

Sonali Bank Limited and its Subsidiaries

Independent Auditors' Report and Audited Consolidated and Separate Financial Statements For the year ended 31 December 2019



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Independent Auditors' Report **To the Shareholders of Sonali Bank Limited**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Sonali Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Sonali Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2019 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flows statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on accompanying financial statements.

1) Measurement of provision for loans and advances	
See notes # 7.00 and 7.09 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is judgmental, significant and complex. While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none"> • Future business performance of the borrower; • Key assumptions relating to further business performance of the borrower; • Market value of the collateral; • Ability to repossess collateral; and • Recovery rates. <p>Furthermore, these provisions are processed manually that deals with voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank issued time to time.</p> <p>Due to high level of judgment involved and using some manual process in estimating the provision for loans and advances, we considered this to be a key audit matter.</p> <p>At year end the Group and the Bank reported total gross loans and advances of BDT 553,128 million (2018: BDT 466,319 million) and provision as required by Bangladesh Bank for loans and advances of BDT 58,373 million (2018: BDT 49,269 million).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; and • Reviewed quarterly Classification of Loans (CL). <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and • Finally, we compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.
2) Valuation of treasury bill and treasury bond	
See notes #6 and 17.01 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p>

<p>pricing models which require an elevated level of judgment.</p>	<p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p>3) Impairment assessment of unquoted investments</p>	
<p>See note #6.02 to the consolidated and separate financial statements</p>	
<p>The key audit matter</p> <p>In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into Consideration direct or indirect unobservable market data and hence requires an elevated level of judgment.</p> <p>Due to high level of judgment and assumption involved in evaluating the impairment assessment of unquoted shares, we considered this to be a key audit matter.</p>	<p>How the matter was addressed in our audit</p> <p>We have assessed the processes and controls put in place by the Bank to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31 December 2019 and compared our results to the recorded value.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p>4) Measurement of deferred tax assets</p>	
<p>See note #9.08.01 to the consolidated and separate financial statements</p>	
<p>The key audit matter</p> <p>The Group and Bank have recognized deferred tax assets for deductible temporary difference that it believes are recoverable.</p> <p>The recoverability of recognized deferred tax assets is in part dependent on the bank's ability to generate future taxable profits sufficient to utilize deductible temporary differences.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences where significant judgement is involved.</p> <p>The Group and the bank have reported deferred tax assets BDT 29,109 million (2018: BDT 30,695 million) as on 31 December 2019.</p>	<p>How the matter was addressed in our audit</p> <p>We obtained an understanding of the Group and Bank's key controls over the recognition and measurement of deferred tax assets (DTA) and the assumptions used in estimating the Group's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

5) Revaluation of property, plant and equipment	
See notes #17.02 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Bank in prior year has undertaken revaluation of its fixed assets. As a result of this revaluation exercise, an amount of BDT 21,495 million (in 2011 revalued by Taka 12,026 million and lastly in the year 2013 by Taka 9,469 million) is recognized as the fair value gain in revaluation reserve. Determination of fair value in absence of any quoted price and active market require significant judgment.</p>	<p>We assessed the process of revaluation previously taken by the Bank.</p> <p>We reviewed revaluation report of the independent valuer along with relevant documents and applied our judgment to see whether the fair value is still relevant.</p> <p>We checked related accounting treatments of fair value gain and associated deferred tax as recognized by the Bank.</p>
6) Legal and regulatory matters	
The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because the Bank and its subsidiary (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established as other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>We obtained an understanding of the Group and the Bank's key controls over the legal compliance.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>
7) Carrying value of investments in subsidiaries and associate by the Bank	
See note # 9.01 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Bank has invested in equity shares of its subsidiaries namely Sonali Exchange Co. Inc. USA, Sonali Investment Limited and associate namely Sonali Bank (UK) Ltd. and Sonali Intellect Limited. As at 31 December 2019 the carrying value of these investment in Sonali Exchange Co. Inc. USA is BDT 80.66 million (2018: BDT 79.71 million), Sonali Investment Limited is BDT 2,000 million (2018: BDT 2,000 million) Sonali Bank (UK) Ltd. is BDT 3,248 million (2018: BDT 3,104 million) and Sonali Intellect Limited is BDT 26.25</p>	<p>We have reviewed management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36, Impairment of Assets.</p> <p>In particular, our discussion with the Management were focused on the continued appropriateness of the value in use model, the key assumption used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p>

<p>million (2018: BDT 26.25 million).</p> <p>The Bank is required to perform impairment test of investment in subsidiaries when impairment indication exists. The impairment testing is considered to be a key audit matter due to the complexity and judgements required in determining the assumptions to be used to estimate the recoverable amount which is higher of fair value less costs to sell and value in use.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its subsidiaries for Sonali Exchange Co. Inc. USA and Sonali Investment Limited and associates namely Sonali Bank (UK) Ltd and Sonali Intellect Limited in accordance with IAS 36, Impairment of Assets.</p>	
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8) Recognition of Interest Income from loans

See note #21.00 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Recognition of interest income from loans and advances has significant and wide influence on financial statements.</p> <p>Recognition and measurement of interest income has investment of complex IT environment.</p> <p>We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the bank and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.</p>	<p>We tested the design and operating effectiveness of key controls over Recognition and measurement of interest on loans and advances.</p> <p>We have performed test of operating effectiveness on automated control in place to measure and recognize interest income.</p> <p>We have also performed substantive procedure to check whether interest income is recognized completely and accurately.</p> <p>We assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

9) Loans and Advances

See note #7.00 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Loans and advances are the vital component of financial statements of the bank. Income of the bank is primarily reliant on the portfolio of loans and advances. Management performance is highly dependent on the target achievement of loans and advances. Loan disbursement requires robust documentation followed by approval from appropriate level of authority.</p>	<p>We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement procedures and monitoring process of loans and advances.</p> <p>We performed procedures to check whether the bank has ensured appropriate documentation as per Bangladesh bank regulations and Bank's policy before disbursement of loans and advances. In addition, we have performed procedures to check</p>

	<p>We identified loans and advances as a key audit matter because there is an inherent risk of fraud and error in disbursement of loans and advances by management to meet specific targets or expectations.</p>	<p>whether the loans and advances is recorded completely and accurately and that are existed at the reporting date.</p> <p>Moreover, we assessed the appropriateness and presentation of disclosures against Bangladesh Bank guidelines.</p>
<p>10) IT systems and controls</p>		
	<p>The key audit matter</p> <p>Our audit procedures have been focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>We have focused on master data management, user access management and developer access to the production environment and changes to the IT environment. Among others, these are key to ensuring operating effectiveness of manual with automated control and automated controls.</p>	<p>How the matter was addressed in our audit</p> <p>We tested the design and operating effectiveness of the bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Group's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. Where deficiencies were identified, we tested compensating controls or performed alternate procedures.</p> <p>In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

Other Matter

The consolidated financial statements of the Group and also separate financial statements of the Bank as at and for the year ended 31 December 2018 were audited by S. F. Ahmed & Co., Chartered Accountants and Howladar Yunus & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 29 April 2019.

Other information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider

whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section in forming the above opinion on the consolidated financial statements of the Group and the Separate Financial Statements of the bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities (other than matters disclosed in these financial statements);

- (iii) financial statements of for the year ended 31 December 2019 of two subsidiaries, namely Sonali Exchange Co. Inc. USA and Sonali Investment Ltd. have been audited by United Financial CPA P.C, Certified Public Accountants and S. F. Ahmed & Co., Chartered Accountants respectively who have expressed unmodified audit opinion. The results of the subsidiary have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the Separate Financial Statements of the bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance, circulars issued by Bangladesh Bank;
- (ix) provision as required by Bangladesh Bank has been accounted for loans & advances, investments and other assets which are, in our opinion, doubtful of recovery.
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank covering 60 branches as well as Head Office and spent over 2,581 person hours for the audit of the bank; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained during the year.

Dr. Jamshed S.A. Choudhury

Dr. Jamshed S A Choudhury, FCA
Senior Partner
Aziz Halim Khair Choudhury
Chartered Accountants

M. Moniruzzaman

M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

Date: 30 June 2020
Place: Dhaka

Sonali Bank Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2019

	Note	2019 Taka	2018 Taka
PROPERTY AND ASSETS			
Cash			
Cash in Hand (Including Foreign Currencies)		7,691,434,742	5,016,917,890
Balance with Bangladesh Bank and its agent Bank(s) (Including Foreign Currencies)		101,072,999,337	93,111,121,308
	3.00	108,764,434,079	98,128,039,198
Balance with other Banks & Financial Institutions			
In Bangladesh		78,207,701,186	84,915,155,405
Outside Bangladesh		9,235,105,431	22,877,291,208
	4.00	87,442,806,617	107,792,446,613
Money at Call on Short Notice	5.00	16,274,409,000	19,723,200,000
Investments			
Government		426,936,594,330	377,242,876,572
Others		73,897,736,558	64,090,850,705
	6.00	500,834,330,888	441,333,727,277
Loans and Advances			
Loans, Cash Credit, Overdrafts etc.		540,146,606,603	453,719,388,060
Bills Purchased and Discounted		12,981,839,923	12,600,556,126
	7.00	553,128,446,526	466,319,944,186
Fixed Asset including Premises, Furniture and Fixture	8.00	33,467,819,402	33,380,013,462
Other Assets	9.00	173,571,702,143	141,077,360,515
Non-Banking Assets	10.00	-	-
Total Assets		1,473,483,948,655	1,307,754,731,250
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other Banks, Financial Institutions & Agents	11.00	604,175,183	659,172,428
Deposits and Other Accounts			
Current Accounts & Other Accounts etc		242,142,019,430	245,012,106,120
Bills Payable		10,909,899,482	13,059,176,136
Savings Bank Deposits		387,366,063,760	349,044,052,470
Fixed Deposits		518,225,712,555	490,453,177,745
Other Deposits		-	-
	12.00	1,158,643,695,226	1,097,568,512,471
Other Liabilities	13.00	246,137,533,500	139,518,167,364
Total Liabilities		1,405,385,403,909	1,237,745,852,263
Shareholders Equity			
Paid up Capital	14.00	45,300,000,000	45,300,000,000
Statutory Reserve	15.00	12,400,572,516	11,449,953,229
Other Reserve	16.00	119,378,090	117,000,000
Revaluation Reserve	17.00	22,121,180,839	26,727,841,844
Surplus in Profit and Loss Account/Retained Earnings	18.00	(11,842,586,699)	(13,585,916,086)
		68,098,544,746	70,008,875,087
Total Liabilities and Shareholders' Equity		1,473,483,948,655	1,307,754,731,250



Sonali Bank Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2019

	Note	2019 Taka	2018 Taka
Off balance sheet Items			
Contingent Liabilities			
Acceptances and Endorsements			
Letters of Guarantee		8,012,301,714	5,883,424,909
Irrevocable Letters of Credit		1,007,941,742,423	1,084,431,849,024
Bills for Collection		6,414,225,488	7,056,551,048
Other Contingent Liabilities		-	-
	19.00	1,022,368,269,625	1,097,371,824,981
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward asset purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claim against the bank not acknowledged as debt		-	-
Litigation pending against Bank		-	-
Total Off Balance Sheet Items including Contingent Liabilities		1,022,368,269,625	1,097,371,824,981
Consolidated Net Asset Value (NAV) per Share		150.33	154.54

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.



Subhash Chandra Das FCMA, FCA
Chief Financial Officer



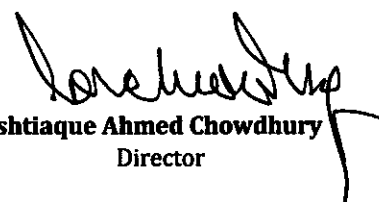
Md. Ataur Rahman Prodhan
CEO & Managing Director



A.K.M. Kamrul Islam FCA, FCS
Director



Ziaul Hasan Siddiqui
Chairman



Ishtiaque Ahmed Chowdhury
Director

This is the consolidated balance sheet referred to in our separate report of even date.



Dr. Jamshed S A Choudhury, FCA
Senior Partner
Aziz Halim Khair Choudhury
Chartered Accountants



M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

Date: 30 June 2020

Place: Dhaka

Sonali Bank Limited and its Subsidiaries

Consolidated Profit and Loss Account For the year ended 31 December 2019

	Notes	2019 Taka	2018 Taka
Operating Income			
Interest income	21.00	36,024,281,699	32,792,018,631
Interest paid on deposit and borrowing etc.	22.00	(40,083,352,856)	(39,001,563,343)
Net Interest Income		(4,059,071,157)	(6,209,544,712)
Investment income	23.00	28,163,434,077	34,359,121,291
Commission, exchange and brokerage	24.00	11,785,474,559	11,179,027,900
Other operating income	25.00	1,087,855,607	257,654,178
		41,036,764,243	45,795,803,369
Total Operating Income (A)		36,977,693,086	39,586,258,657
Operating Expenses			
Salary and allowances	26.00	14,057,565,244	13,950,898,513
Rent, tax, insurance, electricity etc.	27.00	1,231,231,610	1,110,156,517
Legal expenses	28.00	41,762,074	56,246,446
Postage, stamps and telecommunication etc.	29.00	50,996,941	57,884,886
Printings, stationery, advertisements etc.	30.00	199,160,939	177,294,322
Chief Executive's salary and fees	31.00	7,682,635	7,574,562
Directors' fees	32.00	5,266,300	6,800,500
Auditors' fees	33.00	3,940,458	3,941,292
Depreciation & repair to bank's assets	34.00	582,371,871	556,382,163
Other expenses	35.00	3,638,281,972	3,313,728,211
Total Operating Expenses (B)		19,818,260,044	19,240,907,412
Profit Before Provision, Amortization and Taxes C=(A-B)		17,159,433,042	20,345,351,245
Provision for loans & advances	36.00	9,377,420,114	7,830,300,000
Provision for diminution in value of investment	37.00	1,087,688,842	957,131,234
Other Provision	38.00	1,884,222,185	5,221,589,213
Total Provision (D)		12,349,331,141	14,009,020,447
Total Profit/(Loss) before taxes E=(C-D)		4,810,101,901	6,336,330,798
Provision for taxation (F)			
Current tax	13.06	479,628,131	480,323,361
Deferred tax	9.08.01	1,586,461,840	3,534,668,660
		2,066,089,971	4,014,992,021
Net Profit/(Loss) after Tax G=(E-F)		2,744,011,931	2,321,338,777




Sonali Bank Limited and its Subsidiaries

Consolidated Profit and Loss Account For the year ended 31 December 2019

	Notes	2019 Taka	2018 Taka
Appropriation:			
General Reserve		-	-
Reserve for CSR		50,000,000	19,010,101
Statutory Reserve	15.00	950,619,287	1,250,271,216
		1,000,619,287	1,269,281,317
Retained Surplus Carried Forward		1,743,392,644	1,052,057,460
Consolidated Earnings Per Share (EPS)	44.00	6.06	5.61

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.


Subhash Chandra Das FCMA, FCA
Chief Financial Officer



A.K.M. Kamrul Islam FCA, FCS
Director



Md. Ataur Rahman Prodhan
CEO & Managing Director


Ishtiaque Ahmed Chowdhury
Director


Ziaul Hasan Siddiqui
Chairman

This is the consolidated profit and loss account referred to in our separate report of even date.


Dr. Jamshed S A Choudhury, FCA
Senior Partner
Aziz Halim Khair Choudhury
Chartered Accountants


M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

Date: 30 June 2020

Place: Dhaka

Sonali Bank Limited and its Subsidiaries

Consolidated Cash Flow Statement For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
A. Cash flows from operating activities			
Interest received		63,417,775,326	62,905,557,411
Interest paid		(41,257,252,180)	(39,746,645,145)
Dividend Received		284,852,483	617,591,645
Fee and commission and exchange received		11,125,381,422	11,204,225,905
Recoveries of previously written-off loan & advances		396,700,000	778,400,000
Cash paid to employees		(14,135,417,669)	(13,936,768,186)
Cash paid to Suppliers		(259,409,922)	(238,982,388)
Income taxes paid		(2,260,268,634)	(2,423,498,706)
Cash received from other operating activities	39.00	1,087,855,608	257,654,178
Cash paid for other operating activities	40.00	(4,946,998,282)	(4,497,622,796)
Cash generated from operating activities		13,453,218,152	14,919,911,918
Changes in operating assets and liabilities			
Loans & advances to customers		(86,808,502,339)	(40,745,658,908)
Other assets	41.00	(31,072,116,985)	23,122,361,678
Deposits from other banks		(12,115,010,258)	(9,757,557,442)
Deposits from customers		73,190,193,011	43,100,109,478
Other liabilities	42.00	94,964,306,169	(946,073,614)
		38,158,869,599	14,773,181,193
Net cash flow from operating activities		51,612,087,751	29,693,093,111
B. Cash flows from investing activities			
(Purchase)/Sale of securities & bond		(64,102,366,329)	13,154,860,027
(Purchase)/sale of fixed assets		(614,240,092)	(578,901,673)
Net cash (used in)/flow from investing activities		(64,716,606,421)	12,575,958,354
C. Cash flows from financing activities			
Proceed from share issue		-	4,000,000,000
Payments for redemption of loan capital & debt security		(54,997,245)	(55,069,444)
Dividends paid		-	-
Net cash (used in)/flow from financing activities		(54,997,245)	3,944,930,556
D. Net (decrease)/increase in cash and cash equivalents (A+B+C)		(13,159,515,915)	46,213,982,021
E. Cash and cash-equivalents at beginning of the year		225,708,276,011	179,494,293,990
F. Cash and cash-equivalents at end of the year	43.00	212,548,760,096	225,708,276,011

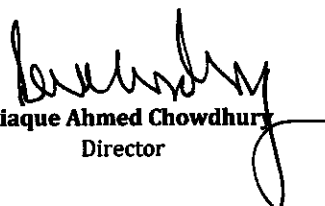
The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.


Subhash Chandra Das FCMA, FCA
Chief Financial Officer


A.K.M. Kamrul Islam FCA, FCS
Director


Ziaul Hasan Siddiqui
Chairman


Md. Anwar Rahman Prodhan
CEO & Managing Director


Ishtiaque Ahmed Chowdhury
Director

Date: 30 June 2020
Place: Dhaka

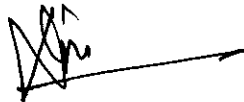
Sonali Bank Limited and its Subsidiaries

Consolidated Statement of Changes in Equity For the year ended 31 December 2019

(Amount in Taka)

Particulars	Paid up Capital	Statutory Reserve	Other Reserve	Asset Revaluation Reserve	Revaluation of Investment	Retained Earnings	Total Equity
Balance as at 01 January 2019	45,300,000,000	11,449,953,229	117,000,000	21,495,933,277	5,231,908,567	(13,585,916,086)	70,008,878,987
Surplus/(deficit) on account of revaluation of HTM, HFT and Remeasured Securities (RMS)	-	-	-	-	(4,606,661,005)	-	(4,606,661,005)
Currency translation differences	-	-	-	-	-	(63,257)	(63,257)
Net Profit/(Loss) for the year (after appropriation)	-	-	-	-	-	2,744,011,931	2,744,011,931
Adjustment made for CSR during the year	-	-	(47,621,910)	-	-	-	(47,621,910)
Transferred to Reserve for CSR	-	-	50,000,000	-	-	(50,000,000)	-
Transferred to Statutory Reserve	-	950,619,287	-	-	-	(950,619,287)	-
Balance as at 31 December 2019	45,300,000,000	12,400,572,516	119,378,090	21,495,933,277	625,247,562	(11,842,586,699)	68,098,544,746
Balance as at 31 December 2018	45,300,000,000	11,449,953,229	117,000,000	21,495,933,277	5,231,908,567	(13,585,916,086)	70,008,878,987

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.




Subhash Chandra Das FCMA, FCA
Chief Financial Officer



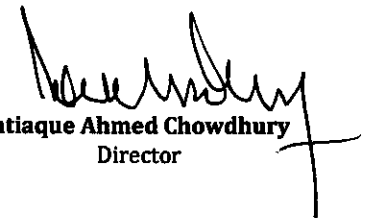
A.K.M. Kamrul Islam FCA, FCS
Director



Ziaul Hasan Siddiqui
Chairman



Md. Ataur Rahman Prodhan
CEO & Managing Director



Ishtiaque Ahmed Chowdhury
Director

Date: 30 June 2020
Place: Dhaka

Sonali Bank Limited

Balance Sheet As at 31 December 2019

	Note	2019 Taka	2018 Taka
PROPERTY AND ASSETS			
Cash			
Cash in Hand (Including Foreign Currencies)		7,691,434,742	5,016,917,890
Balance with Bangladesh Bank and its agent Bank(s) (Including Foreign Currencies)		101,072,999,337	93,111,121,308
	3.00	108,764,434,079	98,128,039,198
Balance with other Banks & Financial Institutions			
In Bangladesh		78,207,691,183	84,915,142,558
Outside Bangladesh		8,952,828,722	22,579,241,911
	4.00	87,160,519,905	107,494,384,469
Money at Call on Short Notice	5.00	16,274,409,000	19,723,200,000
Investments			
Government		426,936,594,330	377,242,876,572
Others		73,450,300,195	63,678,176,131
	6.00	500,386,894,525	440,921,052,703
Loans and Advances			
Loans, Cash Credit, Overdrafts, etc.		538,044,453,335	451,565,243,132
Bills Purchased and Discounted		12,981,839,923	12,600,556,126
	7.00	551,026,293,258	464,165,799,258
Fixed Asset including Premises, Furniture and Fixture	8.00	33,465,560,566	33,376,576,280
Other Assets	9.00	175,523,239,045	143,033,267,987
Non-Banking Assets	10.00	-	-
Total Assets		<u>1,472,601,350,378</u>	<u>1,306,842,319,895</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other Banks, Financial Institutions & Agents	11.00	604,175,183	659,172,428
Deposit and Other Accounts			
Current Accounts & Other Accounts etc.		242,286,105,501	245,109,620,721
Bills Payable		10,909,899,482	13,059,176,136
Savings Bank Deposits		387,366,063,760	349,044,052,470
Fixed Deposits		518,225,712,555	490,453,177,745
Other Deposits		-	-
	12.00	1,158,787,781,297	1,097,666,027,072
Other Liabilities	13.00	245,016,757,945	138,380,249,214
Total Liabilities		<u>1,404,408,714,426</u>	<u>1,236,705,448,714</u>
Shareholders' Equity			
Paid up Capital	14.00	45,300,000,000	45,300,000,000
Statutory Reserve	15.00	12,400,572,516	11,449,953,229
Other Reserve	16.00	119,378,090	117,000,000
Revaluation Reserve	17.00	22,121,180,839	26,727,841,844
Surplus in Profit and Loss Account/Retained Earnings	18.00	(11,748,495,492)	(13,457,923,893)
		68,192,635,953	70,136,871,180
Total Liabilities and Shareholders' Equity		<u>1,472,601,350,378</u>	<u>1,306,842,319,895</u>

