

Bank Asia

LIMITED

Financial Statements

2010

Off-shore Banking Unit Profit and Loss Account for the year ended 31 December 2010

Notes	2010		2009	
	USD	Taka	Taka	
Interest income	11	907,657.67	63,536,037	2,152,351
Interest paid on deposits and borrowings, etc.	12	(397,295.28)	(27,810,670)	(714,259)
Net interest/net profit on investments		510,362.39	35,725,367	1,438,092
Commission, exchange and brokerage	13	93,004.24	6,510,297	2,406,461
Other operating income	14	62,375.32	4,366,272	783,247
Total operating income (A)		665,741.95	46,601,936	4,627,800
Salaries and allowances		-	-	295,023
Rent, taxes, insurance, electricity, etc.		1,425.49	99,784	149,751
Postage, stamp, telecommunication, etc.		5,239.55	366,769	46,261
Stationery, printing, advertisements, etc.		-	-	26,590
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets		-	-	-
Other expenses		3,273.92	229,174	53,039
Total provision expenses (B)		9,938.96	695,727	570,664
Profit before provision (C=A-B)		655,802.99	45,906,209	4,057,136
Provision for loans and advances		-	-	-
General provision		504,903.09	35,343,216	3,724,574
Specific provision		-	-	-
Provision for off-balance sheet items		504,903.09	35,343,216	3,724,574
Provision for diminution in value of investments		(2,371.09)	(165,976)	1,949,886
Other provision		-	-	-
Total provision (D)		502,532.00	35,177,240	5,674,460
Total profit/(loss) (C-D)		153,270.99	10,728,969	(1,617,324)

Off-shore Banking Unit Cash Flow Statement for the year ended 31 December 2010

Notes	2010		2009
	USD	Taka	Taka
A) Cash flows from operating activities			
Interest receipts	907,657.67	63,536,037	2,152,351
Interest payments	(397,295.28)	(27,810,670)	(714,259)
Fees and commission receipts	93,004.24	6,510,297	2,406,461
Cash payment to employees	(6,665.04)	(366,769)	(295,023)
Cash payment to suppliers	(6,665.04)	(366,769)	(72,851)
Income tax paid	62,375.32	4,366,272	783,247
Receipts from other operating activities	(3,273.92)	(328,958)	(202,290)
Payments for other operating activities	655,802.99	45,906,209	4,057,136
Cash generated from operating activities before changes in operating assets and liabilities			
Increase/(decrease) in operating assets and liabilities:			
Loans and advances to customers	(30,531,484.13)	(2,137,203,889)	(372,457,355)
Other assets	(154,543.77)	(10,818,064)	(222,437)
Deposits from customers	447,511.84	31,325,825	35,148,972
Trading liabilities	30,168,948.59	2,111,826,401	332,500,000
Other liabilities	1,118,988.39	78,329,187	541,766
	(1,049,420.91)	(73,459,460)	(4,489,054)
Net cash generated from/(used in) operating activities	1,705,223.90	119,365,669	(431,918)
B) Cash flows from investing activities			
Investments of treasury bills and bonds	-	-	-
Purchase/sale of trading securities	-	-	-
Purchase of fixed assets	-	-	-
Net cash from investing activities	-	-	-
C) Cash flows from financing activities			
Transfer of profit to Head Office	23,104.63	1,617,324	(352,774)
Net cash generated from/(used in) financing activities	23,104.63	1,617,324	(352,774)
D) Net increase in cash and cash equivalents (A+B+C)			
E) Effects of exchange rate changes on cash and cash equivalents			
F) Cash and cash equivalents at beginning of the year			
G) Cash and cash equivalents at end of the year (D+E+F)			
Cash and cash equivalents at end of the year represents:			
Cash in hand (including foreign currencies)	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	-	-	-
Balance with other banks and financial institutions	1,843,218.59	129,025,301	8,042,308
Money at call and on short notice	-	-	-
Prize bond	-	-	-
	1,843,218.59	129,025,301	8,042,308

Off-shore Banking Unit (OBU) Notes to the Financial Statements as at and for the year ended 31 December 2010

- 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. 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.
- Significant accounting policies and basis of preparations
2.1 Basis of preparation
The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the OBU. The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRS) 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 USD 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) Provision for loans and advances is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 16 of 6 December 1998, 9 of 14 May 2001, 9 and 10 of 20 August 2005, 5 of 5 June 2006, 8 of 7 August 2007, 10 of 18 September 2007, 5 of 29 April 2008 and 32 of 27 October 2010.

Notes	2010		2009
	USD	Taka	Taka
3 Balance with other banks and financial institutions			
In Bangladesh	-	-	-
Outside Bangladesh	1,843,218.59	129,025,301	8,042,308
	1,843,218.59	129,025,301	8,042,308
4 Loans and advances			
Loans, cash credit, overdrafts etc. (Note 4.1)	34,859,658.95	4,176,127	325,196,096
Bills purchased and discounted (Note 4.2)	992,644.53	69,485,117	47,261,259
	35,852,303.48	2,509,661,244	372,457,355
4.1 Loans, cash credit, overdrafts etc.			
Loan to branches	27,570,954.94	1,929,966,846	-
Loan against packing credit	157,762.08	11,043,346	5,264,851
Term loan industrial	285,043.65	19,953,056	23,687,989
Overdraft	3,617,504.25	253,225,298	284,067,185
Loan against trust receipts	3,228,393.60	225,987,552	12,176,071
Payment against documents	0.43	30	-
	34,859,658.95	2,440,176,128	325,196,096
4.2 Bills purchased and discounted			
Payable in Bangladesh	-	-	-
Payable outside Bangladesh	992,644.53	69,485,117	47,261,259
	992,644.53	69,485,117	47,261,259
5 Other assets			
Interest receivable	310,992.41	21,769,469	222,437
	310,992.41	21,769,469	222,437
6 Borrowings from other banks, financial institutions and agents			
Borrowing from Bangladesh Bank	19,398,948.58	1,357,926,401	283,500,000
Borrowing from corporate office, Dhaka	15,520,000.00	1,086,400,000	49,000,000
	34,918,948.58	2,444,326,401	332,500,000
7 Deposits and other accounts			
Bank deposits	-	-	-
Customer deposits and other accounts (Note 7.1)	1,064,952.95	74,546,707	43,220,882
	1,064,952.95	74,546,707	43,220,882

	2010		2009
	USD	Taka	Taka
7.1 Customer deposits and other accounts			
Foreign currency	772,821.61	54,097,513	14,998,172
Other demand deposits	292,131.34	20,449,194	22,144,438
Sundry deposits	-	-	6,078,272
	1,064,952.95	74,546,707	43,220,882

	2010		2009
	USD	Taka	Taka
8 Other liabilities			
Provision for loans and advances	504,903.09	35,343,216	3,724,573
Provision for off balance sheet items	(2,371.09)	(165,976)	2,171,953
Due to Head Office	-	-	292,423
Interest payable	29,903.74	2,093,262	429,593
Branch adjustment account	1,319,471.97	92,363,038	-
Accrued expense payable	700.00	49,000	-
Interest suspense account	13,863.23	970,426	-
Adjustment account credit balance	2,871.02	200,971	-
	1,869,341.96	130,853,937	6,618,542

	2010		2009
	USD	Taka	Taka
9 Acceptances and endorsements			
Letters of credit (Back to Back)	1,710,146.00	119,710,220	119,797,826
Letters of credit (Acceptances)	-	-	2,816,590
	1,710,146.00	119,710,220	122,614,416
Less: Margin	-	-	58,659
	1,710,146.00	119,710,220	122,555,757

	2010		2009
	USD	Taka	Taka
10 Irrevocable letters of credit			
Letters of credit (Back to Back)	945,707.00	66,199,490	69,005,223
Letters of credit (cash)	236,558.00	16,559,060	25,575,618
	1,182,265.00	82,758,550	94,580,841
	26,730.00	1,871,100	6,019,613
	1,155,535.00	80,887,450	88,561,228

	2010		2009
	USD	Taka	Taka
11 Interest income			
Demand loan	-	-	280,895
Packing credit	15,748.75	1,102,413	14,851
Overdraft	153,038.39	10,712,687	567,184
Loan against trust receipt	148,115.18	10,368,063	55,894
Payment against documents	1,280.92	89,664	96,261
Term loan - industrial	21,428.37	1,499,986	837,190
Foreign bill purchased	568,046.06	39,763,224	300,076
	907,657.67	63,536,037	2,152,351

	2010		2009
	USD	Taka	Taka
12 Interest paid on deposits and borrowings etc.			
Interest on deposit	-	-	-
Interest on borrowings:			
Local banks including Bangladesh Bank	397,295.28	27,810,670	714,259
Foreign banks	-	-	-
	397,295.28	27,810,670	714,259

	2010		2009
	USD	Taka	Taka
13 Commission, exchange and brokerage			
Commission on remittance	4,665.46	326,582	150,641
Commission on L/C	88,338.78	6,183,715	2,255,820
	93,004.24	6,510,297	2,406,461

	2010		2009
	USD	Taka	Taka
14 Other operating income			
Postage charge recovery	4,300.00	301,000	48,580
SWIFT Charge recovery	14,815.00	1,037,050	467,600
Other	43,260.32	3,028,222	267,067
	62,375.32	4,366,272	783,247

Statement of outstanding unreconciled entries (nostro account) as at 31 December 2010

Sl. No.	Period of unreconciliation	As per local book				As per correspondents' book			
		No.	USD	No.	USD	No.	USD	No.	USD
1	Upto 3 months	27	3,073,479.15	135	10,543,864.23	57	212,089.66	201	4,078,919.06
2	More than 3 months but less than 6 months	-	-	4	56,479.99	2	2,720.00	-	-
3	More than 6 months but less than 9 months	-	-	3	3,790.00	-	-	-	-
4	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
5	More than 12 months	-	-	-	-	-	-	-	-
	Total	27	3,073,479.15	142	10,604,134.22	59	214,809.66	201	4,078,919.06

Bank Asia Limited Reconciliation between Bangladesh Bank statement and Bank's book

The reconciling items relate to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds

Local currency:	As per Bangladesh Bank Statement		As per Bank's general ledger		Reconciling Difference
	USD	Taka	USD	Taka	
Bangladesh Bank, Dhaka	5,082,762.315	4,986,197,127	93,766.667	93,766.667	93,766.667
Bangladesh Bank, Dhaka (AI-wadeeah current account)	93,766.667	93,766.667	-	-	-
Bangladesh Bank, Chittagong	1,380.269	526,868	-	-	853,401
Bangladesh Bank, Sylhet	4,999.724	4,999,739	-	-	(15)
Bangladesh Bank, Khulna	40,326.839	40,326,839	-	-	-
Bangladesh Bank, Rajshahi	2,224,197	2,224,197	-	-	-
Bangladesh Bank, Bogra	3,428,888	3,428,888	-	-	-
Total	5,228,888.899	5,131,470,325			94,620,053

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

Foreign currency:	As per Bangladesh Bank Statement		As per Bank's general ledger	
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