

FINANCIAL STATEMENTS



Independent Auditor's Report to the Shareholders of Bank Asia Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Bank Asia Limited and its subsidiaries (the "Group") as well as the separate financial statements of Bank Asia Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2020 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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.

Other Matters

The financial statements of the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statement on 22 March 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans and advances	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates of complex design and implementation.</p> <p>At year end the Group reported total gross loans and advances of BDT 247,331 million (2019: BDT 230,095 million) and provision for loans and advances of BDT 14,522 million (2019: BDT 12,834 million) including provision maintained by BASL BDT 562,494,169 (2019: BDT 554,494,169)</p> <p>Furthermore as per BRPD circular no 56 dated 10 December 2020, additional 1% provision is required for clients who have taken the deferral facility and shown as special general provision- COVID 19 under other liabilities.</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; • 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. • Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained

Description of key audit matters	Our response to key audit matters
<p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019; For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>Considering the unprecedented adverse impact on Bangladesh economy due to COVID 19, Bangladesh Bank has instructed Banks not to further downgrade any loan from its existing classification applicable as at 1 January 2020. Initially the duration of this moratorium for any further downgrade was up to 30 June 2020 and then up to 30 September 2020 but considering longer adverse impact of COVID 19 this has been further extended to 31 December 2020 vide BRPD Circular # 17 dated 28 September 2020.</p> <p>The Bank has calculated required provision as per Bangladesh Bank letter DBI-1/120/2021-711 dated 16 March 2021 considering total classified loans and advances of Tk 793.09 crore (3.24%).</p> <p>As per the earlier BRPD circular referred above, the Bank has not downgraded any loans and advances from its earlier classification status as at 31 December 2019. Accordingly, the amount and percentage of classified loan has improved as at 31 December 2020 as compared to 31 December 2019 since no additional classification or further downgrade of classified loans and advances have been recognized during the current year.</p>
<p>See note # 8 (a) and 13.2 to the financial statements</p>	

Risk	Our response to the risk
<p>Interest income recognition</p>	
<p>Considering the adverse impact on economy from COVID 19, Bangladesh Bank vide circular # 11 dated 3 May 2020 has advised Banks to transfer all interest charged or chargeable on outstanding loans and advances for the period from 1 April to 31 May 2020 to “interest free blocked account” without realizing those from clients and/or taking those to income.</p> <p>Subsequently, on 10 June 2020 vide BRPD Circular no 12, Bangladesh Bank has allowed banks to transfer interest from “interest-free blocked account” to income upon waiving certain portion of interest based on outstanding loan balances. These loan balances would be receivable from Government as “subsidy”. Furthermore, net amount of interest after giving waiver for the months of April and May 2020, shall be recoverable from the client during the next twelve months on equal instalments or as per cash flow of the client based on banker-client relationship.</p> <p>Finally, as per BRPD circular letter no 56 dated 10 December 2020 Bangladesh Bank has allowed the Bank to recognize interest income for clients taking the deferral facility without receiving cash repayment, subject to the compliance of certain criteria, such as approval by management, audit committee and the Board based on applying judgement.</p>	<p>Interest has been accrued in full on all unclassified loan balances at relevant rates (maximum of 9% since 1 April 2020) considering the entire amount as recoverable from the client and the Government (waived portion).</p> <p>On test basis we have checked a sample of loan accounts to assess whether the Bank has complied with the instruction referred herein.</p> <p>We have also reviewed the memorandum prepared by management for the approval of the audit committee and the Board for recognition of income from deferral accounts.</p> <p>However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income may be different than the actual situation in future. If it became worse, there is a risk that significant portion of interest accrued during the year ended 31 December 2020 may not be ultimately recoverable.</p>
<p>See note # 20 (a) to the financial statements</p>	

<p>Valuation of treasury bill and treasury bond</p>	
<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 in-direct unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

Description of key audit matters	Our response to key audit matters
See note # 7 (a) to the financial statements	
Impairment assessment of unquoted investments	
<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 require an elevated level of judgment.</p>	<p>We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process.</p> <p>We tested a sample of investments valuation as at 31 December 2020 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>
See note # 7.2.1 to the financial statements	

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

Legal and regulatory matters	
<p>We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the 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, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>

Description of key audit matters	Our response to key audit matters
Carrying value of investments in subsidiaries by the Bank	
<p>The Bank has invested in equity shares of three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). As at 31 December 2020 the carrying value of this investment is BDT 2,115 million.</p> <p>At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.</p>	<p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p>We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.</p> <p>We further observed that pursuant to the BSEC notification the subsidiary of the Bank has made partial provision against diminution in the value of investment and client margin loan as per BSEC notification.</p>
Revaluation of property, plant and equipment	
<p>The Bank in prior year has undertaken re-valuation of its land and building. As a result of this revaluation exercise, an amount of BDT 1,984,357,423 is recognised as the fair value gain in revaluation reserve and resultant deferred tax liability is recognised at applicable rate. 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 have discussed with management about any potential changes in revaluation assumptions since the last revaluation, in particular potential impact of COVID 19 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>

Reporting on other information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated and 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.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the 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) Consolidated financial statements of the Bank include three subsidiaries, namely Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA) reflect total assets of BDT 410,809 million as at 31 December 2020 and net interest income of BDT 28,325 million for the year ended 31 December 2020. Out of these three subsidiaries of the Bank two subsidiaries have been audited by other component auditors who have expressed unqualified audit opinion. However, Bank Asia Securities Limited has been audited by us. The results of these subsidiaries have been properly reflected in the Group's 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 have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 7,000 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181


Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Balance Sheet

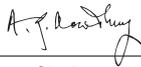
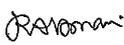
as at 31 December 2020

		<i>Amount in Taka</i>	
	Notes	31 Dec 2020	31 Dec 2019
PROPERTY AND ASSETS			
Cash		17,902,027,343	23,986,604,446
In hand (including foreign currencies)	4.1(a)	2,965,195,036	3,242,877,542
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	14,936,832,307	20,743,726,904
Balance with other banks and financial institutions	5(a)	32,103,518,897	23,634,997,570
In Bangladesh		29,965,987,826	19,875,113,514
Outside Bangladesh		2,137,531,071	3,759,884,056
Money at call and on short notice	6(a)	-	4,600,000,000
Investments	7(a)	94,906,810,728	55,526,971,926
Government		90,042,129,622	52,197,323,349
Others		4,864,681,106	3,329,648,577
Loans and advances/investments	8(a)	247,331,848,282	230,095,211,871
Loans, cash credits, overdrafts, etc/investments		231,157,148,714	210,835,675,997
Bills purchased and discounted		16,174,699,568	19,259,535,874
Fixed assets including premises, furniture and fixtures	9(a)	6,814,103,400	7,065,893,231
Other assets	10(a)	11,751,062,261	10,810,548,234
Non - banking assets		-	-
Total assets		410,809,370,911	355,720,227,278
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	35,971,854,941	34,382,128,495
Subordinated non-convertible bonds	11(aa)	10,200,000,000	11,800,000,000
Deposits and other accounts	12(a)	303,493,914,448	254,077,526,668
Current/Al-wadeeah current accounts and other accounts		59,823,653,764	47,821,635,983
Bills payable		3,747,868,764	3,742,697,471
Savings bank/Mudaraba savings bank deposits		64,167,247,193	48,293,710,027
Fixed deposits/Mudaraba fixed deposits		175,755,144,727	154,219,483,187
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	33,935,202,895	30,873,993,667
Total liabilities		383,600,972,284	331,133,648,830
Capital/shareholders' equity			
Total shareholders' equity		27,208,398,627	24,586,578,448
Paid-up capital	14.2	11,659,068,600	11,659,068,600
Statutory reserve	15	9,844,096,744	9,052,555,407
Revaluation reserve	16(a)	3,777,946,202	2,065,683,636
General reserve		8,166,144	8,166,144
Retained earnings	17(a)	1,918,254,038	1,800,257,979
Foreign currency translation reserve		856,701	836,486
Non-controlling interest	17(b)	10,198	10,196
Total liabilities and shareholders' equity		410,809,370,911	355,720,227,278

Consolidated Balance Sheet

	Notes	31 Dec 2020	31 Dec 2019
<i>Amount in Taka</i>			
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	118,277,542,242	118,576,860,518
Acceptances and endorsements		36,015,850,212	39,192,489,873
Letters of guarantee		36,612,599,301	36,999,351,447
Irrevocable letters of credit		29,751,789,131	26,468,819,479
Bills for collection		15,897,303,598	15,916,199,719
Other contingent liabilities		-	-
Other commitments		3,912,885,538	2,040,416,443
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		3,912,885,538	2,040,416,443
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		122,190,427,780	120,617,276,961

These Financial Statements should be read in conjunction with the annexed notes

				
Chairman	Director	Director	Director	President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181


Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Profit and Loss Account

for the year ended 31 December 2020

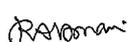
Amount in Taka

	Notes	31 Dec 2020	31 Dec 2019
OPERATING INCOME			
Interest income	20(a)	18,117,563,686	22,974,067,272
Interest paid on deposits and borrowings, etc	21(a)	14,926,706,536	14,464,586,306
Net interest income		3,190,857,150	8,509,480,966
Investment income	22(a)	6,484,398,100	3,293,064,994
Commission, exchange and brokerage	23(a)	2,653,972,061	3,495,510,223
Other operating income	24(a)	1,069,174,361	1,052,116,649
		10,207,544,522	7,840,691,866
Total operating income (A)		13,398,401,672	16,350,172,832
OPERATING EXPENSES			
Salaries and allowances	25(a)	3,638,898,248	3,360,493,052
Rent, taxes, insurance, electricity, etc	26(a)	463,933,944	471,721,301
Legal expenses	27(a)	13,751,716	22,218,779
Postage, stamp, telecommunication, etc	28(a)	128,312,780	126,842,671
Stationery, printing, advertisements, etc	29(a)	150,030,731	159,503,843
Managing Director's salary and fees	30	19,262,968	16,572,420
Directors' fees	31(a)	3,483,000	3,726,400
Auditors' fees	32(a)	2,978,246	3,440,259
Depreciation and repairs of Bank's assets	33(a)	875,119,333	842,466,683
Other expenses	34(a)	1,995,821,074	1,914,318,567
Total operating expenses (B)		7,291,592,040	6,921,303,975
Profit before provision (C=A-B)		6,106,809,632	9,428,868,857
Provision for loans and advances/investments			
General provision		2,166,139,871	2,847,887,484
Specific provision		(405,359,577)	2,841,142,562
	13.2(a)	1,760,780,294	5,689,030,046
Provision for off-balance sheet items	13.3	43,349,415	(196,376,913)
Provision for diminution in value of investments		180,000,000	(66,065,312)
Other provisions		137,000,000	25,000,000
Total provision (D)	34(c)	2,121,129,709	5,451,587,821
Total profit before tax (C-D)		3,985,679,923	3,977,281,036
Provision for taxation			
Current tax	13.5.1(a)	1,961,192,514	2,019,469,389
Deferred tax	13.5.2	-	-
		1,961,192,514	2,019,469,389
Net profit after tax		2,024,487,409	1,957,811,647
Appropriations			
Statutory reserve	15	791,541,337	784,162,228
General reserve		-	-
		791,541,337	784,162,228
Retained surplus		1,232,946,072	1,173,649,419
Attributable to:			
Equity holders of Bank Asia Limited		1,232,946,070	1,173,649,329
Non-controlling interest		2	90
		1,232,946,072	1,173,649,419
Earnings Per Share (EPS)	37(a)	1.74	1.68

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181



Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Cash Flow Statement

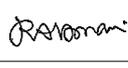
for the year ended 31 December 2020

	Notes	31 Dec 2020	Amount in Taka 31 Dec 2019
Cash flows from operating activities (A)			
Interest receipts		23,359,993,236	25,393,562,346
Interest payments		(14,933,189,503)	(14,444,046,102)
Dividends receipts		15,280,460	51,407,464
Fees and commission receipts		2,653,972,061	3,495,510,223
Recoveries on loans previously written off		183,636,137	145,983,239
Cash payment to employees		(3,674,692,886)	(3,367,078,233)
Cash payment to suppliers		(225,693,469)	(232,488,003)
Income tax paid		(2,474,031,947)	(2,121,219,144)
Receipts from other operating activities	35 (a)	2,007,097,543	1,077,007,651
Payments for other operating activities	36 (a)	(2,627,543,728)	(2,558,840,397)
Operating profit before changes in operating assets & liabilities		4,284,827,904	7,439,799,044
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(15,516,163,259)	(13,378,765,853)
Other assets		541,735,042	(680,913,355)
Deposits from customers and banks		49,416,387,780	31,342,634,891
Trading liabilities		1,589,726,446	3,002,211,896
Other liabilities		424,381,282	(983,438,889)
Net increase/(decrease) in operating assets and liabilities		36,456,067,291	19,301,728,690
Net cash flows from operating activities		40,740,895,195	26,741,527,734
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(37,844,806,273)	(19,064,031,511)
Sale/(Purchase) of trading securities		(1,535,032,529)	81,262,027
(Purchase)/disposal of fixed assets including right-of-use assets		(457,571,585)	(983,551,320)
Net cash flows from/(used in) investing activities		(39,837,410,387)	(19,966,320,804)
Cash flows from financing activities (C)			
Issuance of subordinated non-convertible bond		-	5,000,000,000
Adjustment of subordinated non-convertible bond		(1,600,000,000)	(600,000,000)
Payments for lease liability		(353,868,024)	(296,649,547)
Dividend paid (cash dividend)		(1,165,906,860)	(555,193,743)
Net cash flows from/(used in) financing activities		(3,119,774,884)	3,548,156,710
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(2,216,290,076)	10,323,363,640
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the year		52,223,764,816	41,900,401,176
Cash and cash equivalents at the end of the year		50,007,474,740	52,223,764,816
Cash and cash equivalents:			
Cash		2,965,195,036	3,242,877,542
Balance with Bangladesh Bank and its agent bank(s)		14,936,832,307	20,743,726,904
Balance with other banks and financial institutions		32,103,518,897	23,634,997,570
Money at call and on short notice		-	4,600,000,000
Prize bonds		1,928,500	2,162,800
		50,007,474,740	52,223,764,816

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited and its subsidiaries Consolidated Statement of Changes in Equity

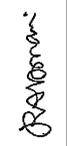
for the year ended 31 December 2020

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 01 January 2019	11,103,874,860	8,268,393,179	2,120,032,204	8,166,144	2,462,381	1,686,898,121	23,189,826,890	11,799	23,189,838,689
Transferred during the year	-	784,162,228	-	-	-	(784,162,228)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(633,304)	-	-	-	(633,304)	-	(633,304)
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Adjustment of non controlling interest	-	-	-	-	-	1,693	1,693	(1,693)	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	(3,618,945)	(3,618,945)	-	(3,618,945)
Foreign currency translation for the year	-	-	-	-	(1,625,895)	-	(1,625,895)	-	(1,625,895)
Issue of bonus shares	555,193,740	-	-	-	-	(555,193,740)	-	-	-
Cash dividend paid	-	-	-	-	-	(555,193,743)	(555,193,743)	-	(555,193,743)
Net profit for the year	-	-	-	-	-	1,957,811,557	1,957,811,557	90	1,957,811,647
Balance as at 31 December 2019	11,659,068,600	9,052,555,407	2,065,683,636	8,166,144	836,486	1,800,257,979	24,586,568,251	10,196	24,586,578,448
Transferred during the year	-	791,541,337	-	-	-	(791,541,337)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	1,765,977,830	-	-	-	1,765,977,830	-	1,765,977,830
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	(2,758,415)	(2,758,415)	-	(2,758,415)
Foreign currency translation for the year	-	-	-	-	20,215	-	20,215	-	20,215
Cash dividend paid	-	-	-	-	-	(1,165,906,860)	(1,165,906,860)	-	(1,165,906,860)
Net profit for the year	-	-	-	-	-	2,024,487,407	2,024,487,407	2	2,024,487,409
Balance as at 31 December 2020	11,659,068,600	9,844,096,744	3,777,946,202	8,166,144	856,701	1,918,254,038	27,208,388,427	10,198	27,208,398,627

These Financial Statements should be read in conjunction with the annexed notes


Chairman


Director


Director


Director


President and Managing Director

Bank Asia Limited

Balance Sheet

as at 31 December 2020

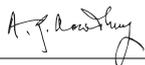
		<i>Amount in Taka</i>	
	Notes	31 Dec 2020	31 Dec 2019
PROPERTY AND ASSETS			
Cash		17,899,782,364	23,985,692,079
In hand (including foreign currencies)	4.1	2,962,950,057	3,241,965,175
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	14,936,832,307	20,743,726,904
Balance with other banks and financial institutions		31,480,907,697	23,113,553,804
In Bangladesh	5.1	29,455,358,540	19,491,968,105
Outside Bangladesh	5.2	2,025,549,157	3,621,585,699
Money at call and on short notice	6	-	4,600,000,000
Investments	7	94,251,183,584	54,932,579,936
Government		90,042,129,622	52,197,323,349
Others		4,209,053,962	2,735,256,587
Loans and advances/investments	8	244,642,030,073	227,298,956,048
Loans, cash credits, overdrafts, etc/investments		228,467,330,505	208,039,420,174
Bills purchased and discounted		16,174,699,568	19,259,535,874
Fixed assets including premises, furniture and fixtures	9	6,708,655,006	7,025,602,707
Other assets	10	13,734,592,135	12,843,989,123
Non - banking assets		-	-
Total assets		408,717,150,859	353,800,373,697
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	35,971,854,941	34,382,128,495
Subordinated non-convertible bonds	11 (aa)	10,200,000,000	11,800,000,000
Deposits and other accounts	12	303,028,106,360	253,709,574,615
Current/AI-wadeeah current accounts and other accounts		59,357,845,676	47,453,683,930
Bills payable		3,747,868,764	3,742,697,471
Savings bank/Mudaraba savings bank deposits		64,167,247,193	48,293,710,027
Fixed deposits/Mudaraba fixed deposits		175,755,144,727	154,219,483,187
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	32,136,293,987	29,163,552,669
Total liabilities		381,336,255,288	329,055,255,779
Capital/shareholders' equity			
Total shareholders' equity		27,380,895,571	24,745,117,918
Paid-up capital	14.2	11,659,068,600	11,659,068,600
Statutory reserve	15	9,844,096,744	9,052,555,407
Revaluation reserve	16	3,777,946,202	2,065,683,636
General reserve		8,166,144	8,166,144
Retained earnings	17	2,091,617,881	1,959,644,131
Total liabilities and shareholders' equity		408,717,150,859	353,800,373,697

Balance Sheet

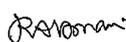
Amount in Taka

	Notes	31 Dec 2020	31 Dec 2019
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	118,277,542,242	118,576,860,518
Acceptances and endorsements		36,015,850,212	39,192,489,873
Letters of guarantee		36,612,599,301	36,999,351,447
Irrevocable letters of credit		29,751,789,131	26,468,819,479
Bills for collection		15,897,303,598	15,916,199,719
Other contingent liabilities		-	-
Other commitments		3,912,885,538	2,040,416,443
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		3,912,885,538	2,040,416,443
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		122,190,427,780	120,617,276,961

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director

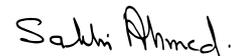


President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181



Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Limited

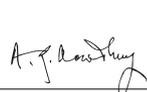
Profit and Loss Account

for the year ended 31 December 2020

Amount in Taka

	Notes	31 Dec 2020	31 Dec 2019
OPERATING INCOME			
Interest income	20	18,112,098,828	22,863,139,585
Interest paid on deposits and borrowings, etc	21	14,926,677,328	14,462,380,548
Net interest income		3,185,421,500	8,400,759,037
Investment income	22	6,484,398,100	3,293,064,994
Commission, exchange and brokerage	23	2,474,977,494	3,361,368,126
Other operating income	24	1,034,090,923	1,018,730,455
		9,993,466,517	7,673,163,575
Total operating income (A)		13,178,888,017	16,073,922,612
OPERATING EXPENSES			
Salaries and allowances	25	3,536,708,226	3,266,449,893
Rent, taxes, insurance, electricity, etc	26	440,514,478	440,093,246
Legal expenses	27	13,111,596	20,534,559
Postage, stamp, telecommunication, etc	28	125,950,752	124,471,658
Stationery, printing, advertisements, etc	29	148,118,134	156,689,993
Managing Director's salary and fees	30	19,262,968	16,572,420
Directors' fees	31	3,208,000	3,424,000
Auditors' fees	32	853,000	1,478,225
Depreciation and repairs of Bank's assets	33	849,791,740	834,076,015
Other expenses	34	1,970,532,731	1,887,668,330
Total operating expenses (B)		7,108,051,625	6,751,458,339
Profit before provision (C=A-B)		6,070,836,392	9,322,464,273
Provision for loans and advances/investments			
General provision		2,166,139,871	2,847,887,484
Specific provision		(413,359,577)	2,805,142,562
	13.2	1,752,780,294	5,653,030,046
Provision for off-balance sheet items	13.3	43,349,415	(196,376,913)
Provision for diminution in value of investments	13.7	180,000,000	(80,000,000)
Other provisions	13.8	137,000,000	25,000,000
Total provision (D)	34(b)	2,113,129,709	5,401,653,133
Total profit before tax (C-D)		3,957,706,683	3,920,811,140
Provision for taxation			
Current tax	13.5.1	1,922,000,000	1,960,000,000
Deferred tax	13.5.2	-	-
		1,922,000,000	1,960,000,000
Net profit after tax		2,035,706,683	1,960,811,140
Appropriations			
Statutory reserve	15	791,541,337	784,162,228
General reserve		-	-
		791,541,337	784,162,228
Retained surplus		1,244,165,346	1,176,648,912
Earnings Per Share (EPS)	37	1.75	1.68

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181



Sabbir Ahmed,
Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

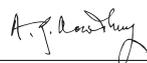
Bank Asia Limited

Cash Flow Statement

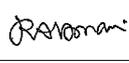
for the year ended 31 December 2020

	Notes	31 Dec 2020	Amount in Taka 31 Dec 2019
Cash flows from operating activities (A)			
Interest receipts		23,166,183,766	25,072,331,026
Interest payments		(14,744,815,683)	(14,231,536,711)
Dividends receipts		15,280,460	51,407,464
Fees and commission receipts		2,474,977,494	3,361,368,126
Recoveries on loans previously written off		183,636,137	145,983,239
Cash payment to employees		(3,572,502,864)	(3,273,035,074)
Cash payment to suppliers		(223,780,872)	(229,674,153)
Income tax paid		(2,429,453,826)	(2,051,736,653)
Receipts from other operating activities	35	1,972,014,105	1,043,621,457
Payments for other operating activities	36	(2,573,433,525)	(2,494,242,438)
Operating profit before changes in operating assets & liabilities		4,268,105,192	7,394,486,283
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(15,213,028,151)	(13,519,492,993)
Other assets		281,322,817	(708,379,076)
Deposits from customers and banks		49,318,531,745	31,237,858,371
Trading liabilities		1,589,726,446	3,063,454,382
Other liabilities		332,501,946	(950,432,513)
Net increase/(decrease) in operating assets and liabilities		36,309,054,803	19,123,008,171
Net cash flows from operating activities		40,577,159,995	26,517,494,454
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(37,844,806,273)	(19,064,031,511)
Sale/(Purchase) of trading securities		(1,473,797,375)	130,649,919
(Purchase)/disposal of fixed assets including right-of-use assets		(457,571,585)	(950,140,783)
Net cash flows from/(used in) investing activities		(39,776,175,233)	(19,883,522,375)
Cash flows from financing activities (C)			
Issuance of subordinated non-convertible bond		-	5,000,000,000
Adjustment of subordinated non-convertible bond		(1,600,000,000)	(600,000,000)
Payments for lease liability		(353,868,024)	(296,649,547)
Dividend paid (cash dividend)		(1,165,906,860)	(555,193,743)
Net cash flows from/(used in) financing activities		(3,119,774,884)	3,548,156,710
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(2,318,790,122)	10,182,128,789
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the period		51,701,408,683	41,519,279,894
Cash and cash equivalents at the end of the period		49,382,618,561	51,701,408,683
Cash and cash equivalents:			
Cash		2,962,950,057	3,241,965,175
Balance with Bangladesh Bank and its agent bank(s)		14,936,832,307	20,743,726,904
Balance with other banks and financial institutions		31,480,907,697	23,113,553,804
Money at call and on short notice		-	4,600,000,000
Prize bonds		1,928,500	2,162,800
		49,382,618,561	51,701,408,683

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited

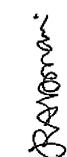
Statement of Changes in Equity

for the year ended 31 December 2020

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2019	11,103,874,860	8,268,393,179	2,120,032,204	8,166,144	1,839,667,438	23,340,133,826
Transferred during the year	-	784,162,228	-	-	(784,162,228)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(633,304)	-	-	(633,304)
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Issue of bonus shares	555,193,740	-	-	-	(555,193,740)	-
Cash dividend paid	-	-	-	-	(555,193,743)	(555,193,743)
Net profit for the year	-	-	-	-	1,960,811,140	1,960,811,140
Balance at 31 December 2019	11,659,068,600	9,052,555,407	2,065,683,636	8,166,144	1,959,644,131	24,745,117,918
Transferred during the year	-	791,541,337	-	-	(791,541,337)	-
Adjustment on revaluation of fixed assets and other investment	-	-	1,765,977,830	-	-	1,765,977,830
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Cash dividend paid	-	-	-	-	(1,165,906,860)	(1,165,906,860)
Net profit for the year	-	-	-	-	2,035,706,683	2,035,706,683
Balance at 31 December 2020	11,659,068,600	9,844,096,744	3,777,946,202	8,166,144	2,091,617,881	27,380,895,571

These Financial Statements should be read in conjunction with the annexed notes

 Chairman
 Director
 Director
 Director
 President and Managing Director

Bank Asia Limited Liquidity Statement (Analysis of Maturity of Assets and Liabilities)

as at 31 December 2020

Amount in Taka

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets						
Cash in hand and with banks	5,757,882,364	-	-	-	12,141,900,000	17,899,782,364
Balance with other banks and financial institutions	8,274,907,697	17,538,000,000	5,668,000,000	-	-	31,480,907,697
Money at call and on short notice	-	-	-	-	-	-
Investments	1,719,800,000	192,100,000	30,208,900,000	32,128,600,000	30,001,783,584	94,251,183,584
Loans and advances	48,573,100,000	35,240,200,000	65,016,400,000	77,936,600,000	17,875,730,073	244,642,030,073
Fixed assets including premises, furniture and fixtures	-	-	-	-	6,708,655,006	6,708,655,006
Other assets	1,078,700,000	3,512,595,779	902,400,000	6,125,028,357	2,115,868,000	13,734,592,135
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	65,404,390,061	56,482,895,779	101,795,700,000	116,190,228,357	68,843,936,663	408,717,150,859
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	9,011,654,941	14,297,800,000	6,577,300,000	12,707,300,000	3,577,800,000	46,171,854,941
Deposits	48,080,816,859	46,016,000,000	80,552,500,000	89,920,000,000	38,458,789,501	303,028,106,360
Provision and other liabilities	457,200,000	1,024,177,290	2,391,200,000	4,341,502,178	23,922,214,519	32,136,293,987
Total Liabilities (B)	57,549,671,800	61,337,977,290	89,521,000,000	106,968,802,178	65,958,804,020	381,336,255,288
Net Liquidity Excess/(Shortage) (A-B)	7,854,718,261	(4,855,081,511)	12,274,700,000	9,221,426,179	2,885,132,643	27,380,895,571


A. J. Chowdhury

Chairman


RANONAMI

Director


Kinnul

Director


dave

Director



President and Managing Director

Bank Asia Limited

Notes to the financial statements

as at and for the year ended 31 December 2020

1. THE BANK AND ITS ACTIVITIES

1.1 Bank Asia Limited

Bank Asia Limited (“the Bank”) is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994 (amended up to 2020), governed by the Bank Company Act 1991 (amended up to 2018). The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 129 branches including 4 SME/Agri Branches and 4 SME service centres, 5 Islamic Windows, 5 Sub branches and 187 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

Bank Asia Limited acquired the business of Bank of Nova Scotia, Dhaka (incorporated in Canada) in the year 2001. At the beginning of the year 2002, the Bank also acquired the Bangladesh operations of Muslim Commercial Bank Limited (MCBL), a bank incorporated in Pakistan, having two branches at Dhaka and Chittagong. In taking over Bangladesh operations, all assets and certain specific liabilities of MCBL were taken over by Bank Asia Limited at their book values.

The registered office of the Bank is situated at Bank Asia Tower, 32-34, Kazi Nazrul Islam Avenue, Karwan Bazar, Dhaka

1.2 Principal activities

The principal activities of the Bank are to provide all kinds of conventional and Islamic commercial banking services to its customers through its branches, islamic windows, SME centres, and vibrant alternative delivery channels (ATM booths, Mobile banking, internet banking) in Bangladesh.

1.3 Islamic banking unit

The Bank obtained permission from Bangladesh Bank (country’s central bank) to operate Islamic Banking Unit vide Bangladesh Bank’s letter no. BRPD(P-3)745(53)/2008-4804 dated 17 December 2008. The Bank commenced operation of this Unit from 24 December 2008. The Islamic Banking Unit is governed under the rules and regulations of Bangladesh Bank.

1.4 Off-shore banking unit

The Bank obtained off-shore banking unit permission from Bangladesh Bank vide its letter no. BRPD (P-3)744(94)/2007-1853 dated 21 June 2007. Operation of this unit commenced from 28 January 2008 and its office is located at Zone Service Complex, Chittagong Export Processing Zone, Chittagong. Off-shore banking unit is governed under the rules and regulations of Bangladesh Bank.

1.5 Bank Asia Securities Limited

Bank Asia Securities Limited, a majority owned (99.99%) subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000 which commenced its business on the 17 April 2011.

The main objective of this company is to act as a full fledged stock broker and stock dealer to execute buy and sale order and to maintain own portfolio as well as customers’ portfolio under the discretion of customers. It also performs the other activities relating to capital market as and when regulators permit.

1.6 BA Exchange Company (UK) Limited

BA Exchange Company (UK) Limited was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. BA Exchange Company (UK) Limited attaches a fresh width to the Bank’s remittance operation and expands its global presence for remittance services. Bank Asia stretched its business in United Kingdom through its fully owned (100%) subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.

1.7 BA Express USA inc

BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the “First Schedule (Section 38) of the Bank Company Act 1991 (amended upto 2018), BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), and the standards set by the FRA the Financial Reporting Council (FRC) as per The Financial

Notes to the financial statements

Reporting Act 2015 (FRA) enacted in 2015. Section 38 of the Bank Company Act 1991 has been replaced through BRPD Circular no. 10 dated October 04, 2015. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Bank Company Act 1991 (amended upto 2018)
- ii. Companies Act 1994 (amended upto 2020)
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Securities and Exchange Ordinance 1969
- v. The Securities and Exchange Rules 1987
- vi. Bangladesh Securities and Exchange Commission Act 1993
- vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015
- viii. Income Tax Ordinance and Rules 1984
- ix. Value Added Tax Act 1991
- x. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh (CDBL) rules and regulations.

In case the requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail.

Bank have departed from certain contradictory requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Presentation of financial statements

IFRS: As per IAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes inequity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2018) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and Securities

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls under "Amortized cost", "fair value through profit or loss" or "fair value through other comprehensive income" where any change in the fair value at the year-end is taken to profit or loss account or other comprehensive income/valuation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. As per DOS circular letter no. 03 dated March 12, 2015, investment in Mutual Fund (close-end) is revalued at lower of cost and (higher of market value and 85% of NAV). Provision is made for any loss arising from diminution in value of investment; otherwise investments are recognized at costs.

iii) Revaluation gain/loss on Government securities

IFRS: As per requirement of IFRS 9 where T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit or loss.

T-bills/bonds designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as Held for Trading (HFT) will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve.

iv) Provision on loans and advances

IFRS: As per IFRS 9 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November, 2014, BRPD circular no. 12 dated 20 August 2017, BRPD circular no. 15 dated 27 September 2017, BRPD circular no. 16 dated 21 July 2020 and BRPD circular letter no. 52 dated 20 October 2020, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5% to 20%, 5% to 50% and 100% respectively for loans and advances depending

Notes to the financial statements

on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5% based on different categories of loans and advances. Such provision policies are not specifically in line with those prescribed by IFRS 9. Also, as per BRPD circular no. 14 dated September 2012, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, a general provision @ 1% should be provided for off-balance sheet exposures.

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 (amended upto 2018) until such reserve equal to its paid-up capital together with the share premium. Statutory reserve transferred in yearly basis.

v) **Other comprehensive income**

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

Bangladesh Bank has issued financial templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income or the elements of Other Comprehensive Income allowed to include in a Other Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity. Furthermore, the above templates require disclosure of appropriation of profit on the face of Profit and Loss Statement.

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

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 is not made in the accounts.

vii) **Repo transactions**

IFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per DOS Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS Circular No. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

viii) **Financial guarantees**

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse to the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within Other Liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin and 1% general provision for all contingent liabilities.

ix) **Cash and cash equivalent**

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

Bangladesh Bank: As per BRPD Circular 14 dated 25 June 2003, Cash and cash-equivalents consist of cash with Bangladesh Bank, with its agent bank(s), government securities (prize bond) and deposits with other banks.

x) **Non-banking asset**

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 there must exist a face item named Non-banking asset.

xi) **Cash flow statement**

IFRS: Cash flow statement can be prepared either in direct method or in indirect method as per IAS 7 of Statement of Cash Flows. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 cash flow is the mixture of direct and indirect method.

xii) **Balance with Bangladesh Bank: (CRR)**

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

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

Notes to the financial statements

xiii) **Presentation of intangible asset**

IFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiv) **Off-balance sheet items**

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 off balance sheet items must be disclosed separately in face of balance sheet. Accordingly the Bank has recognized the following off balance sheet items:

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Foreign exchange contracts

xv) **Disclosure of appropriation of profit**

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

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

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

IFRS: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

xvii) **Recognition of Interest in Suspense**

IFRS: Loans and advances to customers are generally classified as "loans and receivables" as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

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

xviii) **Uniform Accounting Policy**

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 10. As such some disclosure, presentation and measurement requirements of IFRS 10 cannot be made in financial statements.

(Also refer to note 3.20 Compliance of IFRSs)

2.2 Basis of measurement

The financial statements of the Bank have been prepared on historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marked to market with gains, if any, credited to revaluation reserve.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortisation concept.
- Zero Coupon Bonds at present value using amortisation concept.

2.3 Use of estimates and judgments

The preparation of the financial statements in conformity with IAS/ IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key estimates include the following:

- Provision on loans and advances
- Deferred tax assets/liabilities
- Gratuity fund

Notes to the financial statements

2.4 Foreign currency transactions

Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is the Bank's functional currency. Functional currencies for Off-shore banking unit and BA Express USA Inc. are US Dollar, BA Exchange Company (UK) Limited is UK Pound. Except as indicated, financial information have been rounded off to the nearest Taka.

Foreign currency translation

Foreign currency transactions have been converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transactions as per IAS 21 "The Effects of Changes in Foreign Exchange Rates".

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2020 have been converted into Taka currency at the revaluation rate determined by the Bank. For BA Exchange Company (UK) Limited and BA Express USA Inc. assets and liabilities in foreign currencies as at December 31, 2020 have been converted into Taka currency at the closing rate as on December 31, 2020 and profit and loss accounts have been converted into monthly average rate.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting / crediting exchange gain or loss account. Foreign currency translation gain and loss for foreign subsidiary operation is reported as separate component of Equity.

Commitment

Commitments for outstanding forward foreign exchange contracts disclosed in the consolidated financial statements and financial statements of Bank have been translated at contracted rates. Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies have been expressed in Taka currency at the rate of revaluation rate.

Translation gain and losses

Gains or losses arising out of translation of foreign exchange have been included in the Profit and Loss Statement, except those arising on the translation of net investment in foreign subsidiaries.

Foreign operations

The results of financial statements of the Bank whose functional currency is not Bangladesh Taka are translated into Bangladesh Taka as follows:

- assets and liabilities for each statement of Balance Sheet have been translated at the closing rate on the date of Balance sheet.
- income and expenses for Profit and Loss Statement have been translated at monthly average rate; and
- all resulting exchange differences have been recognized as a separate components of equity.

2.5 Basis of consolidation

The financial statements of the Bank's include the financial statements of main operation of Bank Asia Limited and its two business units namely, Islamic Banking Unit and Off-shore Banking Unit operating in Bangladesh.

The consolidated financial statements include the financial statements of the Bank and three subsidiary companies namely, Bank Asia Securities Limited operating in Bangladesh, BA Exchange Company (UK) Limited operating in United Kingdom and BA Express USA Inc. operating in USA.

The consolidated financial statements have been prepared in accordance with International Accounting Standard 27: Separate Financial Statements and International Financial Reporting Standard 10: Consolidated Financial Statements. The consolidated as well as separate financial statements are prepared for a common financial year ended on December 31, 2020.

Consolidated financial statements and separate financial statements of the Bank comprise of Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and relevant notes and disclosures.

2.5.1 Subsidiaries of the Bank

A subsidiary company is one in which the parent company, Bank Asia Limited owns majority of its shares. As an owner of the subsidiary, the Bank controls the activities of the subsidiary. Bank Asia Limited has three subsidiary companies as detailed below:

Name of Subsidiary	Ownership	Date of Commercial Operation	Country of Operation	Status	Regulator	Year Closing
Bank Asia Securities Limited	99.99%	17.04.2011	Bangladesh	Majority Owned	BSEC, Bangladesh	31 December
BA Exchange Company (UK) Limited	100%	16.05.2011	United Kingdom	Fully Owned	FSA, UK	31 December
BA Express USA inc	100%	01.06.2014	United States of America	Fully Owned	NYSDFS, New York	31 December

Notes to the financial statements

2.6 Cash flow statement

Cash Flow Statement is prepared principally in accordance with IAS 7 “Statement of Cash Flows” under the guidelines of BRPD circular no.14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. It Cash Flows during the period have been classified as operating activities, investing activities and financing activities.

2.7 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with IAS 1 “Presentation of Financial Statements” and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with Bangladesh Bank and its agent bank, balances with other banks and financial institutions, money at call and on short notice and prize bonds.

3.1.2 Investments

Investment in securities

All investments in securities (bills and bonds) are initially recognized at purchase price excluding commission and accrued coupon interest. Investments are segregated in two broad categories. These are held to maturity (HTM) and held for trading (HFT).

Held to maturity

Debt securities that a firm has intention to hold until maturity. These are reported at amortized cost therefore, they are not affected by swings in the financial markets.

Held for trading

Held for trading securities are those which are held with intention of selling in order to generate profits. Held for trading securities are revalued at market price.

Revaluation

As per Bangladesh Bank DOS circular letter no. 5 dated 28 January 2009, HFT securities are revalued each week using Marked to Market concept and HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if these are reclassified to HFT category with the Board approval. Value of investment has been shown as under:

Government treasury bills and bonds (HFT)	At present value (using marked to market concept)
Government treasury bills and bonds (HTM)	At present value (using amortisation concept)
Zero coupon bonds	At present value (using amortisation concept)
Prize bonds and other bonds	At cost
Debentures	At cost
Unquoted shares (ordinary)	At cost (as per BRPD circular 14 dated June 25, 2003)
Quoted shares (ordinary)	At cost (provision made for any shortfall arising due to reduce market price from cost price)

3.1.3 Investment in listed securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But provision was made for diminution in value of investment.

3.1.4 Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular # 04 dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealised gain/ loss of shares from market price/ book value less cost price.

Besides, bank complied with Bangladesh Bank BRPD Circular 14 dated June 25, 2003 as follows, “All investments in shares and securities (both dealing and investment) should be revalued at the year- end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of last audited balance sheet. Provision should be made for any loss arising from diminution in value of investments.”

3.1.5 Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the IAS 27 “Separate Financial Statements”, IFRS 3 “Business Combination”, IFRS 36 “Impairment of Assets” and IFRS 10 “Consolidated Financial Statements”.

Notes to the financial statements

3.1.6 Loans and advances/investments

- Loans and advances/investments are stated in the balance sheet on gross basis.
- Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circular no. 14 dated 23 September 2012, Bangladesh Bank BRPD circular no. 19 dated 27 December 2012, Bangladesh Bank BRPD circular no. 05 dated 29 May 2013, Bangladesh Bank BRPD circular no. 16 dated 18 November 2014, Bangladesh Bank BRPD circular no. 12 dated 20 August 2017, Bangladesh Bank BRPD circular no. 15 dated 27 September 2017, Bangladesh Bank BRPD circular no. 07 dated 21 June 2018, Bangladesh Bank BRPD circular no. 13 dated 18 October 2018, Bangladesh Bank BRPD circular no. 16 dated 21 July 2020, Bangladesh Bank BRPD circular no.52 dated 20 October 2020 and Bangladesh Bank BRPD circular no. 56 dated 10 December 2020.

Rates of provision on loans and advances/investments are given below:

Types of loans and advances		Provision				
		STD	SMA	SS	DF	BL
	House finance	1%	1%	20%	50%	100%
Consumer	Loans for professionals	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
	Provision for loan to broker house, merchant banks, stock dealers, etc	2%	2%	20%	50%	100%
	Short-term agri-credit and micro credit	1%	1%	5%	5%	100%
	Small and medium enterprise finance	0.25%	0.25%	20%	50%	100%
	Others	1%	1%	20%	50%	100%

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

- Loans and advances/investments are written off as per guidelines of Bangladesh Bank. These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.
- The Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited, Abdul Monem Sugar Refinery Limited and Shinepukur Ceramics Limited under BRPD Circular No. 04 dated 29 January 2015. As of December 31, 2020 total outstanding amount was Tk.3,854.05 million as per the terms and conditions of the said circular. Out of these facilities M/s. Samannaz Super Oil Limited and S. A. Oil Refinery Limited is now under Solenama (Compromise Agreement submitted before the Court) as unclassified with outstanding amount Tk 3,1280.56 million.
- In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk. 5,361.75 million which have not been reported under classification as at 31 December 2020 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 3,273.39 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36 "Impairment of Assets". At each balance sheet date, Bank Asia Limited assesses whether there is objective evidence that a financial asset or a group of financial assets i.e, loans and advances, off balance sheet items and investments is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if -

there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date;

the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and

a reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

Notes to the financial statements

3.1.8 Property, plant and equipment

Recognition and measurement

All fixed assets are stated at cost less accumulated depreciation as per IAS 16 "Property, Plant and Equipment". Land is measured at cost.

The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of the IFRS.

The cost of an item of property, plant and equipment is recognised as an asset if

it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of an items of property, plant and equipement comprises:

- (a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period.

Subsequent costs

The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Depreciation

No depreciation is charged on land. Depreciation is charged on straight-line method. Charging depreciation against fixed assets commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. Asset category-wise depreciation rates are as follows:

Category of assets	Rate of depreciation
Building	5%
Furniture and fixtures	20%
Equipment	20%
Computers and accessories	20%
Motor vehicles	20%

Gain or loss on sale of fixed assets is recognised in profit and loss statement as per provision of IAS 16 "Property, Plant and Equipment".

Construction work in progress/Building under Construction

Building under construction is recognized and reported under Fixed Assets as per IAS 16 " Property, Plant and Equipment" as Construction work in progress until the construction work is completed and the assets is ready for intended use. This asset is stated at cost and depreciation of the asset will be charged from the date of its intended use.

Intangible Asset

a. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Acquisitions of Minority interest (non-controlling interest) are accounted as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Subsequently goodwill is measured at cost less accumualted Impairment Losses.

b. Software

Software acquired by the Bank is stated at cost less accumualted amortisation and accumulated impairment losses.

c. License

Value of license is recognised at cost and since it has an indefinite useful life it is not amortized. The value of the license is not measured at fair value.

3.1.9 Leased assets

The Bank has applied " IFRS 16: Lease" using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Notes to the financial statements

3.1.10 Impairment of fixed assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognised as an expense in the profit and loss statement unless the asset is carried at revalued amount in accordance with International Accounting Standard (IAS) 16, Property, Plant and Equipment in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard. No impairment loss was recognized up to the reporting period as there were no such indication existed as on Balance Sheet date.

3.1.11 Investment properties

a) Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.

b) Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and accumulated impairment loss.

3.1.12 Other assets

Other assets include all other financial assets and include fees and other unrealised income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

3.1.13 Inventories

Inventories are measured at the lower of cost and net realisable value.

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call and Bangladesh Bank refinance. These items are brought to financial statements at the gross value of the outstanding balance.

3.2.2 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, bills payable, interest bearing on demand and special notice deposits, savings deposit, fixed deposit and scheme deposit. These items are brought to financial statements at the gross value of the outstanding balance.

As per IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Bank recognizes provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

3.2.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank.

3.3 Capital/shareholders' equity

Authorised capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

Paid-up capital

Paid up capital represents total amount of share capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of winding-up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to receive any residual proceeds of liquidation.

Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 (amended up to 2018) until such reserve equal to its paid-up capital together with the share premium. Statutory reserve transferred in yearly basis.

Revaluation reserve

Revaluation reserve arises from the revaluation of Treasury bills and bonds (HFT and HTM) in accordance with the Bangladesh Bank DOS circular no. 5 dated 26 May 2008. The tax effects on revaluation gain are measured and recognised in the financial statements as per IAS 12: Income Taxes.

When an fixed asset's carrying amount is increased as a result of revaluation, the increased amount has been credited directly to equity under

Notes to the financial statements

the head of revaluation reserve as per IAS 16 "Property, Plant and Equipment". The revaluation surplus included in equity transferred directly to retained earnings with the amount of the surplus from the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost as per the para 41 of IAS 16.

Non-controlling (minority) interest

Non-controlling (minority) interest in business is an accounting concept that refers to the portion of a subsidiary company's stock that is not owned by the parent company. The magnitude of the minority interest in Bank Asia Securities Limited, a majority owned subsidiary (99.99%) of Bank Asia Limited is very insignificant. Minority interest belongs to a sponsor Director of the Bank and is reported on the consolidated balance sheet to reflect the claim on assets belonging to the other non-controlling shareholder. Also, minority interest is reported on the consolidated income statement as a share of profit belonging to the minority shareholder.

3.4 Contingent liabilities

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or any present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised.

3.5 Memorandum items

Memorandum items are maintained for those items for which the Bank has only a business responsibility and no legal commitment.

3.6 Revenue recognition

In line with IFRS 15 revenue and disclosure in the financial statements the income of the bank has been recognized as follows

Interest income

Interest on loans and advances is calculated on daily product basis, but charged and accounted for on quarterly basis. Interest on loans and advances ceases to be taken into income when such advances fall under classification. It is then kept in interest suspense account. Interest on classified loans and advances is accounted for on a cash receipt basis.

Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from Unearned Income account. Income/compensation on classified investments is transferred to profit/rent/compensation/suspense account instead of income account.

Investment income

income on investments is recognised on accrual basis. Investment income includes discount on treasury bills and zero coupon bonds, interest on treasury bonds, debentures and fixed deposits with other banks. Capital gain on investments in shares and dividend on investment in shares are also included in investment income.

Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on accrual basis. Interest and fees ceases to be taken into income when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on cash basis.

Fees and commission income

The Bank earns fees and commissions from diverse range of services provided to its customers. This includes fees and commission income arising on financial and other services provided by the Bank including trade finance, credit cards, debit cards, passport endorsement, loan processing, loan syndication and locker facilities, etc. Fees and commission income is recognised on the basis of realisation.

Dividend income on shares

Dividend income from investment in shares is recognised when the Bank's right to receive dividend is established. It recognised when:

- a. It is probable that the economic benefits associated with the transaction will flow to the entity; and
- b. the amount of the revenue can be measured reliably.

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

Profit paid to mudaraba deposits is recognised on accrual basis according to Income Sharing Ratio (ISR).

Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the IAS 1 "Presentation of Financial Statements".

Notes to the financial statements

3.7 Employee benefits

3.7.1 Provident Fund

Provident fund benefits are given to the staff of the Bank in accordance with the approved provident fund rules. The fund is operated by a Board of Trustees. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount of the employees' contribution to the fund.

3.7.2 Gratuity Fund

Gratuity fund benefits are given to the eligible staff of the Bank in accordance with the approved gratuity fund rules. Gratuity payable is determined on the basis of existing rules and regulations of the Bank and actuarial valuation.

3.7.3 Superannuation Fund

The Bank operates a superannuation fund for which provision is made annually as per actuarial valuation. The fund is operated by a separate Board of Trustees.

3.7.4 Hospitalisation insurance

The Bank operates a health insurance scheme to its confirmed employees and their respective spouses and children at rates provided in health insurance coverage policy.

3.7.5 Worker's Profit Participation Fund

Consistent with the industry practice and in accordance with the Banking Companies Act, 1991, no provision has been made to WPPF

3.8 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD circular no. 10 dated 18 September 2007, the Bank has maintain provision @ 1% against off-balance sheet exposures complying BRPD Circular No. 07, dated 21 June 2018 and BRPD circular letter no. 01 dated 03 Jan 2018

3.9 Provision for nostro accounts

According to guidelines of Foreign Exchange Policy Department of Bangladesh Bank, circular no. FEOD (FEMO)/01/2005-677 dated 13 September 2005, Bank is required to make provision regarding the un-reconciled debit balance as at balance sheet date.

3.10 Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to unrealised surplus on revaluation of held to maturity (HTM) securities is recognised directly in revaluation reserve as a part of equity and is subsequently recognised in profit and loss statement on maturity of the security.

3.11 Earnings Per Share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2018 as per International Accounting Standard (IAS) - 33 "Earnings Per Share". EPS for comparative period also restated by the bonus share issued for the year 2018. Details are in note 37.

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year.

Notes to the financial statements

The basis of computation of number of shares is in line with the provisions of IAS 33 "Earnings per share". The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings.

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review. It is pertinent to mention that, potential ordinary shares is in convertible subordinate bond that may entitle their holders to ordinary shares.

3.12 Reconciliation of inter-bank/inter-branch account

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled on monthly basis and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as at the reporting date are not material.

3.13 Risk Management at Bank Asia Ltd.

Being a financial institution, in the ordinary course of business, the bank is sensitive to verities of risks. The generic severity of such risk(s) is much intense in our locality due to presence of large number of banks and complex financial transactions. In such highly competitive environment to ensure a bank's consistent system and performance, the presence of strong Risk Management culture is obligatory.

The Board of Director and Senior Management of the bank need to remain positive toward adaptation of active risk management culture throughout the bank. Such awareness (risk) has helped the bank to do more than just regulatory compliance as far as risk management practice is concerned, the consequence of such initiatives has helped the bank to safeguard valuable capital and ensure consistent profitability, through avoiding excessive credit, market and operation loss and inadequate capital allocation under Basel III. Being compliant, the bank is now looking forward to take risk management practice to a different level, i.e. preventing risk before occurrence rather than a reactive manner; on a proactive basis.

As a part of regulatory and global benchmarking the bank has based upon 06 (six) core risks guidelines of Bangladesh Bank and Basel framework. Listed below are the identified risks the bank is currently managing or intends to manage in the future:

SI	Core Risk Guideline of BB	Basel Accord	Pillar
1	Credit Risk	Credit Risk	Pillar - I
2	Foreign Exchange Risk	Market Risk	
3	Asset Liability Risk	Operational Risk	
4	Money Laundering Risk	Residual Risk	Pillar - II
5	Internal Control & Compliance Risk	Credit Concentration Risk	Pillar –II
6	Information and Communication Technology Risk	Liquidity Risk	Pillar –II
7		Interest Rate Risk in Banking Book	Pillar –II
8		Settlement Risk	Pillar –II
9		Reputation Risk	Pillar –II
10		Environmental and climate change risk	Pillar –II
11		Strategic Risk	Pillar –II
12		Pension Obligation Risk	Pillar –II
13		Compliance Risk	Pillar –II

In view of core risk guideline the bank has established various departments to address specific risks, e.g. credit risk management, credit admin, internal control and compliance department, anti-money laundering department etc. Further to manage the overall risks of the bank in line of Basel the bank has formed a dedicated Risk Management Division.

Accordingly the bank has various high powered committees to monitor and ensure smooth risk management activities. For example, Senior Management Team (SMT), Asset Liability Committee (ALCO), Credit Committee (CC), Audit Committee, Executive Risk Management Committee, Supervisory Review Process Team etc.

The current risk management framework of the bank is as follow:

Credit Risk Management: Credit risk can be defined as risk of failure of customer/counterparty of the bank to meet financial obligations.

Another major source of credit risk could be concentration risk, which arises when a bank's credit portfolio tend to be non diversified i.e. large single borrower exposure or lending exposure to clients having similar economic factors (single sub-sector, industry, geographic region etc) that would adversely impact the repayment ability of mass obligor during any possible economic downturn.

To ensure the portfolio health, the bank has distributed the overall credit concentration among different segments/industry/trading. For example, branches are primarily responsible for sourcing of potential clients and initiate limit (credit) approval process for review of Credit Risk Management Division (CRMD), this division (CRMD) ensure the quality of credit proposal before limit approval, a separate division known as Credit Administration (CAD) monitors the documentation aspects of approved credits and finally the Legal Recovery Department manages the deteriorating accounts. It

Notes to the financial statements

is mentionable that the bank has own credit risk management guideline.

All other remaining risk in regards to credit portfolio are addressed by the Risk Management Division (RMD), the primary responsibility of this Division is to identify and assess the severity of risks and highlight the same to the management for strategic decision making. Below are risk wise list of few global model that RMD is currently using or intends to use in the future:

Residual Risk (e.g. wrong valuation of collateral, documentation error etc)	Capital computation under Pillar –II using the foundation Internal Rating Based (FIRB) approach
Concentration Risk	Herfindahl-Hirschman Index (HHI) index, Shannon's Index (SI) and Gini coefficient (GI)

Foreign Exchange Risk Management: The Foreign Exchange Risk arises from transaction involvement in any other national currency. Providing major foreign exchange related transactions are carried out on behalf of client thus bank has minimal exposure to the captioned risk. It is mentionable that the bank do not involve in any speculative transactions.

The treasury division independently conducts the transactions and back office is responsible for verifying the deal and passes necessary accounting entries. As advised by Bangladesh Bank on month end all foreign exchange related transactions are revalued at mark-to-market rate. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by management for settlement. It is mentionable that bank management is looking forward to establish treasury mid office to effectively perform the reconciliation activities.

At present Bank assess daily Value-at-Risk (VaR) based on exponential weighted average method using web based platform for foreign exchange risk more effectively.

Asset Liability Management: The Asset Liability Risk is comprises of Balance Sheet Risk and liquidity risk. The Balance Sheet risk refers to risk of change in earning and/or devaluation of asset due to interest rate movement. The liquidity risk can be defined as the risk or chance of failure to meet up any withdrawal/disbursement request by a counterparty/client. ALCO reviews liquidity requirements of the Bank, maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The Asset Liability Committee also monitors balance sheet risk.

Risk assessment tools in regards to ALM risk management are as follow:

Equity investment risk	Value-at-risk (VaR) on equity position
Liquidity Risk	Liquidity Coverage Ratio (LCR)
	Net Stable Funding Ratio (NSFR)
	Stress Testing (Duration and Sensitivity Analysis)
Interest Rate Risk	Assessment of Interest Rate Risk in Banking Book

Prevention of Money Laundering: Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has nominated a Chief Compliance Officer at Corporate Office and Branch Compliance Officers at branches, who independently review the accounting transactions to locate and verify suspicious transactions. Know Your Customer (KYC) policy and Transaction Profile (TP) format have been introduced. The regulatory requirements are being complied with and the guidelines in respect of KYC are being followed for opening of new accounts. Training is being provided continuously to all the categories of executives and officers for developing awareness and skill for identifying suspicious activities.

Ensuring internal control and compliance: Operational loss arising from error and fraud due to lack of proper internal control and compliance. Internal Control and Compliance Department undertakes periodical and special audit and inspection of the branches and departments at corporate office for identifying and reviewing the operational lapses and compliance of statutory requirements as well as Bank's own guidelines. The Audit Committee of the Board reviews the audit and inspection reports periodically and provides necessary instructions and recommendations for rectifications of lapses and observations identified by the audit team.

Further to above the bank is in the process of developing various globally recognized operational risk identification processes through the Risk Management Division. For example adaptation of

Risk Control Self Assessment (RCSA) for assessing all possible operational risks based on operational process review and previous experiences before occurrence of any such event.

Using the Key Risk Indicator (KRI) approach to identify operational risk trigger points.

Managing Information and communication Technology Risk : Bank Asia Limited follows the guideline stated in DFIM circular no. 6 dated 21 June 2010 regarding "Guideline on ICT Security for Banks and Financial Institutions, April 2010". IT management deals with IT policy documentation, internal IT audit, training etc. The core objective of IT management is to achieve the highest levels of technology service quality and minimize possible operational risk. Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data. IT department has controls over Password, User ID maintenance, input control, network security, virus protection, internet and e-mail. Data centre has been set up and disaster recovery plan has been formulated as part of Business Continuity Planning (BCP).

Notes to the financial statements

All other risk management: These are risks that are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risk under Pillar II of Basel III. The Risk Management Division is primarily responsible for assessing and developing controls for managing these risks. In order to do so the RMD of the bank is performing various exercises like assessment of quality Risk Weighted Assets of the Bank, Stress Testing to assess the sensitivity of the bank against adverse scenarios is performed, additional capital (on top of MCR under Pillar –II) will be assessed using a model namely Internal Capital Adequacy Assessment Process (ICAAP), perform the capital reporting model etc.

On top of assessment the RMD of the bank is reporting these risks to senior management (through BRMC); which are ultimately aiding the bank to allocate adequate capital in line with Basel III requirement and at the same time implant active strategies to precisely manage all potential risks of the bank.

3.14 Events after reporting period

As per IAS -10 “Events after Reporting Period” are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

3.15 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

3.16 Directors’ responsibilities on statement

The Board of Directors takes the responsibilities for the preparation and presentation of these Financial Statements.

3.17 Segment Reporting

As per IFRS 8 “Operating Segments”, is a component of an equity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- (b) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
- (c) for which discrete financial information is available.

Bank reported its segments in respect of business segment and geographical segment. Business segments are comprised of Conventional Banking, Islamic Banking, Off-shore Banking, Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc. Geographical segments report consist of location wise performance of above segments.

3.18 Changes in Accounting Policies

As per IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” Accounting Policies are applied consistently for comparability between financial statements of different accounting periods. Changes in Accounting Policies are applied retrospectively in the financial statements. Comparative amounts presented in the financial statements affected by the change in accounting policy for each prior period presented.

3.19 IFRS 15 - Revenue from Contract with Customers

IFRS 15 “Revenue from Contracts with Customers” replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes: 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied. The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

Notes to the financial statements

3.20 Compliance checklist of International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

Name of the standards	Ref.	Status
First-time Adoption of International Financial Reporting Standards	IFRS - 1	N/A
Share Based Payment	IFRS - 2	N/A
Business Combinations	IFRS - 3	Complied
Insurance Contracts	IFRS - 4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS - 5	N/A
Exploration for and Evaluation of Mineral Resources	IFRS - 6	N/A
Financial Instruments: Disclosures	IFRS - 7	Complied
Operating Segments	IFRS - 8	Complied
Financial Instruments: Recognition and Measurement	IFRS - 9	Complied
Consolidated Financial Statements	IFRS-10	Complied
Joint Arrangements	IFRS-11	N/A
Disclosure of Interests in other entities	IFRS-12	N/A
Fair Value Measurement	IFRS-13	Complied
Regulatory Deferral Accounts	IFRS-14	N/A
Revenue from Contracts with Customers	IFRS-15	Complied
Leases	IFRS-16	Complied
Presentation of Financial Statements	IAS - 1	Complied
Inventories	IAS - 2	Complied
Statement of Cash Flows	IAS - 7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS - 8	Complied
Events after the Reporting Period	IAS-10	Complied
Income Taxes	IAS-12	Complied
Property, Plant and Equipment	IAS-16	Complied
Employee Benefits	IAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Complied
The Effects of Changes in Foreign Exchange Rates	IAS-21	Complied
Borrowing Costs	IAS-23	Complied
Related Party Disclosures	IAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	N/A
Separate Financial Statements	IAS-27	Complied
Investments in Associates and Joint Ventures	IAS-28	Complied
Financial Instruments: Presentation	IAS-32	Complied
Earnings Per Share	IAS-33	Complied
Interim Financial Reporting	IAS-34	Complied
Impairment of Assets	IAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Complied
Intangible Assets	IAS-38	Complied
Investment property	IAS-40	Complied
Agriculture	IAS-41	N/A

Notes to the financial statements

3.21 New and amended standards and interpretations:

IFRS 16 Leases

Bank Asia recognise the right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is reduced by impairment losses as per IAS 36, and adjusted for certain measurements of the lease liability if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is change in estimate of the amount expected to be payable under a residual value guarantee, or if changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is measured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Bank may elect not to apply the IFRS 16 for short-term leases; and leases for which the underlying asset is of low value.

3.22 Approval of financial statements

The financial statements were approved by the Board of Directors on March 18, 2021.

3.23 General

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (iv) These financial statements cover one calendar year from 01 January 2020 to 31 December 2020 .

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking		
Local currency	2,819,744,368	3,215,685,185
Foreign currencies	143,205,689	26,279,990
	2,962,950,057	3,241,965,175
Off-shore banking unit	-	-
	2,962,950,057	3,241,965,175
4.1(a) Consolidated Cash in hand		
Bank Asia Limited	2,962,950,057	3,241,965,175
Bank Asia Securities Limited	7,019	6,689
BA Exchange Company (UK) Limited	2,082,682	905,678
BA Express USA, Inc	155,278	-
	2,965,195,036	3,242,877,542
4.2 Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Conventional and Islamic banking		
Balance with Bangladesh Bank		
Local currency (statutory deposit)	13,723,650,450	14,281,134,218
Foreign currencies	397,715,443	5,483,798,564
	14,121,365,893	19,764,932,782
Balance with agent bank (Sonal Bank Limited)		
Local currency	815,466,414	978,794,122
Foreign currencies	-	-
	815,466,414	978,794,122
	14,936,832,307	20,743,726,904
Off-shore banking unit	-	-
	14,936,832,307	20,743,726,904
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited	14,936,832,307	20,743,726,904
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	14,936,832,307	20,743,726,904

4.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991 (amended upto 2018), DOS circular nos. 01 dated 19 January 2014, MPD circular no. 01, MPD circular no. 116/2018-592 dated 03 April 2018, DOS Circular Letter No. 26 dated August 19, 2019, BRPD Circular No. 31 dated June 18, 2020 and MPD Circular No. 03 dated April 09, 2020.

The statutory Cash Reserve Ratio on the Bank's time and demand liabilities at the rate 4.0% (conventional, islamic and offshore banking) has been calculated and maintained with Bangladesh Bank in local currency and 15% (7.5% for Islamic Banking) Statutory Liquidity Ratio for conventional and offshore banking, on the same liabilities has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, treasury bills, bonds and debentures. CRR and SLR maintained by the Bank are shown below:

4.3.1 Cash Reserve Ratio (CRR)

Conventional and Offshore Banking

As per Bangladesh Bank DOS Circular No. 01 dated January 19, 2014, DOS Circular Letter No. 26 dated August 19, 2019 and MPD Circular No. 03 dated April 09, 2020 Bank has to maintain CRR @ 4.0% on fortnightly cumulative average basis and minimum @ 3.5% on daily basis for its Conventional banking. For off shore banking operation as per Bangladesh Bank BRPD Circular 31 dated June 18, 2020 Bank has to maintain minimum 2.0 (two) percent Cash Reserve Ratio (CRR) with Bangladesh Bank on bi-weekly average basis with a provision of minimum 1.5 (one and half) percent on daily basis of the average total demand and time liabilities (ATDTL) of Off Shore Banking Operation.

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
i. Daily Bank's CRR maintenance:		
Required reserve	9,838,487,000	12,425,814,000
Domestic Banking Operation (3.5 % on Demand and Time Liabilities)	9,608,789,000	11,454,521,000
Offshore Banking Operation (1.5 % on Demand and Time Liabilities)	229,698,000	971,293,000
Actual reserve maintained	13,202,579,092	14,342,548,530
Surplus	3,364,092,092	1,916,734,530
ii. Fortnightly Bank's CRR maintenance:		
Required reserve	11,287,737,000	13,668,395,000
Domestic Banking Operation (4 % on Demand and Time Liabilities)	10,981,473,000	12,599,973,000
Offshore Banking Operation (2 % on Demand and Time Liabilities)	306,264,000	1,068,422,000
Actual reserve maintained (average)	11,961,134,125	13,858,631,590
Surplus	673,397,125	190,236,590
Islamic Banking		
i. Daily Bank's CRR maintenance:		
Required reserve (3.5% Demand and Time Liabilities)	747,580,000	881,019,000
Actual reserve maintained	944,116,000	971,336,000
Surplus	196,536,000	90,317,000
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (4% of Demand and Time Liabilities)	854,377,000	969,120,000
Actual reserve maintained (Average)	889,974,820	982,962,670
Surplus	35,597,820	13,842,670
4.3.2 Statutory Liquidity Ratio (SLR)		
Conventional Banking		
13% of Average Demand and Time Liabilities		
Required reserve	37,680,506,000	32,307,116,000
Domestic Banking Operation	35,689,789,000	29,781,755,000
Offshore Banking Operation	1,990,717,000	2,525,361,000
Actual reserve maintained	90,410,108,880	55,749,003,020
Surplus	52,729,602,880	23,441,887,020
Islamic Banking		
5.5% of Average Demand and Time Liabilities		
Required reserve	1,174,768,000	969,120,000
Actual reserve maintained	4,906,377,000	1,010,836,000
Surplus	3,731,609,000	41,716,000
	56,461,211,880	23,483,603,020
4.3.3 Held for Statutory Liquidity Ratio		
Conventional Banking		
Cash in hand	2,909,958,740	3,202,645,610
Excess of CRR - Balance with Bangladesh Bank	1,914,842,090	674,153,530
Balance with agent bank (Sonali Bank Limited)	326,888,420	644,180,530
Government securities	85,256,491,120	51,225,860,540
Other securities	1,928,500	2,162,800
	90,410,108,870	55,749,003,010

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Islamic Banking		
Cash in hand	32,928,000	39,320,000
Excess of CRR - Balance with Bangladesh Bank	89,739,000	2,216,000
Government securities	4,783,710,000	969,300,000
Other securities	-	-
	<u>4,906,377,000</u>	<u>1,010,836,000</u>
	<u>95,316,485,870</u>	<u>56,759,839,010</u>
5. Balance with other banks and financial institutions		
In Bangladesh		
Conventional and Islamic banking (Note 5.1)	29,455,358,540	19,491,968,105
Off-shore banking unit	-	-
	<u>29,455,358,540</u>	<u>19,491,968,105</u>
Outside Bangladesh		
Conventional and Islamic banking (Note 5.2)	1,948,061,993	3,163,855,218
Off-shore banking unit	77,487,164	457,730,481
	<u>2,025,549,157</u>	<u>3,621,585,699</u>
	<u>31,480,907,697</u>	<u>23,113,553,804</u>
5.1 Conventional and Islamic banking-In Bangladesh		
Current accounts		
AB Bank Limited	41,480	41,480
Agrani Bank Limited	387,920,880	242,743,542
Janata Bank Limited	65,066,340	74,235,985
Rupali Bank Limited	222,804,900	106,657,418
Pubali Bank Limited	290,734,265	181,718,255
Standard Chartered Bank	8,732,858	258,270
Sonali Bank Limited	505,204,561	276,432,774
Trust Bank Limited	885,766	(5,022,218)
	<u>1,481,391,050</u>	<u>877,065,506</u>
Short- notice deposit accounts		
AB Bank Limited	572,299	558,562
Bank Alfalah Limited	12,324	15,035
Islami Bank Bangladesh Limited	182,867	180,283
Uttara Bank Limited	-	48,719
	<u>767,490</u>	<u>802,599</u>
Fixed deposit accounts/ MTDR		
Islamic Finance and Investment Limited	100,000,000	150,000,000
Hajj Finance Company Limited	100,000,000	150,000,000
	<u>200,000,000</u>	<u>300,000,000</u>
	<u>1,682,158,540</u>	<u>1,177,868,105</u>
Placements		
With Banking companies (5.1.1)	24,423,200,000	12,764,100,000
With Non-banking financial institutions (5.1.2)	3,350,000,000	5,550,000,000
	<u>27,773,200,000</u>	<u>18,314,100,000</u>
	<u>29,455,358,540</u>	<u>19,491,968,105</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
5.1.1 Details of Placement with Banking companies(Local Currency)		
EXIM Bank Limited	5,300,000,000	-
Jamuna Bank Limited	-	3,500,000,000
Mercantile Bank Limited	-	1,000,000,000
Mutual Trust Bank Limited	-	500,000,000
NRB Bank Limited	300,000,000	-
National Bank Limited	-	1,000,000,000
Sonali Bank Limited	500,000,000	-
One Bank Limited	2,000,000,000	3,000,000,000
Dhaka Bank Limited	1,000,000,000	-
Social Islami Bank Limited	4,200,000,000	-
Southeast Bank Limited	2,000,000,000	-
Standard Bank Limited	2,000,000,000	3,000,000,000
	17,300,000,000	12,000,000,000
5.1.2 Details of Placement- with Banking companies (Foreign Currencies)		
Mutual Trust Bank Limited	763,200,000	-
Islami Bank Bangladesh Limited	6,360,000,000	-
Modhumoti Bank Limited	-	764,100,000
	7,123,200,000	764,100,000
	24,423,200,000	12,764,100,000
Details of Placement with Non-banking financial institutions		
Delta Brac Housing Finance Corporation Limited	500,000,000	400,000,000
Investment Corporation of Bangladesh	2,700,000,000	3,000,000,000
IPDC Finance Limited	-	500,000,000
IDCL Finance Limited	-	1,500,000,000
Union Capital Limited	150,000,000	150,000,000
	3,350,000,000	5,550,000,000
5.2 Conventional and Islamic banking- Outside Bangladesh		
Current accounts		
Interest bearing:		
Citibank N.A., London (EURO)	55,820	467,484
Citibank N.A., London (GBP)	3,432,347	12,159,468
Citibank NA, New York (USD)	864,098,530	521,514,002
Habib American Bank, New York	373,748,309	1,811,044,754
Mashreqbank PSC, New York (USD)	71,208,735	25,612,854
Standard Chartered Bank, Mumbai	27,931,401	44,364,590
Standard Chartered Bank, New York	323,807,413	415,466,240
	1,664,282,555	2,830,629,392
Non-interest bearing:		
AB Bank Limited, Mumbai	3,571,503	8,937,928
Al Rajhi Bank K.S.A	14,896,693	28,689,207
Bank of Sydney	1,027,704	2,484,730
Bhutan National Bank Limited, Thimphu	87,626	13,141,369
Axis Bank Ltd, Mumbai (ACU)	26,116,905	26,614,443
Commerzbank AG, Frankfurt (EURO)	1,211,062	19,112,994
Commerzbank AG, Frankfurt (USD)	6,056,939	6,400,719
Habib Metropolitan Bank Limited, Karachi	11,943,606	15,504,093
Aktif Bank, Istanbul -Jpy	2,587,251	2,537,702
ICICI Bank Limited, Kowloon	2,022,848	10,577,408

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
ICICI Bank Limited, Mumbai	39,671,129	66,812,787
JP Morgan Chase Bank N.A New York, U.S.A	5,622,870	46,115,614
Mashreqbank PSC, Mumbai (EURO)	833,981	764,315
Mashreqbank PSC, Dubai	82,095,741	44,358,240
Muslim Commercial Bank Limited, Colombo	8,923,367	15,102,974
Nepal Bangladesh Bank Limited, Kathmandu	16,710,424	7,489,419
HDFC Bank, Mumbai	3,220,184	181,135
Bank Alfalah Limited, Karachi Pak (ACU)	31,577,935	-
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	99,202	1,025,425
Wells Fargo Bank NA, New York, (USD)	22,200,036	11,926,959
Wells Fargo Bank NA, London, (EURO)	886,088	3,616,182
Zurcher Kantonal Bank, Switzerland	2,416,344	1,832,183
	283,779,438	333,225,826
	1,948,061,993	3,163,855,218
Placement with Off-shore Banking Unit	4,258,953,750	1,139,358,801
Less: Inter company transaction	(4,258,953,750)	(1,139,358,801)
	1,948,061,993	3,163,855,218
5.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	8,274,907,697	10,148,653,804
More than 1 month but not more than 3 months	17,538,000,000	10,964,900,000
More than 3 months but not more than 6 months	5,668,000,000	2,000,000,000
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	31,480,907,697	23,113,553,804
5(a) Consolidated Balance with other banks and financial institutions In Bangladesh		
Bank Asia Limited	29,455,358,540	19,491,968,105
Bank Asia Securities Limited	563,887,306	390,202,061
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	30,019,245,846	19,882,170,166
Less: Inter-company transactions	53,258,020	7,056,652
	29,965,987,826	19,875,113,514
Outside Bangladesh		
Bank Asia Limited	2,025,549,157	3,621,585,699
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	15,828,898	44,673,605
BA Express USA, Inc	96,153,016	93,624,752
	2,137,531,071	3,759,884,056
	32,103,518,897	23,634,997,570
6. Money at call and on short notice		
Call money Lending (Note 6.1)	-	2,500,000,000
Short Notice Lending (Note 6.2)	-	2,100,000,000
	-	4,600,000,000
6.1 Call Money Lending- with Banking companies:		
Standard Bank Limited	-	300,000,000
National Bank Limited	-	900,000,000
NRB Bank Limited	-	300,000,000
Midland Bank Limited	-	600,000,000
	-	2,100,000,000

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
With non Banking financial institutions:		
Delta Brac Housing	-	400,000,000
	-	2,500,000,000
6.2 Short Notice Lending		
AB Bank Limited	-	1,500,000,000
NRB Commercial Bank Limited	-	600,000,000
	-	2,100,000,000
6(a) Consolidated Money at call and on short notice		
Bank Asia Limited	-	4,600,000,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	-	4,600,000,000
7. Investments		
Government (Note 7.1)	90,042,129,622	52,197,323,349
Others (Note 7.2)	4,209,053,962	2,735,256,587
	94,251,183,584	54,932,579,936
7.1 Government		
Conventional and Islamic banking (Note 7.1.1)	90,042,129,622	52,197,323,349
Off-shore banking unit	-	-
	90,042,129,622	52,197,323,349
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	23,102,022,464	17,957,242,335
Treasury bonds (Note 7.1.1.2)	66,938,178,658	34,237,918,214
Prize bonds	1,928,500	2,162,800
	90,042,129,622	52,197,323,349
7.1.1.1 Treasury bills		
91 days treasury bills	-	983,819,500
182 days treasury bills	-	5,802,790,192
364 days treasury bills	23,102,022,464	11,170,632,643
	23,102,022,464	17,957,242,335
7.1.1.2 Treasury bonds		
Bangladesh Bank Govt Investment Sukuk	3,695,610,000	-
Bangladesh Bank Islamic bond	1,088,100,000	969,300,000
2 years Bangladesh Government treasury bonds	16,209,978,546	11,860,346,380
5 years Bangladesh Government treasury bonds	10,809,627,648	1,232,569,103
10 years Bangladesh Government treasury bonds	20,772,094,037	6,949,813,038
15 years Bangladesh Government treasury bonds	9,979,818,881	8,844,580,607
20 years Bangladesh Government treasury bonds	4,382,949,546	4,381,309,086
	66,938,178,658	34,237,918,214
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	4,209,053,962	2,735,256,587
Off-shore banking unit	-	137,586,963
Less: Adjustment with OBU	-	(137,586,963)
	4,209,053,962	2,735,256,587

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	444,596,173	451,939,366
Unquoted share	226,732,948	226,743,590
	671,329,121	678,682,956
b) Mutual Fund (Details are shown in Annexure-B)		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB 1st Mutual Fund	149,665,000	149,665,000
1st Bangladesh Fixed Income Fund	250,000,000	250,000,000
MBL 1st Mutual Fund	50,000,000	50,000,000
EXIM Bank 1st Mutual Fund	158,076,866	235,793,533
	657,741,866	735,458,533
c) Debentures		
Beximco Denims Limited	9,537,605	9,537,605
Beximco Textiles Limited	6,445,370	6,445,370
	15,982,975	15,982,975
d) Bonds		
Zero Coupon Bond - BSRM Steels Limited	-	21,132,123
Non-Convertible Subordinated Bond - Premier Bank	500,000,000	500,000,000
Second Subordinated Bond - Mututal Trust Bank	160,000,000	240,000,000
Second Subordinated Bond - United Commercial Bank	120,000,000	180,000,000
Fourth Subordinated Bond - United Commercial Bank	1,000,000,000	-
Subordinated Mudaraba Bond - Social Islami Bank Limited	40,000,000	80,000,000
Second Subordinated Mudaraba Bond - Social Islami Bank Limited	60,000,000	80,000,000
5 Year Preference Share - Meghna Cement Mills Ltd	700,000,000	-
5 Year Preference Share - Kushiara Power Co. Ltd	100,000,000	-
5 Year Preference Share - Summit LNG Terminal Co (Pvt) Ltd	100,000,000	100,000,000
5 Year Preference Share - Summit Gazipur II Power Ltd	40,000,000	50,000,000
7 Year Preference Share - Summit Barishal Power Ltd	44,000,000	54,000,000
	2,864,000,000	1,305,132,123
	4,209,053,962	2,735,256,587
7.3 Investments classified as per Bangladesh Bank circular		
Held for trading (HFT)	49,756,216,683	25,006,234,834
Held to maturity (HTM)	35,500,274,439	26,219,625,715
Other securities	8,994,692,462	3,706,719,387
	94,251,183,584	54,932,579,936
7.4 Maturity-wise grouping		
On demand	1,719,800,000	3,800,078,275
Up to 3 months	192,100,000	4,022,700,000
More than 3 months but not more than 1 year	30,208,900,000	16,213,600,000
More than 1 year but not more than 5 years	32,128,600,000	12,123,715,602
More than 5 years	30,001,783,584	18,772,486,059
	94,251,183,584	54,932,579,936
7(a) Consolidated Investments		
Government		
Bank Asia Limited	90,042,129,622	52,197,323,349
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	90,042,129,622	52,197,323,349

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Others		
Bank Asia Limited	4,209,053,962	2,735,256,587
Bank Asia Securities Limited	655,627,144	594,391,990
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	4,864,681,106	3,329,648,577
	<u>94,906,810,728</u>	<u>55,526,971,926</u>
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	228,467,330,505	208,039,420,174
Bills purchased and discounted (Note 8.2)	16,174,699,568	19,259,535,874
	<u>244,642,030,073</u>	<u>227,298,956,048</u>
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Inside Bangladesh		
Agricultural loan	2,652,039,116	4,159,541,046
Cash credit/Bai Murabaha (Muajjal)	6,475,321,470	5,200,792,123
Credit card	2,732,685,187	2,516,315,246
Credit for poverty alleviation scheme-micro credit	7,613,585	7,123,089
Consumer credit scheme	13,449,332,124	12,187,585,434
Demand loan	32,210,343,715	35,233,505,899
Export Development Fund (EDF)	15,130,653,340	13,877,741,438
House building loans	1,753,894,542	1,132,154,665
Loans (General)/ Musharaka	19,204,212,902	22,237,867,700
Loan against trust receipts/ Bai Murabaha post import	13,163,763,436	11,706,288,469
Overdrafts/ Quard against scheme	37,334,786,408	36,888,315,235
Packing credit	483,400,366	501,557,309
Payment against documents	99,931,390	122,281,961
Staff Loan	1,551,039,312	1,534,466,105
Transport loan	2,032,418,741	1,876,229,886
Term loan- industrial/ Hire purchase under Shirkatul Melk	26,477,173,539	21,034,437,536
Term loan- others	34,484,219,425	35,140,657,300
Loan under Covit-19 stimulus package	15,450,815,316	-
	224,693,643,914	205,356,860,441
Outside Bangladesh	-	-
	224,693,643,914	205,356,860,441
Off-shore banking unit	3,773,686,591	2,682,559,733
	<u>228,467,330,505</u>	<u>208,039,420,174</u>
8.2 Bills purchased and discounted		
Conventional and Islamic banking	1,450,361,346	2,370,138,131
Off-shore banking unit	14,724,338,222	16,889,397,743
	<u>16,174,699,568</u>	<u>19,259,535,874</u>
8.3 Maturity-wise grouping		
Repayable on demand	48,573,100,000	32,536,456,048
Not more than 3 months	35,240,200,000	33,477,600,000
More than 3 months but not more than 1 year	65,016,400,000	75,668,900,000
More than 1 year but not more than 5 years	77,936,600,000	70,342,105,600
More than 5 years	17,875,730,073	15,273,894,400
	<u>244,642,030,073</u>	<u>227,298,956,048</u>
8.4 Net loans and advances/investments		
Gross loans and advances/investments	244,642,030,073	227,298,956,048
Less: Interest suspense (Note 13.4)	4,341,502,178	2,014,114,905
Provision for loans and advances/investments (Note 13.2 & 13.10)	13,960,800,000	12,279,116,920
	18,302,302,178	14,293,231,825
	<u>226,339,727,895</u>	<u>213,005,724,223</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
--	-------------	-------------

8.5 Loans and advances/investments under the following broad categories

In Bangladesh

Loans	184,657,222,627	165,950,312,816
Cash credits	6,475,321,470	5,200,792,123
Overdrafts	37,334,786,408	36,888,315,235
Bills purchased and discounted	15,815,626,813	18,438,714,690
	244,282,957,318	226,478,134,864

Outside Bangladesh

Bills purchased and discounted	359,072,755	820,821,184
	<u>244,642,030,073</u>	<u>227,298,956,048</u>

8.6 Significant concentration wise grouping

a) Directors	-	-
b) Chief Executive and other senior executives		
i) Managing Director	1,689,000	2,704,000
ii) Other senior executives	197,827,566	174,989,000
	199,516,566	177,693,000
c) Agriculture	9,523,200,000	4,776,100,000
d) Industry		
Food Manufacturing	11,149,600,000	13,514,000,000
Beverage industry	467,400,000	338,600,000
Tobacco industry	-	69,600,000
RMG industry	27,559,500,000	22,705,100,000
Textile industry	21,329,800,000	21,335,000,000
Wood cork and allied products	40,200,000	48,900,000
Furniture and Fixture	199,800,000	159,100,000
Paper and paper products	6,734,300,000	6,561,400,000
Leather and leather products	2,195,000,000	2,298,900,000
Rubber products	2,206,500,000	2,775,400,000
Chemical and chemical products	585,300,000	2,178,900,000
Basic metal products	8,953,300,000	8,800,200,000
Electrical machinery and apparatus	6,269,900,000	3,327,000,000
Other manufacturing industries	21,787,113,507	18,284,363,048
Ship building	4,614,900,000	4,608,300,000
Ship breaking	1,386,600,000	1,419,700,000
Pharmaceutical	2,290,200,000	500,300,000
	117,769,413,507	108,924,763,048
e) Constructions	5,359,200,000	5,704,100,000
f) Power, Gas, Water and Sanitary Services	6,558,800,000	7,657,100,000
g) Transport, Storage and Communication	1,423,900,000	1,577,500,000
h) Trade Services	48,065,200,000	47,112,900,000
i) Housing Services	16,706,000,000	15,140,400,000
j) Banking and Insurance	4,427,400,000	3,429,000,000
k) Professional and Misc. services	34,609,400,000	32,799,400,000
	<u>244,642,030,073</u>	<u>227,298,956,048</u>

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	192,588,197,372	150,749,987,430
Chittagong Division	26,372,205,754	44,596,194,337
Khulna Division	5,383,842,624	4,081,619,811
Rajshahi Division	4,946,980,047	2,725,982,194
Barisal Division	906,410,565	804,001,905
Sylhet Division	2,448,636,596	1,968,108,052

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Rangpur Division	1,578,990,969	1,271,032,534
Mymensingh Division	569,559,166	530,778,677
	234,794,823,093	206,727,704,940
Rural		
Dhaka Division	5,058,322,288	13,510,893,368
Chattagram Division	3,435,732,836	4,155,761,316
Khulna Division	135,602,845	95,611,839
Sylhet Division	167,587,597	384,841,443
Rajshahi Division	1,049,961,414	2,424,143,142
	9,847,206,980	20,571,251,108
Outside Bangladesh	-	-
	<u>244,642,030,073</u>	<u>227,298,956,048</u>

8.8 Loans/investments including bills purchased and discounted covered by securities

Collateral of movable/immovable assets	156,286,050,696	131,430,205,799
Local banks and financial institutions' guarantee	359,800,219	723,545,355
Foreign banks' guarantee	125,550,000	91,182,676
Export documents	6,476,499,298	8,394,416,952
Cash and quasi cash	7,185,088,750	6,258,140,290
Personal guarantee	36,458,773,678	16,493,947,200
Other securities	37,750,267,432	63,907,517,775
	<u>244,642,030,073</u>	<u>227,298,956,048</u>

8.9 Details of large loans/investments

As at 31 December 2020 there were six (2019: eight) clients with whom amount of outstanding and classified loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Taka 43,753.94 million as at 31 December 2020 (Taka 42,757.14 million in 2019).

Details are shown in Annex E.

8.10 Particulars of loans and advances/investments

i) Loans/investments considered good in respect of which the Bank is fully secured	170,432,988,963	146,897,491,073
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	36,458,773,678	16,493,947,200
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	37,750,267,432	63,907,517,775
iv) Loans/investments adversely classified; provision not maintained there against	-	-
	<u>244,642,030,073</u>	<u>227,298,956,048</u>
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,551,039,312	1,534,466,105
vi) Loans/investments due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances/investments, including temporary advances/investments made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	<u>1,551,039,312</u>	<u>1,534,466,105</u>

Notes to the financial statements

	31 Dec 2020	31 Dec 2019
viii) Maximum total amount of advances/investments, including temporary advances/investments granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members	-	-
ix) Due from banking companies	16,174,699,568	19,259,535,874
x) Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
a) Increase/(Decrease) of provision (specific)	(484,456,791)	711,897,413
Amount of loan written off	301,241,605	2,716,368,198
Amount realised against the loans previously written off	183,636,137	145,983,239
b) Provision kept against loans/investments classified as bad debts	4,120,200,000	4,604,656,791
c) Interest credited to interest suspense account	4,341,502,178	2,014,114,905
xi) Cumulative amount of written off loans/investments		
Balance as at 1 January	12,867,906,149	10,151,537,951
Amount written off during the year	301,241,605	2,716,368,198
The amount of written off loans/investments for which law suit has been filed	13,169,147,754	12,867,906,149

8.11 Grouping as per classification rules

Unclassified:

Standard including staff loan
Special mentioned account

229,709,034,174	208,365,703,048
7,002,067,597	8,453,268,000
236,711,101,771	216,818,971,048

Classified:

Sub-standard
Doubtful
Bad/loss

1,655,165,986	1,847,769,000
163,228,926	576,934,000
6,112,533,390	8,055,282,000
7,930,928,302	10,479,985,000
244,642,030,073	227,298,956,048

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding	Base for	Required provision	
	at 31 Dec 2020	provision	%	Amount

For loans and advances/investments:

Unclassified - general provision

(Other than - SME financing, House building loan and loan for professional, loan to Brokerage House (BH), consumer finance,

staff loan and SMA)	159,827,870,049	141,330,475,187	1% to 5%	8,269,900,000	6,635,246,309
Small and medium enterprise financing	31,364,700,000	31,364,700,000	0.25%	78,411,750	69,431,158
House building loan and loan for professional	12,013,900,000	12,013,900,000	1 to 2%	120,139,000	108,482,390
Loans to BH	2,118,300,000	2,118,300,000	2.00%	42,366,000	38,685,160
Consumer finance	4,335,200,000	4,335,200,000	5.00%	216,760,000	208,283,750
Special general provision COVID-19 (Note 13.10)				850,600,000	-
Staff loan	1,551,039,312	1,551,039,312	0%	-	59,537
				9,578,176,750	7,060,188,303
Special mentioned account	7,002,067,597	7,002,000,000	0.25% to 90%	68,600,000	411,112,252

Off-shore unit

Unclassified loans (general)	18,498,024,813	18,498,024,813	1%	184,980,248	188,963,706
Special mentioned account	-	-	-	-	6,755,868
Sub-standard	-	-	-	-	-
				184,980,248	195,719,574

Notes to the financial statements

Amount in Taka

				31 Dec 2020	31 Dec 2019
Classified - specific provision					
Sub-standard	1,655,165,986	1,119,500,000	20% / 5%	222,200,000	234,201,791
Doubtful	163,228,926	70,900,000	50% / 5%	34,500,000	128,781,000
Bad/loss	6,112,533,390	3,858,200,000	100%	3,858,200,000	4,239,831,000
				4,114,900,000	4,602,813,791
Provision required for loans and advances				13,946,656,998	12,269,833,920
Total provision maintained (Note 13.2 & 13.10)					
Conventional and Islamic Banking				13,775,819,752	12,083,397,346
Off-shore Banking Unit				184,980,248	195,719,574
				13,960,800,000	12,279,116,920

8.13 Suits filed by the Bank (Branch wise details)

Agrabad Branch	2,774,258,008	2,693,658,008
Anderkilla Branch	2,147,195,492	2,146,564,386
Ashulia Branch	21,464,733	21,764,732
Bahadderhat Branch	93,140,778	90,638,634
Bank Asia Bhaban Branch	100,592,656	100,592,656
Bashundhara Branch	304,667,551	312,998,503
Beanibazar Branch	5,584,770	5,584,770
Bhatiary Branch	235,415,552	245,224,731
Bogra Branch	170,554,742	170,554,742
BSMMU Branch	1,413,816	1,413,816
Credit Cards Department	58,986,988	64,430,319
CDA Avenue Branch	5,642,291,874	5,640,824,080
Chandragonj Branch	492,048	492,048
Chatkhil Branch	6,793,978	6,793,978
Corporate Branch	338,268,683	330,238,700
Cumilla Branch	86,486,898	32,485,367
Dhanmondi Branch	1,017,296,372	1,009,129,125
Donia Branch	46,946,884	46,946,884
Elephant Road	2,375,836	2,375,836
Gulshan Branch	1,394,306,248	1,338,662,983
Holy Family RCMCH Branch	83,100,828	58,723,079
Jaganathpur Branch	6,120,000	
Jatrabari SME	1,185,818	1,185,818
Jessore Branch	89,881,449	89,881,449
Jurain SME Centre	941,349	941,349
Kamal Bazar Branch	481,668	315,335
Kazipara Branch	13,113,564	
Khatunganj Branch	3,114,744,394	3,131,411,640
Khulna Branch	77,394,034	77,394,034
Konabari Branch	540,150	12,544,477
Lohagara Branch	20,729,905	15,123,119
Madhobdi Branch	136,591,869	
Maijdee Court Branch	98,687,119	98,687,119
Malkhanagar Branch	77,943,669	77,943,669
MCB Banani Branch	92,011,564	132,311,907
MCB Dilkusha Branch	1,194,553,154	1,383,595,978
MCB Sk. Mujib Road Branch	2,066,385,324	2,056,385,324
Mirpur Branch	15,659,797	14,808,324
Mitford Branch	300,047,766	300,047,766
Moghbar Branch	53,513,290	53,513,290

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Mohakhali Branch	62,003,361	62,424,673
Moulavibazar Branch	52,108,011	19,007,011
Narayangonj Branch	163,562,826	163,562,826
North South Road Branch	1,707,685,466	1,692,245,369
Oxygen Moor Branch	7,882,263	5,874,497
Paltan Branch	70,216,500	70,216,500
Principal Office Branch	1,067,178,608	1,059,220,847
Progoti Sarani Branch	41,340,118	41,295,179
Rajshahi Branch	34,331,602	38,621,684
Ramgonj SME/Agri Branch	13,655,636	13,655,636
Rekabi bazar SME Center	348,681	348,681
Rupnagar Branch	1,208,503	870,417
Savar Branch	25,273,708	19,429,224
Scotia Branch	718,085,871	675,239,701
Shantingar Branch	1,114,261,160	1,000,549,493
Station Road Branch	8,955,312	158,228,019
Strand Road Branch	16,264,367	14,991,880
Sylhet Main Branch	23,438,876	23,438,876
Sylhet Uposhahar Branch	5,351,680	5,351,680
Sylhet Uposhahar Islamic Window Branch	19,936,418	19,936,418
Tarail Branch	290,718	230,000
Tongi Branch	2,174,613	2,174,613
Uttara Branch	922,354,503	924,570,685
EPZ Branch	9,956,696	5,904,884
	<u>27,980,026,115</u>	<u>27,783,576,768</u>
8.14 Bills purchased and discounted		
Payable in Bangladesh	15,815,626,813	18,438,714,690
Payable outside Bangladesh	359,072,755	820,821,184
	<u>16,174,699,568</u>	<u>19,259,535,874</u>
8.15 Maturity-wise grouping of bills purchased and discounted		
Payable within 1 month	4,546,253,379	8,072,270,117
More than 1 month but less than 3 months	5,023,096,265	5,373,161,137
More than 3 months but less than 6 months	5,104,590,035	4,517,632,558
More than 6 months	1,500,759,889	1,296,472,062
	<u>16,174,699,568</u>	<u>19,259,535,874</u>
8(a) Consolidated Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments		
Bank Asia Limited	228,467,330,505	208,039,420,174
Bank Asia Securities Limited	4,810,787,426	4,649,980,291
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>233,278,117,931</u>	<u>212,689,400,465</u>
Less: Inter- companies transactions	2,120,969,217	1,853,724,468
	<u>231,157,148,714</u>	<u>210,835,675,997</u>
Bills purchased and discounted		
Bank Asia Limited	16,174,699,568	19,259,535,874
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
	16,174,699,568	19,259,535,874
	247,331,848,282	230,095,211,871

9 Fixed assets including premises, furniture and fixtures

Conventional and Islamic banking (Note 9.1)	6,708,655,006	7,025,602,707
Off-shore banking unit	-	-
	6,708,655,006	7,025,602,707

9.1 Conventional and Islamic banking

Cost:

Land	2,646,764,306	2,646,764,306
Building	3,232,313,394	2,752,485,492
Furniture and fixtures	1,431,187,762	1,392,511,972
Equipments	1,322,248,427	1,260,865,987
Computer and accessories	565,434,812	546,994,266
Motor vehicles	283,882,241	222,685,296
Intangible assets	24,000,000	24,000,000
Construction work in progress	444,741,638	667,935,308
Right-of-use assets	1,739,075,475	1,739,075,475
	11,689,648,055	11,253,318,102
Less: Accumulated depreciation	4,927,277,785	4,174,000,131
Adjustment of assets revaluation	53,715,264	53,715,264
Written down value at the end of the year - Details are shown in Annex C.	6,708,655,006	7,025,602,707

9(a) Consolidated Fixed assets including premises, furniture and fixtures

Bank Asia Limited	6,708,655,006	7,025,602,707
Bank Asia Securities Limited	100,737,790	35,734,740
BA Exchange Company (UK) Limited	112	1,797,251
BA Express USA, Inc	4,710,492	2,758,533
	6,814,103,400	7,065,893,231

10 Other assets

Conventional and Islamic banking (Note 10.1)	13,692,680,876	12,794,895,226
Off-shore banking unit	455,426,291	49,093,897
Less : Inter transaction between OBU and Conventional Banking	(413,515,032)	-
	13,734,592,135	12,843,989,123

10.1 Conventional and Islamic banking

Income generating other assets

Investment in Bank Asia Securities Ltd - incorporated in Bangladesh	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited - incorporated in UK	34,470,000	33,300,000
Investment in BA Express USA Inc - incorporated in USA	81,408,000	81,504,000
	2,115,868,000	2,114,794,000

Non-income generating other assets

Income receivable (Note 10.2)	1,484,684,607	1,007,575,087
Stock of stamps	8,375,022	8,488,149
Stationery, printing materials, etc	72,829,560	64,887,379
Prepaid expenses	19,637,430	1,802,233
Deposits and advance rent	325,988,875	340,391,863
Advances, prepayments and others (Note 10.3)	199,702,197	244,111,397
Advance income tax (Note 10.4)	6,125,028,357	7,236,912,463
Receivable against government	83,180,897	138,341,463
Sundry debtors	41,540,814	62,639,097

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Branch adjustment account (Note 10.5)	846,187,566	1,152,362,220
Protested bills	48,489,200	68,035,265
Receivable from BA Exchange Company (UK) Limited	94,676,053	83,868,721
Receivable from BA Express USA Inc	325,094,277	219,844,009
Excise duty recoverable	23,920,480	50,841,880
Profit Receivable from Govt Investment Sukuk	1,428,495	-
Interest receivable against Govt Subsidy - from client	1,682,351,785	-
Interest receivable against Govt Subsidy - from govt (Note 10.7)	193,697,261	-
	<u>11,576,812,876</u>	<u>10,680,101,226</u>
	<u>13,692,680,876</u>	<u>12,794,895,226</u>

10.2 income receivable

Income receivable consists of interest accrued on investment including interest for stimulus package.

10.3 Advances, prepayments and others

Advances, prepayments and others account consists of advance amount paid for purchasing of fixed assets, advance payment of rent for new branches of the Bank, advance against salary and legal expenses, etc.

10.4 Advance income tax

Advance income tax represents the tax payment to the government exchequer. Advance income tax was adjusted against provision for taxation for the year 2017 and 2018 as the tax assessments have been finalized.

10.5 Branch adjustment accounts

This represents outstanding inter-branch and head office transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2020 are given below:

Periods of Reconciliation	Number of responded entries (Debit)	Amount of responded entries (Taka)	Number of responded entries (Credit)	Amount of responded entries (Taka)
Up to 3 months	51	756,211,316	59	9,627,006
More than 3 months but within 6 months	-	-	-	-
More than 6 months but within 1 year	-	-	-	-
More than 1 year but within 5 years	1	50,000	1	23,515
Above 5 years	-	-	-	-
	<u>52</u>	<u>756,261,316</u>	<u>60</u>	<u>9,650,521</u>

10.6 Receivable from Government in connection with Rangs Properties:

The Bank has a receivable from Government in connection with demolition of Rangs Bhaban in 2008 situated at 113-116 Old Airport Road, Dhaka-1215. Bank Asia had a purchased floor at 3rd floor of the Building, where from the then Scotia Branch used to run. Total receivable in this regard is Tk. 3,19,52,365 (Taka three crore nineteen lac fifty two thousand three hundred sixty five) which was eventually written-off from the Book considering uncertainty and prolonged legal proceedings.

10.7 Interest receivable against Govt Subsidy - from govt

As per BRPD Circular letter no. 23 dated May 04, 2020 total claim to Bangladesh Bank was Tk. 255,737,851 out of which Bank has received Tk. 255,738,000 from Bangladesh Bank as of December 30, 2020. In the meantime receivable amount was Tk. 62,040,590 adjusted by the customer at the time of closing of their accounts. This amount will be duly reimburse to customer account.

10 (a) Consolidated Other assets

Bank Asia Limited	13,734,592,135	12,843,989,123
Bank Asia Securities Limited	434,030,695	302,091,372
BA Exchange Company (UK) Limited	943,152	2,376,043
BA Express USA, Inc	115,533,509	78,843,426
	<u>14,285,099,491</u>	<u>13,227,299,964</u>
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited	33,684,900	32,553,000
Investment in BA Express USA, Inc	80,592,000	80,496,000

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Receivable from BA Exchange Company (UK) Limited	94,676,053	83,868,721
Receivable from BA Exchange USA, Inc.	325,094,277	219,844,009
	<u>11,751,062,261</u>	<u>10,810,548,234</u>

10(aa) Demutualization membership of Dhaka Stock Exchange

The majority owned (99.99%) subsidiary company of the Bank, Bank Asia Securities Limited (BASL) has acquired the membership of Dhaka Stock Exchange for Tk.153,119,000. As per the scheme of Demutualization of DSE, BASL being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk. 10 each, totaling Tk. 72,151,060.

Under section 14(Ka) of Demutualization Act 2013, Share Purchase Agreement (SPA) executed between Dhaka Stock Exchange Ltd. (DSE) and its strategic investors namely Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) and completed the sale of 25% (Twenty-five percent) DSE shares to SZSE and SSE. In this connection, BASL sold 1,803,777 number of share at the rate of Tk.21 per share totaling Tk. 37,879,317. Currently BASL holding 5,411,329 shares at a cost of totaling Tk. 114,839,239

The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainable. However, management expect the fair value to be similar or more that the current revalued amount. Once more clarity about the Scheme and related factors are available a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	21,526,054,526	15,905,617,561
Off-shore banking unit (Note 11.2)	18,704,754,165	19,615,869,735
Less: Adjustment with Head Office	<u>(4,258,953,750)</u>	<u>(1,139,358,801)</u>
	<u>35,971,854,941</u>	<u>34,382,128,495</u>

11.1 Conventional and Islamic banking

In Bangladesh (Note 11.1.1)	21,526,054,526	15,905,617,561
Outside Bangladesh	-	-
	<u>21,526,054,526</u>	<u>15,905,617,561</u>

11.1.1 In Bangladesh

Secured:

Un secured:

Money at call and on short notice

Arab Bangladesh Bank Limited	-	1,500,000,000
Uttara Bank Limited	3,000,000,000	-
IFIC Bank Limited	900,000,000	-
	<u>3,900,000,000</u>	<u>1,500,000,000</u>

Borrowings

Bangladesh Bank (BB) refinance	369,818,471	206,595,589
Covid-19 Stimulus PKG-Tk. 5000 Cr for Export	1,324,997,951	-
Agri Refinance Under STM PKG Of Tk. 5000	155,086,462	-
Borrowing From BB Under IPPF- II Fund	458,728,000	-
Borrowing from BB under Long Term Financing Facilities (LTFF) scheme	428,626,641	459,465,745
SME Foundation Pre Finance	20,422,607	23,422,607
BB Pre-Finance for SREUP	15,000,000	-
Borrowing A/C (AGRI Taka 10)	64,303,992	31,223,040
Borrowing- Green finance refinance	10,000,000	50,000,000
Export development fund	14,779,070,402	13,634,910,580
Onshore export discount	-	137,586,963
	<u>17,626,054,526</u>	<u>14,543,204,524</u>
Less : Inter borrowings between OBU and Conventional Banking	-	(137,586,963)
	<u>21,526,054,526</u>	<u>15,905,617,561</u>

11.2 Borrowing at Off-shore banking unit

Secured:

	-	-
--	---	---

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Un secured:		
Conventional Banking	4,284,703,063	1,125,267,792
International Finance Corporation	5,456,750,000	6,708,000,000
Borrowing - ECA	2,045,806,201	362,158,541
Standard Chartered Bank, Singapore	-	2,728,059,750
First Gulf Bank/First Abu Dhabi Bank	-	419,250,000
National Bank of RAS Al Khaimah	-	1,844,700,000
United Bank Limited, UAE	-	838,500,000
Caixa Bank, Barcelona	2,449,467,915	-
Standard Chartered Bank, Thailand	419,750,000	-
HDFC, Gift City, Mumbai	-	1,257,750,000
Nabil Bank Limited, Nepal	419,750,000	-
Noor Islami Bank, Dubai, UAE	-	1,090,050,000
Abu Dhabi Commercial Bank	-	838,500,000
Commercial Bank of Dubai	839,500,000	-
State Bank of India, Hongkong	419,750,000	-
State Bank of India, Dubai	856,290,000	-
Nepal Bangladesh Bank Limited	419,750,000	-
The Commercial Bank, Qatar	671,600,000	503,100,000
DBS Bank Singapore	419,750,000	1,509,300,000
Banca Valsabbina SCPA Vestone Italy	1,886,986	108,239,902
Sanima Bank, Nepal	-	282,993,750
	<u>18,704,754,165</u>	<u>19,615,869,735</u>
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
Bank Asia Limited	35,971,854,941	34,382,128,495
Bank Asia Securities Limited	2,120,969,217	1,853,724,468
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>38,092,824,158</u>	<u>36,235,852,963</u>
Less: Inter-company transactions	<u>2,120,969,217</u>	<u>1,853,724,468</u>
	<u>35,971,854,941</u>	<u>34,382,128,495</u>
11(aa) Subordinated Non-Convertible Bonds		
Subordinated Non-Convertible Zero Coupon Bond		
Agrani Bank Limited	80,000,000	120,000,000
BRAC Bank Limited	40,000,000	60,000,000
Janata Bank Limited	100,000,000	150,000,000
Mercantile Bank Limited	200,000,000	300,000,000
One Bank Limited	240,000,000	360,000,000
Pubali Bank Limited	100,000,000	150,000,000
Rupali Bank Limited	240,000,000	360,000,000
Sonali Bank Limited	200,000,000	300,000,000
	<u>1,200,000,000</u>	<u>1,800,000,000</u>
Subordinated Non-Convertible floating rate bond - 2		
Agrani Bank Limited	200,000,000	250,000,000
Dhaka Bank Limited	600,000,000	750,000,000
Janata Bank Limited	200,000,000	250,000,000
National Life Insurance Co	400,000,000	500,000,000
Pubali Bank Limited	800,000,000	1,000,000,000
Sabinco	120,000,000	150,000,000
Sadharan Bima Corporation	80,000,000	100,000,000
Sonali Bank Limited	800,000,000	1,000,000,000

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Southeast Bank Limited	400,000,000	500,000,000
Uttara Bank Limited	400,000,000	500,000,000
	<u>4,000,000,000</u>	<u>5,000,000,000</u>
Subordinated Non-Convertible floating rate bond - 3		
Agrani Bank Limited	2,500,000,000	2,500,000,000
Eastern Bank Limited	1,000,000,000	1,000,000,000
Trust Bank Limited	500,000,000	500,000,000
Dutch-Bangla Bank Limited	500,000,000	500,000,000
Pubali Bank Limited	500,000,000	500,000,000
	<u>5,000,000,000</u>	<u>5,000,000,000</u>
	<u>10,200,000,000</u>	<u>11,800,000,000</u>

11.3 Maturity-wise grouping (Note 11 and Note 11 aa)

Payable on demand	9,011,654,941	4,207,328,495
Up to 1 month	-	-
More than 1 month but within 3 months	14,297,800,000	11,386,200,000
More than 3 months but within 1 year	6,577,300,000	17,036,200,000
More than 1 year but within 5 years	12,707,300,000	3,352,400,000
More than 5 years	3,577,800,000	10,200,000,000
	<u>46,171,854,941</u>	<u>46,182,128,495</u>

11.4 Disclosure regarding REPO

Disclosure regarding REPO transactions of the bank are given as per Bangladesh Bank, DOS Circular No. 6 dated July 15, 2010

a (i) Disclosure regarding outstanding REPO as on 31 December

Sl. #	Counter party name	Agreement date	Reversal Date	Amount (Taka)
NIL				
Total				-

(ii) Disclosure regarding outstanding Reverse REPO as on 31 December

Sl. #	Counter party name	Agreement date	Reversal Date	Amount (Taka)
NIL				
Total				-

b Disclosure regarding overall transaction of REPO & Reverse REPO

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	-	-	-
Securities purchased under reverse repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	-	-	-

12 Deposits and other accounts

Conventional and Islamic banking (Note 12.1)	302,702,491,449	253,114,207,271
Off-shore banking unit	325,614,911	595,367,344
	<u>303,028,106,360</u>	<u>253,709,574,615</u>

Deposits and other accounts

Current/AI-wadeeah current accounts and other accounts

Deposits from banks	-	-
Deposits from customers	59,077,355,292	47,005,242,314
Off-shore banking unit	280,490,384	448,441,616
	<u>59,357,845,676</u>	<u>47,453,683,930</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Bills payable		
Deposits from banks	-	-
Deposits from customers	3,747,868,764	3,742,697,471
	<u>3,747,868,764</u>	<u>3,742,697,471</u>
Savings bank/Mudaraba savings bank deposits		
Deposits from banks	-	-
Deposits from customers	64,167,247,193	48,293,710,027
	<u>64,167,247,193</u>	<u>48,293,710,027</u>
Fixed deposits/Mudaraba fixed deposits		
Deposits from banks	5,101,696	1,654,615
Deposits from customers	175,704,918,504	154,070,902,844
Off-shore banking unit	45,124,527	146,925,728
	<u>175,755,144,727</u>	<u>154,219,483,187</u>
	<u>303,028,106,360</u>	<u>253,709,574,615</u>
12.1 Conventional and Islamic banking		
Deposits from banks (Note 12.1.1)	5,101,696	1,654,615
Deposits from customers (Note 12.1.2)	302,697,389,753	253,112,552,656
	<u>302,702,491,449</u>	<u>253,114,207,271</u>
12.1.1 Deposits from banks		
Fixed deposit/SND		
AB Bank Limited	39,875	40,107
EXIM Bank Limited	3,885,861	456,585
Social Islami Bank Limited	586,859	577,859
Trust Bank Limited	589,101	580,064
	<u>5,101,696</u>	<u>1,654,615</u>
12.1.2 Deposits from customers		
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)	59,077,355,292	47,005,242,314
Bills payable (Note 12.1.2b)	3,747,868,764	3,742,697,471
Savings bank/Mudaraba savings deposits	64,167,247,193	48,293,710,027
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	175,704,918,504	154,070,902,844
	<u>302,697,389,753</u>	<u>253,112,552,656</u>
12.1.2a Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current accounts	24,818,035,606	17,441,207,887
Other demand deposit - Local currency	25,468,837,980	22,733,007,110
Other demand deposit - Foreign currencies	6,708,270,720	5,227,954,342
Foreign currency deposits	2,495,726,018	1,603,072,975
Export retention quota	-	-
	<u>59,490,870,324</u>	<u>47,005,242,314</u>
Less : Inter transaction between OBU and Conventional Banking	(413,515,032)	-
	<u>59,077,355,292</u>	<u>47,005,242,314</u>
12.1.2b Bills payable		
Bills payable - local currency	3,723,901,591	3,669,925,828
Bills payable - foreign currencies	23,967,173	72,771,643
Demand draft	-	-
	<u>3,747,868,764</u>	<u>3,742,697,471</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	107,507,156,677	91,651,024,581
Special notice deposit	29,394,855,101	27,251,216,317
Foreign currency deposits (interest bearing)	3,371,973	3,364,448
Deposit under schemes	38,799,534,753	35,165,297,498
	<u>175,704,918,504</u>	<u>154,070,902,844</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
--	-------------	-------------

12.2 Payable on demand and time deposits

a) Demand deposits

Current/Al-wadeeah current accounts and other accounts	24,685,010,958	17,889,649,503
Savings bank/Mudaraba savings deposits	5,775,052,247	4,346,433,902
Foreign currency deposits (non interest bearing)	9,203,996,738	6,831,027,317
Sundry deposits	25,468,837,980	22,733,007,110
Bills payable	3,747,868,764	3,742,697,471
	<u>68,880,766,687</u>	<u>55,542,815,303</u>

b) Time deposits

Savings bank/Mudaraba savings deposits	58,392,194,946	43,947,276,125
Fixed deposits/Mudaraba fixed deposits	107,557,382,900	91,799,604,924
Foreign currency deposits (interest bearing)	3,371,973	3,364,448
Special notice deposit	29,394,855,101	27,251,216,317
Security deposits	-	-
Deposits under schemes	38,799,534,753	35,165,297,498
	<u>234,147,339,673</u>	<u>198,166,759,312</u>
	<u>303,028,106,360</u>	<u>253,709,574,615</u>

12.3 Sector-wise break-up of deposits and other accounts

Government	7,873,636,862	6,526,196,000
Deposit from banks	5,101,696	1,654,615
Other public	4,496,553,088	3,066,290,000
Foreign currencies	9,556,950,795	7,502,530,752
Private	281,095,863,919	236,612,903,248
	<u>303,028,106,360</u>	<u>253,709,574,615</u>

12.4 Maturity-wise grouping

12.4.1 Deposits from banks

Payable on demand	5,101,696	1,654,615
Up to 1 month	-	-
Over 1 month but within 6 months	-	-
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>5,101,696</u>	<u>1,654,615</u>

12.4.2 Customer deposits excluding bills payable

Payable on demand	2,292,300,000	3,883,700,000
Up to 1 month	44,119,515,163	39,968,110,662
Over 1 month but within 6 months	43,932,031,236	44,028,283,127
Over 6 months but within 1 year	80,552,500,000	69,390,930,219
Over 1 year but within 5 years	89,920,000,000	76,241,136,231
Over 5 years	38,458,789,501	16,453,062,291
	<u>299,275,135,900</u>	<u>249,965,222,529</u>

12.4.3 Bills payable

Payable on demand	471,400,000	444,200,000
Up to 1 month	1,192,500,000	8,600,000
Over 1 month but within 6 months	2,083,968,764	3,289,897,471
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>3,747,868,764</u>	<u>3,742,697,471</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
	<u>303,028,106,360</u>	<u>253,709,574,615</u>
12(a) Consolidated Deposits and other accounts		
Current/AI-wadeeah current accounts and other accounts		
Bank Asia Limited	59,357,845,676	47,453,683,930
Bank Asia Securities Limited	519,066,108	375,008,705
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>59,876,911,784</u>	<u>47,828,692,635</u>
Less: Inter-company transactions	53,258,020	7,056,652
	<u>59,823,653,764</u>	<u>47,821,635,983</u>
Bills payable		
Bank Asia Limited	3,747,868,764	3,742,697,471
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,747,868,764</u>	<u>3,742,697,471</u>
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	64,167,247,193	48,293,710,027
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>64,167,247,193</u>	<u>48,293,710,027</u>
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	175,755,144,727	154,219,483,187
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>175,755,144,727</u>	<u>154,219,483,187</u>
	<u>303,493,914,448</u>	<u>254,077,526,668</u>
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	32,135,724,795	29,159,473,351
Off-shore banking unit	569,192	4,079,318
	<u>32,136,293,987</u>	<u>29,163,552,669</u>
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	13,110,200,000	12,279,116,920
Special general provision COVID-19 (Note 13.10)	850,600,000	-
Provision on off-balance sheet exposures (Note 13.3)	1,005,000,000	961,650,585
Interest suspense account (Note 13.4)	4,341,502,178	2,014,114,905
Provision for income tax including deferred tax (Note 13.5)	8,956,414,519	10,575,874,451
Provision for performance and festival bonus	252,632,349	288,426,987
Master card and Visa card payables	829,449	37,032,028
Expenditures and other payables	864,600,677	385,368,729
Provision for nostro accounts (Note 13.6)	-	-
Other payable	115,509,606	82,626,079
Provision for profit equalisation	20,978,177	19,403,976
Provision for diminution in value of shares (Note 13.7)	363,383,553	183,383,553
Payable to Government	9,007,621	8,357,621

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Provision for others (Note 13.8)	290,572,690	172,218,755
Rebate payable on good borrowers	67,700,000	67,700,000
Unearned income	829,928,758	665,377,497
Interest payable on subordinated non-convertible zero coupon bond	181,861,645	230,843,837
Fraction Bonus Share	2,768,571	2,768,571
ATM/POS settlement account	6,775	76,439,468
Lease liabilities (Note 13.9)	872,228,227	1,108,769,389
	<u>32,135,724,795</u>	<u>29,159,473,351</u>

13.2 Provision for loans and advances/investments

General provision

Conventional and Islamic:

Balance as at 1 January	7,478,740,555	4,882,892,695
Add: Provision made during the year	1,326,279,197	2,780,517,628
Transfer from diminution value of share	-	80,000,000
Less: Provision no longer required		
Written off	-	(264,669,768)
Balance as at 31 December	<u>8,805,019,752</u>	<u>7,478,740,555</u>

Off-shore Banking Unit (OBU):

Balance as at 1 January	195,719,574	208,349,718
Add: Provision made during the year	-	-
Less: Provision no longer required	(10,739,326)	(12,630,144)
Balance as at 31 December	<u>184,980,248</u>	<u>195,719,574</u>

A. Total general provision on loans and advances/investments

	<u>8,990,000,000</u>	<u>7,674,460,129</u>
--	----------------------	----------------------

Specific provision

Conventional and Islamic:

Balance as at 1 January	4,604,656,791	3,892,759,378
Add/ Back: Recoveries of amounts previously written off	183,636,137	145,983,239
Specific provision made during the year	(413,359,577)	2,805,142,562
Less: Write off/amicable settlement during the year	(254,733,351)	(2,239,228,388)
Balance as at 31 December	<u>4,120,200,000</u>	<u>4,604,656,791</u>

Off-shore Banking Unit (OBU):

Balance as at 1 January	-	-
Add: Provision made during the year	-	-
Less: Provision no longer required	-	-
Balance as at 31 December	<u>-</u>	<u>-</u>

B. Total Specific provision on loans and advances/investments

	<u>4,120,200,000</u>	<u>4,604,656,791</u>
--	----------------------	----------------------

C. Total provision on loans and advances/investments (A+B)

	<u>13,110,200,000</u>	<u>12,279,116,920</u>
--	-----------------------	-----------------------

13.3 Provision on off-balance sheet exposures

Balance at 1 January	961,337,263	1,157,621,318
Add: Provision made during the year	43,308,012	-

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
	1,004,645,275	1,157,621,318
Less: Adjustments made during the year	-	(196,284,055)
Balance at the end of the year	1,004,645,275	961,337,263
General provision maintained for OBU as at 01 January	313,322	406,180
Add: Provision made during the year	41,403	-
Less: Adjustments made during the year	-	(92,858)
	354,725	313,322
Balance at the end of the year	1,005,000,000	961,650,585

As per BRPD Circular No. 07, dated 21 June 2018 no provision is required for bills for collection and for counter guarantee provision is maintained based on BB rating grade.

13.4 Interest suspense account

Balance at 1 January	2,014,114,905	1,689,435,106
Add: Amount transferred to "interest suspense" account during the year	4,507,844,608	818,341,563
	6,521,959,513	2,507,776,669
Less: Amount of interest suspense recovered	2,119,471,298	353,260,126
Interest waiver during the year	60,986,037	140,401,638
	2,180,457,335	493,661,764
Balance as at 31 December	4,341,502,178	2,014,114,905

13.5 Provision for taxation

Current tax (Note 13.5.1)	8,484,393,154	10,103,853,086
Deferred tax (Note 13.5.2)	472,021,365	472,021,365
	8,956,414,519	10,575,874,451

13.5.1 Provision for current tax

Balance at 1 January	10,103,853,086	8,143,853,086
Add: Provision made during the year	1,922,000,000	1,960,000,000
	12,025,853,086	10,103,853,086
Less: Adjustments made during the year	3,541,459,932	-
	8,484,393,154	10,103,853,086

13.5.1(a) Consolidated Provision for current tax

Balance as at 1 January	10,457,975,108	8,438,505,719
Add: Provision made during the year		
Bank Asia Limited	1,922,000,000	1,960,000,000
Bank Asia Securities Limited	39,192,514	59,469,389
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	1,961,192,514	2,019,469,389
	12,419,167,622	10,457,975,108
Less: Adjustments made during the year		
Bank Asia Limited	3,541,459,932	-
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,541,459,932	-
Balance as at 31 December	8,877,707,690	10,457,975,108

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
13.5.2 Provision for deferred tax		
Balance at 1 January	472,021,365	472,021,365
Provision made for deferred tax liabilities	-	-
Provision made for deferred tax assets	-	-
	<u>472,021,365</u>	<u>472,021,365</u>

13.5.2 (a) Deferred Tax (asset)/liability

Particulars	Book value	Tax Base	(Deductible)/ Taxable	Deferred tax (Asset)/ Liability
Balance as at December 31, 2019				
Deferred Tax Asset				(970,232,060)
Deferred Tax Liability				593,437,897
Net Deferred Tax Asset 2019				<u>(376,794,163)</u>
Balance as at December 31, 2020				
Loan loss provision (Note 13.2)	4,120,200,000	-	(3,090,150,000)	(1,158,806,250)
Deferred tax assets (a)				<u>(1,158,806,250)</u>
Interest receivable	1,484,684,607	-	1,484,684,607	556,756,728
Fixed assets	3,170,586,769	2,596,940,535	573,646,234	215,117,338
Right-of-use assets	-		213,524,142	80,071,553
Deferred tax liability (b)				<u>851,945,619</u>
Net Deferred Tax Asset as of December 31, 2020 (a+b)				(306,860,631)
Movement for the period				
Opening deferred tax assets				(970,232,060)
Closing deferred tax assets				(1,158,806,250)
Changes for the period				(188,574,190)
Opening deferred tax liabilities				593,437,897
Closing deferred tax liabilities				851,945,619
Changes for the period				258,507,722
Changes during the period				<u>69,933,532</u>

As per Bangladesh Bank, BRPD circular no. 11 dated December 12, 2011 deferred tax assets may be recognized but restrictions are to be followed if deferred tax assets is calculated and recognized based on the provisions against classified loan, advances; such as i. amount of the net income after tax increased due to recognition of deferred tax assets on such provision will not be distributed as dividend. ii. the amount of deferred tax assets recognized on such provisions should be deducted while calculating the Regulatory Eligible Capital. iii. a description should be provided regarding deferred tax assets recognized on loan loss provision in the notes to the financial statements. On the other hand, deferred tax liabilities must be recognized for those items which are mentioned to recognize in IAS. Hence, the bank did not recognize deferred tax assets but recognize deferred tax liabilities when it arises.

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
--	-------------	-------------

13.5.3 Reconciliation of effective tax rate (Bank)

	Rate	2020	Rate	2019
Profit before provision		6,070,836,392		9,322,464,273
Income Tax as per applicable tax rate	37.50%	2,276,563,647	37.50%	3,495,924,102
Tax exempted income (on govt. treasury securities)	-15.19%	(922,110,090)	-0.25%	(23,542,084)
On probable deductible/non deductible expenses	9.35%	567,546,443	-16.22%	(1,512,382,018)
	31.66%	1,922,000,000	21.02%	1,960,000,000

13.6 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPP (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months. Details of unrecognized entries are shown in Annex I.

13.7 Provision for diminution in value of shares

Balance as at 1 January	183,383,553	263,383,553
Add: Provision for impairment loss of investment in subsidiaries	180,000,000	-
Less: Transfer to general provision for loans and advances/investments	-	(80,000,000)
Balance as at 31 December	<u>363,383,553</u>	<u>183,383,553</u>
Provision requirement for quoted and unquoted share including subsidiaries (Annex B)	68,265,317	169,694,780
Provision maintained	363,383,553	183,383,553
Surplus provision maintained	<u>295,118,236</u>	<u>13,688,773</u>

13.8 Provision for others

Balance as at 1 January	172,218,755	147,218,755
Adjustment during the period	(18,646,065)	-
Add: Provision made during the period	137,000,000	25,000,000
Balance as at 31 December	<u>290,572,690</u>	<u>172,218,755</u>
Provision requirement	219,886,000	167,112,000
Provision maintained	290,572,690	172,218,755
Surplus provision maintained	<u>70,686,690</u>	<u>5,106,755</u>

(Provision for others made for legal expenses, protested bills, expenditure related unreconciled entries and other assets that classified as bad and loss as per Bangladesh Bank BRPD Circular 14 dated June 25, 2001.)

13.9 Lease liabilities

Balance as at 1 January	1,108,769,389	1,405,418,936
Add: Interest charge during the year	108,474,522	126,487,704
Less: Payment made during the year	345,015,684	423,137,251
Balance as at 31 December	<u>872,228,227</u>	<u>1,108,769,389</u>

The lease liabilities represents the present value of the lease payments discounting using the incremental borrowing rate as per IFRS 16 against which right-of- use assets has been arisen (ref: Annex C).

13.10 Special general provision COVID-19 is maintained as per BRPD circular letter no. 56 dated December 10, 2020

13(a) Consolidated Other liabilities

Bank Asia Limited	32,136,293,987	29,163,552,669
Bank Asia Securities Limited	1,885,520,215	1,704,550,663
BA Exchange Company (UK) Limited	62,316,859	92,327,339
BA Express USA, Inc	270,842,164	217,275,726
	<u>34,354,973,225</u>	<u>31,177,706,397</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Less: Inter- companies transactions		
Receivable from BASL	-	-
Receivable from BA Exchange (UK) Limited	94,676,053	83,868,721
BA Express USA, Inc	325,094,277	219,844,009
	<u>33,935,202,895</u>	<u>30,873,993,667</u>

14 Share capital

14.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each	<u>15,000,000,000</u>	<u>15,000,000,000</u>
---	-----------------------	-----------------------

14.2 Issued, subscribed and fully paid up capital

56,372,480 ordinary shares of Taka 10 each issued for cash	563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each		
Issued as bonus shares	3,640,107,700	3,640,107,700
Right shares issued 25% for the year 2010	1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011	1,050,958,120	1,050,958,120
Issued as bonus shares 10% for the year 2012	630,574,870	630,574,870
Issued as bonus shares 10% for the year 2013	693,632,350	693,632,350
Issued as bonus shares 10% for the year 2014	762,995,590	762,995,590
Issued as bonus shares 5% for the year 2015	419,647,570	419,647,570
Issued as bonus shares 12% for the year 2016	1,057,511,890	1,057,511,890
Issued as bonus shares 12.50% for the year 2017	1,233,763,870	1,233,763,870
Issued as bonus shares 5% for the year 2018	555,193,740	555,193,740
	<u>11,659,068,600</u>	<u>11,659,068,600</u>

14.3 Initial public offer (IPO)

Out of the total issued, subscribed and fully paid up capital of the Bank 2,000,000 ordinary shares of Taka 100 each amounting to Taka 200,000,000 was raised through public offering of shares in 2003

14.4 Capital to risk-weighted asset

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	11,659,068,600	11,659,068,600
Statutory reserve (Note 15)	9,844,096,744	9,052,555,407
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	2,091,617,881	1,959,644,131
	23,602,949,369	22,679,434,282
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	44,010,000	43,436,430
Common Equity Tier -1 capital (Going-Concern Capital)	<u>23,558,939,369</u>	<u>22,635,997,852</u>
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	<u>23,558,939,369</u>	<u>22,635,997,852</u>
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	8,990,000,000	7,674,460,129
General provision on off-balance sheet exposure	1,005,000,000	961,650,585
Subordinated non-covertable zero coupon bonds	10,200,000,000	11,800,000,000
Revaluation reserve of securities and fixed assets	-	-
Total Tier- 2 Capital available	<u>20,195,000,000</u>	<u>20,436,110,714</u>
Adjustment of Excess Amount (Admissible Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	-	314,972,223
	<u>20,195,000,000</u>	<u>20,121,138,491</u>
Total admissible Tier-2 Capital	<u>20,195,000,000</u>	<u>20,121,138,491</u>
A) Total capital	<u>43,753,939,369</u>	<u>42,757,136,343</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
B) Total risk weighted assets (RWA)	254,905,151,741	238,427,232,656
C) Minimum total capital requirement 10%	25,490,515,174	23,842,723,266
D) Capital surplus (A-C)	18,263,424,195	18,914,413,077
E) Minimum total capital plus capital conservation buffer requirement @ 12.50%	31,863,143,968	29,803,404,082
F) Capital surplus (A-E) with capital conservation buffer	11,890,795,401	12,953,732,261
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	9.24%	9.49%
Tier- 1 to RWA (minimum 6% under Basel III)	9.24%	9.49%
Capital to Risk Weighted Assets against minimum requirement 10%	17.16%	17.93%

14.4 (a) Consolidated capital to risk-weighted asset

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	11,659,068,600	11,659,068,600
Non-controlling (Minority) interest	10,198	10,196
Statutory reserve (Note 15)	9,844,096,744	9,052,555,407
General reserve	8,166,144	8,166,144
Retained earnings (Note 17a)	1,918,254,038	1,800,257,979
	23,429,595,724	22,520,058,326
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	44,010,000	43,436,430
Common Equity Tier -1 capital (Going-Concern Capital)	23,385,585,724	22,476,621,896
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	23,385,585,724	22,476,621,896
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	8,990,000,000	7,674,460,129
General provision on off-balance sheet exposure	1,005,000,000	961,650,585
Subordinated non-convertible zero coupon bonds	10,200,000,000	11,800,000,000
Revaluation reserve of securities and fixed assets	-	-
Total Tier- 2 Capital available	20,195,000,000	20,436,110,714
Adjustment of Excess Amount (Admissible Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	-	456,641,511
Total admissible Tier-2 Capital	20,195,000,000	19,979,469,203
A) Total capital	43,580,585,724	42,456,091,099
B) Total risk weighted assets (RWA)	257,403,701,528	242,096,830,071
C) Required capital	25,740,370,153	24,209,683,007
D) Capital surplus (A-C)	17,840,215,571	18,246,408,092
E) Minimum total capital plus capital conservation buffer requirement @ 12.50%	32,175,462,691	30,262,103,759
F) Capital surplus (A-E) with capital conservation buffer	11,405,123,033	12,193,987,340
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	9.09%	9.28%
Tier- 1 to RWA (minimum 6% under Basel III)	9.09%	9.28%
Capital to Risk Weighted Assets against minimum requirement 10%	16.93%	17.54%

Notes to the financial statements

Amount in Taka

31 Dec 2020

31 Dec 2019

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2020		At 31 December 2019	
	No. of shares	%	No. of shares	%
Sponsors & Directors	600,698,621	51.52	596,898,621	51.20
General public	161,113,132	13.82	169,727,589	14.56
Institutions	279,059,559	23.94	259,623,630	22.27
Investment companies	120,806,182	10.36	133,181,344	11.42
Non-resident Bangladeshi	1,650,796	0.14	2,129,985	0.18
Foreign investors	2,578,570	0.22	4,345,691	0.37
	1,165,906,860	100	1,165,906,860	100

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Less than 5,000	6,339	6,836	0.62	0.68
5,000 to 50,000	1,640	1,769	1.92	2.10
50,001 to 100,000	107	118	0.66	0.71
100,001 to 200,000	51	49	0.62	0.58
200,001 to 300,000	25	27	0.54	0.58
300,001 to 400,000	11	12	0.32	0.35
400,001 to 500,000	7	12	0.27	0.47
500,001 to 1,000,000	39	37	2.47	2.34
1,000,001 to 10,000,000	70	70	20.84	22.27
Over 10,000,000	30	30	71.74	69.92
	8,319	8,960	100.00	100.00

14.7 Name of the Directors and their shareholdings as at 31 December 2020

SI	Name of the director	Status	Closing position	Opening position
1	Mr. A Rouf Chowdhury	Chairman	23,350,148	23,350,148
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea Estates Ltd)	Vice Chairman	45,666,246	45,666,246
3	Mr. Romo Rouf Chowdhury	Vice Chairman	23,323,746	23,323,746
4	Mr. Rume A Hossain	Director	36,216,554	34,416,554
5	Mrs. Hosneara Sinha	Director	53,184,729	53,184,729
6	Ms. Naheed Akhter Sinha	Director	55,842,838	55,842,838
7	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	41,679,196	41,679,196
8	Maj. Gen. Mohammad Matiur Rahman (Retd.) (Representing Sinha Fashions Limited)	Director	23,401,435	23,401,435
9	Ms. Farhana Haq	Director	56,907,244	54,907,244
10	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	Director	47,558,630	47,558,630
11	Mr. Dilwar H Choudhury (Independent Director)	Director	-	-
12	Mr. Ashrafal Haq Chowdhury (Independent Director)	Director	-	-
13	Mr. Md. Abul Quasem (Independent Director)	Director	-	-
14	Mr. M. A. Baqui Khalily (Independent Director)	Director	-	-
15	Mr. Helal Ahmed Chowdhury (Independent Director)	Director	-	-

15 Statutory reserve

Balance at the beginning of the year	9,052,555,407	8,268,393,179
Add: Addition during the year (20% of pre-tax profit)	791,541,337	784,162,228
Balance at the end of the year	<u>9,844,096,744</u>	<u>9,052,555,407</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
16 Revaluation reserve		
HTM securities (Note 16.1)	46,593,577	20,176,016
HFT securities (Note 16.2)	1,746,995,202	7,434,933
Fixed Assets revaluation (Note 16.3)	1,984,357,423	2,038,072,687
	<u>3,777,946,202</u>	<u>2,065,683,636</u>
16.1 Revaluation reserve on HTM securities		
Balance at 1 January	20,176,016	16,504,049
Gain from revaluation on investments	26,417,561	14,919,561
Adjustment for sale/maturity of securities	-	(11,247,594)
	<u>46,593,577</u>	<u>20,176,016</u>
16.2 Revaluation reserve on HFT securities		
Balance at 1 January	7,434,933	11,740,204
Gain from revaluation on investments	13,156,910,380	492,331,474
Adjustment for sale/maturity of securities	(11,417,350,111)	(496,636,745)
	<u>1,746,995,202</u>	<u>7,434,933</u>
16.3 Revaluation reserve on Fixed Assets		
Balance at 1 January	2,038,072,687	2,091,787,951
Depreciation charged during the year	(53,715,264)	(53,715,264)
	<u>1,984,357,423</u>	<u>2,038,072,687</u>
16 (a) Consolidated Revaluation reserve		
Bank Asia Limited	3,777,946,202	2,065,683,636
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,777,946,202</u>	<u>2,065,683,636</u>
17 Retained earnings		
Balance at 1 January	1,959,644,131	1,839,667,438
Add: Post - tax profit for the year	2,035,706,683	1,960,811,140
Revaluation reserve transferred to retained earnings	53,715,264	53,715,264
	<u>4,049,066,078</u>	<u>3,854,193,842</u>
Less: Issue of bonus shares for the year 2019	1,165,906,860	-
Issue of cash dividend for the year 2018	-	555,193,743
Issue of bonus shares for the year 2018	-	555,193,740
Transfer to statutory reserve	791,541,337	784,162,228
	<u>1,957,448,197</u>	<u>1,894,549,711</u>
	<u>2,091,617,881</u>	<u>1,959,644,131</u>
17(a) Consolidated Retained earnings		
Balance at 1 January	1,800,257,979	1,686,898,121
Add: Foreign exchange revaluation reserve for opening retained earnings	(2,758,415)	(3,618,945)
Revaluation reserve transferred to retained earnings	53,715,264	53,715,264
Post- tax profit for the year	2,024,487,409	1,957,811,647
Adjustment of non controlling interest	-	1,693
Less: Non controlling interest	2	90
	<u>3,875,702,235</u>	<u>3,694,807,690</u>
Less: Issue of bonus shares for the year 2019	1,165,906,860	-
Issue of cash dividend for the year 2018	-	555,193,743
Issue of bonus shares for the year 2018	-	555,193,740
Transferred to statutory reserve	791,541,337	784,162,228
	<u>1,957,448,197</u>	<u>1,894,549,711</u>
	<u>1,918,254,038</u>	<u>1,800,257,979</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	10,198	10,196
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>10,198</u>	<u>10,196</u>
18 Contingent liabilities		
Conventional and Islamic banking	122,154,955,295	120,585,944,792
Off-shore banking unit	35,472,485	31,332,169
	<u>122,190,427,780</u>	<u>120,617,276,961</u>
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	36,011,691,917	39,190,434,015
Off-shore banking unit	4,158,295	2,055,858
	<u>36,015,850,212</u>	<u>39,192,489,873</u>
Letters of guarantee		
Conventional and Islamic banking (Note 18.2)	36,612,044,391	36,999,351,447
Off-shore banking unit	554,910	-
	<u>36,612,599,301</u>	<u>36,999,351,447</u>
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	29,721,029,851	26,439,543,168
Off-shore banking unit	30,759,280	29,276,311
	<u>29,751,789,131</u>	<u>26,468,819,479</u>
Bills for collection		
Conventional and Islamic banking (Note 18.4)	15,897,303,598	15,916,199,719
Off-shore banking unit	-	-
	<u>15,897,303,598</u>	<u>15,916,199,719</u>
Other commitments		
Conventional and Islamic banking (Note 18.5)	3,912,885,538	2,040,416,443
Off-shore banking unit	-	-
	<u>3,912,885,538</u>	<u>2,040,416,443</u>
	<u>122,190,427,780</u>	<u>120,617,276,961</u>
18.1 Acceptances and endorsements		
Conventional and Islamic banking	36,011,691,917	39,190,434,015
Off-shore banking unit	4,158,295	2,055,858
	<u>36,015,850,212</u>	<u>39,192,489,873</u>
18.2 Letters of guarantee		
Letters of guarantee (Local)	22,772,282,978	23,279,766,953
Letters of guarantee (Foreign)	13,839,761,413	13,719,584,494
	<u>36,612,044,391</u>	<u>36,999,351,447</u>
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors or officers	-	-
Government	27,616,831,056	27,928,576,899
Banks and other financial institutions	671,552,863	925,708,758
Others	8,323,660,472	8,145,065,790
	<u>36,612,044,391</u>	<u>36,999,351,447</u>
18.3 Irrevocable letters of credit		
Letters of credit Back to Back (Inland)	3,946,874,049	3,394,140,530
Letters of credit (General)	22,526,232,627	19,708,039,248
Back to back L/C	3,247,923,175	3,337,363,390
	<u>29,721,029,851</u>	<u>26,439,543,168</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
18.4 Bills for collection		
Local bills for collection	9,788,723,716	10,467,042,903
Foreign bills for collection	6,108,579,882	5,449,156,816
	<u>15,897,303,598</u>	<u>15,916,199,719</u>

18.5 Other commitments

Forward Assets Purchased and Forward Deposits Placed	<u>3,912,885,538</u>	<u>2,040,416,443</u>
--	----------------------	----------------------

18.6 Workers' profit participation fund (WPPF)

As per Bangladesh Labour Act 2006 and SRO no. 336/Law/2010, all companies falling within the scope of WPPF are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. Bank obtained opinion from its legal advisor regarding this issue which stated that the Bank is not required to make provision for WPPF as it is not within the scope of WPPF. As such the Bank did not make any provision during the year for WPPF.

19 Income statement

Income:

Interest, discount and similar income (Note 19.1)	24,565,403,376	26,103,448,197
Dividend income (Note 22.1)	15,280,460	51,407,464
Fees, commission and brokerage (Note 19.2)	1,297,409,009	1,610,106,976
Gains/ less Losses arising from dealing securities	-	-
Gains/ less Losses arising from investment securities	15,813,092	1,348,918
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	1,177,568,485	1,751,261,150
Income from non-banking assets	-	-
Other operating income (Note 24)	1,034,090,923	1,018,730,455
Profit/ less Losses on interest rate changes	-	-
	<u>28,105,565,345</u>	<u>30,536,303,160</u>

Expenses:

Interest paid/profit shared on deposits and borrowings, etc (Note 21)	14,926,677,328	14,462,380,548
Administrative expenses (Note 19.3)	4,363,389,892	4,102,698,154
Other expenses (Note 34)	1,970,532,731	1,887,668,330
Depreciation on banks assets (Note 33.1)	774,129,002	761,091,855
	<u>22,034,728,953</u>	<u>21,213,838,887</u>
	<u>6,070,836,392</u>	<u>9,322,464,273</u>

19.1 Interest, discount and similar income

Interest income/profit on investments (Note 20)	18,112,098,828	22,863,139,585
Interest on treasury bills/reverse repo/bills	5,382,632,409	3,074,953,797
Interest income on corporate bonds	148,562,049	141,812,731
Interest on debentures	-	-
Income from investment in shares, bonds etc	-	-
Capital gain on Government securities and assets	922,110,090	23,542,084
	<u>24,565,403,376</u>	<u>26,103,448,197</u>

Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.

19.2 Fees, commission and brokerage

Commission	1,297,409,009	1,610,106,976
Brokerage	-	-
	<u>1,297,409,009</u>	<u>1,610,106,976</u>

19.3 Administrative expenses

Salaries and allowances (Note 25)	3,536,708,226	3,266,449,893
Rent, taxes, insurance, electricity, etc (Note 26)	440,514,478	440,093,246
Legal expenses (Note 27)	13,111,596	20,534,559
Postage, stamp, telecommunication, etc (Note 28)	125,950,752	124,471,658
Stationery, printing, advertisement, etc (Note 29)	148,118,134	156,689,993

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Managing Director's salary and fees (Note 30)	19,262,968	16,572,420
Directors' fees (Note 31)	3,208,000	3,424,000
Auditors' fees (Note 32)	853,000	1,478,225
Repair of Bank's assets (Note 33.1)	75,662,738	72,984,160
	<u>4,363,389,892</u>	<u>4,102,698,154</u>

20 Interest income/profit on investments

Conventional and Islamic banking (Note 20.1)	17,275,697,158	21,725,303,785
Off-shore banking unit	955,775,932	1,166,103,247
	<u>18,231,473,090</u>	<u>22,891,407,032</u>
Less: inter transaction between OBU and Conventional banking	119,374,262	28,267,447
	<u>18,112,098,828</u>	<u>22,863,139,585</u>

20.1 Conventional and Islamic banking

Agricultural loan	325,942,357	332,659,093
Cash credit/Bai Murabaha (Muajjal)	367,216,728	477,480,468
Credit card	438,461,771	415,843,541
Credit for poverty alleviation scheme-micro credit	108,275	295,388
Consumer credit scheme	1,192,278,999	1,293,440,738
Demand loan	2,910,645,503	3,743,496,347
Export Development Fund (EDF)	214,938,545	275,917,006
House building loan	116,065,984	113,021,311
Loans (General)/Musharaka	1,619,416,512	1,960,409,510
Loans against trust receipts/ Bai Murabaha post import	1,089,486,518	1,342,255,595
Overdrafts/ Quard against scheme	3,300,693,120	4,104,797,684
Packing credit	38,329,725	41,612,011
Payment against documents	13,197,564	15,135,149
Staff loan	74,613,492	73,896,843
Transport loan	185,298,757	198,006,038
Term loan- industrial	1,670,007,420	2,448,635,975
Term loan- others/ Hire purchase under Shirkatul Melk	1,725,054,252	2,534,322,559
Foreign bills purchased	17,880,833	19,527,512
Local bills purchased	124,658,095	202,427,713
Loan Under Covit-19 Stimulus Pkg	233,724,990	-
Total interest/profit on loans and advances/investments	15,658,019,440	19,593,180,481
Interest/profit on balance with other banks and financial institutions	1,573,778,490	2,071,621,354
Interest/profit received from foreign banks	43,899,228	60,501,950
	<u>17,275,697,158</u>	<u>21,725,303,785</u>

20(a) Consolidated Interest income/profit on investments

Bank Asia limited	18,112,098,828	22,863,139,585
Bank Asia Securities Ltd	193,809,470	321,231,320
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>18,305,908,298</u>	<u>23,184,370,905</u>
Less: Inter-company transactions	188,344,612	210,303,633
	<u>18,117,563,686</u>	<u>22,974,067,272</u>

21 Interest paid/profit shared on deposits and borrowings etc.

Conventional and Islamic banking (Note 21.1)	14,481,148,492	13,624,978,979
Off-shore banking unit	564,903,098	865,669,016
	<u>15,046,051,590</u>	<u>14,490,647,995</u>
Less: inter transaction with OBU	119,374,262	28,267,447

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
	<u>14,926,677,328</u>	<u>14,462,380,548</u>
21.1 Conventional and Islamic banking		
Interest paid/profit shared on deposits		
Fixed deposits/ Mudaraba Fixed deposit	5,863,126,655	5,729,597,318
Scheme deposits	5,163,617,535	5,106,327,157
Sanchaya plus	18,709,295	22,011,682
Savings deposits/ Mudaraba Savings bank	1,598,451,934	1,231,128,548
Special notice deposits	754,812,264	688,775,835
	<u>13,398,717,683</u>	<u>12,777,840,540</u>
Interest on borrowings and others		
Local banks including Bangladesh Bank	36,871,103	83,654,999
Interest on subordinated non-covertable bond	1,045,236,439	762,314,302
Foreign banks	323,267	1,169,138
	<u>1,082,430,809</u>	<u>847,138,439</u>
	<u>14,481,148,492</u>	<u>13,624,978,979</u>
21(a) Consolidated Interest Expenses/profit paid on Deposits		
Bank Asia limited	14,926,677,328	14,462,380,548
Bank Asia Securities Limited	188,373,820	212,509,391
Bank Asia Securities Ltd	-	-
BA Express USA, Inc	-	-
	<u>15,115,051,148</u>	<u>14,674,889,939</u>
Less: Inter-company transactions	188,344,612	210,303,633
	<u>14,926,706,536</u>	<u>14,464,586,306</u>
22 Investment income		
Conventional and Islamic banking (Note 22.1)	6,484,398,100	3,293,064,994
Off-shore banking unit	-	-
	<u>6,484,398,100</u>	<u>3,293,064,994</u>
22.1 Conventional and Islamic Banking		
Interest on treasury bills	1,577,293,512	670,410,633
Interest on treasury bonds	3,736,329,121	2,366,047,464
Interest income on corporate bonds	148,562,049	141,812,731
Interest on Islamic bonds	52,458,317	31,211,410
Capital gain from investment in shares	15,813,092	1,348,918
Dividend on shares	15,280,460	51,407,464
Capital gain on Government securities	922,110,090	23,542,084
Interest on reverse repo	16,551,459	7,284,290
	<u>6,484,398,100</u>	<u>3,293,064,994</u>
22(a) Consolidated investment income		
Bank Asia Limited	6,484,398,100	3,293,064,994
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>6,484,398,100</u>	<u>3,293,064,994</u>
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	2,465,167,276	3,347,666,556
Off-shore banking unit	9,810,218	13,701,570

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
	<u>2,474,977,494</u>	<u>3,361,368,126</u>
23.1 Conventional and Islamic Banking		
Commission on L/C	20,178,329	41,348,963
Commission on back to back L/C against Export	749,153,916	835,085,521
Fees and commission including Export	185,343,012	335,748,324
Commission on L/G	284,159,063	341,559,858
Commission on export	3,394,820	6,772,710
Commission on PO, DD, TT, TC, etc	26,963,175	24,714,096
Other commission	18,406,476	11,175,934
	1,287,598,791	1,596,405,406
Foreign exchange gain	1,177,568,485	1,751,261,150
	<u>2,465,167,276</u>	<u>3,347,666,556</u>
23(a) Consolidated Commission, exchange and brokerage		
Bank Asia limited	2,474,977,494	3,361,368,126
Bank Asia Securities Ltd	119,829,921	92,693,307
BA Exchange Company (UK) Limited	27,302,925	29,652,687
BA Express USA, Inc	31,861,721	11,796,103
	<u>2,653,972,061</u>	<u>3,495,510,223</u>
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	1,017,564,704	990,421,481
Off-shore banking unit	16,526,219	28,308,974
	<u>1,034,090,923</u>	<u>1,018,730,455</u>
24.1 Conventional and Islamic banking		
Locker charge	11,985,800	11,975,125
Service and other charges	580,548,021	536,740,372
Master/Visa card fees and charges	256,219,127	241,919,424
Postage/telex/SWIFT/fax recoveries	111,366,654	127,286,381
Profit on sale of fixed assets	538,805	8,753,381
Non-operating income	9,815,312	8,137,975
Rebate on nostro account	39,784,637	39,467,833
Other income from brokerage	7,306,348	16,140,990
	<u>1,017,564,704</u>	<u>990,421,481</u>
24 (a) Consolidated other operating income		
Bank Asia Limited	1,034,090,923	1,018,730,455
Bank Asia Securities Ltd	30,881,002	29,775,796
BA Exchange Company (UK) Limited	2,698,444	2,661,714
BA Express USA, Inc	1,503,992	948,684
	<u>1,069,174,361</u>	<u>1,052,116,649</u>
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	3,536,708,226	3,266,449,893
Off-shore banking unit	-	-
	<u>3,536,708,226</u>	<u>3,266,449,893</u>
25.1 Conventional and Islamic banking		
Basic salary	1,261,496,066	1,236,906,707
Allowances	1,464,541,775	1,249,136,318
Festival bonus	210,564,011	196,721,513
Gratuity	267,400,000	202,400,000
Provident fund contribution	122,706,374	111,297,360

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Performance bonus	210,000,000	269,987,995
	<u>3,536,708,226</u>	<u>3,266,449,893</u>
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	3,536,708,226	3,266,449,893
Bank Asia Securities Ltd	69,044,948	66,559,270
BA Exchange Company (UK) Limited	14,207,933	12,325,604
BA Express USA, Inc	18,937,141	15,158,285
	<u>3,638,898,248</u>	<u>3,360,493,052</u>
26 Rent, taxes, insurance, electricity etc.		
Conventional and Islamic banking (Note 26.1)	440,255,344	439,835,697
Off-shore banking unit	259,134	257,549
	<u>440,514,478</u>	<u>440,093,246</u>
26.1 Conventional and Islamic banking		
Rent, rate and taxes (Note 26.1.1)	30,810,105	26,712,121
Insurance	188,345,849	169,710,299
Power and electricity	112,624,868	116,925,573
Interest portion on lease liabilities (Note 26.1.1)	108,474,522	126,487,704
	<u>440,255,344</u>	<u>439,835,697</u>
26.1.1 Total rent expenses for the year 2020 was Tk 462,342,546 as per IAS 17. To implement "IFRS 16: Lease" this rent expense has been adjusted with depreciation Tk 326,661,553 arises against right-of-use assets (ref: Annex C) and interest expenses Tk 108,474,522 arises against lease liabilities.		
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	440,514,478	440,093,246
Bank Asia Securities Ltd	7,636,189	17,321,041
BA Exchange Company (UK) Limited	4,139,354	6,804,596
BA Express USA, Inc	11,643,923	7,502,418
	<u>463,933,944</u>	<u>471,721,301</u>
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	11,698,219	20,114,446
Off-shore banking unit	1,413,377	420,113
	<u>13,111,596</u>	<u>20,534,559</u>
27.1 Conventional and Islamic Banking		
Legal expenses	11,698,219	20,114,446
Other professional charges	-	-
	<u>11,698,219</u>	<u>20,114,446</u>
27(a) Consolidated Legal expenses		
Bank Asia Limited	13,111,596	20,534,559
Bank Asia Securities Ltd	93,408	818,600
BA Exchange Company (UK) Limited	194,458	444,004
BA Express USA, Inc	352,254	421,616
	<u>13,751,716</u>	<u>22,218,779</u>
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	125,257,906	123,751,262
Off-shore banking unit	692,846	720,396
	<u>125,950,752</u>	<u>124,471,658</u>
28.1 Conventional and Islamic banking		

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Telephone, courier and postage	82,149,863	77,977,767
Master/VISA card process fee	21,108,755	25,589,255
ATM charge	1,780,260	1,822,152
SWIFT and Reuter charge	17,917,695	16,709,367
Internet	2,301,333	1,652,721
	<u>125,257,906</u>	<u>123,751,262</u>
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	125,950,752	124,471,658
Bank Asia Securities Ltd	1,511,559	1,579,425
BA Exchange Company (UK) Limited	550,877	570,892
BA Express USA, Inc	299,592	220,696
	<u>128,312,780</u>	<u>126,842,671</u>
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	148,068,470	156,639,432
Off-shore banking unit	49,664	50,561
	<u>148,118,134</u>	<u>156,689,993</u>
29.1 Conventional and Islamic banking		
Office and security stationery	78,044,292	74,489,241
Calendar, diary, souvenir, etc	15,353,500	23,803,440
ATM card /Supplies And Stationeries	25,482,834	30,226,705
Books and periodicals	1,245,115	1,609,580
Publicity and advertisement	27,942,729	26,510,466
	<u>148,068,470</u>	<u>156,639,432</u>
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	148,118,134	156,689,993
Bank Asia Securities Ltd	374,971	1,234,650
BA Exchange Company (UK) Limited	988,808	1,357,957
BA Express USA, Inc	548,818	221,243
	<u>150,030,731</u>	<u>159,503,843</u>
30 Managing Director's salary and fees		
Basic salary	9,984,516	7,801,613
House rent allowance	2,400,000	1,860,484
Entertainment allowances	600,000	420,162
Incentive bonus	1,000,000	1,000,000
Festival bonus	1,680,000	1,210,000
Utility allowance and others	1,200,000	1,200,000
House maintenance allowance	600,000	600,000
Provident fund	998,452	780,161
Leave fare assistance	800,000	1,700,000
	<u>19,262,968</u>	<u>16,572,420</u>
31 Directors' fees		
Directors' fees	<u>3,208,000</u>	<u>3,424,000</u>
31(a) Consolidated Directors' fees		
Bank Asia Limited	3,208,000	3,424,000
Bank Asia Securities Ltd.	275,000	302,400
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
	<u>3,483,000</u>	<u>3,726,400</u>
32 Auditors' fees		
Audit fees	853,000	1,478,225
Others	-	-
	<u>853,000</u>	<u>1,478,225</u>
32(a) Consolidated Auditors fees		
Bank Asia Limited	853,000	1,478,225
Bank Asia Securities Ltd	76,667	95,833
BA Exchange Company (UK) Limited	639,315	630,240
BA Express USA, Inc	1,409,264	1,235,961
	<u>2,978,246</u>	<u>3,440,259</u>
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	849,791,740	834,076,015
Off-shore banking unit	-	-
	<u>849,791,740</u>	<u>834,076,015</u>
33.1 Conventional and Islamic banking		
Depreciation		
Owned assets	774,129,002	761,091,855
Leased assets	-	-
Depreciation	774,129,002	761,091,855
Repairs:		
Building	8,757,327	10,055,315
Furniture and fixtures	2,760,890	3,583,154
Equipments	16,872,809	19,297,980
	28,391,026	32,936,449
Maintenance	47,271,712	40,047,711
	<u>849,791,740</u>	<u>834,076,015</u>
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	849,791,740	834,076,015
Bank Asia Securities Ltd	21,253,736	4,709,168
BA Exchange Company (UK) Limited	2,414,908	2,033,364
BA Express USA, Inc	1,658,949	1,648,136
	<u>875,119,333</u>	<u>842,466,683</u>
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	1,949,674,894	1,868,985,671
Off-shore banking unit	20,857,837	18,682,659
	<u>1,970,532,731</u>	<u>1,887,668,330</u>
34.1 Conventional and Islamic banking		
Car expenses	315,645,246	324,170,297
Contractual service expenses	713,057,229	744,761,162
Computer expenses	169,616,591	168,235,611
Other management and administrative expenses	266,773,187	246,377,129
Commission paid to agents	108,392,050	153,238,259
Entertainment	32,724,397	63,159,412
AGM/EGM expenses	32,765	1,528,027

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Payment to superannuation fund	7,320,000	7,320,000
Donation and subscription to institutions	317,003,301	103,516,418
Travelling expenses	12,953,915	37,390,737
Training and internship	5,641,913	18,106,353
Directors' travelling expenses	14,300	682,266
Sharia council fees	500,000	500,000
	<u>1,949,674,894</u>	<u>1,868,985,671</u>
34(a) Consolidated other expenses		
Bank Asia Limited	1,970,532,731	1,887,668,330
Bank Asia Securities Ltd	8,289,048	11,032,998
BA Exchange Company (UK) Limited	6,304,396	6,329,186
BA Express USA, Inc	10,694,899	9,288,053
	<u>1,995,821,074</u>	<u>1,914,318,567</u>
34(b) Provision for loans and advances/investments and off-balance sheet items		
Conventional and Islamic banking	2,123,827,632	5,414,376,135
Off-shore banking unit	(10,697,923)	(12,723,002)
	<u>2,113,129,709</u>	<u>5,401,653,133</u>
Break up of provision for loans and advances/Investments is shown below:		
General provision		
Conventional and Islamic banking	2,176,879,197	2,860,517,628
Off-shore banking unit	(10,739,326)	(12,630,144)
	2,166,139,871	2,847,887,484
Specific provision		
Conventional and Islamic banking	(413,359,577)	2,805,142,562
Off-shore banking unit	-	-
	(413,359,577)	2,805,142,562
Provision for off-balance sheet items		
Conventional and Islamic banking	43,308,012	(196,284,055)
Off-shore banking unit	41,403	(92,858)
	43,349,415	(196,376,913)
Provision for diminution in value of investments	180,000,000	(80,000,000)
Other provisions	137,000,000	25,000,000
	<u>2,113,129,709</u>	<u>5,401,653,133</u>
34(c) Consolidated Provision for loans and advances/investments		
Bank Asia Limited	2,113,129,709	5,401,653,133
Bank Asia Securites Limited:		
Specific Provision	8,000,000	36,000,000
Provision for diminution in value of investments	-	13,934,688
Other provisions	-	-
	8,000,000	49,934,688
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,121,129,709</u>	<u>5,451,587,821</u>
35 Receipts from other operating activities		
Conventional and Islamic banking (Note 35.1)	1,955,487,886	1,015,312,483
Off-shore banking unit	16,526,219	28,308,974
	<u>1,972,014,105</u>	<u>1,043,621,457</u>

35.1 Conventional and Islamic banking

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Locker charge	11,985,800	11,975,125
Service and other charges	580,548,021	536,740,372
Master card fees and charges	256,219,127	241,919,424
Postage/telex/SWIFT/ fax recoveries	111,366,654	127,286,381
Non-operating income	995,368,284	97,391,181
	<u>1,955,487,886</u>	<u>1,015,312,483</u>
35(a) Consolidated Receipts from other operating activities		
Bank Asia Limited	1,972,014,105	1,043,621,457
Bank Asia Securities Ltd	30,881,002	29,775,796
BA Exchange Company (UK) Limited	2,698,444	2,661,714
BA Express USA, Inc	1,503,992	948,684
	2,007,097,543	1,077,007,651
Less: inter- companies transactions	-	-
	<u>2,007,097,543</u>	<u>1,077,007,651</u>
36 Payments for other operating activities		
Conventional and Islamic banking (Note 36.1)	2,552,316,554	2,475,302,230
Off-shore banking unit	21,116,971	18,940,208
	<u>2,573,433,525</u>	<u>2,494,242,438</u>
36.1 Conventional and Islamic banking		
Rent, rates and taxes	440,255,344	439,835,697
Legal expenses	13,111,596	20,534,559
Directors' fees	3,208,000	3,424,000
Postage, stamp, telecommunication, etc	125,950,752	124,471,658
Other expenses	1,949,674,894	1,868,985,671
Managing Director's salary	19,262,968	16,572,420
Auditors' fee	853,000	1,478,225
	<u>2,552,316,554</u>	<u>2,475,302,230</u>
36(a) Payments for other operating activities		
Bank Asia Limited	2,573,433,525	2,494,242,438
Bank Asia Securities Ltd	17,881,871	31,150,297
BA Exchange Company (UK) Limited	11,828,400	14,778,918
BA Express USA, Inc	24,399,932	18,668,744
	<u>2,627,543,728</u>	<u>2,558,840,397</u>
37 Earnings per share (EPS)		
Net profit after tax (Numerator)	2,035,706,683	1,960,811,140
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	<u>1.75</u>	<u>1.68</u>
37(a) Consolidated Earnings per share (EPS)		
Net profit after tax (Numerator)	2,024,487,409	1,957,811,647
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	<u>1.74</u>	<u>1.68</u>
38 Reconciliation of net profit with cash flows from operating activities (Solo basis)		
Profit before tax as per profit and loss account	3,957,706,683	3,920,811,140
Adjustment for non-cash items:		
Provision for Loans and advances	1,752,780,294	5,653,030,046
Provision for Off balance sheet items	43,349,415	(196,376,913)
Provision for Diminution in value of investments	180,000,000	(80,000,000)
Provision for other assets	137,000,000	25,000,000
Depreciation of Property plant and equipment	849,791,740	834,076,015

Notes to the financial statements

Profit on sale of fixed assets	(538,805)	(8,753,381)
Increase/decrease in operating assets & liabilities:		
Loans and advances to customers	(15,213,028,151)	(13,519,492,993)
Other operating assets	281,322,817	(708,379,076)
Deposits from customers and banks	49,318,531,745	31,237,858,371
Other operating liabilities	1,367,196,137	2,361,890,411
Trading liabilities	332,501,946	(950,432,513)
Income tax paid	(2,429,453,826)	(2,051,736,653)
Cash flows from operating activities as per cash flow statement		
	<u>40,577,159,995</u>	<u>26,517,494,454</u>

39 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 2,492 (2019: 2,376).

40 Audit committee

The Audit Committee of the Board of Directors of Bank Asia Limited was constituted in the 44th meeting of the Board held on January 18, 2003 in compliance with the Bangladesh Bank directives. The Audit Committee was formed with the objectives to establish a platform for a compliant and secured banking structure in the Bank. The present Audit Committee was reconstituted by the Board in the 432th meeting held on 12th July 2020 consisting of the following members:

Name	Status with the Audit Committee	Educational qualification
Mr. Dilwar H Choudhury	Chairman	BA
Mr. Mohd. Safwan Choudhury	Member	BA (Hon's) MA
Mr. Ashrafal Haq Chowdhury	Member	M.Sc.
Major General Mohammad Matiur Rahman (retd.)	Member	M. Com
Mr. M. A. Baqui Khalily	Member	Ph.D

The Company Secretary of the Bank acts as the Secretary of the Committee.

No. of meeting	Date	No. of meeting	Date
206 th Audit	22 nd March, 2020	210 th Audit	08 th September, 2020
207 th Audit	08 th June, 2020	211 th Audit	28 th October, 2020
208 th Audit	06 th July, 2020	212 th Audit	29 th December, 2020
209 th Audit	28 th July, 2020		

In the year 2020, 07 (seven) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- 1 External Audit Report of the Bank and the recommendations made therein.
- 2 Bangladesh Bank comprehensive inspection report and the recommendations made therein.
- 3 Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- 4 Actions taken by the management with regard to shortcomings raised in the Bangladesh Bank Inspection report and by the Internal Audit Team of the Bank.
- 5 The corrective measures taken by the management with regard to the lapses pointed out on the internal control and other issues raised by internal and external auditors and inspectors of the regulatory authority.
- 6 The compliance status of the audit objections and the recommendations made by the Bangladesh Bank Inspectors, External Auditors and the Internal Auditors in the reports.
- 7 Management Report on Accounts of the Bank for the year ended on 31.12.2019.
- 8 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and compliance thereof.
- 9 Review of status of recovery of classified loans and necessary guidelines provided to the management to reduce Non Performing Loan (NPL).
- 10 Proposal of the management for realization of profit charged/accrued to income under the provisions of BRPD Circular Letter No#56 dated 10.12.2020.

The Audit Committee has further satisfied that

- * The rules and regulations of the Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board of Directors are duly complied with.
- * Adequate internal control and security measures have been taken by the Bank facilitating Information Technology (IT) based banking including generation of proper Management Information System (MIS).
- * The system of internal control and business processes have been strengthened including development of human resources towards creation of a compliance culture in the Bank.

Notes to the financial statements

- * Efforts have been made to keep assets of the Bank safe along with liabilities and commitments being transparent.
- * The Financial Statements of the Bank have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which contained full disclosure.

41 RELATED PARTY TRANSACTIONS

While making any related party transactions the management always pays proper attention to economic efficiency and competitive pricing and necessary approval of Bangladesh Bank and other authorities had been obtained wherever applicable. Significant related party transactions of the Bank for the period January – December 2020 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Agro Food Services Ltd.	Common Directors/ Close family members Director	Office Rent	26,151,231
Ali Estates Limited	-do-	Office Rent	90,766,517
DHS Motors	-do-	Car providers & Car repair and Services	10,606,916
Garda Shield Security Service Ltd.	-do-	Maintenance	3,627,926
Green Bangla	-do-	Tree Plantation	576,785
M/s. M Ahmed Tea & Land Co. Limited	-do-	Office Rent	360,000
Opex Fashions Limited	-do-	Office Rent	3,657,150
Rancon car Hub	-do-	Car supplier	41,192,532
Rancon Industrial Solutions Limited	-do-	Machinery Equipments provider	11,260,525
Rangs Industries Ltd.	-do-	Electronics items provider	525,023
Rangs Limited	-do-	Car providers	29,221,258
Rangs Pharmaceuticals Ltd	-do-	Hand Sanitizer	1,778,300
Rangs Power Tech Limited	-do-	Machinery Equipments provider	2,790,000
Rangs workshop Ltd	-do-	Car repair and Services	1,040,095
Ranks ITT Ltd.	-do-	Network Connectivity fees	26,452,544
Reliance Insurance	-do-	Insurance Service	46,199,978
Romask Ltd	-do-	Printing	47,933,150
Shield Security Service	-do-	Security Service providers	342,753,815
The Daily Star	-do-	Advertising	7,237,316
ERA Infotech	Associate Company	Software vendor	97,585,344

During the year 2020, Directors and their interest in different entities are given in Annexure F:

40.1 Key Management personnel compensation

Transactions with Key Management personnel of the Bank for the period January – December 2020 is given below:

Particulars	Amount Tk
Short-term employee benefit	103,054,259

Key Management personnel includes President and Managing Director, 08 nos. Deputy Managing Director, 05 nos Senior Executive Vice President, Company Secretary, Head of Internal Control & Compliance Division and Chief Financial Officer.

Key management personnel get car facilities and leave fare assistance as per existing company policy. In addition gratuity, benevolent and superannuation fund benefits are provided as per service rule if eligible.

42 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, Hoda Vasi Chowdhury & Co., Chartered Accountants worked about 7,000 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

43 SHARE TRADING

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2020 was Tk. 18.20 (2019: Tk. 18.20) at DSE and Tk. 18.00 at CSE (2019: 18.50).

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 448th th meeting held on March 18, 2021 has recommended 10% Cash dividend subject to the approval of the shareholders at the next Annual General Meeting.

Other than this, no material events which have occurred after the reporting period which could affect the values stated in the financial statements.

Bank Asia Limited

Highlights on the overall activities

as at and for the year ended 31 December 2020

Sl no.	Particulars	Amount in Taka		Amount in USD	
		2020	2019	2020	2019
1	Paid-up Capital	11,659,068,600	11,659,068,600	138,881,103.04	138,881,103.04
2	Total Capital	43,753,939,369	42,757,136,343	521,190,463.00	509,316,692.59
3	Capital (deficit)/surplus	18,172,052,972	18,914,413,077	217,551,211.38	225,305,694.78
4	Total Asset	408,717,150,859	353,800,373,697	4,868,578,330.66	4,214,417,792.70
5	Total Deposit	303,028,106,360	253,709,574,615	3,609,626,043.60	3,022,150,978.14
6	Total loans and advances / investments	244,642,030,073	227,298,956,048	2,914,139,726.90	2,707,551,590.80
7	Total contingent liabilities and commitments	122,190,427,780	120,617,276,961	1,455,514,327.34	1,436,775,187.15
8	Credit deposit ratio	69.42%	76.47%	69.42%	76.47%
9	Percentage of classified loans / investments against total loans and advances / investments	3.24%	4.61%	3.24%	4.61%
10	Profit after tax and provision	2,035,706,683	1,960,811,140	24,249,037.32	23,356,892.67
11	Amount of classified loans/investments during current year	7,930,928,302	10,479,985,000	94,472,046.48	124,836,033.35
12	Provisions kept against classified loans / investments	4,120,200,000	4,604,656,791	49,079,213.82	54,849,991.55
13	Provision surplus against classified loans / investments	5,300,000	1,843,000	63,208	21,953.54
14	Cost of fund	7.22%	8.25%	7.22%	8.25%
15	Interest earning assets	372,489,989,354	312,059,883,788	4,437,045,733.82	3,717,211,242.26
16	Non-interest earning assets	36,227,161,505	41,740,489,909	431,532,596.84	497,206,550.43
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	2.77%	2.76%	2.77%	2.76%
18	Return on assets (ROA) [PAT/Average assets]	0.53%	0.59%	0.53%	0.59%
19	Income from investment	6,484,398,100	3,293,064,994	77,241,192.38	39,226,503.80
20	Capital adequacy	17.16%	17.93%	17.10%	17.93%
21	Earnings per share	1.75	1.68	1.75	1.68
22	Net income per share	1.75	1.68	1.75	1.68
23	Price earning ratio	10.40	10.83	10.4	10.83

Exchange rate used 1 USD equivalent to BDT 83.85 (2018: BDT 82.75)

Bank Asia Limited Balance with other banks-Outside Bangladesh (Nostro Account)

as at 31 December 2020

Name of the Bank	Account type	Currency type	2020			2019		
			FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Conventional and Islamic banking:								
Interest bearing								
Citibank N.A., London	CD	EURO	539	103.55	55,820	4,926	94.90	467,484
Citibank N.A., London	CD	GBP	29,872	114.90	3,432,347	109,546	111.00	12,159,468
Citibank NA, New York	CD	USD	10,189,841	84.80	864,098,530	6,142,685	84.90	521,514,002
Habib American Bank, New York	CD	USD	4,407,409	84.80	373,748,309	21,331,505	84.90	1,811,044,754
Mashreqbank psc, New York	CD	USD	839,726	84.80	71,208,735	301,683	84.90	25,612,854
Standard Chartered Bank, Mumbai	CD	ACU	329,380	84.80	27,931,401	522,551	84.90	44,364,591
Standard Chartered Bank, New York	CD	USD	3,818,484	84.80	323,807,413	4,893,595	84.90	415,466,240
					1,664,282,555			2,830,629,394
Non-interest bearing :								
AB Bank Ltd, Mumbai	CD	ACU	42,117	84.80	3,571,503	105,276	84.90	8,937,928
Al Rajhi Bank, KSA	CD	SAR	659,146	22.60	14,896,693	1,269,434	22.60	28,689,207
AXIS Bank Ltd	CD	ACU	307,982	84.80	26,116,905	313,480	84.90	26,614,444
HDFC Bank Limited , Mumbai , India	CD	ACU	37,974	84.80	3,220,184	2,134	84.90	181,135
AKTIF Bank, Istanbul -JPY	CD	JPY	3,234,064	0.80	2,587,251	3,172,128	0.80	2,537,702
Bank of Sydney	CD	AUD	15,921	64.55	1,027,704	41,936	59.25	2,484,730
Bhutan National Bank Ltd, Thimphu	CD	USD	1,033	84.80	87,626	154,786	84.90	13,141,369
Commerzbank AG, Frankfurt	CD	USD	14,281	84.80	6,056,939	75,391	84.90	6,400,720
Mashreqbank PSC (Dubai AE)	CD	AED	3,553,928	23.10	82,095,741	1,920,270	23.10	44,358,240
Commerzbank AG, Frankfurt	CD	EURO	58,493	103.55	1,211,062	201,401	94.90	19,112,994
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	140,844	84.80	11,943,606	182,616	84.90	15,504,093
ICICI Bank Ltd, Hongkong	CD	USD	23,854	84.80	2,022,848	124,587	84.90	10,577,408
ICICI Bank Ltd, Mumbai	CD	ACU	467,820	84.80	39,671,129	786,959	84.90	66,812,789
JP Morgan Chase Bank, New York	CD	USD	66,307	84.80	5,622,870	543,176	84.90	46,115,611
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	103.55	833,981	8,054	94.90	764,315
Muslim Commercial Bank Ltd, Colombo	CD	ACU	105,228	84.80	8,923,367	177,891	84.90	15,102,974
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	197,057	84.80	16,710,424	88,215	84.90	7,489,419
Bank Alfalah Limited , Karachi PAK (ACU)	CD	ACU	372,381	84.80	31,577,935	-	-	-
Unicredit Bank AG Munich	CD	EURO	958	103.55	99,202	10,805	94.90	1,025,425
Wells Fargo Bank N.A, New York	CD	USD	10,449	84.80	22,200,036	140,482	84.90	11,926,957
Wells Fargo Bank N.A, London	CD	EURO	214,390	103.55	886,088	38,105	94.90	3,616,182
Zurcher Kantonal Bank, Switzerland	CD	CHF	25,355	95.30	2,416,344	21,157	86.60	1,832,183
					283,779,438			333,225,824
Off-shore banking unit:								
Commerzbank AG, Frankfurt	CD	EURO	37,720	113.33	4,274,883	1,071	113.17	121,161
Habib American Bank, New York	CD	USD	872,089	83.95	73,211,840	5,457,470	83.85	457,608,880
Sonali Bank, London	CD	GBP	3	134.45	441	3	134.15	440
					77,487,164			457,730,481
					2,025,549,157			3,621,585,699

Bank Asia Limited Investment in Shares

as at 31 December 2020

S/L No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Cost of Per Share	Quoted rate per share as at 31 Dec 2020	Total market value as at 31 Dec 2020	Unrealized profit/ (loss) as at 31 Dec 2020
Quoted Shares								
1	AB Bank Limited	10	149,007	9,721,217	65.24	12.10	1,802,985	(7,918,232)
2	Dhaka Bank Limited	10	586,106	15,813,139	26.98	11.90	6,974,661	(8,838,478)
3	Exim Bank Limited	10	1,877,123	38,582,386	20.55	11.80	22,150,051	(16,432,335)
4	Golden Son Limited	10	119,185	8,586,791	72.05	11.20	1,334,872	(7,251,919)
5	Lanka Bangla Finance Limited	10	1,310,017	59,762,975	45.62	31.40	41,134,534	(18,628,441)
6	Mercantile Bank Limited	10	507,150	10,498,005	20.70	12.70	6,440,805	(4,057,200)
7	Phoenix Finance and Investments Limited	10	1,248,436	49,438,065	39.60	27.50	34,331,990	(15,106,075)
8	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	12.60	914,458	(11,087,363)
9	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	49.20	2,979,749	(2,487,194)
10	Southeast Bank Limited	10	1,390,215	34,741,473	24.99	12.50	17,377,688	(17,363,785)
11	United Commercial Bank Limited	10	2,624,381	63,772,931	24.30	14.10	37,003,772	(26,769,159)
12	Premier Bank Limited	10	3,031,875	40,505,850	13.36	11.00	33,350,625	(7,155,225)
13	The ACME Laboratories Limited	10	1,000,000	57,650,000	57.65	74.70	74,700,000	17,050,000
A. Provision requirement for quoted shares				406,541,595			280,496,190	(126,045,405)
Available cash balance				38,054,578				
Mutual Fund				444,596,173				
14	1st Janata Bank Mutual Fund	10	7,248,082	50,000,000	6.90	6.00	43,488,492	-
15	MBL 1st Mutual Fund	10	5,000,000	50,000,000	10.00	7.50	37,500,000	(2,200,000)
16	EBL NRB Mutual Fund	10	22,376,041	149,665,000	6.69	5.70	127,543,434	-
17	First Bangladesh Fixed Income Fund	10	38,807,348	250,000,000	6.44	5.40	209,559,679	-
18	EXIM Bank 1st Mutual Fund	10	22,645,455	158,076,866	6.98	6.70	151,724,549	-
B. Provision requirement for Mutual Fund as per BB Circular				96,076,926			569,816,154	(2,200,000)

Sl. No.	Name of the company	Face value	No. of Shares including bonus	Cost of holding	Per Unit cost	Per share (NAV)	Total book value	Unrealized profit (loss)
Unquoted Shares								
1	Industrial & Infrastructure Development Finance Co. Ltd.	10	13,380,903	59,000,260	4.41	17.48	233,853,189	174,852,929
2	Central Depository Bangladesh Limited	10	1,142,361	3,138,890	2.75	34.69	39,625,231	36,486,341
3	Era-InfoTech Limited	100	195,687	383,700	1.96	266.21	52,092,893	51,709,193
4	Bangladesh Rating Agency Limited	100	32,015	3,201,512	100.00	21.94	702,472	(2,499,040)
5	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	10.00	2,000,000	-
6	Universal Financial Solutions Limited (UFS)	10	10,000,000	100,000,000	10.00	11.56	115,600,000	15,600,000
7	Investment in SWIFT share	311,560	29	9,035,228	311,560	311,560	9,035,228	-
8	Energypac Power Generation Limited	10	1,192,800	49,984,000	41.90	51.83	61,825,524	11,841,524
	C. Unrealized profit of unquoted stocks		26,143,795	226,743,590			514,734,537	287,990,947
9	Provision required for subsidiaries							(212,027,884)
	D. Provision for unquoted stock							75,963,063
	E. Provision required for Beximco Debentures							(15,982,975)
	F. Total Provision Required (A+B+D+E)							(68,265,317)
	G. Provision maintained							363,383,553
	H. Provision Excess / (Shortfall) for quoted and unquoted share							295,118,236

Bank Asia Limited Conventional Banking, Islamic Banking and Off-shore Banking unit Schedule of fixed assets including premises, furniture and fixtures

Annex C-1

as at 31 December 2020

Particulars	Cost			Rate of dep. %	Balance as at 01 Jan 2020	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2020	Written down value as at 31 Dec 2020
	Balance as at 01 Jan 2020	Addition during the year	Disposal/ adjustment during the year							
Own assets										
Land	2,646,764,306	-	-	-	2,646,764,306	-	-	-	-	2,646,764,306
Building	2,752,485,492	-	479,827,902	5	1,247,776,786	97,383,070	53,715,264	-	1,398,875,120	1,833,438,274
Furniture and fixtures	1,225,349,124	40,375,790	(1,700,000)	20	1,037,906,960	77,996,097	-	(1,309,716)	1,114,593,341	149,431,573
Machinery & Equipments	1,154,664,848	61,382,440	-	20	741,893,172	139,113,748	-	-	881,006,920	335,040,368
Computer and accessories	474,790,166	18,440,546	-	20	364,925,570	48,800,157	-	-	413,725,727	79,504,985
Motor vehicles	203,785,296	80,738,577	(9,641,632)	20	144,083,267	30,459,113	-	(9,641,632)	164,900,748	109,981,493
Sub-total	8,457,839,232	200,937,353	468,486,270		3,536,585,755	393,752,185	53,715,264	(10,951,348)	3,973,101,856	5,154,160,999
Leased assets										
Furniture and fixtures	167,162,848	-	-	20	167,162,848	-	-	-	167,162,848	-
Machinery & Equipments	106,201,139	-	-	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	(9,900,000)	20	18,900,000	-	-	(9,900,000)	9,000,000	-
Sub-total	364,468,087	-	(9,900,000)		354,568,087	-	-	(9,900,000)	354,568,087	-
Total	8,822,307,319	200,937,353	458,586,270		3,901,053,842	393,752,185	53,715,264	(20,851,348)	4,327,669,943	5,154,160,999
Intangible assets										
Corporate Membership ¹	24,000,000	-	-		24,000,000	-	-	-	-	24,000,000
Work in progress -building										
Kawran bazar building ²	572,445,844	217,326,531	(408,891,169)		380,881,206	-	-	-	-	380,881,206
Sukrabad building ²	82,469,264	31,379,976	(70,936,733)		42,912,507	-	-	-	-	42,912,507
Renovation & Decoration	13,020,200	7,927,725	-		20,947,925	-	-	-	-	20,947,925
Total	667,935,308	256,634,232	(479,827,902)		444,741,638	-	-	-	-	444,741,638
Right-of-use assets										
Office space ³	1,739,075,475	-	-		1,739,075,475	326,661,553	-	-	653,323,106	1,085,752,369
Grand Total	11,253,318,102	457,571,585	(21,241,632)		11,689,648,055	720,413,738	53,715,264	(20,851,348)	4,980,993,049	6,708,655,006

¹ Membership fees to Baridhara Cosmopolitan Club Limited (BCCL)

² For construction of 12 storied commercial building with 22 stored foundation

³ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited Conventional Banking, Islamic Banking and Off-shore Banking unit Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2019

Annex C-2

Particulars	Cost			Rate of dep. %	Depreciation			Written down value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2019	Charged during the year	Charged from Revaluation reserve during the year	
Own assets								
Land	2,646,764,306	-	-	-	-	-	-	2,646,764,306
Building	2,752,485,492	-	-	5	1,098,677,739	95,383,783	53,715,264	1,247,776,786
Furniture and fixtures	1,188,646,531	37,502,593	(800,000)	20	948,230,191	90,058,019	(381,250)	1,037,906,960
Machinery & Equipments	927,523,396	228,901,452	(1,760,000)	20	627,141,174	116,511,998	(1,760,000)	741,893,172
Computer and accessories	440,900,264	33,889,902	-	20	312,923,474	52,002,096	-	364,925,570
Motor vehicles	243,279,818	3,334,055	(42,828,577)	20	160,152,702	26,759,142	(42,828,577)	144,083,267
Sub-total	8,199,599,807	303,628,002	(45,388,577)		3,147,125,280	380,715,038	53,715,264	3,536,585,755
Leased assets								
Furniture and fixtures	167,162,848	-	-	20	167,162,848	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	20	106,201,139	-	-	106,201,139
Computer and accessories	72,204,100	-	-	20	72,204,100	-	-	72,204,100
Motor vehicles	18,900,000	-	-	20	18,900,000	-	-	18,900,000
Sub-total	364,468,087	-	-		364,468,087	-	-	364,468,087
Total	8,564,067,894	303,628,002	(45,388,577)		3,511,593,367	380,715,038	53,715,264	3,901,053,842
Intangible assets								
Corporate Membership ¹	-	24,000,000	-		24,000,000	-	-	24,000,000
Work in progress - building								
Kawran bazar building ²	332,037,775	240,408,069	-		572,445,844	-	-	572,445,844
Sukrabad building ³	47,041,290	35,427,974	-		82,469,264	-	-	82,469,264
Renovation ⁴	-	13,020,200	-		13,020,200	-	-	13,020,200
Right-of-use assets								
Office space ⁵	-	1,739,075,475	-		1,739,075,475	-	-	326,661,553
Grand Total	8,943,146,959	2,355,559,720	(45,388,577)		11,253,318,102	-	53,715,264	4,227,715,395

¹ Membership fees to BCCL

² For construction of 12 storied commercial building with 22 stored foundation

³ For construction of 9 storied building

⁴ Gulshan Branch and Fatullah Branch

⁵ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited and its Subsidiaries

Consolidated Schedule of fixed assets including premises, furniture and fixtures

Annex C-3

as at 31 December 2020

Particulars	Cost			Rate of dep. %	Depreciation			Written down value as at 31 Dec 2020
	Balance as at 01 Jan 2020	Addition during the year	Disposal/ adjustment during the year		Balance as at 01 Jan 2020	Charged during the year	Charged from Revaluation reserve during the year	
Own assets								
Land	2,646,764,306	-	-	0	-	-	-	2,646,764,306
Building	2,774,364,124	3,297,052	467,259,157	5	1,267,278,775	101,307,774	53,715,264	1,408,530,839
Furniture and fixtures	1,253,332,695	40,375,790	(1,684,927)	20	1,041,057,806	83,352,336	-	1,123,100,426
Machinery & Equipments	1,168,355,274	61,694,563	199,521	20	746,858,054	141,095,200	-	888,630,079
Computer and accessories	484,838,267	18,440,546	-	20	370,738,554	50,076,495	-	420,815,049
Motor vehicles	203,785,296	80,738,577	(9,641,632)	20	144,083,267	30,459,113	-	164,900,748
Sub-total	8,531,439,962	204,546,528	456,132,119		3,570,016,456	406,290,918	53,715,264	4,005,977,141
Leased assets								
Furniture and fixtures	167,162,848	-	-	20	167,162,848	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	20	106,201,139	-	-	106,201,139
Computer and accessories	72,204,100	-	-	20	72,204,100	-	-	72,204,100
Motor vehicles	18,900,000	-	(9,900,000)	20	18,900,000	-	(9,900,000)	9,000,000
Sub-total	364,468,087	-	(9,900,000)		364,468,087	-	(9,900,000)	354,568,087
Total	8,895,908,049	204,546,528	446,232,119		3,934,484,543	406,290,918	53,715,264	4,360,545,228
Intangible assets								
Corporate Membership ¹	24,000,000	-	-		24,000,000	-	-	24,000,000
Work in progress - building								
Kawran bazar building ²	572,445,844	217,326,531	(408,891,169)		380,881,206	-	-	380,881,206
Sukrabad building ²	82,469,264	31,379,976	(70,936,733)		42,912,507	-	-	42,912,507
Renovation & Decoration	13,020,200	7,927,725	-		20,947,925	-	-	20,947,925
Sub-total	667,935,308	256,634,232	(479,827,902)		444,741,638	-	-	444,741,638
Right-of-use assets								
Office space ³	1,739,075,475	86,256,785	-		1,825,332,260	339,450,413	-	666,111,966
Grand Total	11,326,918,832	547,437,545	(33,595,783)		11,840,760,594	745,741,331	53,715,264	5,026,657,194

¹ Membership fees to Baridhara Cosmopolitan Club Limited (BCCL)

² For construction of 12 storied commercial building with 22 stored foundation

³ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited and its Subsidiaries Consolidated Schedule of fixed assets including premises, furniture and fixtures

Annex C-4

as at 31 December 2019

Particulars	Cost			Rate of dep. %	Depreciation			Written down value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Disposal/adjustment during the year		Balance as at 01 Jan 2019	Charged during the year	Charged from Revaluation reserve during the year	
Own assets								
Land	2,646,764,306	-	-	0	-	-	-	2,646,764,306
Building	2,773,626,243	737,880	127,713	5	1,114,966,115	97,335,178	53,715,264	1,266,662,255
Furniture and fixtures	1,206,448,427	61,578,715	(11,191,101)	20	961,950,088	92,732,221	-	1,043,911,105
Machinery & Equipments	935,599,805	235,594,987	(6,470,579)	20	633,174,330	117,723,860	-	744,491,505
Computer and accessories	453,288,375	35,792,902	(4,243,011)	20	321,974,971	53,006,595	-	370,747,826
Motor vehicles	243,279,818	3,334,055	(42,828,577)	20	160,152,703	26,759,142	-	144,083,268
Sub-total	8,259,006,975	337,038,539	(64,605,555)		3,192,218,206	387,556,996	53,715,264	3,569,895,958
Leased assets								
Furniture and fixtures	167,162,848	-	-	20	167,162,848	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	20	106,201,139	-	-	106,201,139
Computer and accessories	72,204,100	-	-	20	72,204,100	-	-	72,204,100
Motor vehicles	18,900,000	-	-	20	18,900,000	-	-	18,900,000
Sub-total	364,468,087	-	-		364,468,087	-	-	364,468,087
Total	8,623,475,062	337,038,539	(64,605,555)		3,556,686,293	387,556,996	53,715,264	3,934,364,045
Intangible assets								
Corporate Membership ¹	-	24,000,000	-		-	-	-	24,000,000
Work in progress -building								
Kawran bazar building ²	332,037,775	240,408,069	-		-	-	-	572,445,844
Sukrabad building ³	47,041,290	35,427,974	-		-	-	-	82,469,264
Renovation ⁴	-	13,020,200	-		-	-	-	13,020,200
Sub-total	379,079,065	288,856,243	-		-	-	-	667,935,308
Right-of-use assets								
Office space ⁵	-	1,739,075,475	-		-	326,661,553	-	1,412,413,922
Grand Total	9,002,554,127	2,388,970,257	(64,605,555)		3,556,686,293	714,218,549	53,715,264	4,261,025,598

¹ Membership fees to BCCL

² For construction of 12 storied commercial building with 22 stored foundation

³ For construction of 9 storied building

⁴ Gulshan Branch and Fatullah Branch

⁵ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited

Statement of tax position

Annex D

as at 31 December 2020

Accounting year	Assessment year	Status
2000	2001-2002	Assessment finalized
2001	2002-2003	Assessment finalized
2002	2003-2004	Assessment finalized
2003	2004-2005	Assessment finalized
2004	2005-2006	Assessment finalized
2005	2006-2007	Assessment finalized
2006	2007-2008	Assessment finalized
2007	2008-2009	Assessment finalized
2008	2009-2010	Assessment finalized
2009	2010-2011	Assessment finalized
2010	2011-2012	At Honorable High Court stage
2011	2012-2013	At Honorable High Court stage
2012	2013-2014	Assessment finalized
2013	2014-2015	Assessment finalized
2014	2015-2016	Assessment finalized
2015	2016-2017	Assessment finalized
2016	2017-2018	Assessment finalized
2017	2018-2019	Assessment finalized
2018	2019-2020	Assessment finalized
2019	2020-2021	Return Submitted

Bank Asia Limited

Details of Large Loan

Annex E

as at 31 December 2020

	2020	2019
Number of clients	6	8
Amount of outstanding advances (Taka)	33,712	43,683
Amount of classified advances (Taka)	NIL	NIL
Measures taken for recovery (Taka)	NIL	NIL

Client-wise break up is as follows

Amount in million

Sl. No.	Name of clients	Outstanding (Taka) 2020			Outstanding (Taka) 2019		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Echotex Group	2,072	2,733	4,806	-	-	-
2	BRAC	6,373	11	6,383	-	-	-
3	Ahmed Group	82	5,133	5,215	-	-	-
4	Spectra Group	2,680	2,951	5,631	1,489	4,247	5,736
5	Basundhara Group	3,986	2,806	6,792	4,508	2,221	6,729
6	Saiham Group	1,449	3,436	4,885	1,951	3,032	4,983
7	Western Marine Group	-	-	-	4,204	945	5,149
8	City Group	-	-	-	1,862	4,182	6,044
9	Summit Group	-	-	-	2,049	3,413	5,461
10	Meghna Group	-	-	-	2,014	2,793	4,807
11	ACI Group	-	-	-	2,606	2,168	4,773
	Total	16,642	17,070	33,712	20,683	23,000	43,683

Bank Asia Limited

Names of Directors and their interest in different entities

as at 31 December 2019

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
			Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Mavis Ispat Limited
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			Ranks ITT Limited
			Ranks Telecom Limited
			Ranks Petroleum Limited
			Ranks Interiors Limited
			Rancon Motors Limited
			Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rancon Motor Bikes Limited
			Ranks Real Estate Limited
			Rangs Motors Workshop Limited
			Ranks Agro Bioteq Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Rancon Holdings Limited
			Ranks Commercial Vehicles Ltd.
			Ranks Appliance Limited
			Ranks Dolonchapa Express Ltd.
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Agencies Limited
			Fishers Shipyard Limited
			Sea Resources Cold Storage Limited
			Seamans Dockyard & Fish Meal Ltd.
			The Daily Star
			Amiran Generations Limited
			Agro Food Services Ltd.
			Ranks FC Properties Limited
			Softex Communication Limited
			Bank Asia Limited
1.	Mr. A Rouf Chowdhury	Chairman	

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
2.	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co. Phulbari Tea Estates Ltd. M. Ahmed Cold Storage Ltd. M. Ahmed Food & Spices Ltd. M. Ahmed Real Estates Ltd. Premier Dyeing & Calendaring Ltd. Anandaniketan Ltd. JVS Ltd. FIVDB Bank Asia Limited Rangs Limited Rangs Workshop Limited Rangs Industries Ltd. Rangs Properties Limited Rangs ITT Limited Rangs Telecom Limited Rangs Petroleum Limited Rancon Motors Limited Rancon Engineering Limited Rancon Electronics Limited Rancon Holdings Limited Rancon Car Hubs Limited Rancon FC Properties Limited Rancon Infrastructure and Engineering Ltd. Rancon Oceana Limited Inspace Architects Limited Rancon Auto Industries Limited Rancon Hospitality Limited Rancon Industrial Solutions Limited Rancon Sea Fishers Limited Rancon Eccessories Limited Rancon Motor Bikes Limited Rancon Trucks & Buses Limited Rangs Agro Bioteq Limited Zest Polymers Ltd. Metro Foils Limited Agro Food Services Ltd. Shield Security Services Limited Rancon Automobiles Limited Softex Communications Limited Sea Resources Limited Sea Fishers Limited Deep Sea Fishers Limited Sea Resources Agencies Limited Fishers Shipyard Limited Sea Resources Cold Storage Limited Seamans Dockyard & Fish Meal Ltd. Bank Asia Limited
3	Mr. Romo Rouf Chowdhury	Vice Chairman	

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
4.	Mr. Rume A Hossain	Director	Rangs Industries Ltd.
			Romask Limited
			Rangs Petroleum Ltd.
			Rangs ITT Limited
			Rangs Pharmaceuticals Limited
			Rangs Telecom Limited
			Bank Asia Limited
			Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			Rangs ITT Limited
			Rangs Telecom Limited
			Rangs Petroleum Limited
			Rangs Interiors Limited
Rancon Motors Limited			
5.	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rangs Real Estate Limited
			Rangs Motors Workshop Limited
			Rangs Agro Biotech Limited
			Mavis Ispat Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Sea Resources Limited
			Sea Resources Agencies Limited
			Sea Resources Cold Storage Limited
			Sea Fishers Limited
			Sea Natural Food Ltd.
			Sea Natural Ltd.
			Fishers Shipyard Limited
			Deep Sea Fishers Limited
			Agro Food Services Ltd.
			Seamans Dockyard & Fish Meal Limited
			Romask Limited
			SRL Marine Product Ltd.
			Amreen Romana Ltd.
			Amiran Romana Ltd.
Maya Limited			
Bank Asia Limited			
6.	Ms. Hosneara Sinha	Director	Pritha Fashions Ltd.
			Sinha Auto Spinning Mills Ltd.
			Sattar Jute Mills Ltd.
			Bank Asia Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
7.	Ms. Farhana Haq	Director	DHS Motors Limited
			Platform Solutions Limited
			FAR Limited
			Ali Estates Limited
			Surja Soft Ltd.
			DHS Automobiles Limited
			Platform Services Limited
8.	Ms. Naheed Akhter Sinha	Director	Bank Asia Limited
			Lafargeholcim Bangladesh Ltd.
			Enterprise Cluster Pte. Ltd. (Singapore)
			Cluster World Pte. Ltd. (Singapore)
9.	Mr. Dilwar H Choudhury (Independent Director)	Director	Bank Asia Limited
			Latif Center
			Jubilant Golden Harvest Ltd.
10.	Major General Mohammad Matiur Rahman (retd.) (Representing Sinha Fashions Ltd.)	Director	Golden Harvest Fintech Limited.
			Sinha-Medlar Group
			Julphar Bangladesh Ltd.
11.	Mr. Ashraful Haq Chowdhury (Independent Director)	Director	Bank Asia Limited
			Star Infrastructure Development Consortium Ltd.
			Star Allied Venture Limited
12.	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	Director	Bank Asia Limited
			Agro Food Services Ltd.
			Nessbit Technologie Limited
			ASAP Healthy Food Limited
			Tiger Digital Ventures Limited
			Ranks Telecom Ltd.
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Cold Storage Limited
Sea Resources Agencies Limited			
13.	Mr. Md. Abul Quasem (Independent Director)	Director	Rangs Pharmaceuticals Limited
			Bank Asia Limited
14.	Mr. M. A. Baqui Khalily (Independent Director)	Director	Bank Asia Limited
15.	Mr. Helal Ahmed Chowdhury (Independent Director)	Director	Bank Asia Limited
			Baraka Power Limited
			Baraka Patenga Power Ltd.
			PKSF (Palli Karma-Sahayak Foundation).
			Bank Asia Ltd.

as at and for the year ended 31 December 2020

The operation of our Islamic Banking is totally different from the Bank's conventional operation as the former operates their business on the basis of Islamic Shariah. Accounting system is vital for ensuring Shariah compliance in such banking operation. Our Islamic Banking operation is committed to follow the accounting principles that refrain from interest. In a nutshell, we follow under noted principles for accounting under its Islamic Banking umbrella, run through a separate Islamic Banking software namely i-HIKMAH.

1. Deposit Collection and income Sharing Ratio (ISR) based Profit Distribution

For procuring funds from depositors, our Islamic Banking follows Al-Wadiah and Mudaraba principles. In case of Al-Wadiah Account, no profit is allowed at present. But for Mudaraba depositors, Bank Asia as the first Bank in Bangladesh, follows Income Sharing technique. It is different from traditional Weightage System so far practiced by almost all Islamic Banking operators in the country.

Income sharing module of Bank Asia has been appreciated by different quarters/institutions/organizations, particularly by the Central Shariah Board for Islamic Banks of Bangladesh and Islamic Banks Consultative Forum. Our module offers pre-defined Income Sharing Ratio (ISR) for each type of depositor and the Bank. The ISR determines the portion of income for each type of depositor and the Bank. For example, the ISR of 75 : 25 would mean that 75% of distributable income is to be shared by the concerned depositors and the rest 25% to be shared by the Bank. The ISR between each type of Mudaraba depositors and the Bank (Mudarib) are duly disclosed at the time of Account opening and/or beginning of the concerned period. Profit rate is emerged at actual, as derived from the income fetched from deployment of the concerned fund. As such our rate of profit on deposit under Islamic Banking is nothing but a post facto expression of the respective agreed sharing ratios. Our profit rate is an output based on the Bank's earning on investment.

The ISR declared on Mudaraba deposits for the year 2020

Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR) w.e.f. 01.11.2020	
	Client	Bank
1. Mudaraba Term Deposit Account (MTDA) 1 month	40%	60%
2. Mudaraba Term Deposit Account (MTDA) 2 months	40%	60%
3. Mudaraba Term Deposit Account (MTDA) 3 months	62%	38%
4. Mudaraba Term Deposit Account (MTDA) 6 months (Below Tk.1 crore)	62%	38%
5. Mudaraba Term Deposit Account (MTDA) 6 months (Tk.1 crore & above but below Tk.5 crore)	62%	38%
6. Mudaraba Term Deposit Account (MTDA) 6 months (Tk.5 crore & above)	62%	38%
7. Mudaraba Term Deposit Account (MTDA) 12 months (Below Tk.1 crore)	62%	38%
8. Mudaraba Term Deposit Account (MTDA) 12 months (Tk.1 crore & above)	62%	38%
9. Mudaraba Term Deposit Account (MTDA) 24 months (Below Tk.1 crore)	62%	38%
10. Mudaraba Term Deposit Account (MTDA) 24 months (Tk.1 crore & above)	62%	38%
11. Mudaraba Term Deposit Account (MTDA) 36 months (Below Tk.1 crore)	62%	38%
12. Mudaraba Term Deposit Account (MTDA) 36 months (Tk.1 crore & above)	62%	38%
13. Mudaraba Term Deposit Account (MTDA) 60 months (Below Tk.1 crore)	62%	38%
14. Mudaraba Term Deposit Account (MTDA) 60 months (Tk.1 crore & above)	62%	38%
15. Corporate Term Deposit Account (CTDA) 3 months (Tk.1 crore & above)	62%	38%
16. Corporate Term Deposit Account (CTDA) 6 months (Tk.1 crore & above but below Tk.5 crore)	62%	38%
17. Corporate Term Deposit Account (CTDA) 6 months (Tk.5 crore & above)	62%	38%
18. Corporate Term Deposit Account (CTDA) 12 months (Tk.1 crore & above)	62%	38%
19. Mudaraba Savings Account (MSA)	40%	60%
20. Mudaraba Corporate Privilege Savings Account (MCPSA)	40%	60%
21. Smart Junior Saver (School Banking) Account	50%	50%

22. Mudaraba Special Notice Deposit Account (MSND)	35%	65%
23. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 year	80%	20%
24. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 2 years	82%	18%
25. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 3-5 years	85%	15%
26. Mudaraba Deposit Pension Scheme (MDPS) 3-12 Years	85%	15%
27. Mudaraba Hajj Savings Scheme (MHSS) 1- 10 Years	88%	12%
28. Cash Waqf	88%	12%

2. Investment Operation and Return Thereon

Investments of our Islamic Banking are broadly categorized in the following two types in respect of charging (rate of) return:

- Fixed return based investment
- Variable return based investment

Fixed return based investment system is applicable for our Bai-Murabaha Muajjal Investment mode. Under this mode, Bank sells the goods to a client at a fixed profit /mark-up on deferred payment including post import basis. Hire Purchase Shirkatul Melk (HPSM) is also a fixed return based investment mode. In this case rate of rent is fixed but amount of rent becomes variable on the basis of diminishing balance method.

Variable return based income is applied for our Musaharaka mode of investment. In these cases, only ratio of Income Sharing is stated in the agreement. Bank bags income on the basis of the concerned venture according to the agreed ratio (comparable to our Mudaraba deposit products). Genuine loss, if any, is borne according to capital ratio of the client & the Bank.

3. Income/ Revenue Recognition Principle

The bank earns income from various sources such as charges, fees, commission and investment income. To recognize all sorts of income, Bank follows Shariah principle strictly. Usually charges, fees & commission etc. are recognized on actual basis. Recognition of income from investment follows principles as under:

For Bai-Murabaha Muajjal Investment

While creating each deal, in case of Bai-Murabaha Muajjal mode of investment, markup/profit is added to the bank's purchase cost with a credit to unearned income A/c. Thereafter time apportionment of profit is recognized out of the unearned income amount at the end of each month on accrual basis. Allowance (rebate) for early repayment, if any, may however be applied at Bank's discretion.

For Hire Purchase Shirkatul Melk (HPSM) Investment

In case of HPSM mode of investment rent is charged and taken into income account at the end of each month on accrual basis.

If the account has a provision of gestation period, generally no income is earned during the period. In this case income starts just after the end of gestation period. However rent is chargeable in spite of gestation, if the delivery of asset is completed in usable condition such as a machine or a set of machinery or building etc.

All accrual income is subject to prevailing classification and provisioning rules of Bangladesh Bank.

For Musharaka Investment

In recognizing the revenue from Musharaka Investment we follow the actual (cash/ realization) basis instead of accrual i.e. no income is recognized until the result of the venture is arrived at.

4. Cost Recognition Principle

Cost in respect of profit paid on deposit is recognized on accrual basis. Monthly accruals in this respect are calculated on the basis of Income Sharing Ratio. Other costs are also recognized on the accrual basis following the matching concept of Accounting.

To ensure/ supervise Shariah compliance in banking operation, Bank Asia has a knowledgeable Shariah Supervisory Committee comprising renowned Fuqaha, Islamic bankers and academicians conversant in Islamic Economics & Finance.

Bank Asia Limited Islamic Banking Unit Balance Sheet

Annex G-1

as at 31 December 2020

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
PROPERTY AND ASSETS		
Cash	977,044,058	1,010,655,911
Cash in hand (including foreign currencies)	32,928,013	39,319,564
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	944,116,045	971,336,347
Balance with other banks and financial institutions	200,611,490	300,753,880
In Bangladesh	200,611,490	300,753,880
Outside Bangladesh	-	-
Placement with other banks and financial institutions	-	-
Investments in shares and securities	4,823,710,000	1,049,300,000
Government	4,783,710,000	969,300,000
Others	40,000,000	80,000,000
Investments	16,409,426,612	13,304,712,470
General Investment	16,408,036,612	13,253,555,559
Bills purchased and discounted	1,390,000	51,156,911
Fixed assets including premises, furniture and fixtures	3,484,699	4,884,814
Other assets	1,549,634,621	4,139,401,670
Non - banking assets	-	-
Total assets	<u>23,963,911,480</u>	<u>19,809,708,745</u>
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents	-	-
Deposits and other Accounts		
Al-wadeeah current and other deposits accounts, etc.	1,023,697,578	815,561,996
Bills payable	130,359,220	108,992,752
Mudaraba savings deposits	3,553,025,320	2,551,157,860
Mudaraba term deposits	17,655,569,247	15,090,188,481
	22,362,651,365	18,565,901,089
Other liabilities	1,601,260,115	1,243,807,656
Total liabilities	<u>23,963,911,480</u>	<u>19,809,708,745</u>
OFF- BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	-	-
Letters of guarantee	571,286,809	214,311,365
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	<u>571,286,809</u>	<u>214,311,365</u>

Bank Asia Limited Islamic Banking Unit Profit and Loss Statement

Annex G-2

for the year ended 31 December 2020

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Operating income		
Investment income	874,546,219	1,348,621,170
Profit paid on deposits, borrowings, etc.	918,307,146	1,003,503,946
Net investment income	(53,760,927)	345,117,224
Profit on Investment with bank and financial institutions	52,458,317	31,211,410
Commission, exchange and brokerage	51,644,010	59,755,482
Other operating income	10,529,155	9,390,895
Total operating income	60,870,555	445,475,011
Salaries and allowances	91,293,218	84,059,716
Rent, taxes, insurance, electricity, etc.	9,598,412	9,826,725
Legal expenses	-	92,500
Postage, stamp, telecommunication, etc.	1,064,244	862,710
Stationery, printing, advertisement, etc.	1,432,590	1,532,772
Depreciation and repair of Bank's assets	3,261,650	4,733,774
Other expenses	39,268,512	42,724,634
Total operating expenses	145,918,626	143,832,831
Profit before provision	(85,048,071)	301,642,180
Provision for investments		
General provision	112,212,068	1,809,521
Specific provision	(1,691,611)	163,150,386
	110,520,457	164,959,907
Provision for off balance sheet items	3,569,754	677,707
Total provision	114,090,211	165,637,614
Total profit before taxes	(199,138,282)	136,004,566

Bank Asia Limited Off-shore Banking Unit Balance Sheet

Annex H

as at 31 December 2020

	Notes	31 Dec 2020		31 Dec 2019	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-	-
Balance with other banks and financial institutions					
	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		923,016	77,487,164	5,458,920	457,730,481
		923,016	77,487,164	5,458,920	457,730,481
Investments					
Government		-	-	-	-
Others		-	-	1,628,319	136,534,543
		-	-	1,628,319	136,534,543
Loans and advances					
	4				
Loans, cash credits, overdrafts, etc.		44,951,597	3,773,686,591	31,992,364	2,682,559,733
Bills purchased and discounted		175,394,142	14,724,338,222	201,423,944	16,889,397,743
		220,345,739	18,498,024,813	233,416,309	19,571,957,476
Fixed assets including premises, furniture & fixtures					
		-	-	-	-
Other assets					
	5	5,424,971	455,426,291	585,497	49,093,897
Non - banking assets					
		-	-	-	-
Total assets		<u>226,693,726</u>	<u>19,030,938,268</u>	<u>241,089,045</u>	<u>20,215,316,397</u>
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents					
	6	222,808,269	18,704,754,165	233,940,009	19,615,869,735
Deposits and other accounts					
	7				
Current deposits		3,340,945	280,472,293	5,348,141	448,441,616
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		537,732	45,142,618	1,752,245	146,925,728
Bearer certificate of deposit		-	-	-	-
		3,878,677	325,614,911	7,100,386	595,367,344
Other liabilities	8	6,780	569,192	48,650	4,079,318
Total liabilities		<u>226,693,726</u>	<u>19,030,938,268</u>	<u>241,089,045</u>	<u>20,215,316,397</u>
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	49,533	4,158,295	24,518	2,055,858
Letters of guarantee		6,610	554,910	-	-
Irrevocable letters of credit	10	366,400	30,759,280	349,151	29,276,311
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
		422,543	35,472,485	373,669	31,332,169
Other commitments		-	-	-	-
Total Off-Balance Sheet items including contingent liabilities		<u>422,543</u>	<u>35,472,485</u>	<u>373,669</u>	<u>31,332,169</u>

Bank Asia Limited Off-shore Banking Unit Profit and Loss Statement

Annex H-1

for the year ended 31 December 2020

	Notes	31 Dec 2020		31 Dec 2019	
		USD	Taka	USD	Taka
Operating Income					
Interest income	11	11,395,921	955,775,932	13,995,478	1,166,103,247
Interest paid on deposits and borrowings, etc.	12	6,735,461	564,903,098	10,389,691	865,669,016
Net interest/net profit on investments		4,660,461	390,872,834	3,605,788	300,434,231
Investment Income		-	-	-	-
Commission, exchange and brokerage	13	65,458	9,810,218	92,454	13,701,570
Other operating income	14	197,046	16,526,219	339,762	28,308,974
Total operating income (A)		4,922,964	417,209,271	4,038,004	342,444,775
Operating Expenses					
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		3,090	259,134	3,091	257,549
Legal expenses		16,852	1,413,377	5,042	420,113
Postage, stamp, telecommunication, etc.		8,261	692,846	8,646	720,396
Stationery, printing, advertisements, etc.		592	49,664	607	50,561
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	-	-
Other expenses		248,692	20,857,837	224,228	18,682,659
Total operating expenses (B)		277,487	23,272,858	241,614	20,131,278
Profit before provision (C=A-B)		4,645,477	393,936,413	3,796,390	322,313,497
Provision for loans and advances					
General provision		(128,047)	(10,739,326)	(151,586)	(12,630,144)
Specific provision		-	-	-	-
		(128,047)	(10,739,326)	(151,586)	(12,630,144)
Provision for off-balance sheet items		494	41,403	(1,114)	(92,858)
Total provision (D)		(127,554)	(10,697,923)	(152,700)	(12,723,002)
Total profit/(loss) (C-D)		4,773,030	404,634,336	3,949,090	335,036,499

Off-shore Banking Unit (OBU) Notes to the Financial Statements

as at and for the year ended 31 December 2020

1 Status of the unit

Off-shore banking Unit ("the Unit") is a separate business unit of Bank Asia Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Off-shore banking unit permission vide letter no.BRPD(P-3)744(94)/2007-1853 dated 21 June 2007 under Bangladesh Bank BCD Circular No. (P) 744(27), dated 17 December, 1985. The Bank commenced the operation of its Off-shore Banking Unit from 28 January 2008 and its office is located at Zone Service Complex, Chittagong Export Processing Zone, Chittagong.

2 Significant accounting policies and basis of preparations

2.1 Basis of preparation

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the Off-shore Banking Unit (OBU). The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated 25 June 2003, Bangladesh Bank BRPD Circular No. 02 dated 25 February 2019 & subsequent amendment circulars, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs) and other rules and regulations where necessary.

2.2 Foreign currency

Items included in the financial statements of the Unit are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Unit are presented in US Dollar (USD) and Taka where USD is the functional currency and Taka are the Unit's presentation currency.

2.3 Loans and advances

a) Loans and advances are stated in the balance sheet on gross basis.

b) Interest is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 16 of 1998, 9 of 2001 and 10 of 2005 and recognised as income on realisation. Interest is not charged on bad and loss loans and advances/investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad loss loans has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5%

2.4 General

Assets and liabilities have been translated into Taka currency @USD 1 = BDT 83.95 (2019 : BDT 83.85). Income and expenses are translated at an average rate @ USD 1 = BDT 83.87 (2019 : BDT 83.32). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 84.80

	31 Dec 2020		31 Dec 2019	
	USD	Taka	USD	Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	50,922	4,274,883	1,445	121,161
Habib American Bank, New York	872,089	73,211,840	5,457,470	457,608,880
Sonali Bank (UK) Limited, London	5	441	5	440
	<u>923,016</u>	<u>77,487,164</u>	<u>5,458,920</u>	<u>457,730,481</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	44,951,597	3,773,686,591	31,992,364	2,682,559,733
Bills purchased and discounted (Note 4.2)	175,394,142	14,724,338,222	201,423,944	16,889,397,743
	<u>220,345,739</u>	<u>18,498,024,813</u>	<u>233,416,309</u>	<u>19,571,957,476</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2020		31 Dec 2019	
	USD	Taka	USD	Taka
4.1 Loans, cash credit, overdrafts etc.				
Term loan industrial	44,571,237	3,741,755,387	30,754,031	2,578,725,495
Loan against trust receipts	-	-	113,016	9,476,426
Demand loan	380,360	31,931,204	407,736	34,188,702
Loan others	-	-	717,580	60,169,110
	<u>44,951,597</u>	<u>3,773,686,591</u>	<u>31,992,364</u>	<u>2,682,559,733</u>
4.2 Bills purchased and discounted				
Payable in Bangladesh	175,394,142	14,724,338,222	201,423,944	16,889,397,743
Payable outside Bangladesh	-	-	-	-
	<u>175,394,142</u>	<u>14,724,338,222</u>	<u>201,423,944</u>	<u>16,889,397,743</u>
5 Other assets				
Branch adjustment account	169,698	14,246,142	169,698	14,229,167
Prepaid expenses	329,543	27,665,117	415,799	34,864,730
Receivable From DBO	4,925,730	413,515,032	-	-
	<u>5,424,971</u>	<u>455,426,291</u>	<u>585,497</u>	<u>49,093,897</u>
6 Borrowings from other banks, financial institutions and agents				
Borrowing from other banks (Note 6.1)	82,400,177	6,917,494,901	136,200,875	11,420,443,402
Borrowing from Bank Asia Treasury Division	51,038,750	4,284,703,063	13,420,009	1,125,267,792
Borrowing - ECA	24,369,341	2,045,806,201	4,319,124	362,158,541
Borrowing from IFC	65,000,000	5,456,750,000	80,000,000	6,708,000,000
	<u>222,808,269</u>	<u>18,704,754,165</u>	<u>233,940,009</u>	<u>19,615,869,735</u>
6.1 Borrowing from other banks				
Standard Chartered Bank, Singapore	-	-	32,535,000	2,728,059,750
First Gulf Bank/First Abu Dhabi Bank	-	-	5,000,000	419,250,000
National Bank of RAS Al Khaimah	-	-	22,000,000	1,844,700,000
United Bank Limited, UAE	-	-	10,000,000	838,500,000
Caixa Bank, Barcelona	29,177,700	2,449,467,915	-	-
Standard Chartered Bank, Thailand	5,000,000	419,750,000	-	-
HDFC, Gift City, Mumbai	-	-	15,000,000	1,257,750,000
Nabil Bank Limited, Nepal	5,000,000	419,750,000	-	-
Noor Islami Bank, Dubai, UAE	-	-	13,000,000	1,090,050,000
Abu Dhabi Commercial bank	-	-	10,000,000	838,500,000
Commercial Bank of Dubai	10,000,000	839,500,000	-	-
State Bank of India, Hongkong	5,000,000	419,750,000	-	-
State Bank of India, Dubai	10,200,000	856,290,000	-	-
Nepal Bangladesh Bank Limited	5,000,000	419,750,000	-	-
The Commercial Bank, Qatar	8,000,000	671,600,000	6,000,000	503,100,000
DBS Bank Singapore	5,000,000	419,750,000	18,000,000	1,509,300,000
Banca Valsabbina SCPA Vestone Italy	22,477	1,886,986	1,290,875	108,239,902
Sanima Bank, Nepal	-	-	3,375,000	282,993,750
	<u>82,400,177</u>	<u>6,917,494,901</u>	<u>136,200,875</u>	<u>11,420,443,402</u>
7 Deposits and other accounts				
Customer deposits and other accounts (Note 7.1)	<u>3,878,677</u>	<u>325,614,911</u>	<u>7,100,386</u>	<u>595,367,344</u>
7.1 Customer deposits and other accounts				
Foreign currency (Current)	2,590,556	217,477,204	3,531,472	296,113,904
Other demand deposits (Current)	750,604	63,013,180	1,816,669	152,327,712
Fixed deposit	537,517	45,124,527	1,752,245	146,925,728
	<u>3,878,677</u>	<u>325,614,911</u>	<u>7,100,386</u>	<u>595,367,344</u>

Off-shore Banking Unit (OBU) Notes to the Financial Statements

	31 Dec 2020		31 Dec 2019	
	USD	Taka	USD	Taka
8 Other liabilities				
Provision for loans and advances	(127,925)	(10,739,326)	(150,628)	(12,630,144)
Provision for off balance sheet items	493	41,403	(1,107)	(92,858)
Due to Head Office	127,432	10,697,923	151,735	12,723,002
FDR on Export Bill	6,780	569,192	48,425	4,060,473
Interest suspense account	-	-	225	18,846
	<u>6,780</u>	<u>569,192</u>	<u>48,650</u>	<u>4,079,319</u>
9 Acceptances and endorsements				
Letters of credit (Back to Back)	-	-	-	-
Letters of credit (Acceptances)	49,533	4,158,295	24,518	2,055,858
	<u>49,533</u>	<u>4,158,295</u>	<u>24,518</u>	<u>2,055,858</u>
10 Irrevocable letters of credit				
Letters of credit (Back to Back)	-	-	-	-
Letters of credit (cash)	366,400	30,759,280	349,151	29,276,311
	<u>366,400</u>	<u>30,759,280</u>	<u>349,151</u>	<u>29,276,311</u>
11 Interest income				
Demand loan	30,684	2,573,430	17,436	1,452,793
Loan against trust receipt	8,743	733,274	8,380	698,190
Term loan - industrial	1,320,685	110,765,831	1,617,682	134,785,301
Term loan - others	-	-	2,259	188,235
Foreign bill purchased	10,002,227	838,886,771	12,296,826	1,024,571,538
Lease finance	33,583	2,816,626	52,895	4,407,190
	<u>11,395,921</u>	<u>955,775,932</u>	<u>13,995,478</u>	<u>1,166,103,247</u>
12 Interest paid on deposits and borrowings etc.				
Interest on deposit	15,967	1,339,137	48,601	4,049,409
Interest on borrowings	6,719,494	563,563,961	10,341,090	861,619,607
	<u>6,735,461</u>	<u>564,903,098</u>	<u>10,389,691</u>	<u>865,669,016</u>
13 Commission, exchange and brokerage				
Commission on L/C	5,154	432,300	7,701	645,896
Commission on L/G	26	2,181	-	-
Commission on export	51,595	4,327,286	69,689	5,806,497
Commission on PO, DD, TT, TC, etc	8,682	728,160	14,120	1,176,477
Foreign exchange gain and charges	-	4,320,291	-	5,998,295
Fees and commission	-	-	893	74,405
	<u>65,458</u>	<u>9,810,218</u>	<u>92,403</u>	<u>13,701,570</u>
14 Other operating income				
SWIFT charge recovery	5,615	470,913	7,198	599,738
Other	191,431	16,055,306	332,564	27,709,236
	<u>197,046</u>	<u>16,526,219</u>	<u>339,762</u>	<u>28,308,974</u>

Bank Asia Limited Statement of outstanding unreconciled entries (nostro account)

as at 31 December 2020

Amount in USD

Sl. no.	Period of unreconciliation	As per local book				As per correspondents' book			
		Debit entries		Credit entries		Debit entries		Credit entries	
		No.	USD	No.	USD	No.	USD	No.	USD
1	Less than 1 month	28	1,801,632	155	5,099,995	66	27,275,652	474	17,003,631
2	More than 1 month but less than 3 months	-	-	4	40,917	-	-	6	9,393
3	More than 3 months but less than 6 months	-	-	-	-	-	-	-	-
4	More than 6 months but less than 9 months	-	-	-	-	-	-	-	-
5	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
6	More than 12 months	-	-	-	-	-	-	-	-
	Total	28	1,801,632	159	5,140,912	66	27,275,652	480	17,013,024

Bank Asia Limited

Reconciliation between Bangladesh Bank statement and Bank's book

as at 31 December 2020

The reconciling items relates to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds, Sanchayapatra, etc

Local currency	As per Bangladesh Bank Statement	As per Bank's General ledger	Reconciling Difference
	BDT	BDT	BDT
Bangladesh Bank, Dhaka	12,662,053,876.71	12,468,717,696.29	193,336,180.42
Bangladesh Bank, Dhaka (Al-wadeeah current account)	944,116,044.88	944,116,044.88	-
Bangladesh Bank, Chittagong	148,047,740.89	148,048,810.19	(1,069.30)
Bangladesh Bank, Sylhet	30,019,469.73	30,019,469.73	-
Bangladesh Bank, Khulna	40,328,102.38	40,329,532.08	(1,429.70)
Bangladesh Bank, Rajshahi	27,089,755.01	27,089,755.01	-
Bangladesh Bank, Bogra	33,881,876.97	33,868,766.97	13,110.00
Bangladesh Bank, Barishal	30,699,798.97	30,699,798.97	-
Bangladesh Bank, Rangpur	760,471.78	760,575.78	(104.00)
Total	<u>13,916,997,137.32</u>	<u>13,723,650,449.90</u>	<u>193,346,687.42</u>

Bank credited but not debited by Bangladesh Bank
 Bank debited but not credited by Bangladesh Bank
 Bangladesh Bank credited but not debited by Bank
 Bangladesh Bank debited but not credited by Bank

-
456,885.00
388,731,092.91
194,927,520.49
<u>193,346,687.42</u>

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	6,093,956.77	4,674,098.46	396,363,549.41	1,419,858.31
Total	<u>6,093,956.77</u>	<u>4,674,098.46</u>	<u>396,363,549.41</u>	<u>1,419,858.31</u>

Bank credited but not debited by Bangladesh Bank
 Bank debited but not credited by Bangladesh Bank
 Bangladesh Bank credited but not debited by Bank
 Bangladesh Bank debited but not credited by Bank

2,871,098.37
304.29
810,994.19
2,261,929.96
<u>1,419,858.31</u>

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	GBP	GBP	BDT	GBP
GBP Clearing account	6,785.43	6,780.07	779,030.00	5.36
	6,785.43	6,780.07	779,030.00	5.36
Bank credited but not debited by Bangladesh Bank				2.68
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				2.68
Bangladesh Bank debited but not credited by Bank				-
				5.36
Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	EUR	EUR	BDT	EUR
EUR Clearing account	6,572.75	5,182.75	536,674.00	1,390.00
	6,572.75	5,182.75	536,674.00	1,390.00
Bank credited but not debited by Bangladesh Bank				1,390.00
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				1,390.00
Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	JPY	JPY	BDT	JPY
JPY Clearing account	45,238.00	45,238.00	36,190.40	-
	45,238.00	45,238.00	36,190.40	-
Bank credited but not debited by Bangladesh Bank				-
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				-
Total (BDT)			14,121,365,894	

Bank Asia Limited Segment Reporting

The Bank reports its operations under the following business segments as per Bangladesh Financial Reporting Standards (BFRS) 8 "Operating segment"

Particulars	Bank Asia Limited						Inter company transaction	Consolidated
	Inside Bangladesh			Outside Bangladesh				
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Bank Asia Securities Ltd	BA Exchange Company (Jk) Ltd	BA Express USA Inc.		
Interest income	16,281,776,677	874,546,219	955,775,932	193,809,470	-	-	(188,344,612)	18,117,563,686
Interest paid on deposits and borrowings, etc	13,433,467,084	928,307,146	564,903,098	188,373,820	-	-	(188,344,612)	14,926,706,536
Net interest income	2,848,309,593	(53,760,927)	390,872,834	5,435,650	-	-	-	3,190,857,150
Investment income	6,431,939,783	52,458,317	-	-	-	-	-	6,484,398,100
Commission, exchange and brokerage	2,413,523,266	51,644,010	9,810,218	119,829,921	27,302,925	31,861,721	-	2,653,972,061
Other operating income	1,007,035,549	10,529,155	16,526,219	30,881,002	2,698,444	1,503,992	-	1,069,174,361
Total operating income (A)	12,700,808,191	60,870,555	417,209,271	156,146,573	30,001,369	33,365,713	-	10,207,544,522
Salaries and allowances	3,445,415,008	91,293,218	-	69,044,948	14,207,933	18,937,141	-	3,638,898,248
Rent, taxes, insurance, electricity, etc	430,656,932	9,598,412	259,134	7,636,189	4,139,354	11,643,923	-	463,933,944
Legal expenses	11,698,219	-	1,413,377	93,408	194,458	352,254	-	13,751,716
Postage, stamp, telecommunication, etc	124,193,662	1,064,244	692,846	1,511,559	550,877	299,592	-	128,312,780
Stationery, printing, advertisements, etc	146,635,880	1,432,590	49,664	374,971	988,808	548,818	-	150,030,731
Managing Director's salary and fees	19,262,968	-	-	-	-	-	-	19,262,968
Directors' fees	3,208,000	-	-	275,000	-	-	-	3,483,000
Auditors' fees	853,000	-	-	76,667	639,315	1,409,264	-	2,978,246
Depreciation and repairs of Bank's assets	846,530,090	3,261,650	-	21,253,736	2,414,908	1,658,949	-	875,119,333
Other expenses	1,910,406,379	39,268,515	20,857,837	8,289,048	6,304,396	10,694,899	-	1,995,821,074
Total operating expenses (B)	6,938,860,138	145,918,629	23,272,858	108,555,526	29,440,049	45,544,840	-	7,291,592,040
Profit before provision (C=A-B)	5,761,948,053	(85,048,074)	393,936,413	47,591,047	561,320	(12,179,127)	-	6,106,809,632
Provision:								
Provision for loans and advances/investments				8,000,000	-	-	-	1,760,780,294
Provision for off-balance sheet items				-	-	-	-	43,349,415
Provision for diminution in value of investments				180,000,000	-	-	-	180,000,000
Other provisions				-	-	-	-	137,000,000
Total provision (D)				8,000,000	-	-	-	2,121,129,709
Profit before tax provision (E=C-D)				39,591,047	561,320	(12,179,127)	-	3,985,679,923
Provision for taxation				39,192,514	-	-	-	1,961,192,514
Profit after tax provision				398,533	561,320	(12,179,127)	-	2,024,487,409

Amount in Taka

Bank Asia Limited Segment Reporting

Annex K-1

The Bank reports its operations under the following business segments as per Bangladesh Financial Reporting Standards (BFRS) 8 “Operating segment”

Amount in Taka

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated
	Inside Bangladesh		Off-shore Banking unit	Total	Outside Bangladesh		Inter company transaction		
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd			
PROPERTY AND ASSETS									
Cash	16,922,738,306	977,044,058	-	17,899,782,364	7,019	2,082,682	155,278	-	17,902,027,343
Balance with other banks and financial institutions	31,202,809,043	200,611,490	77,487,164	31,480,907,697	563,887,306	15,828,898	96,153,016	(53,258,020)	32,103,518,897
Money at call and on short notice	-	-	-	-	-	-	-	-	-
Investments	89,427,473,584	4,823,710,000	-	94,251,183,584	655,627,144	-	-	-	94,906,810,728
Loans and advances/investments	209,734,578,648	16,409,426,612	18,498,024,813	244,642,030,073	4,810,787,426	-	-	(2,120,969,217)	247,331,848,282
Fixed assets including premises, furniture and fixtures	6,705,170,307	3,484,699	-	6,708,655,006	100,737,790	112	4,710,492	-	6,814,103,400
Other assets	11,729,531,223	1,549,634,621	455,426,291	13,734,592,135	434,030,695	943,152	115,533,509	(2,534,037,230)	11,751,062,261
Non - banking assets	-	-	-	-	-	-	-	-	-
Total assets	365,722,301,111	23,963,911,480	19,030,938,268	408,717,150,859	6,565,077,380	18,854,844	216,552,295	(4,708,264,467)	410,809,370,911
LIABILITIES AND CAPITAL									
Liabilities									
Borrowings from other banks, financial institutions and agents	17,267,100,777	-	18,704,754,165	35,971,854,941	2,120,969,217	-	-	(2,120,969,217)	35,971,854,941
Subordinated Non-Convertible Zero Coupon Bond	10,200,000,000	-	-	10,200,000,000	-	-	-	-	10,200,000,000
Deposits and other accounts	280,339,840,084	22,362,651,365	325,614,911	303,028,106,360	519,066,108	-	-	(53,258,020)	303,493,914,448
Other liabilities	30,335,326,395	1,601,260,115	569,192	32,136,293,987	1,885,520,215	62,316,859	270,842,164	(419,770,330)	33,935,202,895
Total liabilities	338,142,267,256	23,963,911,480	19,030,938,268	381,336,255,288	4,525,555,540	62,316,859	270,842,164	(2,593,997,567)	383,600,972,284
Total shareholders' equity	27,380,895,571	-	-	27,380,895,571	2,039,521,840	(43,462,015)	(54,289,869)	(2,114,266,900)	27,208,398,627
Total liabilities and shareholders' equity	365,523,162,825	23,963,911,480	19,030,938,268	408,717,150,859	6,565,077,380	18,854,844	216,552,295	(4,708,264,467)	410,809,370,911

Bank Asia Securities Limited

Independent Auditor's Report to the Shareholders of Bank Asia Securities Limited

Opinion

We have audited the financial statements of Bank Asia Securities Limited (the "Company") which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statement including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respect, of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 3.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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.

Other Matters

The financial statements of the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statement on 19 February 2020. We further note that pursuant to BSEC notification, the Company has opted to maintain partial provision against diminution in the value of investment and client margin loan for the year ended 31 December 2020. Our opinion is not modified in respect of these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 3, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules 1987, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company's so far as it appeared from our examination of those books;
- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- (iv) the expenditures incurred were for the purpose of the Company's business for the year.

Dhaka, 16 March 2021
DVC No: 2103250770AS900048

Sabbir Ahmed.

Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Securities Limited

Statement of Financial Position

as at 31 December 2020

		Amount in Taka	
		31 Dec 2020	31 Dec 2019
Non-current assets			
Property, plant and equipment	4	100,737,789	35,734,740
Demutualization membership of DSE	5	114,839,239	114,839,239
Total non- current assets		215,577,028	150,573,979
Current Assets			
Advances, deposits and prepayments	6	102,247,249	17,171,496
Investment in shares	7	540,787,905	479,552,750
Margin loans	8	4,810,787,426	4,649,980,290
Accounts receivable	9	45,861,115	43,575,667
Advance income tax	10	285,922,331	241,344,210
Deferred tax assets	23	2,746,078	1,635,140
Cash and cash equivalents	11	563,894,325	390,208,750
Total current assets		6,352,246,429	5,823,468,303
Total assets		6,567,823,456	5,974,042,283
Shareholders' equity and liabilities			
Share capital	12	2,000,000,000	2,000,000,000
Retained earnings	13	42,267,918	40,758,447
Shareholders' equity		2,042,267,918	2,040,758,447
Non-current liabilities			
Financial lease obligation	14	55,506,820	-
Total non- current liabilities		55,506,820	-
Current Liabilities			
Customer deposits	15	519,066,108	375,008,705
Loans and borrowings	16	2,120,969,217	1,853,724,468
Accounts payable	17	72,410,677	703,187
Other liabilities	18	28,253,904	21,691,177
Interest suspense account	19	890,799,214	890,799,214
Provision for diminution in value of investments	20	33,703,549	33,703,549
Provision for client margin loan	21	562,494,169	554,494,169
Provision for corporate income tax	22	242,351,881	203,159,368
Total current liabilities		4,470,048,719	3,933,283,836
Total liabilities		4,525,555,538	3,933,283,836
Total equity and liabilities		6,567,823,456	5,974,042,283

These Financial Statements should be read in conjunction with the annexed notes

-sd-

Chairman

-sd-

Director

-sd-

Chief Executive Officer

Sabbir Ahmed.

Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 16 March 2021
DVC No: 2103250770AS900048

Bank Asia Securities Limited

Statement of Profit or loss and Other Comprehensive income

for the year ended 31 December 2020

Amount in Taka

		31 Dec 2020	31 Dec 2019
Brokerage commission	24	119,829,921	92,693,307
Interest income	25	193,809,470	321,231,320
Interest expense	26	(188,373,820)	(212,509,391)
Net interest income		5,435,650	108,721,929
Other operating income/(loss)	27	30,881,002	29,775,796
Total operating income		156,146,573	231,191,032
Operating expenses	28	(108,555,526)	(103,653,385)
Profit before provision		47,591,047	127,537,647
Provision for diminution in value of investments	20	-	(13,934,688)
Provision for client margin loan	21	(8,000,000)	(36,000,000)
Profit/(Loss)before tax		39,591,047	77,602,959
Current tax expense	22	(39,192,514)	(59,469,389)
Deferred tax Income/(expense)	23	1,110,938	(283,825)
Income tax expense		(38,081,576)	(59,753,214)
Profit/ (Loss) after tax		1,509,471	17,849,745
Other comprehensive income		-	-
Total comprehensive income/(loss)		1,509,471	17,849,745
Earnings per share	29	0.08	0.89

These Financial Statements should be read in conjunction with the annexed notes

-sd-

Chairman

-sd-

Director

-sd-

Chief Executive Officer

Sabbir Ahmed.

Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 16 March 2021
DVC No: 2103250770AS900048

Bank Asia Securities Limited

Statement of Cash Flows

for the year ended 31 December 2020

	<i>Amount in Taka</i>	
	31 Dec 2020	31 Dec 2019
A. Cash flows from operating activities		
Cash received from		
Interest income	193,809,470	321,231,320
Brokerage commission	119,829,921	92,693,307
Cash payment for		
Interest expenses	(158,386,429)	(212,509,391)
Operating expenses	(99,482,269)	(104,539,951)
Customers' deposits	144,057,403	97,320,099
Margin loan to customers	(159,913,524)	373,459,352
Other assets	(99,367,962)	(38,717,936)
Accounts Payable	71,707,490	(155,699)
Income tax paid	(44,578,121)	(69,482,491)
Net cash flows from/ (used in) operating activities	(32,324,020)	459,298,609
B. Cash flows from investing activities		
Investment in listed securities	(61,235,154)	(49,387,892)
Demutualization membership of DSE	-	-
Acquisition of property, plant and equipment	-	(32,672,657)
Net cash from/ (used in) investing activities	(61,235,154)	(82,060,549)
C. Cash flows from financing activities		
Loans and borrowings	267,244,749	(266,401,174)
Member Margin Deposit to DSE	-	-
Net cash from financing activities	267,244,749	(266,401,174)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	173,685,575	110,836,886
E. Opening cash and cash equivalents	390,208,750	279,371,864
F. Closing cash and cash equivalents	563,894,325	390,208,750

These Financial Statements should be read in conjunction with the annexed notes

-sd-

Chairman

-sd-

Director

-sd-

Chief Executive Officer

Bank Asia Securities Limited

Statement of Changes in Equity

for the year ended 31 December 2020

Amount in Taka

	Share capital	Retained earnings/ earnings/ (Accumulated Losses)	Total
Year ended 31 Dec 2019			
Opening balance	2,000,000,000	22,908,701	2,022,908,701
Net profit for the year	-	17,849,745	17,849,745
Closing balance	2,000,000,000	40,758,447	2,040,758,447
Period ended 31 Dec 2020			
Opening balance	2,000,000,000	40,758,447	2,040,758,447
Net profit for the year	-	1,509,471	1,509,471
Closing balance	2,000,000,000	42,267,918	2,042,267,918

These Financial Statements should be read in conjunction with the annexed notes

-sd-

Chairman

-sd-

Director

-sd-

Chief Executive Officer

Bank Asia Securities Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2020

1. REPORTING ENTITY

Bank Asia Securities Limited ("the Company"), a majority owned subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (2nd Floor), 2 Dilkusha Commercial Area, Dhaka 1000.

The Company obtained permission from Bangladesh Securities and Exchange Commission on 16 March 2011 to operate as a full fledged stock broker and stock dealer bearing registration nos. Reg/3.1/DSE-237/2011/463 and Reg/3.1/DSE-237/2011/464 respectively.

The main objective of the Company is to act as a full fledged stock broker and stock dealer to execute buy and sell orders and to maintain own portfolio as well as customers portfolio under the discretion of customers. The Company also performs the other activities relates to capital market as and when regulators permits the company to carry out activities as per their guidelines.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company are prepared on a going concern basis under historical cost conversion in accordance following International Financial Reporting Standards (IFRSs)/International Accounting Standards (IASs), The Companies Act-1994, and other laws and rules applicable in Bangladesh. Wherever appropriate, such principles are explained in succeeding notes

2.2 Components of the financial statements

The financial statements referred to here comprise:

- a) Statement of Financial Position;
- b) Statement of Profit or loss and Other Comprehensive income;
- c) Statement of Cash Flows;
- d) Statement of Changes in Equity; and
- e) Notes to the Financial Statements.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimate is revised and in any future periods affected.

Key estimates include the following:

- * Property, Plant and Equipment
- * Provision on margin loan and Investment in shares
- * Deffered Tax Asset/Liabilities

2.4 Statement of cash flows

Statement of Cash Flows has been prepared as per International Accounting Standard IAS-7 under direct method. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. Cash Flows during the year have been classified as operating activities, investing activities and financing activities.

2.5 Reporting period

These financial statements cover period from 1 January 2020 to 31 December 2020.

2.6 Date of authorization

The Board of Directors accorded its approval and authorized these financial statements on 16 March, 2021.

2.7 Functional and presentational currency

The financial statements are presented in Bangladesh Taka, which is the Company's functional currency.

2.8 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.9 Going concern

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

2.10 Investment in securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend incomes which are reported at fair value. Unrealized gains are not recognized in the profit and loss statement. But provision was made for diminution in value of investment as per BSEC guideline.

2.11 Provision, Contingent asset and contingent liabilities

As per IAS-37 "Provisions, Contingent Liabilities and Contingent Assets" the Bank Asia Securities Limited recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the

Bank Asia Securities Limited Notes to the Financial Statements

obligation and when a reliable estimate of the amount of the obligation can be made.

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company; or any present obligation that arises from past events but is not recognised because:

- * it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- * the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised.

2.12 Taxation Current tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time

Deferred Tax

Deferred Tax is calculated as per International Accounting Standard IAS-12 "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

2.13 Branch Details

The Company has a total five number of Branch offices, One Extension Office (excluding Head Office), with no overseas branch as on September 30, 2020.

Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

3.1 Revenue Recognition

In terms of provision of IFRS-15 on revenue and disclosures in the financial statements of the company the following items have been recognized as mentioned

Brokerage commission

Income from brokerage is recognised on daily basis in the Statement of Comprehensive Income after receiving the trading note of securities transacted from Dhaka Stock Exchange Limited, at which point performance is assured to be completed

Interest Income from margin loan

Interest on loans and advances is calculated on daily product basis, but charged and accounted for on quarterly basis except negative equity clients where interest is recognized based on effective interest rate which is estimated recoverable amount as per IFRS-9.

Dividend income and profit/ (loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

3.2 Interest paid and other expenses

In terms of the provisions of IAS-1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

3.3

3.3 Earnings per share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2020 as per International Accounting Standard IAS- 33 "Earnings Per Share".

3.4 Property, plant and equipment

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses, as per IAS-16: Property, Plant and Equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs

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

Bank Asia Securities Limited Notes to the Financial Statements

Depreciation

Depreciation is charged on straight-line method. Charging depreciation against fixed assets commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed.

Asset category	Rate of depreciation (%)
Computer and accessories	20
Furniture and fixtures	20
Office equipment	20
Office renovation	20
Details are given in Annexure-I.	

3.5 Intangible assets

Computer software

Computer software acquired by the Company which have finite useful lives are measured at cost less accumulated amortisation.

Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

Amortisation of intangible assets

Computer software are amortised @ 20% per annum in a straight-line method.

3.6 Lease assets

The company has applied "IFRS 16: Lease" using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4

3.7 Advance, deposits and prepayments

- Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment etc.
- Deposits are measured at payment value.
- Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to Statement of Comprehensive Income.

3.8 Advance Income tax

The amount of advance income tax are mainly deduction at sources by DSE on daily transaction of broker & dealer operation. Tax deduction on interest income and dividend income are also included.

3.9 Related party

As per International Accounting Standards IAS-24 "Related Party Disclosures", A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

3.10 Events after reporting period

As per IAS-10 "Events after Reporting Period" are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

3.11 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements as per section 183 of companies Act 1994.

3.12 Departures from IFRS

The Financial Reporting Council (FRC) has been formed, but no financial reporting standards have yet been issued as per the provisions of the

Financial Reporting Act (FRA), 2015. Hence, the financial statements of the Company as at and for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and as per the requirements of the provisions, circulars, rules and regulations issued by the Bangladesh Securities and Exchange Commission (BSEC) and The Income Tax Ordinance 1984. In case any requirements of the BSEC provisions, circulars, rules and regulations differ from those of IFRS, the requirements of BSEC provisions, circulars rules and regulations shall prevail, and such departures from IFRS have been followed accordingly. In addition, there has been a departure from the provisions of IFRS-9 with regard to interest income. Material departures from the requirements of IFRS are as follows

i) Provision for impairment of client margin loan

IFRS: In accordance with IFRS-9, an entity should recognize a loss allowance for expected credit losses on a financial asset and shall not reduce the carrying amount of the financial asset in the statement of financial position. The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition, whether assessed on an individual or collective basis considering all reasonable and supportable information, including that which is forward-looking. An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

BSEC: As per BSEC press release #BSEC/Mukhopatro(5th Khondo)/2019/159 dated January 07, 2020, provision has been made for impairment of margin loan arising out of year-end (31.12.2019) revaluation of shares purchased through margin loan complying with the relevant instruction. Bank Asia Securities Limited has opted for the option to maintain minimum 20% of total impairment of margin loan arising from diminution in value of investments as provision as on 31.12.2019 in accordance with the aforesaid press release.

ii) Recognition of interest income from margin loan

IFRS: In accordance with IFRS-9, interest revenue should be calculated by using the effective interest method by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income should be recognized when the financial asset is no longer credit-impaired and the improvement can be related objectively.

Departure: The Company recognized interest from margin loan when the loan is no longer credit-impaired. However, some margin loan interest was recognized as income from credit-impaired when the account become positive.

iii) Valuation of shares of DSE

IFRS: As per para-5.2.2 of IFRS-9, an entity shall apply the impairment requirements to financial assets that are measured at amortized cost in accordance with paragraph 4.1.2 of IFRS-9 and to financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS-9.

Departure: There is no active market for shares in DSE and the sale price to Strategic Investor, Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE), has been determined through negotiation. The sale had to be made within the time limit as given in the Exchange Demutualization Act-2013 and approved by the Bangladesh Securities and Exchange Commission (BSEC). This was not a transaction in active market. And we strongly believe that with the involvement of the strategic partners and the development of capital market under the guidance of the BSEC, the share price of the exchanges will increase significantly.

3.13 Others

Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.

These notes from an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

3.14 Application of International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with requirement of International Accounting Standards (IASs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following International Accounting Standards (IASs) are applicable for the financial statements for the period under review:

IAS- 1 Presentation of Financial Statements

IAS- 7 Statements of Cash Flows

IAS- 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS- 10 Events after the Reporting Period

IAS- 12 Income Taxes

IAS- 16 Properties, Plant and Equipment

IAS- 19 Employees Benefit

IAS- 24 Related Party Disclosure

IAS- 32 Financial Instruments Presentation

IAS- 33 Earning Per shares

IAS- 37 Provisions, Contingent Liabilities and Contingent Assets

IAS- 38 Intangible Assets

IFRS- 7 Financial Instruments : Disclosures;

IFRS- 9 Financial Instruments

IFRS- 13 Fair Value Measurement

IFRS- 15 Revenue

Bank Asia Securities Limited

Notes to the Financial Statements

3.15 New and amended standards and interpretations:

IFRS 16 Leases

The Company has applied “IFRS 16: Lease” using the modified retrospective approach as per paragraph C8 of IFRS 16 with necessary adjustment as stated in IAS 8 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. IFRS 16 supersedes IAS 17 and applicable from January 01, 2019.

Leases previously classified as operating leases

- Bank Asia Securities Limited recognize a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17 and measure that lease liability at the present value of the remaining lease payments, discounted using incremental borrowing rate at 9% at the date of initial application i.e. January 01, 2020.
- Recognize a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17 and choose, on a lease-by-lease basis, to measure that right-of-use asset; an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is reduced by impairment losses as per IAS 36, and adjusted for certain measurements of the lease liability if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is premeasured when there is a change in future lease payments arising from a change in an index or rate, if there is change in estimate of the amount expected to be payable under a residual value guarantee, or if changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is measured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company may elect not to apply the IFRS 16 for short-term leases and leases for which the underlying asset is of low value.

4. Property, plant and equipment

	31 Dec 2020	31 Dec 2019
Opening balance	35,734,740	7,771,251
Add: Addition during the period	-	32,672,657
Less: Depreciation charge for the period	8,464,876	4,709,168
A. Closing balance	<u>27,269,864</u>	<u>35,734,740</u>

4.1 Right of use of assets

Opening balance	-	-
Add: Addition during the year	86,256,785	-
	86,256,785	-
Less: Depreciation charge for right of use of assets	12,788,860	-
B. Closing balance	<u>73,467,925</u>	<u>-</u>
Grand Total (A+B)	<u>100,737,789</u>	<u>35,734,740</u>

Details are given in Anex I

5. Demutualization membership of Dhaka Stock Exchange

The majority owned (99.99%) subsidiary company of the Bank, Bank Asia Securities Limited (BASL) has acquired the membership of Dhaka Stock

Exchange for Tk 153,119,000. As per the scheme of Demutualization of DSE, BASL being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk 10 each, totaling Tk 72,151,060.

Under section 14(Ka) of Demutualization Act 2013, Share Purchase Agreement (SPA) executed between Dhaka Stock Exchange Ltd. (DSE) and its strategic investors namely Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) and completed the sale of 25% (Twenty-five percent) DSE shares to SZSE and SSE. In this connection, BASL sold 1,803,777 number of share at the rate of Tk.21 per share totaling Tk. 37,879,317. Currently BASL holding 5,411,329 shares at a cost of totaling Tk. 114,839,239

The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainable. However, management expect the fair value to be similar or more that the current revalued amount. Once more clarity about the Scheme and related factors are available a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

6. Advances, deposits and prepayments

	31 Dec 2020	31 Dec 2019
Advance Office Rent	-	15,123,801
Advance for DSE Nikunjo office	850,000	850,000
Advance for Renovation of New Branch	841,525	-
Advance to Branch office	-	33,605
Advance for Legal Advice	127,590	127,590
Advance for NFLP	232,909	256,500
Member Margin Deposit to DSE	100,000,000	-
Advance for Software	195,225	780,000
	<u>102,247,249</u>	<u>17,171,496</u>

7. Investment in shares

540,787,905

479,552,751

7.1 Investment in shares in Dealer Account

502,165,195

479,552,751

All investments in marketable securities are valued on an aggregate portfolio basis at cost price, at the balance sheet date. Sufficient provision has maintained as per BSEC guidelines against this unrealized loss. Please see note 20.00 for details.

Details are given in Annex II.

7.2 Investment In share Under SFCM

38,622,709

-

All investments in marketable securities are valued on an aggregate portfolio basis at cost price, at the balance sheet date. Investment made under Bnagladesh Bank DOS circular No. 01 dated February 10, 2020

Details are given in Annex III.

8. Margin loans to customers

Opening balance	4,649,980,291	4,993,663,846
Add: Interest charged during the period	171,916,746	299,967,058
	4,821,897,037	5,293,630,904
Less: Repayment of Margin Loan during the period/(addition)	11,109,611	643,650,614
Closing balance	<u>4,810,787,426</u>	<u>4,649,980,291</u>

The Company extends margin loan facilities to customers for trading of shares on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the year based on directives issued by Bangladesh Securities and Exchange Commission.

Bank Asia Securities Limited Notes to the Financial Statements

9. Accounts receivable

	31 Dec 2020	31 Dec 2019
Receivable from Dhaka Stock Exchange Ltd (Broker)	7,230,805	24,818,660
Receivable from Dhaka Stock Exchange Ltd (Dealer)	-	11,400,000
Receivable Dividend (Dealer)	7,317,310	6,045,006
Cheques in transit (Consolidated Customer A/C)	31,313,000	1,312,000
	<u>45,861,115</u>	<u>43,575,667</u>

10. Advance income tax

Opening balance	241,344,210	322,824,373
Tax deducted at source from brokerage commission	25,930,755	18,772,645
Tax deducted at source from dividend income	3,141,165	3,167,271
Advance Tax as per Section 64 & 74	13,341,052	20,185,218
Advance Tax on sales of Fixed Assets	-	51,000
Advance Tax for Appeal to Appellate Tribunal/High Court	-	10,000,000
Tax deducted at source from bank interest	2,165,148	2,130,161
	44,578,121	54,306,295
Less: Adjusted during the period	-	135,786,458
Closing balance	<u>285,922,331</u>	<u>241,344,210</u>

11. Cash and cash equivalents

Cash in hand (note 11.1)	7,019	6,689
Cash at Bank (note 11.2)	563,887,306	390,202,061
	<u>563,894,325</u>	<u>390,208,750</u>

11.1 Cash in hand

Head-office	7,019	6,689
-------------	-------	-------

11.2 Cash at Bank

Bank Asia Limited (Consolidated Customer A/C-00836000674)	33,823,840	6,105,925
Bank Asia Limited (Current Deposit Account-00833007917)	42,587	644,647
Bank Asia Limited (IPO-00836000676)	19,391,593	306,080
ONE Bank Limited (Consolidated Customer A/C-0015025406003)	339,266,992	216,439,845
ONE Bank Limited (Dealer Account-0015025405007)	203,314	76,078
NRB Bank Limited (Consolidated Customer A/C-1081030004752)	5,678	6,206
Midland Bank Ltd (Consolidated Customer A/C-0001-1060000011)	171,153,302	166,623,281
	<u>563,887,306</u>	<u>390,202,061</u>

12. Share capital

Authorized capital :		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000
Issued, subscribed and paid up capital:		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000

The Company's shareholding position as at 31 December 2020 was as under:

Name of shareholder	No. of shares	% of holding	Value/Taka
Bank Asia Limited	19,999,300	99.997%	1,999,930,000
Mr. Anisur Rahman Sinha	100	0.0005%	10,000
Mr. A. Rouf Chowdhury	100	0.0005%	10,000
Ms. Romana Rouf Chowdhury	100	0.0005%	10,000
Mr. Md. Nuzrul Huda	100	0.0005%	10,000
Mr. Md. Arfan Ali	100	0.0005%	10,000
Mr. Md. Sazzad Hossain	100	0.0005%	10,000
Mr. Mohammad Ibrahim Khalil	100	0.0005%	10,000
	<u>20,000,000</u>	<u>100.00%</u>	<u>2,000,000,000</u>

13. Retained earnings

	31 Dec 2020	31 Dec 2019
Opening balance	40,758,447	22,908,701
Less: Dividend paid	-	-
	40,758,447	22,908,701
Add: Total comprehensive income during the period	1,509,471	17,849,745
Closing balance	<u>42,267,918</u>	<u>40,758,447</u>

14. Financial lease obligation

Opening balance	-	-
Add: Addition during the year	71,132,984	-
	71,132,984	-
Less: Conversion to short term	15,626,164	-
Closing balance	<u>55,506,820</u>	<u>-</u>

15. Customer deposits

Customer deposits represent uninvest funds lying with the Company's account at the reporting date.

	<u>519,066,108</u>	<u>375,008,705</u>
--	--------------------	--------------------

16. Loans and borrowings

Bank Asia Limited	2,082,302,300	1,853,724,468
Bank Asia Limited-(SFCM)	38,666,918	-
	<u>2,120,969,217</u>	<u>1,853,724,468</u>

17. Accounts payable

Payable for IPO Application Process	37,934,400	5,000
Interest Payable	29,987,391	-
Dhaka Stock Exchange Ltd (Broker)	4,488,885	698,187
	<u>72,410,677</u>	<u>703,187</u>

18. Other liabilities

	<u>28,253,904</u>	<u>21,691,177</u>
--	-------------------	-------------------

18.1 Liabilities for expenses

	<u>18,307,065</u>	<u>21,691,177</u>
--	-------------------	-------------------

The amount represents provisions against operating expenses during the period.

Bank Asia Securities Limited Notes to the Financial Statements

18.2 Current portion of lease obligation

	31 Dec 2020	31 Dec 2019
Opening balance	-	-
Add: Conversion from long term	15,626,164	-
	15,626,164	-
Less: Paid during the year	5,679,325	-
Closing balance	9,946,839	-

19. Interest suspense account

Opening balance	890,799,214	890,799,214
Add: Interest suspense during the year	-	-
Closing Balance	890,799,214	890,799,214

The amount represents interest income from loan accounts of the clients who have negative equity with Bank Asia Securities Limited. The amount will be recognized as income when client equity become positive balance.

20. Provision for diminution in value of investments

Opening Balance	33,703,549	19,768,861
Add: Provision made during the period	-	13,934,688
Closing balance	33,703,549	33,703,549

As per BSEC instruction circular reference SEC/CMRRCD/2009-193/196 dated 28 December 2016 and SEC/CMRRCD/2009-193/203 dated 28 December 2017, BSEC/Mukhopatro(5th Khondo)/2011/60; Date: 19 December 2018, BSEC/SRI/Policy/3/2020/68; Date: 12 January 2020 subsequent press release no. BSEC/Surveillance/Mukhopatro(5th Khondo)/2019/196; Date: 16 July 2020 Bank Asia Securities Ltd has the option to maintain provision of total unrealized loss arising from diminution in value of investments within 2023 and also has the option not maintaining any additional provision in 2020.

21. Provision for Client Margin Loan

Opening Balance	554,494,169	518,494,169
Add: Provision made during the period	8,000,000	36,000,000
Closing Balance	562,494,169	554,494,169

As per BSEC instruction circular reference SEC/CMRRCD/2009-193/196 dated 28 December 2016 and SEC/CMRRCD/2009-193/203 dated 28 December 2017, BSEC/Mukhopatro(5th Khondo)/2011/60; Date: 19 December 2018, BSEC/SRI/Policy/3/2020/68; Date: 12 January 2020 subsequent press release no. BSEC/Surveillance/Mukhopatro(5th Khondo)/2019/196; Date: 16 July 2020 Bank Asia Securities Ltd has the option to maintain provision of total unrealized loss arising from provision for client margin loan within 2023.

22. Provision for corporate income tax

Opening balance	203,159,368	294,652,633
Add: Provision made during the period	39,192,514	44,293,193
Less: Adjusted during the period	-	135,786,458
Closing balance	242,351,881	203,159,368

23. Deferred Tax

Opening balance	1,635,140	1,918,965
Add: Provision for the during year	-	-
Less: Adjustment during the year	(1,110,938)	283,825
Closing balance	2,746,078	1,635,140
WDV of fixed assets as per accounts	27,269,865	35,734,740
WDV of fixed assets as per tax base	35,719,337	40,406,568

	31 Dec 2020	31 Dec 2019
Temporary difference	(8,449,472)	(4,671,828)
Applicable tax rate	32.50%	35.00%
Deferred tax liabilities/(assets)	<u>(2,746,078)</u>	<u>(1,635,140)</u>
24. Brokerage commission		
Brokerage commission	140,655,224	107,857,335
Less: Hawla charges	11,850	300
Laga charges	12,940,895	9,294,729
Service charge from clients for CDBL	7,872,557	5,869,000
	<u>119,829,921</u>	<u>92,693,307</u>
25. Interest income		
Income from bank deposits	21,892,724	21,264,262
Income from margin loan	171,916,746	299,967,058
	<u>193,809,470</u>	<u>321,231,320</u>
26. Interest expense		
Interest on loan	<u>188,373,820</u>	<u>212,509,391</u>
27. Others operating income		
BO account opening fees	1,761,500	1,032,000
Margin account renewal fees	618,000	600,000
Income from transfer/transmission/corporate action	275,367	843,828
Margin account opening fees	134,000	112,000
BO account maintenance fees	624,000	687,850
Other income	564,397	294,461
Capital gain from sales of fixed assets	-	1,755,000
Dividend Income	17,061,241	17,853,272
Capital gain from investment in shares (Note # 27.01)	9,842,498	6,597,385
	<u>30,881,002</u>	<u>29,775,796</u>
27.1. Capital gain from investment in shares		
Sales price of shares	85,904,436	30,534,514
Less: Cost Price of Shares	76,061,939	23,937,129
Capital gain from shares investment	<u>9,842,498</u>	<u>6,597,385</u>
28. Operating expenses		
Audit fees	76,667	95,833
Bank charges	297,225	203,237
Bank guarantee commission	935,333	2,070,000
Business and promotional expenses	236,253	319,752
Cleaning expenses	318,554	245,631
Computer accessories	72,190	252,084
Conveyance	156,647	907,815
Depreciation	21,253,736	4,709,168
Directors' remuneration	275,000	302,400
Entertainment	750,944	1,512,285

Bank Asia Securities Limited Notes to the Financial Statements

Fuel and oil	11,900	48,570
Insurance premium	378,134	314,637
Internet charges	1,392,696	1,312,097
Internship Allowance	90,000	127,500
License and renewal fees	2,381,342	3,185,377
Newspaper	26,605	103,862
Rent & others (Note: 28.1)	6,507,111	15,494,119
Others	49,205	60,195
Postage and courier	12,400	21,025
Printing and stationery	374,971	1,234,650
Legal expenses	93,408	818,600
Repair and maintenance	931,480	831,244
Salaries and allowances	69,044,948	66,559,270
Telephone & Mobile Bill	106,463	246,303
Training Expenses	51,111	48,292
Utilities	2,731,205	2,629,440
Closing balance	108,555,526	103,653,385

28.1 Rent & others

Office rent	809,038	15,494,119
Interest portion on lease liabilities	5,698,073	-
	6,507,111	15,494,119

Total rent expenses for the year 2020 was Tk. 15,303,477 as per IAS 17. To implement "IFRS16: Lease" this rent expense has been adjusted with depreciation Tk.12,788,860 arises against right of use of assets (ref: Annex I) and interest expenses Tk.5,698,073 arises against lease liabilities.

29. Earning per shares

Profit After Tax	1,509,471	17,849,745
Number of Ordinary Shares	20,000,000	20,000,000
Earning per shares	0.08	0.89

30. Disclosure on Payments/ Perquisites to Directors and Key Management Personnel (As per requirement of Companies Act 1994, Schedule-XI, part-II)

30.1 Paid to Directors

Board Meeting Attendance Fees	275,000	302,400
-------------------------------	---------	---------

30.2 Paid to Key Management Personnel

Key management Personnel are those Persons having authority and responsibility for Planning, Directions and Controlling the activities of the Company.

- No Compensation/ Other allowance/ commission was allowed to Directors including Managing Director, Managing Agent or manager of the company except as stated above.
- There is no amount payable to Directors including Managing Director, Managing Agent or manager of the Company for any sort of commission on purchases, profit or guarantee.
- BOD Meeting attendance fee for attending each Board Meeting was Tk. 10,000 for each director.

31. Number of Employee:

The The number of employees receiving remuneration of Tk. 36,000 or above per employee per year were 62 in 2020. (2019: 61)

32. Related Party Transactions:

During the year under review, the Company carried out a number of transactions with related parties in the normal course of business and arms' length basis. The name of related parties, nature of these transactions and their value have been set out below as per IAS-24:

Amount in Taka

Name of Party	Nature of Relationship	Nature of Transaction	Opening Balance	Transaction During the Period		Closing Balance
				Debit	Credit	
Bank Asia Limited	Parent Company	Equity investment(99.997% of total Equity Taka 199,993 Crore)	1,999,990,000	60,000	-	1,999,930,000
Bank Asia Limited	Parent Company	OD (General) facility	1,853,724,468	228,577,832	-	2,082,302,300
Bank Asia Limited	Parent Company			38,666,918		38,666,918
Mr. Anisur Rahman Sinha	Shareholder	Equity investment(0.0005% of total Equity Taka 10,000)	10,000	-	-	10,000
Mr. A. Rouf Chowdhury	Director (nominated by Bank Asia)	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Ms. Romana Rouf Chowdhury	Director (nominated by Bank Asia)	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Mr. Md. Nuzrul Huda	Shareholder	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Mr. Md. Arfan Ali	Director (nominated by Bank Asia)	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Mr. Md. Sazzad Hossain	Director (nominated by Bank Asia)	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Mr. Mohammad Ibrahim Khalil	Director (nominated by Bank Asia)	Equity investment(.002222% of total Equity Taka 10,000)	-	-	10,000	10,000

Bank Asia Securities Limited

Details of property and equipment for the as at 31 December 2020

Annexure-I

Particulars	Cost			Depreciation			Written down value at 31-Dec-2020
	01-Jan-20	Addition during the year	Adjustment/ disposal	31-Dec-20	Adjustment/ disposal	31-Dec-20	
Own Assets							
Computer and accessories	8,167,261	-	-	8,167,261	1,276,338	5,208,482	2,958,779
Furniture and fixtures	6,454,309	-	-	6,454,309	1,258,271	2,178,098	4,276,211
Office equipment	10,123,259	-	-	10,123,259	1,832,299	4,249,236	5,874,023
Office renovation	20,489,839	-	-	20,489,839	4,097,968	6,328,987	14,160,853
Computer software	1,880,840	-	-	1,880,840	-	1,880,840	-
Total	47,115,508	-	-	47,115,508	8,464,876	19,845,643	27,269,865
Right of Use of Assets							
Office Space	-	86,256,785	-	86,256,785	12,788,860	12,788,860	73,467,925
Total	-	86,256,785	-	86,256,785	12,788,860	12,788,860	73,467,925
Grand Total	47,115,508	86,256,785	-	133,372,293	21,253,736	32,634,503	100,737,790

Right of use of assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 14 & 18.2)

Bank Asia Securities Limited
Investment in shares as at 31 December 2020

Annexure-II

SL No	Name of the company	Nature of shares	Face value	Number of shares including bonus	Cost of holdings	Average cost	Quoted value per share as at 31 Dec 2020	Total market value as at 31 Dec 2020
1	FEKDIL	Quoted	10.00	1,016,120	21,142,574	20.81	10.40	10,567,648
2	UPGDCL	Quoted	10.00	16,560	4,401,195.860	265.77	263.50	4,349,068
3	ACMELAB	Quoted	10.00	250,000	27,501,266	110.01	74.70	18,675,000
4	IFADAUTOS	Quoted	10.00	398,310	43,180,055	108.41	47.20	18,800,232
5	IFIC1STMF	Quoted	10.00	600,000	3,738,701	6.23	6.10	3,660,000
6	ACTIVEFINE	Quoted	10.00	30,308	749,639	24.73	16.90	512,205
7	BXPHARMA	Quoted	10.00	2,150	279,183	129.85	190.50	409,575
8	SQURPHARMA	Quoted	10.00	148,919	35,883,245	240.96	219.50	32,687,721
9	PADMAOIL	Quoted	10.00	20,000	5,341,341	267.07	205.10	4,102,000
10	ONEBANKLTD	Quoted	10.00	429,660	7,908,416	18.41	10.60	4,554,396
11	SUMITPOWER	Quoted	10.00	727,600	29,782,456	40.93	38.90	28,303,640
12	GPHISPAT	Quoted	10.00	100,000	2,716,807	27.17	30.60	3,060,000
13	IDLC	Quoted	10.00	500,000	41,305,988	82.61	63.40	31,700,000
14	POWERGRID	Quoted	10.00	50,100	2,967,151	59.22	41.80	2,094,180
15	BRACBANK	Quoted	10.00	95,183	5,934,907	62.35	44.30	3,922,455
16	LANKABAFIN	Quoted	10.00	525,000	16,212,426	30.88	31.40	16,485,000
17	RAKCERAMIC	Quoted	10.00	396,000	19,230,565	48.56	26.10	10,335,600
18	GRAMEENS2	Quoted	10.00	250,000	4,138,102	16.55	16.80	4,200,000
19	IBNSINA	Quoted	10.00	58,600	12,937,301	220.77	244.00	14,298,400
20	LRGLOBMF1	Quoted	10.00	700,000	5,504,083	7.86	6.60	4,620,000
21	MJLBD	Quoted	10.00	525,000	59,374,064	113.09	76.90	40,372,500
22	AIBL1STMF	Quoted	10.00	100,000	792,728	7.93	8.40	840,000
23	SAPORTL	Quoted	10.00	20,420	562,990	27.57	31.00	633,020
24	GP	Quoted	10.00	14,010	5,248,698	374.64	347.10	4,862,871
25	NAVANACNG	Quoted	10.00	249,638	9,531,186	38.18	37.10	9,261,570
26	TRUSTB1MF	Quoted	10.00	150,000	933,255	6.22	6.10	915,000
27	BSRMSTEEL	Quoted	10.00	550,000	48,815,037	88.75	42.50	23,375,000
28	CITYBANK	Quoted	10.00	623,000	18,442,836	29.60	24.80	15,450,400
29	LINDEBD	Quoted	10.00	7,350	9,475,072	1,289.13	1,281.10	9,416,085
30	PTL	Quoted	10.00	126,000	7,473,763	59.32	53.00	6,678,000
31	AAMRANET	Quoted	10.00	50,000	2,234,675	44.69	45.20	2,260,000
32	SKTRIMS	Quoted	10.00	100,000	6,204,799	62.05	62.20	6,220,000
33	ACFL	Quoted	10.00	40,000	1,209,558	30.24	36.50	1,460,000
34	SEAPEARL	Quoted	10.00	1,865	17,764	9.53	79.10	147,522
35	RINGSHINE	Quoted	10.00	131,995	1,136,422	8.61	6.40	844,768
36	ORIONPHARM	Quoted	10.00	50,000	2,618,529	52.37	54.70	2,735,000
37	RUNNERAUTO	Quoted	10.00	7,566	540,450	71.43	50.90	385,109
38	ESQUIRENIT	Quoted	10.00	20,890	940,050	45.00	26.30	549,407
39	ROBI	Quoted	10.00	271,253	2,712,530	10.00	29.80	8,083,339
40	NLI1STMF	Quoted	10.00	250,000	3,187,389	12.75	12.80	3,200,000
41	EDGE AMC Growth Fund	Unquoted	10.00	1,000,000	9,860,000	9.86	-	9,860,000
42	Energypac Power Generation Limited	Unquoted	10.00	477,225	19,998,000	41.90	-	19,998,000
					502,165,195			384,884,710

Bank Asia Securities Limited-SFCM

Investment in shares as at 31 December 2020

Annexure-III

SL No	Name of the company	Nature of shares	Face value	Number of shares including bonus	Cost of holdings	Average cost	Quoted value per share as at 31 Dec 2020	Total market value as at 31 Dec 2020
1	Jamuna Bank Limited	Quoted	10.00	400,000	7,574,160	18.94	18.80	7,520,000
2	NLI First MF	Quoted	10.00	150,000	1,877,250	12.52	12.80	1,920,000
3	BRAC Bank Limited	Quoted	10.00	51,229	2,205,490	43.05	44.30	2,269,445
4	Eastern bank Ltd.	Quoted	10.00	200,000	7,113,160	35.57	36.00	7,200,000
5	Summit Power Ltd.	Quoted	10.00	500,000	19,852,650	39.71	38.90	19,450,000
					38,622,709			38,359,445

BA EXCHANGE COMPANY (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is the provision of money remittance and bureau de change services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A R Chowdhury

Mr A Ali

Mr A K H Azad

Results and dividends

The profit for the year, after taxation, amounted to £5,268 (2019 - £17,312) The directors have not declared a dividend for the year.

Post reporting date events

There have been no significant events affecting the Company since the year end.

Future developments

The Company is constantly looking at opportunities to develop and refine its business models and is constantly speaking with third parties for potentials of expanding the business and network further and parent entity is willing to support this.

Auditor

The auditors, AGP Consulting, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11th March 2021 and signed on its behalf.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr A R Chowdhury

Director

11 March 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BA EXCHANGE COMPANY (UK) LIMITED

Opinion

We have audited the financial statements of BA Exchange Company (UK) Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BA EXCHANGE COMPANY (UK) LIMITED

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

for and on behalf of AGP Consulting Chartered Accountants
Statutory Auditor

11 March 2021
Q West
Great West Road
Brentford
TW8 0GP

BA EXCHANGE COMPANY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	281,564	307,640
Cost of sales		(57,405)	(47,768)
Gross profit		224,159	259,872
Administrative expenses		(218,891)	(242,560)
Profit before taxation		5,268	17,312
Tax on profit		-	-
Profit for the financial year		5,268	17,312

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	8		1		16,563
CURRENT ASSETS	9				
Debtors		8,400		21,898	
Cash at bank and in hand		159,526		420,047	
		167,926		441,945	
Creditors: amounts falling due within one year	10	(555,013)		(850,867)	
NET CURRENT LIABILITIES			(387,087)		(408,922)
TOTAL ASSET LESS CURRENT LIABILITIES			(387,086)		(392,359)
CAPITAL AND RESERVES					
Called up share capital			300,000		300,000
Profit and loss account			(687,086)		(692,359)
Total equity			(387,086)		(392,359)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11 March 2021 and are signed on its behalf by:

Mr A R Chowdhury
Director

Company Registration No. 7314397

BA EXCHANGE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

BA Exchange Company (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 131 Whitechapel Road (First Floor), London, England, E1 1DT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bank Asia Limited. These consolidated financial statements are available from its registered office. Head Office Bank Asia Corporate Office, Rangs Tower 32-34, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka 1000, Bangladesh

1.2 Going concern

The Company reported a profit during the year despite being in a very competitive market, however the company is carrying accumulated losses. The results are in line with expectations.

The directors consider that the Company will be able to rely upon sufficient additional support from the parent undertaking for at least the next 12 month or by arranging funds through and alternative means possibly by way of a loan from one of the directors and the Board of the Bank has approved this, to allow the Company to be able to meet all its commitments as they fall due.

Therefore the directors consider that the going concern basis is appropriate in respect of the financial statements for the year ended 31 December 2020

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Commission income

Income from remittance services is recognised when a customer gives instructions to the Company to make a remittance on their behalf.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	10% Straight line basis
Fixtures and fittings	25% Reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates

to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

1.9 Foreign exchange

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non - monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2 Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing useful lives, factors such as technological advances. Residual value consider such things as projected disposal values.

3 Turnover and other revenue

100% Turnover of the company for the year ended 31 December 2020 (2019 - 100%) have arisen from within the United Kingdom.

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	3,000	3,000
Depreciation of owned tangible fixed assets	16,562	12,232
Operating lease charges	35,283	42,000

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	3,000	3,000

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 £	2019 £
Management	1	1
Counter Staff	6	6
	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	133,342	117,342
	<u>133,342</u>	<u>117,342</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration paid to directors	61,909	57,400

8 Tangible fixed assets

	Land and buildings (£)	Plant and machinery etc (£)	Total (£)
Cost			
At 1 January 2020	122,846	19,914	142,760
Disposals	(122,846)	-	(122,846)
At 31 December 2020	-	19,914	19,914
Depreciation and impairment			
At 1 January 2020	106,438	19,759	126,197
Depreciation charged in the year	16,408	154	16,562
Eliminated in respect of disposals	(122,846)	-	(122,846)
At 31 December 2020	-	19,913	19,913
Carrying amount			
At 31 December 2020	-	1	1
At 31 December 2019	16,408	155	16,563

9 Debtors

Amounts falling due within one year:	2020 £	2019 £
Other debtors	8,400	21,898

10 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	495,244	785,588
Taxation and social security	1,716	-
Other creditors	58,053	65,279
	555,013	850,867

11 Reserves

Profit and loss account

The profit and loss account consists of the profits retained within the business and is recorded at historic cost.

12 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

All of the Company's remittances are routed through its parent entity Bank Asia Limited as part of the normal business cycles, these transactions are at arms length, these amounts have no transactional value and purely for settlement. All commission income is earned from the remitters. There is a position at the year end included in Trade Creditors of £495,244 (2019 - £757,846)

13 Parent company

The Company's ultimate parent undertaking is Bank Asia Limited, a company incorporated in Bangladesh. The accounts for this entity may be obtained from Head Office Bank Asia Corporate Office, Rangs Tower,32-34,Kazi Nazrul Islam Avenue,Kawran Bazar Dhaka-1000,Bangladesh or on their website www.bankasia-bd.com.

**INDEPENDENT
AUDITOR'S REPORT**

MONIS J. SIDDIQUI, CPA P.C.

Certified Public Accountant

www.mons.com

516.730.6064

REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
BA Express USA, Inc
Jamaica, New York

We have audited the accompanying financial statements of BA Express USA, Inc. (the "Company") (a New York corporation), which comprise the balance sheet as of December 31, 2020 and the related statement of operations, changes in stockholder's equity and cash flows for the year then ended and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BA Express USA, Inc as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America,

Monis Siddiqui, CPA P.C.

Bellerose, New York

March 15, 2021

BA EXPRESS USA INC.

BALANCE SHEET

Year Ended December 31, 2020

Assets	2020 (\$)
Current Assets:	
Cash, cash equivalents and investments	1,147,210
Accounts receivable	1,313,036
Other current assets	16,434
Total current assets	2,476,680
Furniture, equipment & leasehold improvements, net	56,111
Other assets	
Organization costs, net	7,583
Security deposits	39,165
Total other assets	46,748
Total assets	2,579,539
LIABILITIES AND STOCKHOLDER'S EQUITY	
Liabilities	
Remittance payable	3,117,510
Due to beneficiary	83,013
Other liabilities	18,194
Withholding taxes	7,515
Total liabilities	3,226,232
Stockholder's equity	(646,693)
Total liabilities and stockholder's equity	2,579,539

BA EXPRESS USA INC.

STATEMENT OF OPERATIONS

Year Ended December 31, 2020

	2020 (\$)
Revenue	
Commissions & fees	195,722
Realized gain on foreign exchange	285,455
Interest income	9,912
Other income	8,173
Total revenues	499,262
Expenses	
Payroll and wages	207,342
Payroll taxes	18,450
Commission fees	101,436
Professional fees	21,003
Filing and regulatory costs	21,149
Rent and lease costs	128,320
General and administrative expenses	146,777
Total expenses	644,476
NET LOSS BEFORE PROVISION FOR TAXES	(277,574)
PROVISION FOR TAXES	-
NET LOSS	(145,214)

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Year Ended December 31, 2020

	Balance Beginning (\$)	Net Change (\$)	Balance Ending (\$)
Common stock, no par value			
Paid-in capital	960,000	-	960,000
Deficit	(1,461,479)	(145,214)	(1,606,693)
Stockholders' equity	(501,479)	(145,214)	(646,693)

BA EXPRESS USA INC.

STATEMENT OF CASH FLOW

Year Ended December 31, 2020

	2020 (\$)
Cash flow from operating activities :	
Net loss	(145,214)
Adjustments to reconcile net income to net cash provided in operating activities	
Depreciation	19,780
Amortization	877
Changes in operating assets and liabilities	
Accounts receivable	(424,965)
Other current assets	1,625
Security deposits	(13,465)
Remittance payable	540,971
Due to beneficiary	81,007
Withholding taxes	4,818
Net cash provided by operating activities	<u>73,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Furniture, equipment & leasehold improvements	<u>(42,992)</u>
Net increase in cash and cash equivalents	30,636
Cash, cash equivalents and investments - beginning of year	<u>1,116,574</u>
Cash, cash equivalents and investments - ending of year	<u><u>1,147,210</u></u>

BA EXPRESS USA INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

BA Express USA, Inc (the "Company") is a New York Corporation formed on September 20, 2011 for the purpose of conducting business as an international money transmitter registered with the New York Department of Financial Services. The primary objective of the Company is to uphold the image and be a leading remittance service providing company in USA. The Company maintains its central office in Jamaica, New York. BA Express USA, Inc is a 100% owned subsidiary of Bank Asia Limited.

Basis of Accounting

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company performs credit evaluations of its customers and generally does not require collateral. The Company does not believe significant credit risks exist at December 31, 2020, with respect to its accounts receivable. No allowance for doubtful accounts has been provided for based on prior years' experience and Management's analysis of possible bad debts.

Revenue Recognition

The primary source of the Company's revenues is comprised of the transaction-based fees, which typically constitute a percentage of dollar volume processed, per transaction processed, or some combination thereof. Fees from money transfers are based on the principal amount of the transaction and location where the funds are to be transferred and is recorded as income at the time of the sale.

The secondary source of the Company's revenues is generated by buying and selling currency at favorable rates.

Foreign Currency Translation

Accounts with balances denominated in currencies other than U.S. dollars are translated into U.S. dollars at applicable exchange rates as of the date of the transaction. Amounts denoted in a foreign are converted into U.S. dollars, and the exchange differences are included in the costs and revenues under the related account.

Furniture, Equipment and Leasehold Improvements

Furniture, Equipment and Leasehold Improvements are stated at cost, less accumulated depreciation. Depreciation is recorded using a straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Income Taxes

No provision for income taxes has been made in the financial statements due to the current year excess of expenses over income. The Company has approximately \$1,611,294 of net operating loss carryforwards for federal income tax purposes as of December 31, 2020. Because the future utilization of these tax carryforward losses is uncertain, no related deferred tax asset has been reflected in the accompanying financial statements.

Management of the Company did not identify any uncertain tax positions taken or expected to be taken in an income tax return which would require adjustment to or disclosure in its financial statements. The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed.

BA EXPRESS USA INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

NOTE 2: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are carried at fair value, or are carried at amounts which approximate fair value as the market value of such items is not materially sensitive to shifts in market interest rates due to the limited term to maturity of these instruments.

The Company adopted SFAS No. 157, which defines fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market and assumptions that market participants would use when pricing the asset or liability.

The Company categorizes the fair value of its financial assets and liabilities according to the hierarchy established by the Financial Accounting Standards Board, which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. These Level 1 assets represent quoted prices in active markets and, therefore, do not require significant management judgment.

Level 2: Applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in less active markets; or other inputs that can be derived principally from, or corroborated by, observable market data.

Level 3: Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The recorded values of accounts receivable, accounts payable, and accrued liabilities approximate fair values due to their short maturities. Unrealized gains and losses are included in earnings and are reported in the Statement of Income as a component of other income and losses. Generally, for all trading securities, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. As of December 31, 2020, the Company was liquid in its security positions.

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consist of the following for the year ended December 31, 2020:

FDIC insured amount	\$	390,996
Bank deposits in-excess of insured amounts		207,268
Certificate of deposits		548,946
Cash, cash equivalents and investments	\$	<u>1,147,210</u>

The certificates of deposit are restricted. The Company has a \$500,000 certificate of deposit used as collateral to satisfy the signed agreement with New York State Department of Financial Services.

NOTE 4: FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, and leasehold improvements consist of the following for the year ended December 31, 2020:

Furniture and fixtures	\$	12,561
Equipment		21,953
Leasehold improvements		150,172
		<u>184,686</u>
Less: accumulated depreciation		(128,575)
Furniture, equipment and leasehold improvements, net	\$	<u>56,111</u>

Depreciation expense for the year ended December 31, 2020 was \$19,780.

NOTE 5: ORGANIZATION COSTS

Organization costs consist of the following for the year ended December 31, 2020:

Capitalized organization costs	\$	12,917
Less: accumulated amortization		(5,334)
Organization costs, net	\$	<u>7,583</u>

Amortization expense for the year ended December 31, 2020 was \$877.

BA EXPRESS USA INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

NOTE 6: OPERATING LEASES

The company conducts its operations from offices that are leased under a five-year noncancelable operating lease expiring February 28, 2024. There is an option to renew the lease for an additional period of five years at an increased monthly rental.

Minimum future rental payments under the non-cancelable operating leases having a remaining term in-excess of one year as of December 31, 2020 for each of the next five years are:

2021	\$	38,200
2022		39,400
2023		40,600
2024		6,800
Total base rent obligation	\$	<u>125,000</u>

On February 20, 2020, the Company entered into a ten-year lease agreement for a retail space in Jackson Heights, New York. The lease, commenced on March 1, 2020, provides for base rent of approximately \$6,500 per month with a 3.5% annual increase. Total base rent payable over the lease period is approximately \$915,000. The Company has an option to extend the term of the lease for an additional ten-year period.

Minimum future rental payments under the non-cancelable operating leases having a remaining term in-excess of one year as of December 31, 2020 for each of the next five years are:

2021	\$	80,700
2022		83,550
2023		86,500
2024		89,500
2025		92,650
Thereafter		417,100
Total base rent obligation	\$	<u>850,000</u>

Rent expense for the year ended December 31, 2020 was \$128,320.

NOTE 7: RELATED PARTY TRANSACTIONS

The Company is a 100% owned subsidiary of Bank Asia Limited. The Company signed paying agent agreement with Bank Asia Limited. For the year ended December 31, 2020, there was no expense paid for related party agent fee.

NOTE 8: CONCENTRATION OF CREDIT RISK

The company may be subject to credit risk to its cash and cash equivalents. The Federal Deposit Insurance Corporation ("FDIC") insured up to \$250,000 for substantially all depository accounts. From time to time, the Company may have amounts on deposits in-excess of FDIC limits. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2020, the Company has \$207,268 in cash and cash equivalents in-excess of the FDIC limits.

NOTE 9: SUBSEQUENT EVENTS

As a result of the spread of the COVID19 coronavirus, economic uncertainties have arisen which are likely to negatively affect operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Company expects this matter to negatively impact its net income. However, the related financial impact and duration cannot be reasonably estimated at this time.