossain

Bangladesh

Annual Financial Statements For The Year Ended 31 December 2020

### **DIRECTORS' REPORT**

The directors have pleasure in submitting their report on the annual financial statements of Southeast Exchange Company (South Africa) (Proprietary) Limited for the year ended 31 December 2020.

#### 1. Nature of business

Southeast Exchange Company (South Africa) (Proprietary) Limited was incorporated and operates in South Africa with interests in the facilitator of funds remittance industry.

There have been no material changes to the nature of the Company's business from the prior year.

#### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium - sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows for the company are set our in these annual financial statements.

#### 3. Share capital

Particulars	Number of Shares		
	2020	2019	
Authorised			
Ordinary shares issued at R1 each	4 000	4 000	

	R		Number	of Shares
	2020	2019	2020	2019
<b>Issued</b> Ordinary shares of R1 par value	120	120	120	120

There have been no changes to the authorised or issued share capital during the year under review (2019-No Change).

#### 4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act 71 of 2008. As this general authority remains valid only until the next AGM, the shareholder will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares under the control of the directors until the next AGM.

#### 5. Dividends

A dividend of R10 619 236 was declared and paid to the shareholder during the year under review (2019-R6 250 000)

Annual Financial Statements For The Year Ended 31 December 2020

#### DIRECTORS' REPORT

#### 6. Directors

The directors in office at the date of this report are as follows:

#### **Directors**

Alamgir Kabir M Kamal Hossain

#### 7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the Company had an interest and which significantly affected the business of the company.

#### 8. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Company or in the policy regarding their use. At 31 December 2020 the company's investment in property plant and equipment amounted to R1 406 362 (2019- R1 438 615) of which R317 322 (2019 - R1 069 414) was added in the current year through additions.

#### 9. Special resolutions

No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the Company were made by the company during the period covered by this report .

#### 10. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

#### 11. Going concern

On 11 March 2020, the World Health Organization declared the outbreak of the corona virus (COVID-19) as a global pandemic. As a result, economic uncertainties have arisen and consumer spending has reduced thereby affecting local and international trade. Whilst these events have had an impact on the company's operations to date, there will be further implications on the company's results of operations if the weakened economic environment continues.

Given the uncertainty related to the duration and effect of this pandemic, the impact on the company's future profitability cannot be currently estimated.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on the going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

#### 12. Litigation statement

The Company is not currently involved in any claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

#### 13. Auditors

GL Palmer and Company continued in office as auditors for the company for 2020.

At the AGM, the shareholder will be requested to reappoint GL Palmer and company as the independent external auditors of the company and to confirm Mr. KP Christou (CA) SA as the designated lead audit partner of the 2021 financial year.

## **DIRECTORS' REPORT**

#### 14. Secretaries

The company secretaries are GLP Secretarial Services CC.

Postal address

PO Box 220 Bruma Johannesburg 2026

Business address

6 on 1st Avenue Dunvegan Edenvale 1609

#### 15. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 29 January 2021. No authority was given to anyone to amend the financial statements after the date of issue.

# STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Figures in Rand	Note	2020	2019
Assets			
Non-current Assets			
Property plant and equipment	2	1 406 362	1 438 615
Current Assets			
Trade and other receivables	3	4 984 425	2 784 089
Current tax receivable		-	240 703
Cash and cash equivalents	4	1 695 1333	21 141 488
Total Assets		21 935 758	24 166 280
l otal Assets		23 342 120	25 604 895
Equity and liabilities			
Equity			
Share capital	5	120	120
Non-distributable reserve	9	6 632 059	6 632 059
Retained income		10 189 912	13 619 236
Total income		16 822 091	20 251 415
		10 022 071	20231 113
Liabilities			
Non-Current Liabilities			
Instalment sale obligations	6	84 674	178 846
Current Liabilities			
Trade and other payables	7	5 790 180	4 801 107
Instalment sale obligations	6	119 063	123 527
Current tax payable		526 112	_
Dividend tax payable		-	250 000
		6 435 355	5 174 634
Total Liabilities		6 520 029	5 353 480
Total Equity and Liabilities		23 342 120	25 604 895

# STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note	2020	2019
Revenue	8	16 705 117	15 559 052
Operating expenses		(7 780 224)	(7 719 409)
Operating profit		8 924 893	7 839 643
Investment revenue	9	1 053 363	1 306 939
Finance costs	10	(22 232)	(49 991)
Profit before taxation		9 956 024	9 096 591
Taxation	11	(2 766 112)	(2 559 297)
Profit for the year		7 189 912	6 537 294
Other comprehensive income		-	-
Total Comprehensive income for the year		7 189 912	6 537 294

# STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share Capital	Non- distributable reserve	Retained income	Total Equity
Balance at 01 January 2019	120	6 632 059	13 331 942	19 964 121
Profit for the year	=	=	6 537 294	6 537 294
Other comprehensive income	=	=	-	-
Total comprehensive income for the period	=	=	6 537 294	6 537 294
Dividends	-	=	(6 250 000)	(6 250 000)
Total Changes	-	=	(6 250 000)	(6 250 000)
Balance at 01 January 2020	120	6 632 059	13 619 236	20 251 415
Profit for the year	=	=	7 189 912	7 189 912
Other comprehensive income	=	=	=	-
Total comprehensive income for the year	=	=	7 189 912	7 189 912
Dividends	=	=	(10 619 236)	(10 619 236)
Total Changes	=	=	(10 619 236)	(10 619 236)
Balance at 31 December 2020	120	6 632 059	10 189 912	16 822 091
Note 5				

# STATEMENT OF CASH FLOWS

Figures in Rand	Note	2020	2019
Cash flows from operating activities			
Cash generated from operations Interest income Finance costs Tax paid Net cash from operating activities	13 14	8 063 205 1 053 363 (22 232) (1 999 297 <b>7 095 039</b>	2 727 255 1 306 939 (49 991) (2 883 333) 1 100 870
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(317 322)	(1069414)
Cash flows from financing activities			
Movement in instalment sale obligation Dividends paid Net Cash flows from financing activities	15	(98 636) (10 869 236) <b>(10 967 872)</b>	(87 189) (6 000 000) (6 087 189)
Total cash movement for the year Cash at the beginning of the year Total cash at end of the year	4	(4 190 155) 21 141 488 16 951 333	(6 055 733) 27 197 221 21 141 488

Annual Financial Statements for the year ended 31 December 2020

#### ACCOUNTING POLICIES

#### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rand.

These accounting policies are consistent with those applied in the previous year.

#### 1.1 Property, plant and equipment

Property, Plant and equipment are tangible assets which the company holds for it own use which are expected to be used for more than one period. Property plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Property, Plant & equipment is initially measured at cost.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property plant and equipment the carrying amount of the replaced part is derecognised.

Depreciation of an assets commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the assets economic benefits are consumed by the company.

The useful lives of items of the property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average useful life
Leasehold improvements	Straight line	5 years
Motor vehicles	Straight line	10 years
Office equipment	Straight line	3 years
Computer equipment	Straight line	3-5 years

#### 1.2 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

Annual Financial Statements for the year ended 31 December 2020

#### **ACCOUNTING POLICIES**

#### 1.3 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial asstes and liabilities that are measured at fair value through through profit and loss) unless the arrangement constitues, in effect, a financing transaction in which case it is measured at the present value of future payment discounted at a market rate of interest for similar debt instrument.

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

#### Financial instrument at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

#### 1.4 Share capital and equity

If the company reacquires its own equity instruments those instruments, are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

#### 1.5 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 1.6 Foreign exchange

#### Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

The foreign exchange component of a non-monetary item is recognised consistently with any other gains or losses on those items, in other comprehensive income or in profit or loss.

Annual Financial Statements for the year ended 31 December 2020

#### **ACCOUNTING POLICIES**

#### 1.7 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

#### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

#### 1.8 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**Figures in Rand** 2020 2019

#### 2. Property, plant and equipment

Computer equipment Leasehold improvements Motor vehicles Office equipment Total

2020			2019			
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
ĺ	747 065	(460 619)	286 446	6 88 896	(344 452)	344 444
	1 580 256	(838 634)	741 622	1 356 582	(647 743)	708 839
	399 987	(65 262)	334 725	399 987	(37 254)	362 733
	142 724	(99 155)	43 569	107 245	(84 646)	22 599
Ī	2 870 032	(1 463 670)	1 406 362	2 552 710	(1 114 095)	1 438 615

#### Reconciliation of property, plant and equipment - 2020

Computer equipment Leasehold improvements Motor vehicles Office equipment

Opening balance	Additions	Depreciation	Closing balance
344 444	58 169	(116 167)	286 446
708 839	223 674	(190 891)	741 622
362 733	=	(28 008)	334 725
22 599	35 479	(14 509)	43 569
1 438 615	317 322	(349 575)	1 406 362

#### Reconciliation of property, plant and equipment - 2019

Computer equipment Leasehold improvements Motor vehicles Office equipment

Opening balance	Additions	Depreciation	Closing balance
103 307	319 021	(77 884)	344 444
110 002	730 782	(131 975)	708 839
399 209	-	(36 746)	362 733
28 401	19 611	(25 413)	22 599
640 919	1 069 414	(272 018)	1 438 615

#### Property, plant and equipment held as security

The following asset have been encumbered as security for the secured long-term borrowings 6:

334 725 Motor vehicles

Motor vehicles are held under a finance lease.

409

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	Figures in Rand	2020	2019
3.	Trade and other receivables		
	Accrued income	7 388	40 512
	Cash in transit	4 643 920	2 313 580
	Deposits	194 919	194 919
	Prepayments	138 198	228 198
	Sundry debtors	-	6 880
		4 984 425	2 784 089
4.	Cash and cash equivalents		
	Cash and cash equivalents consist of:		
	Cash on hand	289	39 949
	Bank balances	16 951 044	21 101 539
		16 951 333	21 141 488

Included in the above bank balances figure at year end, is an amount of R 8 050 929 (2019- R8 000 000) which is an unimpaired capital requirement of the South African Reserve Bank.

#### Share capital

#### Authorised

4000 Ordinary shares issued at R1 per share

4 000 4 000

3 880 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	120 Ordinary shares issued at R1 per share	120	120
6.	Instalment sale obligations		
	Minimum lease payments which fall due		
	-Within one year	119 063	123 527
	-In second year to fifth year inclusive	99 219	226 466
		218 282	349 993
	Less: future finance charges	(14 545)	(47 620)
	Present value of minimum lease payments	203 737	302 373
	Non-current liabilities	84 674	178 846
	Current liabilities	119 063	1 23 527
		203 737	302 373

It is company policy to lease certain motor vehicles and equipment under finance leases.

The company's obligations under finance leases are secured by the leased assets. Refer note 2.

# **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2020	2019
7. Trade and other payables		
Trade payables	5 518 162	4 466 309
Value added tax	128 694	1 16 479
Accrual for audit fees	135 000	131 000
Other payables	8 324	87 319
	5 790 180	4 801107
8. Revenue		
Exchange gain income	7 084 305	4 329 975
Online charge	489 679	584 699
Commissions and transaction fees	9 131 133	10 644 378
	16 705 117	15 559 052
9. Investment revenue		
Interest revenue		
Bank	1049386	1 306 939
SARS	3 977	
	1 053 363	1 306 939
10. Finance costs		
Late payment of tax	137	13 236
Interest paid	19	94
Finance charges	22 076 <b>22 232</b>	36 661 <b>49 991</b>
11. Taxation	22 232	47 771
Major components of the tax expense		
Current Taxation		
South African normal tax - year	2 766 112	2 559 297
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	9 956 024	9 096 591
Tax at the applicable tax rate of 28% (2018: 28%)	2 787 687	2 547 045
Tax effect of adjustments on taxable income		
Non-deductible expenses	824	19717
Temporary differences	(22 399)	(7 465)
	2 766 112	2 559 297

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	2020	2019
12. Auditors' remuneration		
Fees	141 513	131 000
Adjustment for previous year	8 722	13 644
	150 235	144 644
13. Cash generated from operations		
Profit before taxation	9 956 024	9 096 591
Adjustments for:		
Depreciation	349 575	271 719
Interest received	(1053363)	(1 306 939)
Finance costs	22 232	49 991
Changes in working capital:		
Trade and other receivables	(2 200 336)	(1517096)
Trade and other payables	989 073	(3867011)
	8 063 205	2 727 255
14. Tax paid		
Balance at beginning of the year	240 703	(83 333)
Current tax for the year recognised in profit or loss	(2 766 112)	(2 559 297)
Balance at end of the year	526 112	(240 703)
	(1 999 297)	(2 883 333)
15. Dividends paid		
Blance at beginning of the year	(250 000)	-
Dividends	(10 619 236)	(6 250 000)
Blance at end of the year	-	250 000
	(10 869 236)	(6 000 000)

#### 16. Directors' remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year (2019 - Nil).

#### 17. Related parties

#### Relationships

Holding company: Southeast Bank Limited

Related party balances and transactions with entities over which the company has control joint control, or significant influence

#### Related party balances

Amounts included in Trade Payables regarding related parties

Southeast Bank Limited 5 437 456 4 466 303

## **DETAILED INCOME STATEMENT**

Figures in Rand	Note	2020	2019
Revenue			
Commissions and transaction fees		9 131 133	10 644 378
Exchange gain income		7 084 305	4 329 975
Online charges		489 679	584 699
	8	16 705 117	15 559 052
Other income			
Interest received	9	1 053 363	1 306 939
Expenses (Refer to page 22)		(7 780 224)	(7 719 409)
Operating profit		9 978 256	9 146 582
Finance costs	10	(22 232)	(49 991)
Profit before taxation		9 956 024	9 096 591
Taxation	11	(2 766 112)	(2 559 297)
Profit for the year		7 189 912	6 537 294

The supplementary information presented does not form part of the annual financial statements and its unaudited

# **DETAILED INCOME STATEMENT**

Figures in Rand Note	2020	2019
Operating expenses		
Accounting fees	119 450	114 936
Advertising	19 673	38 638
Assets under R 7 000	11717	54 246
Auditors' remuneration 12	150 235	144 644
Bank charges	610 873	1 642 401
Cash carrying charges	1 188 185	1 080 605
Cleaning	1067	1 256
Commission paid	120 633	84 379
Compliance cost	8 625	-
Computer expenses	9 5 1 2	-
Depreciation	349 575	271 719
Donation	-	12 000
Employee costs	2692799	2 274 480
Entertainment	63 237	76 971
Insurance	133 450	89 567
Lease rentals on operating lease	1094454	753 459
Motor vehicle expenses	14871	20 437
Municipal expenses	75 903	53 324
Office Equipment	7 584	-
Office expenses	55 503	580
Opening costs - CT branch	-	76 270
Petrol and oil	53 098	13 5 1 7
Postage	3 963	6 200
Printing and stationery	142 691	89 315
Repairs and maintenance	34 954	57 397
Secretarial fees	5 278	5 565
Security	679 199	434 537
Staff welfare	-	1 110
Telephone and fax	58 149	92 367
Toll fees	-	1 740
Travel - local	19 732	109 094
Travel - overseas	55 814	118 655
	7 780 224	7 719 409

# **TERMINOLOGY**

AD Authorized Dealer
ALCO Asset Liability Committee

ATM Automated Teller Machine

BB Bangladesh Bank (Central Bank of Bangladesh)

B/L Bad/Loss

BAS Bangladesh Accounting Standards
CRR Cash Reserve Requirement

CRG Credit Risk Grading

CSR Corporate Social Responsibility

CPI Consumer Price Index

CDBL Central Depository Bangladesh Limited

CBS Core Banking Software

CRISL Credit Rating and Information Services Ltd.

DEPZ Dhaka Export Processing Zone

DP Depository Participants
EPS Earnings Per Share
EPZ Export Processing Zone
FY Fiscal Year (July to June)
GDP Gross Domestic Product
GRI Global Reporting Initiative

HOB Head of Branch

IT Information TechnologyIMF International Monetary FundIAS International Accounting Standards

IPO Initial Public Offering LC Letter of Credit

SMT Senior Management Team

NII Net Interest Income

NIM Net Interest Margin

NPL Non-Performing Loan

OBU Off-Shore Banking Unit

IR Integrated Reporting

POS Point of Sale
PV Present Value

RWA Risk Weighted Assets
RMG Readymade Garments
ROA Return on Assets
ROE Return on Equity

R&D Research and Development

SAFA South Asian Federation of Accountants

SME Small and Medium Enterprise
SOP Standard Operating Procedure
SLR Statutory Liquidity Ratio

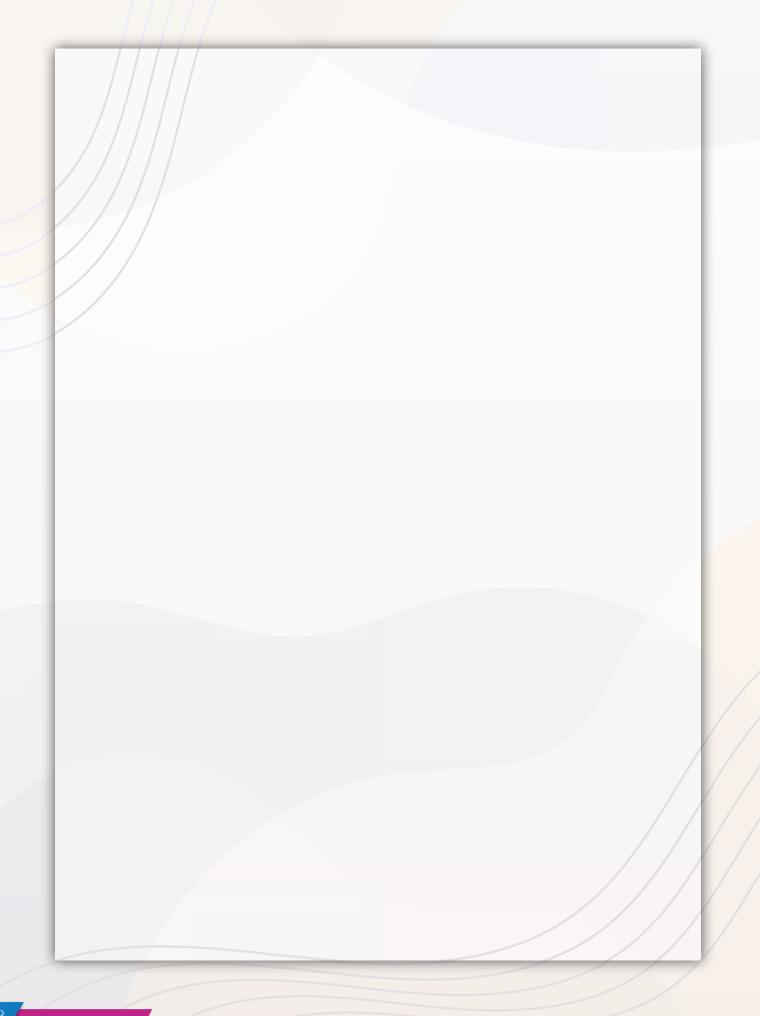
RMA Relationship Management Application

SWIFT Society for Worldwide Interbank Financial Telecommunication

SEBCSL Southeast Bank Capital Service Limited
SEFSL Southeast Financial Services (UK) Limited

SEECPL Southeast Exchange Company (South Africa) Pty Ltd





# SAFA CORPORATE GOVERNANCE DISCLOSURE CHECKLIST

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# INTEGRATED REPORTING CHECKLIST

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1. ELI	EMENTS OF AN INTEGRATED REPORT	
1.1	Organizational overview and external environment	
	An integrated report should disclose the main activities of the organization and the environment in which it operates.  An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as:  • The organization's:	
	<ul> <li>culture, ethics and values</li> <li>ownership and operating structure including size of the organization, location of its operations</li> <li>principal activities and markets</li> <li>competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)</li> <li>position within the value chain</li> </ul>	
	• <b>Key quantitative information</b> e.g., the number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	1-3,
	<ul> <li>Significant factors affecting the external environment and the organization's response (include aspects of the legal, commercial, social, environmental and political context that affect the organization's ability to create value in the short, medium or long term)</li> <li>Eg:         <ul> <li>The legitimate needs and interests of key stakeholders</li> <li>Macro and micro economic conditions, such as economic stability, globalization, and industry trends</li> <li>Market forces, such as the relative strengths and weaknesses of competitors and customer demand</li> <li>The speed and effect of technological change</li> <li>Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems</li> <li>Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached</li></ul></li></ul>	4-18,33
1.2	<ul> <li>An integrated report should disclose how does the organization's governance structure support its ability to create value in the short, medium and long term</li> <li>An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value</li> <li>The organization's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure</li> <li>Mandatory and voluntary code of corporate governance adopted by the Company</li> <li>Code of ethical conduct adopted by the Company in relation to ethical business</li> <li>Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues</li> <li>Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management</li> <li>How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders</li> <li>Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies</li> <li>The responsibility those charged with governance take for promoting and enabling innovation</li> <li>How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals</li> </ul>	91-137

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1.3	Stakeholder Identification/ relationships	
	An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests. Stakeholders are the groups or individuals that can reasonably be expected to be significantly affected by an organization's business activities, outputs or outcomes or whose actions can reasonably be expected to significantly affect the ability of the organization to create value	
	An entity may disclose the following in their integrated reports in respect of stakeholder relationships:	240
	How the company has identified its stakeholders	
	Stakeholder engagement methodology	
	Identification of material matters of stakeholders	
	How the Company has applied such matters  Llow the stateholders are engaged in assessing impacts, implications and outlook of Company's business.	
	How the stakeholders are engaged in assessing impacts, implications and outlook of Company's business model	
	Capitals	
	An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term	
	An integrated report needs to identify the various forms of capitals which are essential for the success of its business operations.	
	Eg:	
	<b>Financial Capital</b> – The pool of funds that is available to the organization for use in the production of goods or provision of services.	
	<b>Manufacturing Capital</b> – Manufactured physical objects that are available to the organization for use in the production of goods and provision of services.	23
	Intellectual Capital – Organizational, Knowledge based intangibles.	
	Human Capital - People's competencies, capabilities and experience, and their motivations to innovate	
	<b>Social and Relationship Capital</b> – The institutions and the relationships within and between communities, groups of stakeholders and other networks and the ability to share information to enhance individual and collective wellbeing.	
	<b>Natural Capital</b> – All renewable and non-renewable environmental resources and processes that provide goods and services that support the past, current and future prosperity of the organization.	
	However, an entity can do its own classification of capitals based on its business activities. An entity needs to ensure that it does not overlook a capital that it uses or affects.	
1.4	Business model	
	An integrated report should describe the organization's business model	
	An integrated report needs to describe the business model, including key:	
	• Inputs	
	<ul><li>Business activities</li><li>Outputs</li><li>Outcomes</li></ul>	
	Features that can enhance the effectiveness and readability of the description of the business model include:	0.5
	Explicit identification of the key elements of the business model	25
	A simple diagram highlighting key elements, supported by a clear explanation of the relevance of those elements to the organization	
	Narrative flow that is logical given the particular circumstances of the organization	
	Identification of critical stakeholder and other (e.g., raw material) dependencies and important factors affecting the external environment	
	Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues).	

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	Inputs	
	An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	
	Business activities	
	<ul> <li>An integrated report describes key business activities. This can include:</li> <li>How the organization differentiates itself in the market place (e.g., through product differentiation, market segmentation, delivery channels and marketing)</li> <li>The extent to which the business model relies on revenue generation after the initial point of sale (e.g.,</li> </ul>	
	extended warranty arrangements or network usage charges)  • How the organization approaches the need to innovate	
	How the business model has been designed to adapt to change.	
	When material, an integrated report discusses the contribution made to the organization's long-term success by initiatives such as process improvement, employee training and relationships management.	
	Outputs	25
	An integrated report identifies an organization's key products and services. There might be other outputs, such as by-products and waste (including emissions), that need to be discussed within the business model disclosure depending on their materiality.	
	Outcomes	
	An integrated report describes key outcomes, including:	
	Both internal outcomes (e.g., employee morale, organizational reputation, revenue and cash flows) and external outcomes (e.g., customer satisfaction, tax payments, brand loyalty, and social and environmental effects)	
	Both positive outcomes (i.e., those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e., those that result in a net decrease in the capitals and thereby diminish value).	
	Organizations with multiple business models	
	Some organizations employ more than one business model (e.g., when operating in different market segments). This requires a distinct consideration of each material business model as well as commentary on the extent of connectivity between the business models (such as the existence of synergistic benefits).	
	The integrated report of an organization with multiple businesses needs to balance disclosure with need to reduce complexity; however material information should not be omitted.	
1.5	Performance	
	An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	
	An integrated report should contain qualitative and quantitative information about performance that may include matters such as:	
	Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them	
	The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain	
	The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	227
	The linkages between past and current performance, and between current performance and the organization's outlook.	
	KPIs that combine financial measures with other components (e.g., the ratio of greenhouse gas emissions to sales) or narrative that explains the financial implications of significant effects on other capitals and other causal relationships (e.g., expected revenue growth resulting from efforts to enhance human capital) may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals (e.g., carbon emissions and water use).	
	Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non-compliance with laws or regulations may significantly affect its operations.	

	ltems	Page No.
1.6	Risks, opportunities and internal controls	
	An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them and effectiveness of the system of internal controls.	
	This can include identifying:	
	<ul> <li>The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two.</li> <li>The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does.</li> </ul>	183-201
	• The specific steps being taken to mitigate or manage key risks (e.g.: Risk Management Framework, Risk Management review process and reporting structure) or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs.	
	<ul> <li>Risk Management Report (Which includes details about risk, root course, potential impact, response to risk, risk rating)</li> <li>Response on the effectiveness of the internal controls and the board's responsibility for the disclosures on</li> </ul>	
	internal controls to safeguard stakeholder interest.	
1.7	Strategy and resource allocation	
	An integrated report should describe it strategic direction (Where does the organization want to go and how does it intend to get there)	
	An integrated report needs to identify:	
	The organization's short, medium- and long-term strategic objectives	
	The strategies it has in place, or intends to implement, to achieve those strategic objectives	
	How the entity has positioned in the wider market.	
	How the long-term strategies relate to current business model.  The strategies relate to current business model.	
	<ul> <li>The resource allocation plans it has to implement its strategy</li> <li>How it will measure achievements and target outcomes for the short, medium and long term.</li> </ul>	
	<ul> <li>This can include describing:</li> <li>The linkage between the organization's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans:</li> </ul>	30-32
	<ul> <li>relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change</li> </ul>	
	<ul> <li>are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals, and the risk management arrangements related to those capitals</li> </ul>	
	What differentiates the organization to give it competitive advantage and enable it to create value, such as:	
	o the role of innovation	
	o how the organization develops and exploits intellectual capital	
	<ul> <li>the extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage</li> </ul>	
	Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.	
1.8	Outlook	
	An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	
	An integrated report should highlight anticipated changes over time and provides information on	
	The organization's expectations about the external environment the organization is likely to face in the short, medium and long term	
	How that will affect the organization	_
	How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.	69-83
	The discussion of the potential implications, including implications for future financial performance may include:  • The external environment, and risks and opportunities, with an analysis of how these could affect the	
	<ul> <li>achievement of strategic objectives</li> <li>The availability, quality and affordability of capitals the organization uses or affects (e.g., the continued availability of skilled labor or natural resources), including how key relationships are managed and why they are important to the organization's ability to create value over time.</li> </ul>	

	Items	Page No.
	An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organization's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enable evaluation of the current outlook.	69-83
	Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject.	
1.9	Basis of preparation and presentation	
	An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?	
	An integrated report describes its basis of preparation and presentation, including:	
	A summary of the organization's materiality determination process	
	<ul> <li>Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters</li> </ul>	21-24
	<ul> <li>Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.</li> </ul>	21-24
	A description of the reporting boundary and how it has been determined	
	Eg: Include process used for identifying the reporting boundary, geographic scope, the entities represented in the report and the nature of the information provided for each entity	
	A summary of the significant frameworks and methods used to quantify or evaluate material matters	
	(e.g., the applicable financial reporting standards used for compiling financial information, a company- defined formula for measuring customer satisfaction, or an industry-based framework for evaluating risks).	
2. Re	esponsibility for an integrated report	
	An integrated report should include a statement from those charged with governance that includes:	
	An acknowledgement of their responsibility to ensure the integrity of the integrated report	
	An acknowledgement that they have applied their collective mind to the preparation and presentation of the	
	<ul> <li>integrated report</li> <li>Their opinion or conclusion about whether the integrated report is presented in accordance with the</li> </ul>	
	Framework	21-24
	or, if it does not include such a statement, it should explain:	
	What role those charged with governance played in its preparation and presentation	
	What steps are being taken to include such a statement in future reports	
	The time frame for doing so, which should be no later than the organization's third integrated report that references this Framework.	
3. Ot	ther Qualitative Characteristics of an Integrated Report	
3.1	Conciseness	
	An integrated report should be concise.	
	An integrated report needs to include sufficient context to understand the organization's strategy, governance,	
	performance and prospects without being burdened with less relevant information.  Eg:	
	Follows logical structure and includes internal cross-reference as appropriate to limit repetition.	21-24
	May link to more detailed information, information that does not change frequently or external sources.	
	Express concepts clearly and in as few words.  Favors plain language over the use of jargon or highly technical terminology.	
	Avoids highly generic disclosures.	
3.2	Reliability and completeness	
	An integrated report should include all material matters, both positive and negative, in a balanced way and without	
	material error  The organization achieve the reliability and completeness through	
	The organization achieve the reliability and completeness through,  Eg:	
	Selection of presentation formats that are not likely to unduly or inappropriately influence assessments made	21-24
	on the basis of integrated report.	
	<ul> <li>on the basis of integrated report.</li> <li>Giving equal consideration to both increases and decreases in the capitals, both strengths and weaknesses of the organization, both positive and negative performance etc.</li> </ul>	
	Giving equal consideration to both increases and decreases in the capitals, both strengths and weaknesses of	

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3.3	Consistency and comparability	
	The information in an integrated report should be presented:	
	On a basis that is consistent over time	
	• In a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.	
	E.g:	
	o Using benchmark data, such as industry or regional benchmarks	
	<ul> <li>Presenting information in the form of ratios (e.g., research expenditure as a per centage of sales, or carbon intensity measures such as emissions per unit of output)</li> </ul>	227-229
	<ul> <li>Reporting quantitative indicators commonly used by other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization (e.g., an industry body).</li> </ul>	
	<ul> <li>Reporting policies are followed consistently from one period to other unless a change is needed to improve the quality of information reported.</li> </ul>	
	o Reporting the same KPIs if they continue to be material across reporting period.	
	<ul> <li>When a significant change has been made, the organization explains the reasons for the change describing its effect.</li> </ul>	
3.4	Connectivity of information	
	An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.	
	Eg: Connectivity between - Capitals	21-24
	Content elements	
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3.5	Materiality	
	An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term	21-24
3.6	Assurance on the Report	
	The policy and practice relating to seeking assurance on the report,	
	The nature and scope of assurance provided for this particular report	21-24
	Any qualifications arising from the assurance, and the nature of the relationship between the organization and the assurance providers	

# SAFA STANDARD DISCLOSURE CHECKLIST

Disclosure checklist to the key sections of the Annual Report- 2020

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egment Informatio	n	
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imelines	s in issuing Financial Statements and holding AGMs	
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D.	and the state of t	ZJU-Z/(

# Compliance Checklist in Line with the Companies Act, 1994 (Amended up to 2020) and BSEC's Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018

The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994), (Amended up to 2020) and BSEC's Notification no. BSEC/CMRRCD/ 2006-158/207/Admin/80 dated 3 June 2018:

Industry outlook and possible future developments in the industry	а	Discussed in the Directors' Report
Segment-wise or product-wise performance	b	Discussed in the Directors' report
Risks and concerns	С	Discussed in a disclosure on Risk Based Capital under Piller-3 of Basel- III and Risk Management Report.
A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	d	Discussed in Director's Report.
Discussion on continuity of any Extra-Ordinary Gain or Loss	е	The Bank did not make any extra-ordinary Gain or Loss in 2020.
Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	f	Given in notes to the financial statements
Utilization of proceeds from public issues, rights issues and/or through any others instruments	g	In 2020, the bank did not go for any public issues and right issues.
An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	h	Not Applicable in the year 2020
If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	i	No significant variance occurred between quarterly financial performance and annual financial statements.
Remuneration to directors including independent directors	j	Discussed in the Corporate Governance Report
The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its Operations, cash flows and changes in equity	k	Discussed in Chief Executive Officer and Chief Financial Officer's statement of Responsibilities.
Proper books of account of the issuer company have been maintained	I	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities.
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	m	Discussed in notes to the financial statements
International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed	n	Discussed in notes to the financial statements
The system of internal control is sound in design and has been effectively implemented and monitored	0	The system of internal control is sound in design and has been effectively implemented and monitored. A detailed discussion is given under internal control and compliance report and Directors report.
There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed	р	There are no significant doubts on the Bank's ability to continue as a going concern.

Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained	q	Discussed in Director's Report and Management Review, Responsibility and Evaluation.
Key operating and financial data of at least preceding 5 (five) years shall be summarized	r	Given in separate statement in page no 42.
If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	S	The Bank has been declaring dividend every year.
If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	t	The Bank has been declaring dividend every year.
The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:  a) Parent/Subsidiary/Associated Companies and other related parties (name wise details); b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); c) Executives; d) Shareholders holding ten per cent (10%) or more voting interest in the company (name wise details)	u	Discussed in the Corporate Governance
Report and notes to the financial statements  In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders: -  a) a brief resume of the director; b) nature of his/her expertise in specific functional areas; c) names of companies in which the person also holds the directorship and the membership of committees of the board	V	Discussed in notes to the financial statements and Directors' Profile.

# IMPORTANT FINANCIAL INDICATORS WITH QUANTITATIVE AND QUALITATIVE FACTORS

Area	Key Components	Page No.
1. Capital Adequacy	Capital Adequacy Ratio (CAR)	337
	Internal Capital Generation Ratio	80
	Leverage ratio	337
	Capital Conservation Buffer	337
2. Asset Quality	Gross Non-Performing Loan (NPL) Ratio	
	Net Non-Performing Loan (NPL) Ratio	177
	Gross Non-Performing Loan (NPL) Coverage	
	Large Loan Exposure	320
	SME Portfolio Concentration Ratio	148
	Corporate Portfolio Concentration Ratio	141
3. Profitability	Return on Average Assets (ROAA)	
	Return on Average Equity (ROAE)	229
	Return on Average Risk Weighted Assets (RRWA)	
	Net Interest Margin (NIM)	14
4. Liquidity & Funding	Liquid Assets Ratio	14
	Loan to Deposit Ratio	146
	Liquidity Coverage Ratio (LCR)	80
	Net Stable Funding Ratio	80
5. Performance with respect to shareholders	Dividend yield	
	Net Asset Value (Growth)	176
	Capital Appreciation	
6. External Credit Rating (ECR)	Short Term	100
	Long Term	180
7. Financial Inclusion and IT based services	Number of Branches	20
	Number of ATMs	20
	Apps based Services	253
	Internet Banking	168
	Cash Deposit Machines (CDM)	167
	Call Centers Services	245
8. Corporate Governance	Non-Shareholding/Independent Director	105
	Single Family Domination	106
	Free Float	107
	Audit Committee Led by Independent Director	105
	Director's Minimum Shareholding	106
	Auditors' Opinion	273
9. Care for Environment	Sustainable Financing/ Green Banking Initiatives	212
	Sustainable/Integrated Reporting	21
10. Employee Focus	Net Employee Turnover	215
	Employee Compensation and Benefits	304
	Gender Diversity	216
	Training and Development Spending	216
11. Corporate Social Responsibility (CSR)	Amount of CSR Expenditure	207
	Quality of CSR Activities	206
12. Contribution to National Exchequer	Direct and Indirect Tax	83

# **EVENTS 2020**

# MEMORY OF 25<sup>TH</sup> (VIRTUAL) ANNUAL GENERAL MEETING



The 25<sup>th</sup> Annual General Meeting (AGM) of Southeast Bank Limited was held on September 16, 2020 at 11.00 a.m by using Digital Platform.

























Signature



#### Registered Office:

Eunoos Trade Centre 52-53, Dilkusha Commercial Area, Dhaka-1000, Bangladesh

Website: www.southeastbank.com.bd

# PROXY FORM

being a member of Southeast I	3ank	Limit	ed do l	nereby	appoi	int Mr/	/Ms									
of																
as my/our proxy to attend and	vote	e on m	ny/our	behalf	at the	26 <sup>th</sup> A	nnual	Gener	al Me	eting (	of the (	Compa	ny to b	oe held	d on J	une 30
2021 at 11.00 a.m. virtually l	oy us	sing d	igital p	latfor	m thro	ough th	he link	https:	//sou	theas	tbank	.bdvir	tualag	m.cor	<b>n</b> and	at an
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As witness my/our hand this		da	y of		2021											
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