

# Chapter 05

## DIRECTORS' REPORT



# Report of the Directors

(Under Section 184 of Companies Act 1994 and Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 and Notification No. BSEC/CMRRCD/2009-193/66/PRD/148, dated 16 October 2023 of Bangladesh Securities and Exchange Commission).

The Board of Directors of SBAC Bank PLC. graciously welcomes you to the Annual General Meeting (AGM). We are pleased to present the Director’s Report, Audited Financial Statements and Auditor’s Report for the year 2024. We are also delighted to provide you with the key insights into global and Bangladesh economies along with an overview of our bank’s business performance, present financial strategy and strategic plan for the year 2025.

## An Overview on Global and Local Economy

### Global Economic Outlook

The global economy in 2024 experienced a complex interplay of resilience and restraint. Despite a number of challenges, the world economy grew by 3.2 percent, a pace slightly below its long-term average prior to the pandemic. Several advanced and emerging economies navigated varied paths of recovery, with the United States notably outperforming expectations. Its economy expanded by 2.5 percent in 2024, buoyed by strong consumer demand, a robust labor market, and pro-growth expectations around fiscal policy. However, Europe lagged behind, with the euro area recording a modest 0.5 percent growth, largely constrained by sluggish industrial production and persistent geopolitical risks.

Meanwhile, the emerging and developing economies showed a mixed picture. China grew at 5.2 percent in 2024, but this expansion came with less optimism than before, hindered by prolonged weakness in the property sector and subdued domestic demand. India remained a bright spot in the global economic landscape, maintaining strong momentum with a growth rate of 6.7 percent. In contrast, other South Asian economies like Pakistan and Sri Lanka faced more muted recoveries, although macroeconomic stabilization programs brought some improvements in external balances.

Bangladesh, in particular, experienced a period of relative economic moderation. The growth rate for 2024 was estimated at 5.7 percent, lower than the pre-pandemic trend, but still a sign of resilience amidst global headwinds. The country's economy faced mounting pressure from weakened export demand, a decline in remittance growth, and tighter financial conditions globally. The ready-made garments (RMG) sector, which remains a pillar of the country’s export economy, was affected by subdued demand from European and North American markets. Inflation, while easing slightly, remained a concern due to rising food and fuel prices. The IMF noted that Bangladesh’s inflation rate in 2024 hovered above its target, reflecting domestic supply chain pressures and higher import costs.

Despite these challenges, Bangladesh remains on a stable macroeconomic trajectory, supported by policy reforms and ongoing engagement with international financial institutions. The IMF’s Extended Credit Facility (ECF) and Extended Fund Facility (EFF) programs continued to provide a backstop for foreign exchange reserves and fiscal support. Structural reforms in tax administration and financial governance are expected to bear fruit gradually, laying the foundation for more sustained growth.



# World Economic Outlook Growth Projections

(Real GDP, annual percent change)	ESTIMATE	PROJECTIONS	
	2024	2025	2026
<b>World Output</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>1.9</b>	<b>1.8</b>
United States	2.8	2.7	2.1
Euro Area	0.8	1.0	1.4
Germany	-0.2	0.3	1.1
France	1.1	0.8	1.1
Italy	0.6	0.7	0.9
Spain	3.1	2.3	1.8
Japan	-0.2	1.1	0.8
United Kingdom	0.9	1.6	1.5
Canada	1.3	2.0	2.0
Other Advanced Economies	2.0	2.1	2.3
<b>Emerging Market and Developing Economies</b>	<b>4.2</b>	<b>4.2</b>	<b>4.3</b>
Emerging and Developing Asia	5.2	5.1	5.1
China	4.8	4.6	4.5
India	6.5	6.5	6.5
Emerging and Developing Europe	3.2	2.2	2.4
Russia	3.8	1.4	1.2
Latin America and the Caribbean	2.4	2.5	2.7
Brazil	3.7	2.2	2.2
Mexico	1.8	1.4	2.0
Middle East and Central Asia	2.4	3.6	3.9
Saudi Arabia	1.4	3.3	4.1
Sub-Saharan Africa	3.8	4.2	4.2
Nigeria	3.1	3.2	3.0
South Africa	0.8	1.5	1.6
<b>Memorandum</b>			
Emerging Market and Middle-Income Economies	4.2	4.2	4.2
Low-Income Developing Countries	4.1	4.6	5.4

Source: IMF, *World Economic Outlook Update*, January 2025

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2024/25 (starting in April 2024) shown in the 2024 column. India's growth projections are 6.8 percent for 2025 and 6.5 percent for 2026 based on calendar year.

Looking ahead to 2025, the global economy is projected to grow at 3.3 percent, with much of the momentum continuing from emerging Asia. India is forecast to maintain a robust growth rate of 6.5 percent, continuing to lead the South Asian region. Bangladesh is expected to register a growth of 6.0 percent in 2025, reflecting a recovery in exports and remittances, along with easing inflationary pressures. The IMF anticipates that ongoing policy reforms and improvements in the investment climate will help boost domestic and foreign investment. However, downside risks persist, particularly from global financial tightening, trade policy shifts, and climate-related vulnerabilities that could disrupt agricultural output.

Inflation globally is expected to ease further in 2025, with projections placing it at 4.2 percent on average. In Bangladesh, inflation is projected to gradually decline, assuming continued fiscal prudence and a stable exchange rate. Nevertheless, monetary policy will need to remain cautiously calibrated to prevent demand-side pressures from reigniting price volatility. The central bank's role in managing liquidity and preserving macroeconomic stability remains pivotal.

Another key issue in the global and regional outlook is trade. The world trade volume is forecast to grow by 3.3 percent in 2025. For Bangladesh, this presents an opportunity to regain lost momentum in exports, especially if global demand picks up and competitiveness is enhanced through reforms in logistics and trade facilitation.

Overall, while 2024 was a year of cautious progress for the global economy, 2025 offers a window of cautious optimism, particularly for South Asia. Bangladesh, though challenged by global uncertainty and domestic structural constraints, stands to benefit from a more favorable external environment and policy reforms currently underway. The key to harnessing this potential will lie in continued macroeconomic discipline, strengthening institutional capacity, and enhancing the resilience of the financial and export sectors in the face of evolving global dynamics.

### Local Economic Outlook

The year 2024 was a defining period for the economy of Bangladesh, marked by resilience amidst global uncertainty, internal economic rebalancing, and steady reform efforts. Despite facing global supply chain disruptions, inflationary pressures, and sluggish external demand, Bangladesh showed signs of macroeconomic stability and set the groundwork for future growth. Key economic indicators across various sectors revealed both the challenges the country faced and the opportunities it can harness moving forward.

### Macroeconomic Situation & Growth

The macroeconomic situation and growth trajectory in 2024 showed moderate recovery. Following post-pandemic recovery efforts and the economic turbulence caused by the Russia-Ukraine war, Bangladesh's GDP grew at a rate of 6.03 percent during FY 2023–24. This rate, while slightly below the government's targeted growth, demonstrated strong resilience in the face of

adverse external conditions. Agricultural production remained stable, industrial output rebounded, and service sectors especially trade, transport, and ICT contributed significantly to GDP growth. Public investment increased slightly, although constrained by tightening fiscal space and higher interest rates. Private investment faced setbacks due to higher import costs and cautious consumer sentiment.

Remittance inflows showed marginal recovery in 2024 after moderate performance in the previous year. Policy steps taken by the central bank to encourage remittance through formal channels including incentives and mobile remittance platforms played a role in this rebound. Export earnings, particularly from the RMG sector, faced challenges due to weak demand in key global markets, especially Europe and North America. However, strategic diversification into new export markets and a focus on non-RMG sectors like leather and pharmaceuticals provided signs of future resilience.

### Inflation

Inflation remained a major concern throughout 2024. The average inflation rate stood at 9.02 percent, driven primarily by high food prices and increased import costs. Volatile exchange rates, rising global commodity prices, and the effects of domestic supply chain inefficiencies kept inflation elevated. Food inflation, in particular, surged in the first two quarters of 2024 due to disruptions in rice and vegetable supplies. The Bangladesh Bank maintained a contractionary monetary policy stance to curb inflationary pressures, raising policy rates and tightening liquidity. However, the effectiveness was limited as structural constraints such as dependence on imported essentials and inefficiencies in domestic market regulation continued to influence price dynamics.

### Stock Market

Despite inflationary pressure, the Dhaka Stock Exchange (DSE) witnessed a period of cautious optimism. Market capitalization slightly increased by the end of 2024, and investor confidence grew modestly in response to regulatory reforms and expectations of macroeconomic recovery. The DSE implemented several reforms during the year, including digital initiatives, improved listing processes, and enhanced disclosure requirements. However, investor participation remained somewhat limited due to high inflation and reduced disposable income, particularly from small investors. Efforts to deepen the capital market including increased institutional investor involvement and the introduction of more diversified investment instruments are seen as promising steps going forward.

### Human Development & Environment

Human development and environmental sustainability remained core areas of focus in 2024, although progress was uneven. Bangladesh made notable strides in health, education, and poverty reduction. Life expectancy continued to rise, with improvements in maternal and child health services. Literacy rates increased marginally, driven by digital learning initiatives and gender-sensitive education programs. However, rural-urban disparities

persisted, and dropout rates in secondary education, especially among girls, remained a policy challenge.

On the environmental front, Bangladesh faced climate vulnerabilities more acutely in 2024. Rising temperatures, erratic rainfall, and flash floods affected agricultural productivity in parts of the country. Government and development partners ramped up efforts in climate adaptation, including coastal afforestation, river dredging, and promotion of climate-resilient crops. Renewable energy projects gained momentum, with solar and wind projects receiving new approvals under the Mujib Climate Prosperity Plan. Yet, implementation gaps and lack of local-level capacity continue to hinder full realization of environmental goals.

### Banking Sector

At the heart of Bangladesh's economic structure in 2024 was the banking sector, which remained both a critical pillar of financial stability and a reflection of persistent structural weaknesses. Throughout the year, the sector grappled with high non-performing loan (NPL) ratios, liquidity constraints, and weak corporate governance. As of June 2024, the total NPL ratio in the banking sector stood at 9.4 percent, though the actual figure is believed to be higher if rescheduled loans and relaxed classification are considered. State-owned banks continued to perform worse than their private counterparts, primarily due to poor credit risk management and political interference in lending.

The liquidity crisis intensified in the first half of the year due to tighter monetary policy, declining deposit growth, and reduced foreign currency reserves. Banks faced difficulties in meeting growing loan demands, particularly from the industrial and SME sectors. To address these issues, the Bangladesh Bank introduced a new risk-based supervision framework, tightened loan classification standards, and promoted digitization in bank operations. Efforts to improve transparency and discourage willful defaulters were also initiated, although implementation remains partial.

However, the year was not without progress. The introduction of the Smart Banking Roadmap 2024–2026 marked a strategic shift toward digital transformation in the banking sector. Several banks launched AI-driven customer service platforms, expanded agent banking services in rural areas, and promoted mobile banking for unbanked populations. Financial inclusion efforts, especially targeting women and youth entrepreneurs, gained traction. Bangladesh Bank's initiatives to integrate Environmental, Social, and Governance (ESG) criteria into bank lending policies also received positive reception, although institutional capacity to enforce ESG standards still needs strengthening.

Looking ahead, the challenges in the banking sector are significant but not insurmountable. High default rates, inefficient recovery mechanisms, and weak governance will continue to strain the system unless bold structural reforms are implemented. Improving judicial processes for loan recovery, enforcing credit discipline, depoliticizing bank boards, and encouraging mergers among weak banks are crucial policy priorities. At the same time, the expansion of digital banking, promotion of green finance, and diversification of banking services beyond traditional corporate lending offer substantial future opportunities. With sustained policy attention and stakeholder coordination, the banking sector can transition from vulnerability to a more stable and innovation-driven framework.

In conclusion, Bangladesh's economic performance in 2024 reflected a complex balancing act containing inflation, stabilizing growth, and reforming structural bottlenecks amidst persistent global and domestic headwinds. While inflation and challenges in the banking sector remain areas of concern, improvements in governance, digital infrastructure, and human development offer a pathway to inclusive and sustained growth. The future depends on the country's ability to navigate global uncertainties, build resilient institutions, and deliver on its development aspirations through pragmatic and forward-looking policies.

## Review of Performance of SBAC Bank PLC in 2024

Despite enormous challenges in 2024 we have been able to record a notable advancement in almost every area of operation. The bank earned Tk. 2,696.11 million (solo) & Tk. 2,718.87 million (consolidated) operating profit, maintained adequate capital adequacy ratio, established new branches & sub-branches as well as agent banking network, and upheld its asset quality. The Financial performances of the Bank are as follow:

### Total Assets:

Total assets of the bank stood at Tk. 124,498.70 million (solo) & Tk. 124,599.97 million (consolidated) in 2024 as against Tk. 117,521.67 million (solo) & Tk. 117,264.13 million (consolidated) in 2023 registering a growth of 5.94 percent (solo) & 6.26 percent

(consolidated). The increase in assets was mainly driven by diversified investment. The economy witnessed a satisfactory growth scenario in credit and deposits mobilization.

Cash and Balance with Bangladesh Bank & its Agent: The total position of Cash and Balance with Bangladesh Bank & its Agent (including foreign currencies) is Tk. 6,243.15 million (solo) & Tk. 6,243.16 million (consolidated) in 2024 as against Tk. 5,226.78 million (solo) & Tk. 5,226.79 million (consolidated) in 2023.

Balance with other banks and financial institutions: The position of balance with other banks and financial institutions is Tk. 3,150.18 million (solo) & Tk. 3,161.10

million (consolidated) in 2024 of which Tk. 2,952.13 million (solo) & Tk. 2,972.58 million (consolidated) in Bangladesh and Tk. 644.24 million (solo & consolidated) outside Bangladesh as against Tk. 480.86 million (solo & consolidated) outside Bangladesh.

#### Investment in Shares & Securities:

The position of Investment of the Bank is Tk. 22,255.79 million (solo) & Tk. 22,488.96 million (consolidated) in 2024 as against Tk. 18,270.16 million (solo) & Tk. 18,507.64 million (consolidated) in 2023.

#### Loans and Advances and Lease/Investments:

The loans and advances stood at Tk. 88,641.84 million (solo) & Tk. 88,848.29 million (consolidated) in 2024 against Tk. 86,841.61 million (solo) & Tk. 86,644.19 million (consolidated) in 2023 registering growth of 2.07 percent (solo) & 2.54 percent (consolidated). This year yield on loans and advances/investments of the Bank increased to 28.31 percent from the level of 10.15 percent of previous year due to increase in lending rates.

In order to risk minimization and profit maximization, the loans and advances have been accorded to diversified sectors. The sector wise outstanding amount of loans and advances are shown below:

Particular	Outstanding Taka in Million		Growth (%)
	2024	2023	
Agriculture, fisheries and forestry	3,100.36	3,067.31	1.08%
Agro base processing industries	6,756.02	6,907.81	(2.20%)
Small & medium enterprise financing (SMEF)	32,461.26	30,654.68	5.89%
RMG & textile industries	8,833.69	9,604.30	(8.02%)
Hospitals, clinics & medical colleges	594.66	613.77	(3.11%)
Trade & commerce	9,205.45	7,316.40	25.82%
Transport and communications	337.44	579.69	(41.79%)
Rubber & plastic industries	1,604.22	1,731.54	(7.35%)
Iron, steel & aluminum industries	3,164.27	4,145.81	(23.68%)
Printing & Packaging industries	197.21	254.32	(22.46%)
Other manufacturing industries	8,492.83	7,960.02	6.69%
Housing & construction industries	2,311.51	2,041.41	13.23%
Consumer credit	2,213.46	1,931.67	14.59%
Others	9,369.45	10,032.88	(6.61%)
<b>Total</b>	<b>88,641.84</b>	<b>86,841.61</b>	<b>2.07%</b>

#### Liabilities

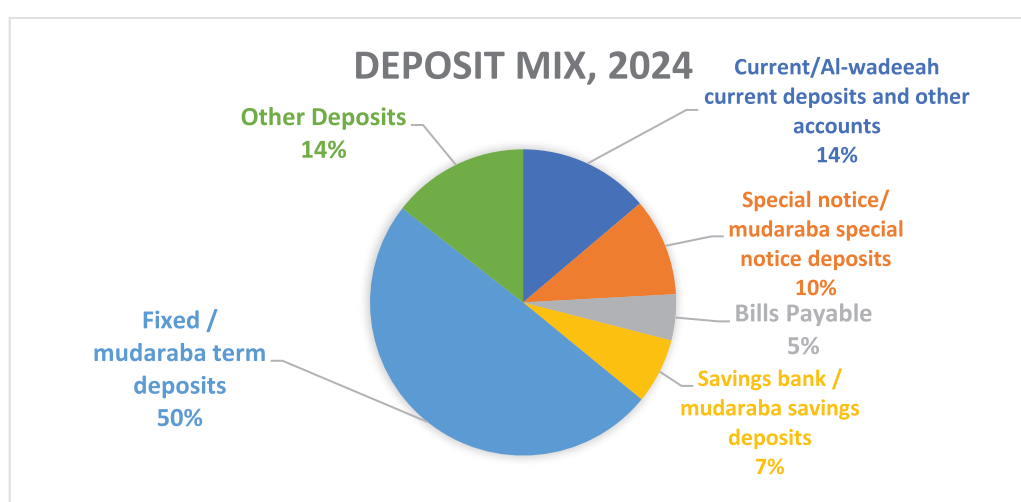
The liabilities (excluding equity) of the Bank stood at Tk. 113,453.17 million (solo) & Tk. 113,510.91 million (consolidated) in 2024 of which Tk. 96,853.41 million (solo) & Tk. 96,832.60 million (consolidated) (85.38%) was deposit and rest Tk. 16,599.76 million (solo) & Tk. 16,678.30 million (consolidated) (14.62%) was borrowing & other liabilities as against Tk. 106,439.14 million (solo) & Tk. 106,138.78 million (consolidated) in 2023 of which Tk. 93,731.23 million (solo) & Tk. 93,321.58 million (consolidated) (87.92%) was deposit and rest Tk. 12,707.91 million (solo) & Tk. 12,817.20 million (consolidated) (12.08%) was borrowing & other liabilities. The borrowings from other banks, financial institutions and agents stood at Tk. 3,244.27 million (solo & consolidated) in 2024 as against Tk. 3,262.98 million (solo & consolidated) in 2023 which represents Bank's borrowing from Bangladesh Bank under various Refinance Scheme & EDF.

#### Deposits:

In 2024, the Bank's deposits stood at Tk. 96,853.41 million (solo) and Tk. 96,832.60 million (consolidated), compared to Tk. 93,731.23 million (solo) and Tk. 93,321.58 million (consolidated) in 2023. Fixed/Mudaraba Term deposits remained the main component of deposits contributing 49.61 percent (consolidated) of the total deposits. The clientele group of the Bank was individuals, corporation, NGO, NBF, government bodies etc.

**The Growth and Deposit Mix (consolidated) are as follows:**

Types of Deposit	Amount Taka in Million		Growth (%)	Deposit Mix (%)	
	2024	2023		2024	2023
Current/Al-wadeeah current deposits and other accounts	13,379.62	12,699.83	5.35	13.82	13.61
Special notice/ mudaraba special notice deposits	9,996.16	5,912.39	69.07	10.32	6.34
Bills Payable	4,704.27	5,011.37	(6.13)	4.86	5.37
Savings bank / mudaraba savings deposits	6,705.51	6,578.43	1.93	6.92	7.05
Fixed / mudaraba term deposits	48,040.82	48,386.39	(0.71)	49.61	51.85
Other Deposits	14,006.22	14,733.18	(4.93)	14.46	15.79
<b>Total</b>	<b>96,832.60</b>	<b>93,321.58</b>	<b>3.76</b>	<b>100.00</b>	<b>100.00</b>


**Shareholders' Equity**

The shareholders' equity of the Bank stood Tk. 11,045.53 million (solo) & Tk. 11,089.05 million (consolidated) in 2024 as against Tk. 11,082.53 million (solo) & Tk. 11,125.35 million (consolidated) in 2023. The shareholders' equity of the Bank consists of Paid-up capital, Statutory Reserve, Revaluation Reserve on Govt. Securities and Retained Earning.

Total Property & Assets, Total Liabilities and Shareholders' Equity of the Bank

Amount in million Taka)

Particulars	2024	2023	Growth (%)
Cash	6,243.16	5,226.79	19.45%
Balance with other banks and FIs	2,761.10	2,972.58	(7.11%)
Money at call and short notice	400.00	-	-
Investments in shares and securities	22,488.96	18,507.64	21.51%
Loans, advances and lease / investments	88,848.29	86,644.19	2.54%
Fixed & other assets	3,858.45	3,912.92	(1.39%)
<b>TOTAL PROPERTY AND ASSETS</b>	<b>124,599.97</b>	<b>117,264.13</b>	<b>6.26%</b>
Deposits	96,832.60	93,321.58	3.76%
Borrowings	3,244.27	3,262.98	(0.57%)
Other liabilities	13,434.04	9,554.22	40.61%
Total Shareholders' equity	11,089.05	11,125.35	3.23%
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>124,599.97</b>	<b>117,264.13</b>	<b>6.26%</b>

### Interest Income

The interest income stood at Tk. 8,577.22 (solo) & Tk. 8,587.76 million (consolidated) in 2024 as against Tk. 6,892.33 million (solo) & Tk. 6,900.07 million (consolidated) in 2023. Interest income consists of Interest earned from loans & advances/ profit on investments amounting Tk. 8,533.57 million (solo & consolidated), and Interest received from Banks & Financial Institutions amounting Tk. 43.64 million, and Income from SBAC Bank Investment Limited (Net) Tk. 10.54 million. Details of Interest Income (Solo) are as follows:

Types of Interest Income	Amount (Taka in Million)		Growth (%)	Interest Income Mix (%)	
	2024	2023		2024	2023
Interest on loans and advances/profit on investments	8,533.57	6,816.15	25.20%	99.49%	98.89%
Interest received from Banks & Financial Institutions	43.65	56.73	(23.06%)	0.51%	0.83%
Interest Income (Off-shore Banking Unit)	-	19.45	-	-	0.28%
Inter Company	-	-	-	-	-
<b>Total Interest Income</b>	<b>8,577.22</b>	<b>6,892.33</b>	<b>24.45%</b>	<b>100%</b>	<b>100%</b>

### Interest Expense

The interest expense stood at Tk. 6,667.98 million (solo) & Tk. 6,650.15 million (consolidated) in 2024 as against Tk. 5,266.34 million (solo) & Tk. million 5,244.05 (consolidated) in 2023. Interest cost of deposits was the main component of interest expenses whereas interest cost of borrowings also had an impact in 2024. Details of Interest Expense (solo) are as follows:

Types of Interest Expense	Amount (Taka in Million)		Growth (%)	Interest Expense Mix (%)	
	2024	2023		2024	2023
Interest on Deposits	5,719.64	4,743.76	20.57	85.78	90.08
Interest on Borrowings	948.34	522.58	81.47	14.22	9.92
<b>Total Interest expense</b>	<b>6,667.98</b>	<b>5,266.34</b>	<b>26.62</b>	<b>100.00</b>	<b>100.00</b>

### Net Interest Income

The net interest income stood at Tk. 1,909.23 million (solo) & 1,937.61 million (consolidated) in 2024 as against Tk. 1,625.99 million (solo) & Tk. 1,656.02 million (Consolidated) in 2023. Net Interest Income increased due to increase in yield on loans and advances.

### Investment Income

The investment income of the bank consists of interest/discount earned on treasury bills/bonds, gain on government security trading, dividend received on shares and capital gain from sale of securities of listed companies. The investment income stood at Tk. 2,327.90 million (solo) & Tk. 2,332.39 million (consolidated) in 2024 as against Tk. 1,710.63 million (solo) & Tk. 1,733.70 million (consolidated) million in 2023.

### Non-Interest Income

Non-interest income consists of various commissions i.e., Exchange earnings, Brokerage etc. and other operating income consists of appraisal fees, accounts maintenance charge, postage & SWIFT recovery charge etc. The Non-Interest Income stood at Tk. 3,740.90 million (consolidated) in 2024 of which Tk. 2,332.39 million was income from investment in shares/securities, Tk. 1,141.82 million was commission, exchange earnings & brokerage and Tk. 266.69 million was other operating income as against Tk. 3,343.50 million (consolidated) in 2023 of which Tk. 1,733.70 million was income from investment in shares/securities, Tk. 1,158.34 million was commission, exchange earnings & brokerage and Tk. 451.47 million was other operating income.

### Total Operating Income

The operating income stood at Tk. 5,620.49 million (solo) & Tk. 5,678.51 million (consolidated) in 2024 as against Tk. 4,909.60 million (solo) & Tk. 4,999.52 million (consolidated) in 2023. The operating income increased due to increase in net interest income as well as non-interest income.

### Total Operating Expense

Total operating expenses include salary and allowances, rent, taxes, insurance, electricity, legal expenses, postage, stamp, telecommunication, stationery, printing, advertisement, Managing Director's salary and allowances, Directors' fees, Auditors' fees, depreciation, amortization and repair of fixed assets etc. which stood at Tk. 2,924.38 million (solo) & Tk. 2,959.64 million (consolidated) in 2024 as against Tk. 2,711.05 million (solo) & Tk. 2,750.53 million (consolidated) in 2023. The item wise expenses including Directors fees are disclosed in the Financial Statements section of this Annual Report. The operating expenses increased during the year 2024 mainly due to increase in administrative expenses and other operating expenses. The bank has recruited efficient Officials to perform the banking activities. The total regular employees of the Bank stood at 1,237 (as on December 31, 2024) & the total number of manpower of the Bank was 1,165 (as on December 31, 2023). The productivity of the employees is measured in the following ratio:

(Amount in Million Taka)

Particular	2024	2023	Growth (%)
Operating Income per employee	4.58	4.21	8.79
Operating Expense per employee	2.36	2.33	1.29
Profit before provision per employee	2.18	1.89	15.34
Profit before tax per employee	0.86	1.21	(28.93)
Assets per employee	100.65	100.88	(0.23)

### Provision against Loans and Advances

In 2024, the amount of Non-Performing Loan (NPL) was Tk. 14,332.62 million. Total required specific provision was Tk. 10,889.73 million. On the other hand, total required general provision was Tk. 540.41 million. Therefore, Total provision requirement was 11,430.14 million against which Tk. 4,871.75 million provision has been maintained leaving a shortfall of Tk. 6,558.39 million. It is mentionable that the approval for deferral of provision shortfall has been taken from Bangladesh Bank in this regard.

### Net Profit before Tax

After making required provisions, net profit before tax of SBAC Bank PLC. stood at Tk. 1,059.49 million (solo) & Tk. 1,069.74 million (consolidated) in 2024 as against Tk. 1,410.07 million (solo) & Tk. 1,432.15 million (consolidated) in 2023.

### Provision for Income Tax

Provision against income tax of SBAC Bank PLC. was Tk. 950.76 million (solo) & Tk. 960.28 million (consolidated) in 2024 as against Tk. 873.46 million (solo) & Tk. 885.78 million (consolidated) in 2023.

### Net Profit after Tax

Net profit after tax stood at Tk. 108.73 million (solo) & Tk. 109.46 million (consolidated) in 2024 as against Tk. 536.61 million (solo) & Tk. 546.36 million (consolidated) in 2023. In 2024, Earnings per Share (EPS) stood at Tk. 0.13 (solo & consolidated), Return on Assets (ROA) stood at 0.09 percent (solo & consolidated), and Return on Equity (ROE) stood at 0.98 percent (solo) & 0.99 percent (consolidated) as against Tk. 0.65 (solo) & Tk. 0.66 (consolidated), 0.48 percent (solo) & 0.49 percent (consolidated), and 4.89 percent (solo) & 4.98 percent (consolidated) respectively in 2023.

### Statutory Reserve

As per Bank Company (Amendment) Act, 2023, 20 percent of profit before tax is required to be transferred to statutory reserve. As such an amount of Tk. 211.90 million has been transferred to statutory reserve in 2024 which was Tk. 282.01 million in 2023. Total statutory reserve stood at Tk. 2,698.84 million as on December 31, 2024 which was Tk. 2,486.94 million as on December 31, 2023.

**Operating Performance of the Bank**

(Amount in million Taka)

Particulars	2024	2023	2022	2021	2020	Growth (%) [2023 to 2024]
Interest Income	8,587.76	6,900.07	5,884.34	5,610.47	5,855.11	24.46
Less: Interest Expense	6,650.15	5,244.05	4,606.95	3,955.95	4,750.69	26.81
Net Interest Income	1,937.61	1,656.02	1,277.39	1,654.52	1,104.42	17.00
Investment Income	2,332.39	1,733.70	1,705.31	3,064.16	1,909.92	34.53
Non-Interest Income & Other Operating Income	1408.51	1,609.81	1,263.47	678.64	552.92	(12.50)
Total Operating Income	5,678.51	4,999.52	4,246.18	5,397.32	3,567.27	13.58
Less: Operating Expense	2,959.64	2,750.53	2,449.61	3,401.55	2,109.90	7.60
Profit before provision	2,718.87	2,248.99	1,796.57	1,995.77	1,457.67	20.89
Less: Provision	1,649.13	816.84	474.84	1,025.29	89.88	40.68
Net Profit before Tax	1,069.74	1,432.15	1,321.73	970.48	1,367.78	(25.31)
Provision for Income Tax	960.28	885.78	732.08	435.76	415.83	8.41
Net Profit after Tax	109.46	546.36	589.65	534.72	951.54	(79.97)
Less: Statutory Reserve & Start up Fund and Capital Reserve	212.47	290.13	263.65	208.96	273.62	(26.77)
Profit available to ordinary share holders	90.14	358.02	326	325.76	677.97	(78.82)
<b>Earnings Per Share (EPS)</b>	<b>Tk. 0.13</b>	Tk. 0.66	Tk. 0.72	Tk. 0.74	Tk. 1.39	(80.30)
<b>Return on Equity (ROE)</b>	<b>0.99 %</b>	4.98%	5.50%	5.36%	10.78%	(80.12)
<b>Return on Assets (ROA)</b>	<b>0.09 %</b>	0.49%	0.58%	0.57%	1.10%	(81.63)

We have made an impressive contribution to the government exchequer in 2024 by moving forward a total of Tk. 2,468.95 million as Withholding Tax, AIT & Excise Duty, as under:

Deposit to Govt. Exchequer				
(Figures in Million Taka)				
Year	Withholding Tax	Advance Income Tax	VAT & Excise Duty	Total
2013	16.82	21.08	10.19	48.09
2014	103.61	38.89	40.60	183.10
2015	254.11	146.16	67.14	467.41
2016	296.36	269.89	97.41	663.66
2017	347.20	613.06	155.98	1,116.24
2018	445.95	768.74	185.25	1,399.94
2019	584.99	787.99	198.38	1,571.36
2020	651.09	642.14	227.31	1,520.54
2021	602.75	554.59	270.88	1,428.22
2022	836.54	852.44	324.49	2,013.47
2023	1,098.91	650.16	394.78	2,143.85
2024	1,260.20	812.90	395.85	2,468.95
<b>Total</b>	<b>6,498.53</b>	<b>6,158.04</b>	<b>2,368.26</b>	<b>15,024.83</b>

**SBAC Bank’s Role in the Foreign Trade Business:**

Banks act as a go-between in the flow of international trade. International Division, in SBAC Bank PLC, makes all necessary arrangements to facilitate its trade business. The Division is also responsible to supervise and guide bank’s foreign exchange business. Correspondent Banking Relationships, Trade Settlement & Regulatory Reporting Unit, NRB/Remittance Unit and Off-shore Banking Unit (OBU) work under the umbrella of the Division. Bank’s foreign trade transactions are being carried out by seven Authorized Dealer (AD) branches and Trade Processing Unit (TPU) at Head office. Trade Processing Unit, at Head Office, started its operation on July 1, 2014 to support Foreign Exchange businesses of our non-AD branches. All 90 branches & 32 Sub-Branches of the bank are doing their Import and Export business for their clients like an AD Branch.

**Correspondent Banking:**

Correspondent Banking relationship is initial and essential phase for conducting foreign trade business. SBAC Bank PLC has been maintaining correspondent banking relationship with internationally reputed banks worldwide to ease cross border transactions including LC advising, adding confirmation, settlement of payment, discounting bills, international fund transfers, collection of bills, guarantee etc. At the end 2024, the number of foreign correspondent banks was 196 in 44 countries across the Globe. Bank maintains 15 Nostro Accounts in 6 major currencies with international banks located at the most important financial hub of the world. The Bank is also enjoying ample credit line with a number of widely acceptable banks worldwide.

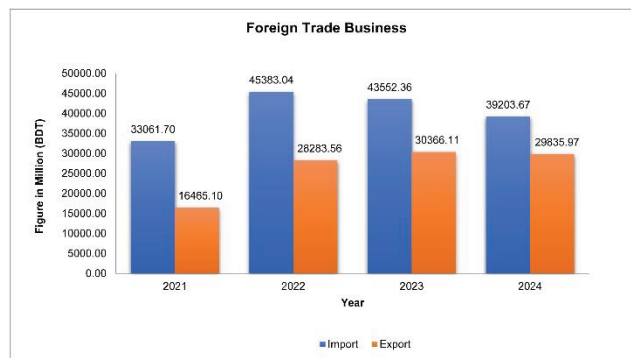
SBAC Bank PLC adopted the most robust and effective Sanctions Screening system from SWIFT, Belgium for detection, prevention and disruption of financial crime and in particular, sanctions risk. The system screens sanction list of UN, EU, BFIU, OFAC and other significant lists. The Bank has also implemented automated sanction screening system in Core Banking Solution (CBS) level so as to keep the bank free from sanction risk. To Combat Trade Based Money Laundering in the form of Over invoicing / Under invoicing, SBAC Bank has gone for business tie up with ZEN Innovations AG Switzzland for using their Global Trade Tracker (GTT) platform for checking justification of commodity price in trade transaction. Moreover to Combat Trade Based Money Laundering in the form Ghost Shipment / Phantom Shipment as well as for fulfilment of sanction compliance SBAC Bank has gone for business tie up with International Maritime Bureau (IMB) for checking shipment and/or container tracking.

**Foreign Trade Business:**

Due to adverse impact arising from foreign currency crunch, Rasia-Ukrain war and sluggish economic activities during the pandemic affected previous years

our foreign trade business was hampered. Despite of all odds, SBAC bank has done satisfactory business in this arena. The span as well as the volume of our bank’s foreign trade business is flourishing day by day. SBAC Bank provides support to its clients to meet their need of foreign trade business. SBAC Bank was involved in financing import business in the area of capital machineries, industrial raw material, scrap vessels, medical equipment, electronic goods, food grains, motor vehicles, spare parts, garment fabrics and accessories, sports items, chemicals, baby food etc. In the year 2024 the total import business of SBAC Bank was BDT 39,203.67 million (equivalent USD 327 million approx.) against BDT 43,552.36 million (equivalent USD 398 million approx.) in 2023. Import volume in the year 2021 and 2022 was BDT 33,061.70 million (equivalent USD 321 million approx.) and BDT 45,383.04 million (equivalent USD 440 million approx.) respectively.

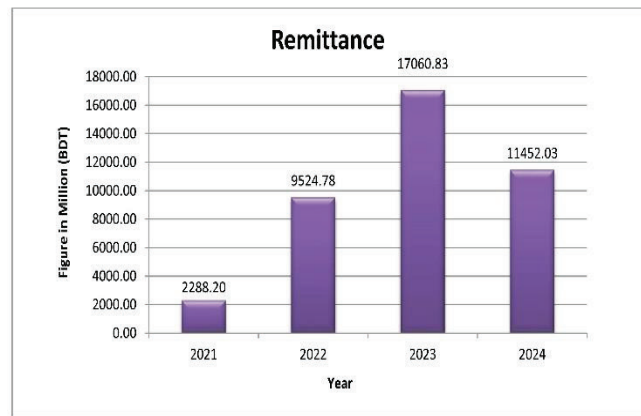
In order to support the exporters as well as to contribute in Country’s economy, while raising revenue from export financing activities, SBAC Bank adopted customer friendly financing strategy. Since Bangladesh RMG sector is one of the lifeline of country's economy and plays significant roles for socioeconomic development and poverty alleviation, SBAC Bank paid special attention to this sector. The bank has also emphasized on exporting diversified items such as agricultural products, ceramic, medicine, leather, frozen-foods, etc. In the year 2024 total export business of SBAC Bank was BDT 29,835.97 million (equivalent USD 249 million approx.) against BDT 30,366.11 million (equivalent USD 276 million approx.) of the year 2023. Export volume in the year 2021 and 2022 was BDT 16,465.10 million (equivalent USD 160 million approx.) and BDT 28,283.56 million (equivalent USD 274 million approx.) respectively.



**Remittance:**

SBAC Bank PLC continues its effort to encourage expatriate Bangladeshis living abroad for remitting hard earned money through banking channels. Remittance is one of the most important sources of foreign exchange earnings in Bangladesh. The Bank has set up arrangements with 14 reputed exchange houses/money transfer companies around the world in order to facilitate expatriate to remit wage earner remittance to the country.

For remittance through SBAC Bank, expatriate Bangladeshis can avail services of Xpress Money Services Limited; MoneyGram; Western Union Network; Aman Exchange Company WLL, Kuwait; NEC Money Transfer, UK; Wall Street Finance LLC, USA; Al-Ansari Exchange LLC, UAE; Worldwide West 2 East Services Ltd, UK; LCC Trans-sending Ltd, UK; Sunman Global Express Corp (USA); Transfast Remittance LLC; Placid NK Corporation, Ria Financial services and Turbo Cash. In the year 2024, SBAC Bank received BDT 11,452.03 million (equivalent USD 95 million approx.) as wage earners remittance. Remittance figure was BDT 17,060.83 million (equivalent USD 155 million approx.) in the year 2023, BDT 9,524.78 million (equivalent USD 92 million approx.) in the year 2022 and BDT 2,288.20 million (equivalent USD 22 million approx.) in the year 2021.



### SBAC Bank Offshore Banking Unit (OBU)

SBAC Bank Off-shore Banking Unit has already earned confidence of the stakeholders, partners and customers due to its strong commitment and dedication and is ready to serve any eligible customers. Currently, the Unit has been providing off-shore banking services to our existing tested customers of our AD Branches by financing UPAS LCs and discounting of export bill.

SBAC Bank has been able to make its presence felt by attracting a good number of customers in a short period of time through effective marketing and competitive pricing of its offshore banking products and ensuring highest level of professionalism and excellent customer services backed by quality manpower and technological supports.

### Treasury

In banking business, movement or transformation of the components in the balance sheet is an ongoing process which has a resultant effect on the profitability and overall strength of Bank. SBAC Treasury along with the whole banking industry faced challenges on several issues in 2024. Political instability in the country caused businesses to adopt a more conservative approach to new investments. As a result, there was stagnation in the growth of the national economy, and banks remained cautious when it came to approving new investments. In the foreign exchange market, the country was able to stabilize its FX reserves, despite several fluctuations in the exchange rate throughout the year. The exchange rate also stabilized in the latter part of the year after the central bank intervened in the market. Lastly, in the money market, currency held outside of banks began returning to institutions with positive reputations, and those banks experienced excess liquidity. However, a lack of trust among institutions led to a failure in the distribution of this excess liquidity among their peers. Consequently, the money market remained dry for most of the banks throughout the year.

Treasury Division pays attention on minimizing risk, enabling timely liquidity generation both in local currency and foreign currency, ensuring stability in yields, while also facilitating compliance. SBAC Treasury runs with separate Trading and Risk Management units and also with the concept of centralized Foreign Exchange and Money Market activities. Treasury Division manages the Bank's Balance Sheet and ensures regulatory compliance with all regulatory and risk ratios, manage the ALCO processes, ensures FX gains through the management of FX business, capital gains through the management of securities trading, drive interest income from investments in money market products and engage in forecasting and proper planning, thereby maximizing treasury gains, while minimizing exposure and

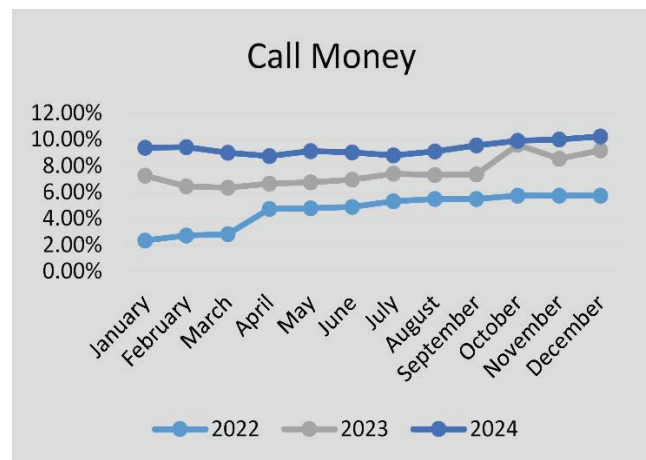
market risks of the Bank. SBAC Bank's Treasury Division is constantly evolving to serve the dynamic needs of the organization.

Treasury functions of SBAC Bank are broadly categorized as follows:



### Money Market Desk

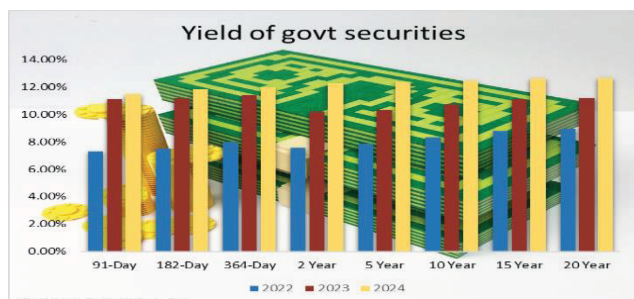
The primary activity of this desk is to manage the liquidity requirements of the Bank through money market products, including Call Money, Notice Money, Term Money, Repo/ Reverse Repo and FX Swaps. Our Treasury has been very active in interbank Money Market through superior forecasting of the market,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



The money market was dry for most part of the year. In 2024, the MM Desk successfully ramped up trading position to take advantage of market movements. Alongside maintaining statutory reserve requirements, our dealers took advantage of promising trading opportunities, thus ensuring satisfactory interest income. In the beginning of 2024 average call money rate was around 9.00% and ended up in December 2024 with 10.23% mainly because of tight liquidity in the market.

### Fixed Income Investment Desk

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

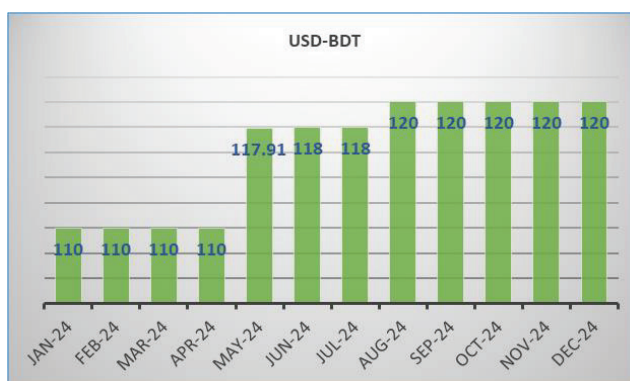
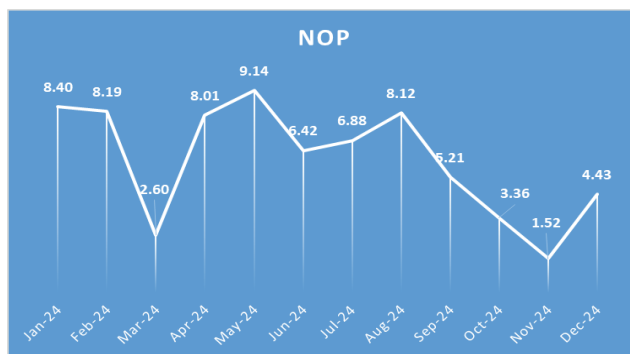


Compared to the previous years, the yield on government securities increased significantly. As an opportunity for investment improved alongside the credit growth, bank's demand for government securities decreased significantly and impacted the yield curve positively. However, in 2024, SBAC Treasury did exceptionally well in both investing in and trading of government securities at high yield and was able to generate substantial income from Fixed Income Securities.

### Foreign Exchange Desk

The Foreign Exchange (FX) Desk manages the day-to-day FCY requirements and also the surplus/shortfall of the Bank's FCY holdings. This Desk continuously makes forecast on movement of future exchange rate and maintains its open position efficiently within the limit of USD 9.50 Million.

Even in the volatile condition of national reserve, SBAC treasury managed to keep a positive NOP (Net Open Position) at the end of the year. The significant volume of income contribution from treasury in the form of exchange earning this year was possible because of prudent management of NOP, efficient organization of liquidity flow arising from export-import business, and intelligent market forecasting. Moreover, Treasury Division utilized the surplus FC fund in interbank to earn interest income.



### Asset Liability Management (ALM) Desk

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

ALM Desk official prepare ALCO papers incorporating local and global economic updates, market liquidity forecasts, interest rate projections, balance sheet analysis and proposes it to ALCO. SBAC Treasury has done exceptionally well in this area by keeping management well-informed of crucial changes in the market and pricing techniques of liabilities and assets. In 2024, effective and timely change in rates by ALCO played a vital role in the significant growth of NII (Net Interest Income). A new ALM policy has been formulated by ALM Desk keeping BASEL III liquidity ratios (LCR & NSFR) in mind and central bank's ALM guidelines into active consideration. Managing balance sheet composition is a vital part for the bank. SBAC Treasury is always learning from the market and getting updated time to time to manage balance sheet composition at optimum level.

## Credit Administration

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

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

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

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

- Implementation of some checklists for various facilities in addition of existing one.
- Successful implementation of centralization of limit authorization.

- Now disbursement of all branches has come under one umbrella without giving any room to any branch/sub-branch to authorize limit by them.
- Our Bank's total loan portfolio has come under its centralized supervision and monitoring.
- Documentation error has significantly been decreased to a minimum level.
- It gives early alerts signals regarding non-performing loans for information of senior management and suggests necessary measures to keep the disbursed loans performing.
- CAD is discharging it's all the defined responsibilities through an efficient team.
- All funded & non-funded facilities are processed through CAD.
- Accounts having unsatisfactory repayment i.e. Overdue/EOL is under strict monitoring of CAD and balances of these accounts are in decreasing trend.
- CAD now allows disbursement only after proper documentation by the branches/sub-branches and necessary checking there against.
- CAD works hand to hand with other departments to achieve all credit objectives within a defined timeframe.

SBAC Bank PLC. is one of the notable commercial banks in Bangladesh. Since the inception of centralizing limit authorization, Credit Administration Division is playing a crucial role to manage bank's loan portfolio methodically. In order to maintain steady credit growth, manage the credit portfolio in qualitative & secured manner ensuring effective risk management and sustainable profitability for the bank, CAD is meticulously performing the roles & responsibilities entrusted by the management.

However, there is still room for betterment in some areas and we are continuously working for that. In the next we are aiming at implementation of Document Management System (DMS) for keeping systematic record of all documents. Besides, required automation shall be done for effective credit monitoring, loan recovery, MIS report generation and overall internal control management of the division. We have also a plan for gradually centralize the entire affairs of CAD.

## Advancing Financial Inclusion through Innovation

As part of its commitment to supporting the Government's vision of a "Cash-less Bangladesh," SBAC Bank PLC. has consistently focused on expanding its digital financial services. In alignment with national priorities and under the guidance of Bangladesh Bank, we are enabling digital access to formal financial services for unbanked and underbanked segments of the population.

## ATM, CARDS, Digital Wallet & SBAC Fast Account (e-KYC):

### Stepping in to Digital Financial Services:

The government of Bangladesh implemented a large number of projects relating to digital technologies and a number of these are already underway. The government wants to create remarkable innovations that can ease and improve the

lives of citizens. As the flagship program of the Cash-less Society, we hope to inspire developing and developed nations on public service innovation and transformation by sharing our groundbreaking insights supported by examples, lessons, and knowledge.

In January 2025 there were over 18.5 crore & as of May 2025 mobile subscribers reached around 18.76 crore. The ultimate objective is to make more and more services available at the doorsteps of the people with increased digitalization where possible. So in line with the government initiatives, under the guidance and support by Bangladesh Bank & Ministry of Finance & ICT, Commercial Banks are focusing on Digital Financial Inclusion. Digital financial services (DFS) has opened the delivery of basic financial services to the unbanked & under-banked population through innovative technologies like mobile-phone-enabled solutions, electronic money models and digital payment platforms.

SBAC Bank started Basic Digital Financial Services (DFS) from the inception of its Card Division. To achieve the vision and commitment & for providing the customer an uninterrupted round the clock digital transaction facilities, SBAC Bank launched ATM/CDM services along with Debit card operations on 9<sup>th</sup> March 2014. So far we have deployed 81 ATMs in different branch locations of the country and more ATMs & CRMs are underway to be set up with new and existing branches & sub-branches soon. We have introduced VISA Debit & Credit Cards with EMV technologies for our customers. Till the date we have issued 88,406 Debit Cards & approximately 8,092 credit cards.

### Introducing Digital Wallet “Banglapay”

82% of total population are using popular digital platform “Mobile Phone” in Bangladesh. So based on this technology we have introduced SBAC Digital Wallet “Banglapay” on 16<sup>th</sup> December 2018 by offering digital financial services through mobile phones. Recently we have interfaced with Bangla QR through SSL Wireless to acquire retail merchants all over the country. Our Banglapay wallet users can purchase goods & services from more than 50,000 shops & service outlets by tapping finger through their mobile phone. Banglapay has the potential to reach more people, at a lower cost and with greater convenience than traditional banking services.

### Basic Features of Banglapay:

1. Can Operate Bank Account
2. Fund Transfer
3. Utility or Bill Payment
4. Online purchase
5. Shopping/Purchase
6. Hotel Booking (Local)
7. Ticket Purchase
8. Card Bill Payment
9. Account to Account transfer
10. Transfer to Wallet
11. Cash out from Branch
12. Cash out from Agent.
13. School & Hospital Bill payment.
14. Cheque/Pay Order Request
15. Positive Pay
16. Card Block
17. Account/Card Balance Inquiry
18. Mobile Top up and many more.

### SBAC Fast Account by e-KYC:

To Establish good governance within the financial industry, Enhancing the growth of financial inclusion, protect financial sector from abuse of criminal activities, ensure integrity and stability of the financial sector, manage ML/TF risks & reduction of cost & self on

boarding of customers, SBAC Bank introduces “instant Bank account” opening Application & web based solution called SBAC Fast Account.

This is a digital customer on-boarding process of the bank by which customer can open their account from their home even on-the-go by verifying customer’s identity with the help of Election Commission’s national data base. It is a faster process of doing KYC of customer verifying his/her identity document or bio-metric data.

### There are some milestone of Card Division which we have achieved over the period:

**VISA Membership:** For issuing credit cards, it is a pre-requisite to have affiliation with International payment processing organization like VISA, MasterCard or Amex. On 1<sup>st</sup> March 2016 we have got Associate Membership from VISA Worldwide Pte. Ltd.

**Implementation of EMV Chip Card:** EMV is a global standard for credit and debit cards based on chip card technology. The standard covers the processing of credit and debit card payments using a card that contains a microprocessor chip. Chip and PIN technology makes it much harder for fraudsters to replicate the card, so if someone steals a card, they can’t make fraudulent purchases unless they know the four-digit PIN. So to protect the cardholder’s transactions from the fraudster and secure the card data, we have implemented the latest processor based card technology for our valued cardholders.

**Joining to National Payment switch (NPSB):** To comply & accommodate with the great initiative of Bangladesh Bank, we have joined National Payment Switch Bangladesh (NPSB) In October 2014. As a result our Cardholder can withdraw cash from any Bank ATM countrywide, at the same way other Bank Cardholder can withdraw money from SBAC Bank ATMs. Now SBAC Bank Cardholder can get access to more than 20,000 ATMs countrywide for using their Debit cards.

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

We have also customized products for frequent travelers and Businessmen, like International Credit Card against RFCD account and ERQ account. However with complete range of Credit card products SBAC bank cardholders can enjoy seamless shopping, dining, health service and other services from different service outlets all over the country.

We have also introduced multifactor authentication & OTP (one time password) for online purchase, hotel booking, railway ticket purchase and e-commerce transactions to protect fraudulent transactions and un-authorized use of cards. Our Card also support dynamic currency transaction by which our international cardholder can by online game or software.

**Contact-less Card:** For faster processing of Card transaction and ensure more security, we are issuing NFC (Near Field Communication) / Contactless Card to our valued Cardholder.

**Card Loyalty Program:** Under corporate discount tie up program our valued cardholder can enjoy privileged services and attractive discounts while using their Debit & Credit cards in more than 130 merchant outlets including Hospitals, Hotels, Restaurants, Resort, Electronics, Jewelry, Air ticket, and

Shopping malls, SBAC Bank also providing BALAKA LOUNGE facilities for their platinum credit cardholders.

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

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

**24 Hours Customer service:** To provide 24 hours seamless card services, we have introduced 24 hours customer service. Our customer service are providing 24 hours support to the cardholder by answering their query and executing the requests. We have dedicated 24/7 Hotline -16327. We are also going to introduce call center solution and interactive chatting apps for our customers soon applying artificial intelligence and historical data.

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

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

#### Inter Bank Internet Banking Fund Transfer (IBFT) Facilities:

National Payment Switch Bangladesh (NPSB) is processing Inter-Bank Internet Banking Fund Transfer (IBFT) transactions facilities since 2019. It is an Online Fund transfer facilities (Receiving & Sending) from NPSB member banks through Bangladesh Bank. By enabling this facility our customer can send or transfer money to other bank account instantly through our Mobile App & ATMs.

#### VMT, Direct Money Transfer, VISA OCT and AFT Facilities

SBAC Bank PLC offers easy and secure money transfer services using Visa Money Transfer (VMT), Original Credit Transaction (OCT) and Account Funding Transaction (AFT). With **Visa Money Transfer (VMT)**, customers can pay their VISA credit card bills directly through the bank's VISA Card Pay service - no need to visit a branch or write a cheque.

**Visa Direct** allows money to be sent straight to someone's VISA card. This service is used by banks, companies, and apps to send money quickly and safely.

Through these facilities SBAC Bank's Debit and Credit Cards allow:

- Card to Card transfers
- Account to Account transfers
- Account to Card transfers
- Payments through mobile apps and mobile wallets (MFS)

#### Qpay Apps Facilities:

Qpay Bangladesh application has many use cases such as mobile recharge, fund transfers, credit card bill payment, transfer money to MFS accounts, withdraw Cash from ATM Booths, pay utility (water, gas, electricity, Satellite TV) bills, make QR payments etc. Through Qpay apps, SBAC Cards are allowing the above services.

**E-alert:** SBAC Bank's credit card offers the convenient feature of E-alert notifications sent via email after every transaction. These E-alert notifications help cardholders protect their cards from unauthorized or fraudulent use.

**EMI Facilities:** SBAC Bank enables cardholders to enjoy the flexibility of converting their outstanding credit card balances into equated monthly installments (EMIs). The bank offers a maximum tenor of up to 36 months for this facility.

**Mobile Top-Up Facilities:** SBAC Bank provides the convenience of topping up mobile phones using their own bank's ATM terminals, using a Visa Debit Card. This service allows customers to recharge their mobile phones easily and securely.

We are excited to announce that we will be implementing several new features for our Debit & Credit Card holders. We will be introducing **ATM Fund Transfer facilities**, allowing cardholders easily transfer funds between accounts. Additionally, we will be introducing **Bangla QR Code** usage facilities (Bangla pay), making transactions even more convenient.

Furthermore, we will be introducing **Green PIN** usage facilities for added security when using cards. We are also introducing **Dual Currency Visa Pre-Paid Card** facilities, giving more flexibility with card usage.

We are about to introduce **Instant Visa Debit Cards** for a quicker and more seamless account opening process. We are constantly striving to provide our cardholders with the best service possible, and we hope that these new features will enhance overall banking experience.

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

#### Human Resources:

A talented and skilled workforce is the lifeblood of every organization. In support of that, SBAC Bank therefore aims to create a work environment that enables the employees to perceive & exploit their fullest potentials for bringing the excellence in their careers. Through its Human Resources Division, SBAC Bank PLC is committed to developing and promoting leadership and expertise that strengthen the Bank's services, grounded in the values of competence, impartiality, integrity, respect, and dedication to service.

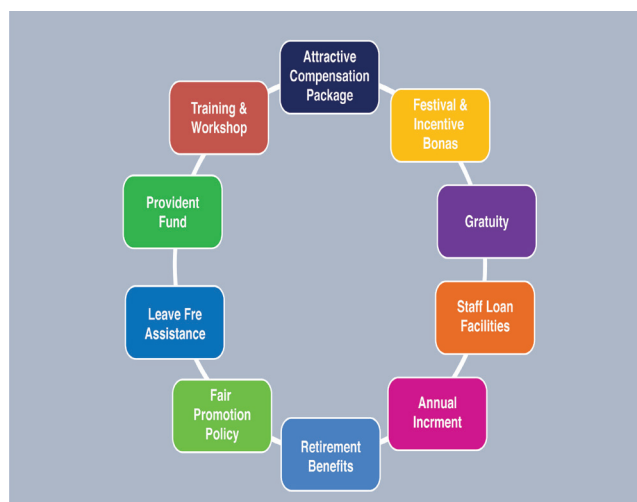
Human Resources Division sets its goal to help SBAC Bank PLC achieve its strategic mission, while ensuring employees are engaged and motivated to help the Bank succeed. HR has targeted its operational initiatives to align to the SBAC Strategic Plan by converting human resources into human capital through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

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

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

### Compensation & Benefit policy

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



### Diversity in workforce

Human Resource Division is committed to attracting and retaining a talented and diverse workforce. Therefore, the bank is trying to bring diversity in workforce in context of age, gender, ethnicity and locality. There is an increasing trend in workforce along with the business and span of service. With 90 branches, 32 sub-branches, 37 Agent Banking outlets and 76 ATMs, the bank is a proud employer of a diversified pool of people.

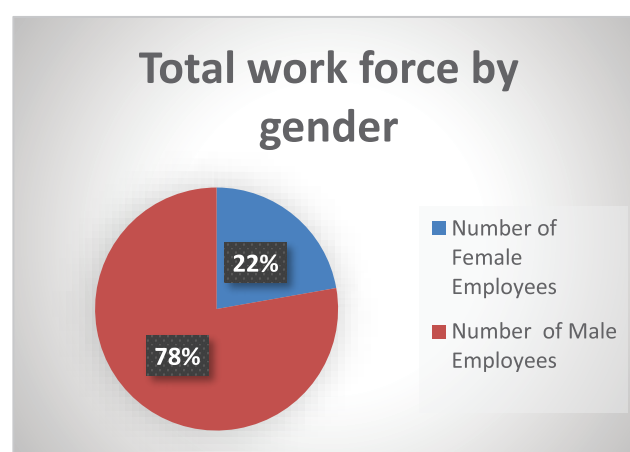
### Total Workforce by Age Group (as on 31.12.2024)

Age ranges	Age: Above 50 Years	Age: 30-50 Years	Age: Below 30 Years	Total
Number of employees	51	1024	162	1237



### Total Workforce by Gender Group (as on 31.12.2024)

Number of Female Employees	271
Number of Male Employees	966
<b>Total</b>	<b>1237</b>



### Excellent Working environment

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

### Quality of working relations:

People treat each other as friends, colleagues and co-workers; support and help each other to get the job done. Employees can participate in decision making process which will build up their confidence and also help the Bank to get innovative ideas for developing new products and improvement of existing operations in an effective and efficient manner.

### Training, Learning and Development

To transform the human resources into human asset, SBAC Bank PLC established its Training Institute at the beginning of 2014. Since inception, the Training Institute of the Bank took initiatives for arranging different training programs and workshops to turn the employees into useful and effective workforce. In 2024, the Institute arranged foundation training programs/workshops including 1397 employees of different grades of the Bank participated. SBAC Bank Training Institute arranged training programs

on a variety of topics in different core areas of banking, service quality, customer service, leadership, internal control, compliance, risk management, IT security assurance, total quality management etc. through physical attendance in training institute and using virtual platform.

In addition to in-house training/workshop, Human Resources Division nominated 38 employees for training courses, workshops and seminars on different topics in different organizations locally like BIBM, BBTB, BAB etc. in 2024. The Training Institute is also planning to launch “E-learning” in the middle of the year 2025.

### Internal Control & Compliance

Banking is a diversified and multifarious financial activity which involves different risks. So, the issues of an effective internal control system, good governance, transparency of all financial activities, and accountability towards its stakeholders and regulators have become momentous to ensure smooth performance of the banking industry. Establishment of an effective internal control system and compliance culture across the organization appear inevitable in order to underpin effective risk management practices and to ensure smooth performance of the banking industry. In general, internal control is identified with internal audit; but the scope of internal control is not limited to audit work. Internal control by its own merit identifies the risks associated with the process and adopts measures to mitigate or eliminate these risks. Internal Audit, on the other hand, reinforces the control system through regular review of the effectiveness of the controls.

The management ensures compliance of all laws and regulations that are circulated by various regulatory authorities such as, Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission, etc.

The Bank has established adequate internal control system that provides reasonable assurance towards achieving the Bank’s basic mission and vision, safeguards its assets and assures timely, accurate, and comprehensive financial and non-financial reporting framework and compliance of all applicable laws and regulations, policies & procedures of the Bank, Bangladesh Bank and other regulatory authorities. The Bank’s internal control system -

- Ensures efficiency and effectiveness of all activities to improve overall performance;
- Identifies and mitigates various risks;
- Ensures all transaction are properly recorded and reported;
- Ensures proper information system and effective communication channel;
- Ensures compliance with applicable laws and regulations of the country;
- Provides guidelines for preparation of timely, reliable and relevant reports needed for decision-making;
- Provides guidelines for effective monitoring and correcting deficiencies.

SBAC Bank has formulated an Internal Control & Compliance Manual in line with the guidelines framed by Bangladesh Bank which has been updated from time to time. The Bank has also strengthened its Internal Control & Compliance Division (ICCD). The Head of Audit enjoys full independence in access to all accounts and documents without any management interruption and directly report to the Audit Committee of the Board of Directors. The internal audit department checks the compliance of the policies, procedures and effectiveness of the internal control system on regular basis and highlights significant findings in any non-compliance to the Audit Committee. The Audit Committee reviews the audit findings identified by the internal audit department.

### SBAC Bank’s AML & CFT Compliance Program

Money laundering and terrorist financing are pervasive global challenges that pose significant risks to financial institutions. In response to the increasing complexity of illicit financial activities, SBAC Bank has reinforced its commitment to maintaining a stringent compliance framework that aligns with both national and international regulatory requirements.

SBAC Bank has developed a comprehensive AML & CFT compliance program, structured according to the bank’s size, operational scope, and risk exposure. This framework adheres to the Money Laundering Prevention Act, 2012 (Amendment 2015) and The Anti-Terrorism Act, 2009 (Amended 2012 & 2013), along with relevant rules, regulatory guidelines, circulars, and global best practices. The bank adopts a risk-based approach to Customer Due Diligence (CDD), actively monitors transactions, and reports suspicious activities in full compliance with prevailing regulations.

### Major AML & CFT Initiatives in 2024

#### Compliance Activities:

Sl	Compliance Issues	2023	2024
1	Number of STR/SAR Reported to BFIU	14	28
2	Number of Participants Completed Training & Certification on AML & CFT	1350 Up to, 2023	1520 Up to, 2024
3	No of Incidents of Non-Compliance with Regulations Resulting in Fine or Penalty	-	-

Furthermore, SBAC Bank undertook several initiatives to enhance its AML & CFT compliance measures:

- **Policy & Regulatory Alignment:** Updated the Money Laundering & Terrorist Financing Risk Management Guidelines in accordance with directives from the Bangladesh Financial Intelligence Unit (BFIU), incorporating updates on Politically Exposed Persons (PEPs), Influential Persons (IPs), Beneficial Owners (BOs), Suspicious Transaction Reports (STR), and Countering Terrorist & Proliferation Financing.
- **Training & Capacity Building:** Conducted a Lead Bank Training Program on AML & CFT compliance in Natore, training 74 officials from 27 scheduled banks.
- **Enhanced Transaction Monitoring:** Strengthened centralized and branch-level monitoring to detect suspicious transactions, particularly focusing on complex transactions, deviations from normal patterns, and those without legitimate economic purposes.
- **Branch Engagement & Support:** Strengthened communication with branches and business units to reinforce AML & CFT compliance culture, address operational challenges, and provide necessary regulatory guidance.
- **Public Awareness Campaigns:** Launched an initiative to educate customers on Hundi and cryptocurrency risks, displaying informational banners at branch locations.

### AML & CFT Compliance Roadmap for 2025

Building on its commitment to regulatory excellence, SBAC Bank has set the following key objectives for 2025:

- **Strengthening Trade Compliance:** Appoint a Compliance Officer for Trade Services to:
  - Conduct comprehensive reviews and analyze Trade-Based Money Laundering (TBML) alerts.
  - Consult relevant authorities when necessary.
  - File STR/SAR reports where required.
  - Ensure thorough documentation with clear justifications.
- **Advanced Training & Awareness Programs:**
  - Conduct a specialized workshop on Trade-Based Money Laundering, Credit-Backed Money Laundering, and Fraud Forgery through Cards to educate relevant officials on AML & CFT risks.
  - Organize an awareness program for senior management to emphasize their role in AML & CFT oversight.
  - Host a BAMLCO Conference to keep Branch Anti-Money Laundering Compliance Officers (BAMLCOs) updated on emerging AML & CFT issues.
- **Operational & Procedural Enhancements:**
  - Develop a BAMLCO Guidelines Manual to standardize day-to-day AML & CFT operations.
  - Continue branch-level engagement to enhance compliance awareness and address regulatory challenges.
  - Intensify compliance monitoring through special inspections, particularly focusing on branches outside Dhaka.
  - Conduct targeted inspections on Account Opening Forms (AOF), Transaction Processing (TP), Know Your Customer (KYC) procedures, Beneficial Owner identification, Enhanced Due Diligence (EDD) for high-risk customers, transaction monitoring processes, and STR/SAR identification.

SBAC Bank remains resolute in its mission to uphold the highest AML & CFT compliance standards, ensuring a secure and transparent financial environment while adhering to regulatory obligations and international best practices.

### Annual General Meeting (AGM)

The Financial Statements were reviewed and adopted in the 195th Meeting (Extended) of the Board of Directors of the Bank held on May 28, 2025 and recommended the same for final approval in the 12th Annual General Meeting (AGM).

As per the decision of the Board Meeting, the AGM will be held on August 19, 2025 through Hybrid System in combination of online presence using virtual/digital platform (Link: <https://sbacbank.bdvirtualagm.com>) & physical presence at Retired Armed Forces Officers' Welfare Association (RAOWA) Club, VIP Road, Mohakhali, Dhaka-1206 as per Directive No. BSEC/CMRRCD/2009-193/08 dated 10 March 2021 and No. BSEC/ICAD/SRIC/2024/318/09 dated 16 January 2024 of Bangladesh Securities and Exchange Commission (BSEC). The Record Date to attend & vote in the AGM is June 26, 2025.

It is mentionable that, in compliance with DOS circular no- 01 dated 13 March 2025 and subsequent letter No. DOS(CAMS)1157/41(Dividend)/2025-3115 dated 22 May 2025 of Bangladesh Bank, the Board of Directors has not recommended any dividend for the year ended 31 December 2024.

**Election of Directors:** In compliance with the section 91(2) of the Companies Act 1994, regulation 79-82 of First Schedule of the Companies Act 1994, Article 98(1) & Article 101(2) of Articles of Association of the Bank the following persons (minimum one third of the Directors excluding Independent Directors) shall retire from the office of the Directors effective from the close of business of the 12th AGM of the Bank to be held on August 19, 2025 but they will be eligible for re-election:

Sl. No.	Name	Remarks
1	Mushfiqur Rahman Representing Contech Construction Ltd.	As per Article 101(2) of Articles of Association of the Bank
2	Nazmul Haque Representing Techno Electrical Ltd.	As per Article 101(2) of Articles of Association of the Bank
3	Mohammad Helal Uddin Representing TBO Trade Ltd.	As per Article 101(2) of Articles of Association of the Bank
4	Engr. Md. Moklesur Rahman	As per Article 101(2) of Articles of Association of the Bank
5	AZM Shofiuddin	As per Article 101(2) of Articles of Association of the Bank
6	Imrul Anwer	As per Article 98(1) of Articles of Association of the Bank

Furthermore, one of the directors Ms. Sufia Begum through her letter dated 06 May 2025 has expressed intention to the Board of Directors to retire in the 12th AGM due to unavoidable personal circumstances. Accordingly, the board of directors in the 195th meeting (Extended) has accorded its consent on her retirement.

To conduct the election of Directors as per Provision of Laws, Md. Mokaddess Ali FCS was appointed as Chief Election Commissioner (CEC).

**Appointment/Re-appointment of Auditor(s):** M/s G. Kibria & Co., Chartered Accountants was appointed as statutory auditors of the bank in the 9th AGM held on June 23, 2022 and were re-appointed at the 10th AGM & 11th AGM consecutively for the year 2023 and 2024, that is they have completed 03 (three) consecutive years as statutory auditors. Therefore, as per provision of laws, they are not eligible for re-appointment. The issue was placed before the 63rd and 64th Meeting of the Audit Committee of the Board and subsequently in the 195th Board Meeting (Extended).

The Audit committee of the Board recommended the following firms after scrutinizing submitted LOIs, Profiles and proposed fees by the firms:

- i) Hoda Vasi Chowdhury & Co.
- ii) PKF Aziz Halim Khair Choudhury
- iii) Mahfel Huq & Co.
- iv) Hussain Farhad & Co.

Subsequently, scrutinizing further the LOIs and profiles of the recommended audit firms, the Board of Directors in the 195th Board Meeting (Extended) recommended PKF Aziz Halim Khair Choudhury as the statutory auditor (subject to approval from the Bangladesh Bank) for the approval of the shareholders in 12th AGM.

**Appoint/Re-appoint Corporate Governance Auditor:** As per the provisions of the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission, the board of directors scrutinized the following LOIs of the compliance auditors:

- a) Salauddin & Associates
- b) Hoda Vasi Chowdhury & Co.
- c) Jasmin & Associates

After thorough scrutiny, the existing corporate governance auditor M/S. Hoda Vasi Chowdhury & Co., Chartered Accountants, was recommended by the board of directors in its 195th meeting (Extended) for approval by the shareholders in the 12th AGM to be reappointed as Corporate Governance Auditor for certification on compliance of the Corporate Governance Code of the Bank for a term until conclusion of the 13th AGM at a remuneration of Tk. 50,000.00 (Taka fifty thousand only).

**Appointment of Independent Service Provider:** As per clause 7 of the Directive No. BSEC/CMRRCD/2009-193/08 dated: 10 March, 2021 of Bangladesh Securities and Exchange Commission (BSEC), the Board of Directors in its 195th meeting (Extended) has appointed SATCOM IT Limited (SIL) as Independent Service Provider to establish a Hybrid/digital platform to ensure smooth conducting of the 12th Annual General Meeting and online or e-voting platform or system at a fee of Tk. 200,000.00 (Taka two lacs) only.

**Appointment of Independent Scrutinizer:** As per clause 7 of the above-mentioned Directive of BSEC, SA Rashid & Associates who performed as independent scrutinizer in 10th and 11th AGM of the bank, has been reappointed as Independent Scrutinizer by the Board in its 195th meeting (Extended) at a fee of Tk. 40,000.00 (Taka forty thousand) only.

The Notice of the AGM was issued by Mr. Md. Mokaddess Ali FCS, Company Secretary, as per the decision of the Board.

## Disclosures under Notification No. BSEC/CMRRCD/2006-158/207/ Admin/ 80, dated: 03 June 2018 of BSEC

### (i) An industry outlook and possible future developments in the industry

#### Banking Sector Performance

In 2024, Bangladesh's banking sector faced considerable challenges amid an inflationary environment, monetary tightening, and rising financial sector vulnerabilities. A key concern was the surge in non-performing loans (NPLs), which reached a record high of 20.2% by second quarter of financial year 2024-25, up from 16.93% the previous quarter and 9.0% a year earlier. This rise significantly impaired banks' balance sheets, reducing their lending capacity and increasing systemic risks. Credit growth also slowed, particularly in the private sector, reflecting the impact of Bangladesh Bank's (BB) contractionary monetary policy aimed at curbing inflation.

To address these challenges, Bangladesh Bank increased the policy rate to 10.0% and tightened liquidity through various tools. While this led to higher lending and deposit rates, it contributed to improved liquidity conditions in second quarter of financial year 2024-25, with deposits showing a notable rebound—indicating restored depositor confidence following stabilization measures in some distressed banks. However, capital adequacy issues persisted, posing threats to financial stability.

In response, Bangladesh Bank implemented structural reforms to improve governance, financial discipline, and risk management practices. Despite headwinds, the sector showed signs of resilience through improved deposit mobilization and policy support. Looking ahead, sustained reform and improved asset quality will be vital for long-term sectoral health and economic stability.

#### Deposit and Advance

In 2024, Bangladesh's banking sector experienced a notable rebound in deposits, particularly in second quarter of financial year 2024-25, reflecting improved public confidence. This surge followed efforts to stabilize distressed banks, leading to a shift of funds from outside the banking system into formal deposits. The deposit growth supported improved liquidity, with excess statutory liquidity ratio (SLR) increasing from BDT 1,781 billion in September to BDT 2,150 billion in December 2024. However, credit growth remained sluggish. Private sector credit grew by only 7.28% in second quarter of financial year 2024-25, down from 9.2% in the previous quarter, mainly due to the Bangladesh Bank's tightened monetary policy and elevated lending rates. Conversely, public sector credit rose by 16.23%, exceeding the target. Overall, while deposit mobilization strengthened, credit expansion, especially in the private sector, remained constrained by monetary tightening.

Deposit and Advance Position of Scheduled Banks (In percent)

Bank groups	Year-on- year growth of deposit, % (excluding interbank)		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Dec. 24	Sep. 24	Dec. 24	Sep. 24	Dec. 24	Sep. 24
	SCBs	3.69	0.09	6.56	7.07	74.62
PCBs	9.44	9.23	8.01	8.85	85.35	85.49
FCBs	-2.37	-1.79	9.75	25.51	61.41	58.85
SBs	8.99	9.43	17.82	16.10	68.72	71.88
All	7.47	6.42	8.02	9.16	81.32	81.55

Source: Bangladesh Bank.

#### Asset Quality of Banks:

The asset quality of Bangladesh's banking sector deteriorated significantly in 2024. Non-performing loans (NPLs) surged to a record high of 20.2% of total outstanding loans in second quarter of financial year 2024-25, up from 16.93% in the previous quarter and 9.0% a year earlier. This sharp increase placed considerable strain on banks' balance sheets, limiting their ability to extend new credit and exposing systemic vulnerabilities. The rapid deterioration in asset quality was driven by weak governance, political lending, and poor risk management, especially in state-owned and some private banks. In response, Bangladesh Bank undertook a series of structural and policy reforms aimed at improving financial discipline, strengthening governance, and enhancing risk oversight. Despite these measures, the rising NPL trend highlighted persistent challenges in ensuring banking sector stability and underscored the urgent need for continued regulatory reforms.

#### Liquidity condition in the banking sector

In 2024, the liquidity condition in Bangladesh's banking sector improved notably, especially in second quarter of financial year 2024-25. Bangladesh Bank's (BB) strategic interventions—such as full allotment of repo facilities, unrestricted access to the

Standing Lending Facility (SLF), and special liquidity support—helped ease liquidity stress. Excess statutory liquidity ratio (SLR) rose to BDT 2,150 billion in December 2024, up from BDT 1,781 billion in September. The overall liquidity in the banking system increased to BDT 4,269 billion from BDT 3,894 billion in the same period. Additionally, deposit growth rebounded, reflecting renewed public confidence, while the currency-deposit ratio declined, indicating a shift from cash to bank deposits. Despite improved liquidity, credit growth—particularly in the private sector—remained subdued due to higher borrowing costs under BB's tight monetary stance aimed at curbing inflation.

### Remittance

Remittance inflows to Bangladesh showed strong growth, significantly contributing to external sector stability in 2024. In second quarter of financial year 2024-25, remittance reached USD 7.2 billion, marking a 22.8% year-on-year increase. This surge played a key role in improving the current account balance, which moved into surplus during the quarter. The rise in remittance helped offset trade deficits and supported the overall balance of payments, which posted a surplus of USD 1.0 billion in second quarter of financial year 2024-25, reversing a USD 1.5 billion deficit in the previous quarter. Increased inflows also helped stabilize the exchange rate and bolster foreign reserves. The robust remittance growth reflects improved formal transfer channels and overseas employment conditions. Continued strength in this area is expected to remain vital for maintaining macroeconomic stability and supporting household consumption across Bangladesh.

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

Banking means the accepting, for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdraw-able by cheque, draft, order or otherwise. Thus, the Banking products may be classified into two: Liability Products (Deposit Products) and Asset Products (lending products). In this context our bank has well-designed Liability and Asset Products. The segment-wise or product-wise performances are as under:

#### Liability Products:

Deposit is the main source of finance. Our Bank has some lucrative deposit products offering attractive profit rate such as: Saving Account, Surokkha Sonchoyi Hisab, Short Notice Deposit Account, Student Savings Account, Tk. 10, 50 & 100 Privileged Account, Senior Citizen savings Account, SBAC Pay-roll Account, SBAC Probashi Account, SBAC Uchasha Savings Account, SBAC Parua Savings Account, SBAC Fast Account (e-KYC based). There are several types of Term Deposit Products such as Fixed Deposit Accounts (01 month, 03 months, 6 months 12 months etc.). On the other hand, Monthly Benefit Scheme (Appropriate for those who want to get a specific monthly return for their deposited amount), Double benefit & Triple benefit Scheme Deposit Account (Deposited amount will be double/triple at maturity), Monthly Savings Scheme, Lakhopoti Savings Scheme, Surokkha Millionaire Scheme, Kotipati deposit Scheme are different scheme deposits products. For Business transaction, CD Account (non-interest bearing), SND & CD Samridhi (lucrative interest bearing).

It is mentionable that customers can deposit in any branches of SBAC Bank PLC. For the Account holder of Surokkha Sonchoyi Hisab and Surokkha Millionaire Scheme there is an insurance coverage, there will be an Insurance Coverage up to Tk. 5,00,000.00 (five lac) in case of accidental death and Tk. 50,000.00 (fifty thousand) for normal death (in some cases). Annual insurance premium will be paid by the bank for each account holder.

#### Performance of Deposits:

The deposits of the Bank stood at Tk. 96,853.41 million (solo) & Tk. 96,832.60 million (Consolidated) in 2024 as against Tk. 93,731.23 million (solo) & Tk. 93,321.58 million (Consolidated) in 2023. This growth was supported by attractive rates of deposit offered by our bank; branch network and high-quality service provided to customers along with concerted and solid efforts of the employees of the Bank. Fixed deposits remained the main component of deposits contributing 49.61 percent of the total deposits. Cost of Fund (including operating cost) increased to 9.80 percent as against 8.26 percent of the previous year as a result of decrease in rates of high-cost term deposits contributed by the good deposit mix. The clientele group of the Bank was individuals, corporation, NGO, NBF, government bodies etc.

#### Loans & Advance:

The Bank has the following Loan Products:

- 1. Corporate Financing:** SBAC Bank PLC. is providing a wide range of financial services, offering specialist advice and loan products to corporate clients to meet diverse demands of changing market scenario. We have expertise to customize products & services to meet specific requirements of our clients. We are committed to serve our customers with extensive branch network all over the country to expedite our clients' business growth. We facilitate your business to face the challenges and realize the opportunities, now and in the future. Our main focus is at relationship-based banking and understanding corporate & institutional business environments.

Our experienced Branch Managers & their team can respond to and anticipate customer needs and give competitive business advantages to them. Products and services for commercial and business customers include: Working Capital Finance, Project Finance, Term Finance, Trade Finance, Lease Finance, Syndication Loan etc. Our Corporate Financing Category comprises:

- Working Capital Finance: Business Enterprises engaged in manufacturing/ trading/ service business are eligible to avail Working Capital Loan to meet day to day expenses for processing of manufacturing and selling product & services. Working capital products include both fund and non-fund-based products. Fund-based working capital products include secured over draft, cash credit, packing credit, short-term loans

payable on demand. Non-funded products include bank guarantee, performance guarantees and bid bonds are also supporting the business of our customers.

- **Project Finance:** SBAC Bank PLC. Provides project loan to set up /BMRE of long-term infrastructure and industrial projects/ service unit on the basis of debt and equity rather than the balance sheets of project sponsors. Project financing has been recognized as an important and crucial mode of finance for a financial institution for substantial growth of its industrial credit vis-à-vis managing long term finance. Apart from trade and commercial finance; SBAC Bank PLC. from the very beginning has been an active partner of the private sector in developing large and medium scale industry of the country. The Bank has been financing Term Loan (Industrial) facility for establishing new project and/or BMRE of various projects in the sectors viz. textile, garments, power, steel, telecom, pharmaceuticals, packaging, consumer products, health, CNG refueling, Real estate.
- **Term Finance:** SBAC Bank PLC. is offering short-term & mid-term finance to the customers to meet emergency financial needs of their project/business.
- **Trade Finance:** In short, Trade Financing of the Bank can be categorized as below:

Import	Export
<ol style="list-style-type: none"> <li>1. Letter of Credit: Business Enterprises can avail non-funded facility for import / procurement of raw materials, machinery, equipment, merchandise item.</li> <li>2. Post Import Finance (PIF): Business Enterprises engaged in import merchandise can avail working capital for retirement of import documents.</li> </ol>	<ol style="list-style-type: none"> <li>1. Pre-shipment finance: Back-to-Back L/C, EDF, EFPF, SOD (Working Capital Finance), Packing Credit.</li> <li>2. Post-shipment finance: Foreign Documentary Bills Purchase, Inward Documentary Bill Purchase.</li> </ol>

- **Lease Finance:** Lease financing became a thrust sector for individual and small enterprise besides medium and large enterprises. SBAC Bank PLC. has been providing lease finance facility to its customers for acquisition of manufacturing and service equipment for all major industrial sectors. The facility helps the customers to have better financial flexibility under budgetary constraints and to enjoy tax benefit. SBAC Bank PLC. offers financing vehicles/ CNG conversion/ refueling plant/ sea or river transport, capital machinery/ plat/ equipment/ lift /generator/ boiler, construction equipment/ computer for IT education center, medical equipment etc.
- **Syndication Loan:** SBAC Bank PLC. along with other commercial banks has been financing large scale projects under syndication arrangement to raise and meet huge credit need of a company. This arrangement allows the Banks to share expertise among them and diversify its credit risks. To cater the need of leading corporate house SBAC Bank PLC. has been raising fund from the banking sector on behalf of the customer through syndication arrangement.

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

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

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

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

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

- SBAC SME Shurokhkha Loan
  - Women Entrepreneur's Loan
  - Small Business Loan
  - Working Capital Loan [CC(Hypo)]
  - Trade Finance (L/C, PIF)
  - Transport Loan
  - House Building Loan
  - Work Order Loan
  - Bidder's Loan (BG, PG)
  - Project Loan
  - Green Financing
4. **Agriculture Credit:** In order to achieve desired growth in agriculture sector of the country, we are committed to increase our present loan portfolio in agricultural sector. SBAC Bank PLC. is offering Agriculture Loan to the various Agricultural sectors like Crops Fishery, Dairy, Beef Fattening, Poultry, Agriculture Machinery, Irrigation Machinery etc. for individuals & group at micro level. The SBAC Bank PLC. offers following Agri credit for rural customers:
- SBAC Crop Loan
  - SBAC Agri Equipment
  - SBAC Fisheries & Livestock Loan
  - General Agricultural Credit
  - Tk. 10/50/100 A/c Holder Loan

#### 5. Re-finance & Pre-finance Scheme of SBAC Bank PLC.

Name of the Scheme	Refinance Interest Rate	Scheme Feature
Tk.25,000 Crore Pre-finance Scheme for CMSME	BB Rate: 2.00% Customer Rate: 7.00%	<ul style="list-style-type: none"> <li>• Purpose: CMSME Loan for Capital Financing, Business Expansion &amp; Working Capital.</li> <li>• Tenor: Maximum 5 years (with 6 months grace period).</li> <li>• Sector of Loan: Maximum 70% for Manufacture &amp; Service and 30% for Trading.</li> </ul>
Refinance Scheme for 10/50/100 Taka Account holder Fund Size Tk. 500.00 Cr.	BB Rate: 1.00% Customer Rate: 7.00%	<ul style="list-style-type: none"> <li>• Purpose: Marginal/ Landless Farmer, Lower Income Professional, School Banking Account.</li> <li>• Tenor: Maximum 3 years (with 6 months grace period).</li> <li>• Loan Limit: Maximum Tk. 5.00 Lac.</li> </ul>
Refinance Scheme for Small Enterprise of Women Entrepreneur Fund Size: 1,500.00 Cr.	BB Rate: 0.50% Customer Rate: 5.00%	<ul style="list-style-type: none"> <li>• Purpose: CMSME of Women Entrepreneur.</li> <li>• Tenor: Maximum 5 years (with 6 months grace period).</li> <li>• Loan Limit: Maximum Tk. 50.00 Lac.</li> </ul>
Refinance Scheme for Agro Based Industries Fund Size: Tk. 1,400.00 Cr.	BB Rate: 3.00% Customer Rate: 7.00%	<ul style="list-style-type: none"> <li>• Purpose: For Setting up Agro Based product processing industries in rural areas.</li> <li>• Tenor: Maximum 5 years (with 6 months grace period).</li> <li>• Loan Limit: Maximum Tk. 300.00 Lac for Working Capital &amp; Maximum Tk. 1000.00 Lac for Term Loan.</li> </ul>
Refinance Scheme for Sustainable Financing Fund Size: Tk. 4,400.00 Cr.	BB Rate: 1.00% Customer Rate: 5.00%	<ul style="list-style-type: none"> <li>• Purpose: To finance Green Products, Projects &amp; Initiatives.</li> <li>• Tenor: 3 to 10 years (Depending on Products or Projects) but Affordable Green housing 20 Years.</li> <li>• Loan Limit: Depending on Products or Projects</li> </ul>
Refinance Scheme for EDF Financing Fund Size: USD 4.60 Billion	Customer Rate: BB Rate+1.50%	<ul style="list-style-type: none"> <li>• Purpose: For L/C payment of export-oriented facility.</li> <li>• Tenor: 180 days</li> <li>• Eligible Customer: Manufacturer-Exporter.</li> </ul>
Refinance Scheme for Pre-shipment Finance Fund Size: Tk. 5,000.00 Cr.	BB Rate: 2.00% Customer Rate: 5.00%	<ul style="list-style-type: none"> <li>• Purpose: To provide Pre-shipment Export Finance.</li> <li>• Tenor: 06 months.</li> <li>• Loan Limit: 50% of packing credit limit.</li> </ul>

### Performance of Loans and Advances:

The loans and advances stood at Tk. 88,641.84 million (solo) & Tk. 88,848.29 million (consolidated) in 2024 as against Tk. 86,841.61 million (Solo) & Tk. 86,644.19 million (Consolidated) in 2023 registering growth 2.54 percent. The growth of deposits was used for funding growth in credit. Yield on loans and advances of the Bank increased by 28.31 percent from that of previous year due to increase in lending rates.

The detail features of the Advance and deposit are stated in the section 'Review of Performance of SBAC Bank PLC. in 2024'.

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

Banking, by nature, involves various forms of risk and its management. So, probability and impact analysis is much important for risk management, minimization and mitigation of risk for steady growth and sustainability in banking business. At SBAC Bank PLC, we recognize that risk management is not just a safeguard, but a critical enabler of sustainable growth and long-term value creation for our shareholders.

In the current dynamic and often unpredictable financial and economic landscape, sound risk management practices are more essential than ever. The Bank is exposed to a diverse range of risks—both internal and external—including credit risk, market risk, operational risk, liquidity risk, reputational risk, and risks related to Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT). Additionally, we address strategic risk, compliance risk, concentration risk, environmental risk, and ICT-related vulnerabilities that may arise from rapid technological change.

SBAC Bank's risk management framework is built on a foundation of thorough understanding of these risk categories. We employ disciplined risk assessment methodologies, robust measurement tools, and continuous monitoring processes to ensure that potential threats to the Bank's sustainability are proactively identified and mitigated.

While the Bank currently faces no material negative impact on the environment, we remain committed to operating responsibly and with environmental awareness. We continually assess our operations for environmental implications and strive to integrate sustainable practices across our business model.

Through vigilant risk governance and a forward-looking approach, SBAC Bank remains well-positioned to navigate challenges and protect the interests of its stakeholders. We have taken sufficient measures to prevent money laundering and terrorist financing. Details of which is given in the "SBAC Bank's AML & CFT Compliance Program" sub-section of this Annual Report in the page no. 74-75, and Details of risk management are given in "Report of the Risk Management Committee (RMC) of the Board" and "Report of the Chief Risk Officer (CRO)" of the board" in the page no. 180-188. Furthermore, our Risks and concerns including internal and external risk factors have been identified in the "SWOT Analysis" at page no: 93-94.

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

Being a service-oriented banking company, discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin is not relevant. However, a discussion on Interest Income, Interest Expense, Operating Profit and Net Profit is stated below as per BRPD Circular No. 14 dated 25 June 2003.

For the year ended 2024, The Bank's Cost of Fund (including operating cost) was 9.80 percent, Interest earning assets was Tk. 96,976.34 million (solo) & Tk. 97,182.80 million (Consolidated). Interest Income/profit on investment was Tk. 8,577.22 million (solo) & Tk. 8,587.76 million (Consolidated); Interest expense was Tk. 6,667.98 million (solo) & Tk. 6,650.15 million (Consolidated), Operating profit was Tk. 2,696.11 million (solo) & Tk. 2,718.87 million (Consolidated), and Net profit after Tax was Tk. 108.73 million (solo) & Tk. 109.46 million (Consolidated).

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

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

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

Section 18(2) of the Bank Company (Amendment) Act, 2023 and Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018) have provided the necessary provisions for related party transactions. As per general instruction in the First Schedule of the Bank Company (Amendment) Act, 2023 [general instruction Kha 11(ka)], A statement of all related party transactions has been disclosed in the Financial Statements as **Annexure-A**.

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

The proceeds of the Initial Public offering (IPO) had been utilized fully as per schedule as published in the prospectus.

#### (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.:

There is no deteriorating financial result till now after the IPO of the Bank.

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

The financial performance of SBAC Bank in 2024 reflects significant variances between its third-quarter results and the annual audited statements. Although the bank reported comparatively strong Earnings Per Share (EPS) during the first three quarters of 2024 (Solo: BDT 0.93; Consolidated: BDT 0.95), the annual EPS declined markedly to BDT 0.13 (Solo & consolidated). This sharp drop in profitability during the fourth quarter is primarily attributable to the large amount of provisioning the bank was required to maintain for improving asset quality and strengthening its capital base. The additional provisioning significantly impacted net profit, which is reflected in the full-year financials. Conversely, the Net Operating Cash Flow per Share (NOCFPS) rose substantially in the annual statements (Solo: BDT 8.12; Consolidated: BDT 8.11) compared to the third-quarter figures (Solo: BDT 1.32; Consolidated: BDT 1.38), indicating improved liquidity primarily due to increased loan recoveries and operational efficiency.

(x) **A statement of remuneration paid to the directors for attending meetings including independent directors:**

Directors are eligible for meeting remuneration of BDT 10,000.00 (Taka ten thousand only) subject to deduction of applicable tax for attending meetings of the Board and its Committee as per BRPD circular letter No. 56 dated December 30, 2024. Among others, the following conditions are applicable:

- Meeting should be held in the same town or city where the Bank is head quartered. However, the meetings may be held other places subject to intimation to Bangladesh Bank in advance;
- Regardless of the number of board and committee meetings held in a given month based on necessity, directors shall be entitled to honorarium for attending a maximum of 06 (six) meetings in total of the Board of Directors and the Executive Committee, 01 (one) meeting of the Audit Committee, and 01 (one) meeting of the Risk Management Committee per month.
- Travel Bill and two days Hotel bill is payable for the directors traveling within the country and three days Hotel bill for directors (foreigners) coming from out of the country subject to submission of bills of actual expenditures to the bank for preserve.

Statement of Meeting Remuneration to Directors including Independent Directors with Details of Meetings attended by the Board Members during the year 2024:

SI. No.	Name	Remuneration	No. of Meetings Attended
1	Engr. Md. Moklesur Rahman	1,86,000.00	13 (Board) & 06 (EC)
2	Anwar Hussain	1,46,000.00	11 (Board) & 04 (EC)
3	Abu Zafar Mohammod Shofiuddin	1,18,000.00	09 (Board) & 03 (EC)
4	Abdul Kadir Molla	38,000.00	04 (Board)
5	Mohammed Ayub	1,56,000.00	12 (Board) & 04 (RMC)
6	Mohammad Nawaz	78,000.00	06 (Board) & 02 (AC)
7	Hafizur Rahman Babu	1,26,000.00	09 (Board) & 04 (EC)
8	Mst. Nasima Begum	48,000.00	05 (Board)
9	Sk. Shyedujjaman	1,06,000.00	07 (Board), 03 (EC) & 01 (NRC)
10	Mohammad Helal Uddin	2,34,000.00	13 (Board), 06 (EC), 04 (RMC) & 01 (NRC)
11	Mushfiqur Rahman	1,56,000.00	12 (Board) & 04 (RMC)
12	Mohammad Nazmul Huq	1,26,000.00	10 (Board) & 03 (RMC)
13	Md. Sajidur Rahman	1,00,000.00	05 (Board), 04 (AC) & 01 (NRC)
14	Prof. Mohammad Moqbul Hossain Bhuiyan	1,88,000.00	12 (Board), 06 (AC) & 01 (NRC)
15	Ziaur Rahman Zia FCA	1,88,000.00	12 (Board), 06 (AC) & 01 (NRC)
16	Mohammad Mahbubor Rahman	1,88,000.00	12 (Board), 06 (AC) & 01 (NRC)
17	Md. Emdadul Hoque	1,46,000.00	11 (Board) & 04 (RMC)
18	Shohel Ahmed	1,08,000.00	11 (Board)
19	Prof. Md. Maksudur Rahman Sarker FCMA	70,000.00	07 (Board)
20	Sufia Begum	20,000.00	02 (Board)
<b>Total Remuneration</b>		<b>25,26,000.00</b>	

An amount of BDT 1,30,000 was paid in January 2025 as meeting remuneration to the Directors for attending the 189th Board Meeting held on December 29, 2024. As the payment was made after the reporting period, it has not been recognized in the financial statements for the year ended December 31, 2024. However, Value Added Tax (VAT) amounting to BDT 2,18,000 related to meeting remuneration was wrongly charged in the same heads of accounts under meeting attendance fees for that period. As a result, an excess amount of BDT 88,000 (i.e., BDT 2,18,000 less BDT 1,30,000) has been included in the reported figure. Accordingly, a total of BDT 26,14,000 has been presented as meeting attendance fees under Director's Remuneration in the Audited Financial Statements for the year ended December 31, 2024.

Again, the Independent Directors are eligible for monthly honorarium of BDT. 50,000.00 (Taka Fifty thousand only) subject to deduction of applicable tax as per BRPD circular No. 03 dated February 14, 2024. The statement of monthly honorarium paid to the Independent Directors as per BRPD circular No. 03 dated February 14, 2024 during the year 2024:

Sl. No.	Name of Independent Directors	Amount (Tk.)
1.	Mr. Md. Sajidur Rahman	500,000.00
2.	Prof. Mohammad Moqbul Hossain Bhuiyan	500,000.00
3.	Mr. Ziaur Rahman Zia FCA	500,000.00
4.	Prof. Md. Maksudur Rahman Sarker FCMA	300,000.00
<b>Total</b>		<b>1,800,000.00</b>

Note: Payment of monthly honorarium for the month of December 2024 was paid on January 2025.

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

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

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

Financial Statements for the year ended on 31 December 2024 have been prepared in a very fair way with inclusion of all material aspects, its state of affairs, the results of its operations, cash flows and changes in equity. Fair Presentation of Financial Statements has been made in Annual Report 2024 and accordingly opinion of the external auditor, M/s G. Kibria & Co., Chartered Accountants, has been incorporated in the report.

As per Bangladesh Bank's guidelines our required provision against loans and advances was 1143.01 crore, however, we have maintained 487.17 crore. That is, a shortfall of Tk. 655.84 crore. This is because the Bank's CL position increased significantly. Moreover, the bank has maintained a deposit with other Banks and Financial Institutions in Bangladesh amounting Tk. 210.59 crore against which Bangladesh Bank instructed to maintain provision of Tk. 154.91 crore. The Bank is unable to maintain this provision due to shortage of retained earnings.

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

The bank is fully complied in keeping the proper books of accounts with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Details are disclosed in the section 2.0 of notes of Financial Statements in the Auditors' Report. In this regard, external auditor G. KIBRIA & CO., Chartered Accountants have provided their unqualified opinion in "Opinion Paragraph" part of their report.

However, they have added an 'Emphasis of Matter' as under:

"We draw your attention to Note # 8.10 & Note # 5.3 to the financial statements, the bank explained the basis for measurement and recognition of provision required, maintained and the provision shortfall against loans, advances, and lease/investments. As of December 31, 2024, the Bank recorded a provision shortfall of BDT 810.75 crore. However, the Bank has Deferral permission from Bangladesh Bank (through letter no: DOS (CAMS) 1157/41(Dividend)/2025-3115 dated 22 May 2025). Our opinion is not modified in respect of this matter."

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

Appropriate accounting policies have been consistently applied in preparation of the financial statements of the Bank and the accounting estimates are based on reasonable and prudent judgment. Estimates and underlying assumptions are reviewed on ongoing basis and any revisions to these are recognized in the period in which the estimate is revised and in any future period affected. The significant accounting policies applied and accounting estimates used for preparation of the financial statements of the Bank have been stated in details in notes of the Financial Statements 2024.

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

The financial statements of the bank as on December 31, 2024 have been prepared on going concern basis under historical cost convention and in accordance with the "First Schedule" of the Bank Company (Amendment) Act, 2023 and BRPD Circular No. 14, dated 25 June 2003, other Circulars of Bangladesh Bank,

International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the Companies Act 1994 (amended up to 2020), the Securities and Exchange Rules 1987, and other laws and rules applicable for Banks in Bangladesh. In case of any requirement of the Bank Company (Amendment) Act, 2023, and provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and IFRS, the requirements of the Bank Company (Amendment) Act, 2023, and provisions and circulars issued by Bangladesh Bank will prevail.

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

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

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

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

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

There is a well-defined corporate governance practice prevailing in the Bank as per Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018, No. BSEC/CMRRCD/2009-193/66/PRD/148, dated 16 October 2023 and No. BSEC/CMRRCD/2009-193/76/PRD/151, dated 04 April 2024). Therefore, minority shareholders have been protected from any sorts of abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress. Moreover, the Bank has been compliant with provision of laws of the country protecting the interest of minority shareholders.

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

There are no significant doubts upon the Bank's ability to continue as a going concern. The financial statements of the Bank have been prepared on the assumption that the entity (i.e., SBAC Bank PLC.) is a going concern and will continue its operation in the foreseeable future. Hence, it is assumed that SBAC Bank PLC. has neither intention nor the need to liquidate or curtail materially the scale of its operations. In this regard, a report on going concern assumption has been disclosed in page no: 109-111.

**(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:**

The financial performance of SBAC Bank in 2024 reveals significant deviations from the previous year's results. Earnings Per Share (EPS) dropped markedly from BDT 0.65 (Solo) and BDT 0.66 (Consolidated) in 2023 to BDT 0.13 (Solo and Consolidated) in 2024. This decline was primarily due to a substantial increase in provisioning requirements undertaken to improve asset quality and strengthen the capital base, which significantly impacted profitability. In contrast, Net Operating Cash Flow Per Share (NOCFPS) improved significantly, rising from BDT 3.45 (Solo) and BDT 3.51 (Consolidated) in 2023 to BDT 8.12 (Solo) and BDT 8.11 (Consolidated) in 2024, indicating better liquidity management and higher recovery of loans & interest income. Net Asset Value (NAV) remained mostly stable, with a slight decrease from BDT 11,082.53 million (Solo) and BDT 11,124.92 million (Consolidated) in 2023 to BDT 11,045.53 million (Solo) and BDT 11,088.61 million (Consolidated) in 2024, along with a minor reduction in NAV per share. Overall, 2024 reflected improved cash flow but lower profitability due to regulatory-driven provisioning.

**(xix) A statement where key operating and financial data of at least preceding 05 (five) years shall be summarized:**

Key operating and financial data of at least preceding 05 (five) years are as under:

(Figure in Million)

Particulars	Growth in 2024 compared to 2023 (%)	2024	2023	2022	2021	2020
Number of Branches	1.12	90	89	86	84	83
Number of Sub Branches	3.23	32	31	24	21	11
Number of ATMs	11.76	76	68	55	48	38
Paid-up capital	(0.00)	8,241.92	8,241.92	8,160.31	7,846.46	6,846.46
Total assets/Total Liabilities	6.26	124,599.97	117,264.13	106,307.06	97,813.75	88,403.45
Interest earning assets	(2.91)	97,182.80	100,092.55	91,279.89	85,097.31	75,928.42
Non interest earning assets	59.67	27,417.17	17,171.59	15,027.17	12,716.44	12,475.03
Total shareholders' Equity	(0.33)	11,089.05	11,125.35	10,829.65	10,628.41	9,306.66
Total capital (Tier I +II)	1.86	11,798.89	11,583.20	11,148.58	10,830.03	9,269.90
Surplus/(deficit) capital	(2.95)	1,070.42	1,102.98	1,037.52	1,097.48	657.41
Capital to Risk Weighted Asset Ratio (CRAR)	(0.51)	13.75%	13.82%	13.78%	13.91%	13.45%
Total deposits	3.76	96,832.60	93,321.58	84,209.59	72,694.33	71,451.46
Total Loans and Advances	2.54	88,848.29	86,644.19	77,827.26	65,955.68	57,408.83
Total contingent liabilities and commitments	5.86	31,079.62	29,358.94	21,782.44	18,539.78	14,160.08
Advance deposits ratio (%)	(0.25)	85.45%	85.66%	86.80%	83.69%	80.31%
Total Interest Income	24.46	8,587.76	6,900.07	5,884.35	5,610.48	5,855.11
Total Non-Interest Income	(12.50)	1,408.51	1,609.81	1,263.47	678.64	552.92
Investment Income	34.53	2,332.39	1,733.7	1,705.31	1,847.00	1,909.92
Total Income	20.35	12,328.66	10,243.57	8,853.13	8,136.12	8,317.95
Total Interest Expenses	26.81	6,650.15	5,244.05	4,606.95	3,944.39	4,750.69
Total Administrative Expenses	7.78	1,973.92	1,831.44	1,594.57	1,339.25	1,156.27
Total Other Expenses	7.25	985.72	919.09	855.04	848.44	953.33
Total Expenses	19.99	9,592.36	7,994.59	7,056.56	6,132.08	6,860.29
Profit before tax and provision (Operating Profit)	20.89	2,718.87	2,248.99	1,796.56	2,004.04	1,457.66
Profit after tax and provision (Net Profit)	(79.97)	109.46	546.36	589.63	539.89	951.95
Total Export	(1.75)	29,835.97	30,366.11	28,283.56	16,465.10	15,469.72
Total Import	(9.98)	39,203.67	43,552.36	45,383.04	33,061.74	26,313.80
Total Remittance	(32.88)	11,452.03	17,060.83	9,524.78	2,288.20	4,030.92
Classified advance	178.33	14,332.62	5,149.57	4,031.22	3,860.90	3,567.96
Classified loans to advance ratio	171.55	16.13%	5.94%	5.18%	5.85%	6.22%

Particulars	Growth in 2024 compared to 2023 (%)	2024	2023	2022	2021	2020
Total Provision kept against Unclassified Loans and Advances including Off Balance Sheet Exposures	73.75	794.01	456.98	444.52	369.68	9.51
Total Provision kept against Classified Loans and Advances	36.56	4,331.35	3171.66	2499.77	2196.16	1566.77
Yield on Advance (%)	28.31	11.42%	8.90%	8.08%	8.31%	9.76%
Cost of Deposits (%)	23.27	6.78%	5.50%	5.32%	5.58%	6.95%
Return on Assets (ROA) (%)	(81.63)	0.09%	0.49%	0.58%	0.58%	1.10%
Return on Equity (ROE) (%)	(80.12)	0.99%	4.98%	5.50%	5.42%	10.78%
Earnings per share (EPS)	(80.30)	0.13	0.66	0.72	0.66	1.39
Net Asset Value Per Share	(0.37)	13.45	13.50	13.14	13.02	13.59
Number of Employees	6.18	1,237	1165	1149	997	886
Number of Profit Earning Branch	2.63	78	76	62	59	50
Number of Deposit Accounts	8.29	394,599	364,384	331,391	304,851	279,949
Number of Loan Accounts	(4.48)	14,395	15,070	13,558	11,316	10,730
Number of Debit Card	13.73	88,406	77,732	65,338	52,982	41,814
Number of Credit Card	18.86	8,092	6808	5,033	3,639	2,856

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

In accordance with the directive of Bangladesh Bank Letter No. DOS(CAMS)1157/41(Dividend)/2025-3115 dated May 22, 2025, and as part of the Bank's commitment to maintaining regulatory compliance and prudent financial management, SBAC Bank PLC has refrained from recommending any dividend for the year ended December 31, 2024.

Bangladesh Bank determined a total provision shortfall of BDT 860.75 crore for 2024. Of this, BDT 50.00 crore was transferred from profit before provision to specific provisions. The remaining unadjusted deficit of BDT 810.75 crore could not be absorbed due to insufficient profit. Full adjustment of the deficit would have caused the Bank's capital adequacy ratio to fall below the regulatory minimum of 10%, thereby restricting dividend declaration.

The audited financial statements as of December 31, 2024, include appropriate disclosures on provision shortfall, profit and loss, capital adequacy, and related regulatory matters. In compliance with the directive, a time-bound action plan approved by the Board has been instructed to submit to Bangladesh Bank to address the provision and capital deficits.

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

No bonus share or stock dividend has been declared in 2024 as interim dividend or shall be declared as interim dividend for the 2025.

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

**Meetings in 2024:**

During the year 2024, 13 Board Meetings, 06 Executive Committee Meetings, 06 Audit Committee Meetings, 04 Risk Management Committee Meeting, and 01 NRC Meeting were held. Details of the participants are as follows:

Sl. No.	Name of Directors	Meeting (2024)														
		Board			EC			AC			RMC			NRC		
		Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent	Held	Attended	Absent
1	Engr. Md. Moklesur Rahman	13	13	0	6	6	0	-	-	-	-	-	-	-	-	-
2	Anwar Hussain	13	11	1	6	4	1	-	-	-	-	-	-	-	-	-
3	Abu Zafar Mohammod Shofiuddin	13	9	4	6	3	3	-	-	-	-	-	-	-	-	-
4	Abdul Kadir Molla	13	4	0	-	-	-	-	-	-	-	-	-	-	-	-
5	Mohammed Ayub	13	12	0	-	-	-	-	-	-	4	4	0	-	-	-
6	Mohammad Nawaz	13	6	0	-	-	-	6	2	0	-	-	-	-	-	-
7	Hafizur Rahman Babu	13	9	3	6	4	1	-	-	-	-	-	-	-	-	-
8	Mst. Nasima Begum	13	5	1	-	-	-	-	-	-	-	-	-	-	-	-
9	Sk. Shyedujaman	13	7	0	6	3	0	-	-	-	-	-	-	1	1	0
10	Mohammad Helal Uddin	13	13	0	6	6	0	-	-	-	4	4	0	1	1	0
11	Mushfiqur Rahman	13	12	1	-	-	-	-	-	-	4	4	0	-	-	-
12	Mohammad Nazmul Huq	13	10	3	-	-	-	-	-	-	4	3	1	-	-	-
13	Md. Sajidur Rahman	13	5	8	-	-	-	6	4	2	-	-	-	1	1	0
14	Prof. Mohammad Moqbul Hossain Bhuiyan	13	12	0	-	-	-	6	6	0	-	-	-	1	1	0
15	Ziaur Rahman Zia FCA	13	12	1	-	-	-	6	6	0	-	-	-	1	1	0
16	Mohammad Mahbubor Rahman	13	12	1	-	-	-	6	6	0	-	-	-	1	1	0
17	Md. Emdadul Hoque	13	11	2	-	-	-	-	-	-	4	4	0	-	-	-
18	Shohel Ahmed	13	11	1	-	-	-	-	-	-	-	-	-	-	-	-
19	Prof. Md. Maksudur Rahman Sarker FCMA	13	7	0	-	-	-	-	-	-	-	-	-	-	-	-
20	Sufia Begum	13	2	3	-	-	-	-	-	-	-	-	-	-	-	-

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

- (a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details):  
Shareholding pattern in the SBAC Bank Investment Limited (A subsidiary of the Bank) is as under:

Sl. No.	Name of the Shareholder	Number of Shareholding	Percentage of Shareholding
1	SBAC Bank PLC.	3,99,60,000	99.90%
2	South Bangla Agriculture and Commerce Bank Foundation	40,000	0.10%
<b>Total</b>		<b>4,00,00,000</b>	<b>100.00%</b>

(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children as on **31.12.2024** (name-wise details):

Sl. No.	Name	Status	No. of Shares	Spouse & Minor Children	No. of Shares
1	Engr. Md. Moklesur Rahman	Chairman	35169778	Quamrun Nahar	Nil
2	Anwar Hussain	Vice Chairman	16580861	Fadia Naz	Nil
				Amaya Hussain	Nil
				Aizah Hussain	Nil
3	Abu Zafar Mohammad Shofiuddin	Director	35169778	Afroza Sultana	Nil
4	Abdul Kadir Molla	Director	35169778	Nasima Begum	Nil
5	Hafizur Rahman Babu	Director	26377333	Nasima Rahman Nipa	Nil
6	Mohammed Ayub	Director	29399511	Shalina Islam Chowdhury	Nil
7	Mushfiqur Rahman Nominated by: M/S. Contech Construction Ltd.	Director	Nil	Yousuf	Nil
8	Mohammad Helal Uddin Nominated by: TBO Trade Ltd.	Director	Nil	Rafia Akhter	Nil
9	Mohammad Nazmul Huq Nominated by: Techno Electricals Ltd.	Director	Nil	Hafiza Huq	Nil
10	Mohammad Mahbubor Rahman Nominated by: Intec Solution	Director	Nil	Nurun Nahar Sumi	Nil
11	Md. Emdadul Hoque Nominated by: T&A International Ltd.	Director	Nil	Ferdousi Haque Reba	Nil
12	Shohel Ahmed Nominated by: Meter D Tech.	Director	Nil	Mahbuba Begum	Nil
13	Sufia Begum	Director	16486086	Mohammad Nawaz	14463316
				Sanowara Saudah	Nil
				Sanowara Siddiqa	
				Mohammad Farook Nawaz	
14	Md. Sajidur Rahman	Independent Director	Nil	Humaira Ayesha Khan	Nil
				Irvan Kaiser Rahman	
15	Prof. Mohammad Moqbul Hossain Bhuiyan	Independent Director	Nil	Ayesha Khatun	Nil
				Anupama Hossain	
16	Ziaur Rahman Zia FCA	Independent Director	Nil	Nazma Khatun	Nil
				Aryan Rahman Ayan	
17	Prof. Md. Maksudur Rahman Sarker	Independent Director	Nil	Fatima Aziz	Nil
				Fariha Sarker	
18	Habibur Rahman	Managing Director & CEO	Nil	Tahmeda Akhtar	Nil
				Alayna Ayesha	
				Sameer Sulayman	
19	Md. Mokaddess Ali FCS	EVP & Company Secretary	Nil	Hasna Hena	Nil
				Hasnine Farhad	
20	A. H. M. Masud Murshed	EVP & Head of ICCD	Nil	Rebeka Rahman	Nil
				Tahani Tabassum	
21	Mannan Bapari (FCMA)	SVP & CFO	Nil	Shamima Islam	Nil
				Tafida Tasnuva	
				Mahbeer Bin Mannan	

- (c) Executives [top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit] **as on 31.12.2024**

SL. No.	Name	Designation	No. of Shares
1	Md. Nurul Azim	Additional Managing Director	Nil
2	Md. Altaf Hossain Bhuyan	Deputy Managing Director	317
3	Moinul Islam	Senior Executive Vice President	Nil
4	Mohammad Asadul Haque	Senior Executive Vice President	Nil
5	Faisal Ahmed	Executive Vice President	Nil

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

- (d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details):  
There is no Shareholder holding ten percent (10%) or more voting interest in the company.

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

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

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

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

Management’s Discussion and Analysis as “Review of the Managing Director & CEO” signed by CEO or MD presenting detailed analysis of the company’s position and operations along with a brief discussion of changes in the financial statements, among others, focusing on the above issues has been published in the page no. 53-55, as Management’s Overview. The statement include inter alia (a) accounting policies and estimation for preparation of financial statements; (b) Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; (c) Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; (d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; (e) Briefly explain the financial and economic scenario of the country and the globe; (f) Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and (g) Future plan or projection or forecast for company’s operation, performance and financial position, with justification thereof, i.e., actual position has been disclosed in page no: 53-94.

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

Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) has been disclosed as per **Annexure-A** in page no: 225.

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

The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 has been disclosed as per **Annexure-B** and **Annexure-C** in the page no: 117 & 131-149.

On behalf of the Board,

Sd/-	Sd/-	Sd/-	Sd/-
<b>Engr. Md. Moklesur Rahman</b>	<b>Prof. Mohammad Moqbul Hossain Bhuiyan</b>	<b>Shohel Ahmed</b>	<b>Md. Rabiul Islam</b>
Chairman	Independent Director	Director	Managing Director & CEO (CC)