



FINANCIAL STATEMENTS 2019



The Financial Statements are available at www.bankasia-bd.com

Cash Flow Statement

for the year ended 31 December 2019

	Notes	31 Dec 2019	Amount in Taka 31 Dec 2018
Cash flows from operating activities (A)			
Interest receipts		25,072,331,026	22,447,616,948
Interest payments		(14,231,536,711)	(12,789,496,618)
Dividends receipts		51,407,464	31,854,449
Fees and commission receipts		3,361,368,126	2,990,693,997
Recoveries on loans previously written off		145,983,239	102,546,693
Cash payment to employees		(3,273,035,074)	(2,824,827,443)
Cash payment to suppliers		(229,674,153)	(202,765,915)
Income tax paid		(2,051,736,653)	(1,415,204,443)
Receipts from other operating activities	35	1,043,621,457	993,287,630
Payments for other operating activities	36	(2,494,242,438)	(2,570,828,687)
Operating profit before changes in operating assets & liabilities		7,394,486,283	6,762,876,611
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(13,519,492,993)	(19,214,544,287)
Other assets		(708,379,076)	(367,508,723)
Deposits from customers and banks		31,237,858,371	15,430,244,863
Trading liabilities		3,063,454,382	1,050,362,060
Other liabilities		(950,432,513)	(17,537,100)
Net Increase/(decrease) in operating assets and liabilities		19,123,008,171	(3,118,983,186)
Net cash flows from operating activities		26,517,494,454	3,643,893,424
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(19,064,031,511)	(8,702,036,838)
Sale/(Purchase) of trading securities		130,649,919	248,656,913
Purchase/disposal of fixed assets including lease rental and right-of-use asset		(1,246,790,330)	(513,611,126)
Net cash flows from/(used in) investing activities		(20,180,171,922)	(8,966,991,051)
Cash flows from financing activities (C)			
Issuance of subordinated non-convertible bond		5,000,000,000	-
Adjustment of subordinated non-convertible bond		(600,000,000)	(692,588,885)
Dividend paid (cash dividend)		(555,193,743)	-
Net cash flows from/(used in) financing activities		3,844,806,257	(692,588,885)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		10,182,128,789	(6,015,686,512)
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the year		41,519,279,894	47,534,966,406
Cash and cash equivalents at the end of the year		51,701,408,683	41,519,279,894
Cash and cash equivalents:			
Cash		3,241,965,175	2,679,608,726
Balance with Bangladesh Bank and its agent bank(s)		20,743,726,904	12,872,512,002
Balance with other banks and financial institutions		23,113,553,804	25,865,613,166
Money at call and on short notice		4,600,000,000	100,000,000
Prize bonds		2,152,800	1,546,000
		51,701,408,683	41,519,279,894

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

Consolidated Statement of changes in equity

for the year ended 31 December 2019

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 2018									
Balance at 01 January 2018	9,870,110,990	7,345,137,782	2,154,384,193	8,166,144	1,551,777	1,554,316,722	20,933,667,608	11,723	20,933,679,331
Transferred during the year	-	923,255,397	-	-	-	(923,255,397)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	19,363,275	-	-	-	19,363,275	-	19,363,275
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	2,494,970	2,494,970	-	2,494,970
Foreign currency translation for the year	-	-	-	-	910,605	-	910,605	-	910,605
Issue of bonus shares	1,233,763,870	-	-	-	-	(1,233,763,870)	-	-	-
Net profit for the year	-	-	-	-	-	2,233,390,433	2,233,390,433	76	2,233,390,509
Balance as at 31 December 2018	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	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 at 31 December 2019	11,659,068,600	9,052,555,407	2,065,683,636	8,166,144	836,486	1,800,256,286	24,586,568,251	10,196	24,586,578,447

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

Statement of changes in equity

for the year ended 31 December 2019

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2018						
Balance at 01 January 2018	9,870,110,990	7,345,137,782	2,154,384,193	8,166,144	1,676,694,455	21,054,493,564
Transferred during the year	-	923,255,397	-	-	(923,255,397)	-
Adjustment on revaluation of fixed assets and other investment	-	-	19,363,275	-	-	19,363,275
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Issue of bonus shares	1,233,763,870	-	-	-	(1,233,763,870)	-
Net profit for the year	-	-	-	-	2,266,276,987	2,266,276,987
Balance at 31 December 2018	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

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

Liquidity Statement (Analysis of Maturity of Assets and Liabilities)

as at 31 December 2019

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	9,348,177,079	-	-	-	14,637,515,000	23,985,692,079
Balance with other banks and financial institutions	10,148,653,804	10,964,900,000	2,000,000,000	-	-	23,113,553,804
Money at call and on short notice	4,600,000,000	-	-	-	-	4,600,000,000
Investments	3,800,078,275	4,022,700,000	16,213,600,000	12,123,715,602	18,772,486,059	54,932,579,936
Loans and advances	32,536,456,048	33,477,600,000	75,668,900,000	70,342,105,600	15,273,894,400	227,298,956,048
Fixed assets including premises, furniture and fixtures	-	-	-	-	7,025,602,707	7,025,602,707
Other assets	1,437,500,000	801,800,000	1,586,637,996	6,903,257,128	2,114,794,000	12,843,989,123
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	61,870,865,206	49,267,000,000	95,469,137,996	89,369,078,330	57,824,292,166	353,800,373,697
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	4,207,328,495	11,386,200,000	17,036,200,000	3,352,400,000	10,200,000,000	46,182,128,495
Deposits	44,306,265,277	47,318,180,598	69,390,930,219	76,241,136,231	16,453,062,291	253,709,574,615
Provision and other liabilities	277,200,000	911,800,000	1,145,033,682	2,014,114,905	24,815,404,082	29,163,552,669
Total Liabilities (B)	48,790,793,772	59,616,180,598	87,572,163,901	81,607,651,136	51,468,466,373	329,055,255,779
Net Liquidity Excess/(Shortage) (A-B)	13,080,071,434	(10,349,180,598)	7,896,974,095	7,761,427,194	6,355,825,793	24,745,117,918

Notes to the financial statements

as at and for the year ended 31 December 2019

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, governed by the Bank Company Act 1991. 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 128 branches including 4 SME service centres, 5 Islamic Windows and 168 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 Rangs Tower, 68 Purana Paltan, Dhaka 1000, Bangladesh.

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-31745/53)/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-31744/94)/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. 07314307 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 (NYDFS) 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), etc. The Financial Reporting Act 2015 (FRA) has been enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) yet to be formed and they will issue financial reporting standards for public interest entities such as banks. Section 38 of the Bank Company Act 1991 has been replaced through BRPD Circular no. 10 dated October 04, 2015. The FRC is yet to be formed and as such no financial reporting standards have issued as per the provisions of the FRA. The Bank complied with the requirement of the following regulatory and legal authorities:

- Bank Company Act 1991 (amended upto 2018)
- Companies Act 1994
- Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- The Securities and Exchange Ordinance 1969
- The Securities and Exchange Rules 1987
- Bangladesh Securities and Exchange Commission Act 1993
- Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015
- Income Tax Ordinance and Rules 1984
- Value Added Tax Act 1991
- 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.

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended upto 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/evaluation 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-ended) is revalued at lower of cost and (higher of market value and 85% of NAV). Where 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 and 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 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. 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 losses 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% based on different categories of loans and advances. Such provision policies are not specifically in line with those prescribed by IFRS 9. Also, 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 is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) Statement.

Bangladesh Bank: 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