



FINANCIAL STATEMENTS 2019



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

Islamic Banking Operations

as at and for the year ended 31 December 2019

Annex G

7. Mudaraba Term Deposit Account (MTDA) 12 months (Below Tk.1 crore)	80%	20%
8. Mudaraba Term Deposit Account (MTDA) 12 months (Tk.1 crore & above)	85%	15%
9. Mudaraba Term Deposit Account (MTDA) 24 months (Below Tk.1 crore)	80%	20%
10. Mudaraba Term Deposit Account (MTDA) 24 months (Tk.1 crore & above)	85%	15%
11. Mudaraba Term Deposit Account (MTDA) 36 months (Below Tk.1 crore)	80%	20%
12. Mudaraba Term Deposit Account (MTDA) 36 months (Tk.1 crore & above)	85%	15%
13. Mudaraba Term Deposit Account (MTDA) 60 months (Below Tk.1 crore)	80%	20%
14. Mudaraba Term Deposit Account (MTDA) 60 months (Tk.1 crore & above)	85%	15%
15. Corporate Term Deposit Account (CTDA) 3 months (Tk.1 crore & above)	75%	25%
16. Corporate Term Deposit Account (CTDA) 3 months (Tk.1 crore & above but below Tk.5 crore)	80%	20%
17. Corporate Term Deposit Account (CTDA) 6 months (Tk.5 crore & above)	85%	15%
18. Corporate Term Deposit Account (CTDA) 12 months (Tk.1 crore & above)	85%	15%
19. Mudaraba Savings Account (MSA)	45%	55%
20. Mudaraba Corporate Privilege Savings Account (MCPSA)	45%	55%
21. Smart Junior Saver (School Banking) Account	60%	40%
22. Mudaraba Special Notice Deposit Account (MSND)	35%	65%
23. Mudaraba Monthly Profit Paying Deposit (MMPDP) - 1 year	80%	20%
24. Mudaraba Monthly Profit Paying Deposit (MMPDP) - 2 years	82%	18%
25. Mudaraba Monthly Profit Paying Deposit (MMPDP) - 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:

a. Fixed return based investment

b. 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 Musaharaka Investment

In recognizing the revenue from Musaharaka 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.

Islamic Banking Unit Balance Sheet

as at 31 December 2019

Annex G-1

	31 Dec 2019	31 Dec 2018
PROPERTY AND ASSETS		
Cash	1,010,655,911	786,581,748
Cash in hand (including foreign currencies)	39,319,564	31,058,244
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	971,336,347	755,523,504
Balance with other banks and financial institutions	300,753,880	852,738,197
In Bangladesh	300,753,880	852,738,197
Outside Bangladesh	-	-
Placement with other banks and financial institutions	-	-
Investments in shares and securities	1,049,300,000	874,700,000
Government	969,300,000	754,700,000
Others	80,000,000	120,000,000
Investments	13,304,712,470	11,719,264,673
General Investment	13,253,555,559	11,713,961,145
Bills purchased and discounted	51,156,911	5,303,528
Fixed assets including premises, furniture and fixtures	4,884,814	6,791,260
Other assets	4,139,401,670	1,794,638,896
Non - banking assets	-	-
Total assets	19,809,708,745	16,034,714,774
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents	-	-
Deposits and other Accounts		
Al-wadeeah current and other deposits accounts, etc.	815,561,996	995,086,895
Bills payable	108,992,752	86,397,037
Mudaraba savings deposits	2,551,157,860	1,691,519,432
Mudaraba term deposits	15,090,188,481	12,231,860,076
	18,565,901,089	15,004,863,440
	1,243,807,656	1,029,851,334
	19,809,708,745	16,034,714,774
Other liabilities	-	-
Total liabilities	214,311,365	146,540,716
OFF- BALANCE SHEET ITEMS		
Contingent liabilities	-	-
Acceptances and endorsements	-	-
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	214,311,365	146,540,716

Islamic Banking Unit Profit and Loss Statement

for the year ended 31 December 2019

Annex G-2

	31 Dec 2019	31 Dec 2018
Investment income	1,348,621,170	1,165,033,072
Profit paid on deposits, borrowings, etc.	1,003,503,946	848,694,828
Net investment income	345,117,224	316,338,244
Profit on investment with bank and financial institutions	31,211,410	20,850,530
Commission, exchange and brokerage	59,755,482	62,646,875
Other operating income	9,390,895	7,452,917
Total operating income	445,475,011	407,288,566
Salaries and allowances	84,059,716	75,221,809
Rent, taxes, insurance, electricity, etc.	9,826,725	8,063,405
Legal expenses	92,500	281,520
Postage, stamp, telecommunication, etc.	862,710	562,602
Stationery, printing, advertisement, etc.	1,532,772	1,048,993
Depreciation and repair of Bank's assets	4,733,774	4,697,271
Other expenses	42,724,634	27,147,174
Total operating expenses	143,832,831	117,022,774
Profit before provision	301,642,180	290,265,792
Provision for investments	-	-
General provision	1,809,521	(7,266,443)
Specific provision	163,150,386	(1,228,906)
	164,959,907	(8,495,349)
Provision for off balance sheet items	677,707	372,705
Total provision	165,637,614	(8,122,644)
Total profit before taxes	136,004,566	298,388,436

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

as at 31 December 2019

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	59	5,427,373	218	7,761,528	106	40,480,947	492	15,908,257
2	More than 1 month but less than 3 months	40	1,641,869	26	329,009	-	-	124	2,274,479
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	99	7,069,242	244	8,090,536	106	40,480,947	616	18,182,737

Off-shore Banking Unit Balance Sheet

as at 31 December 2019

Annex H

	Notes	31 Dec 2019		31 Dec 2018	
		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		5,458,920	457,730,481	5,629,758	465,862,484
		5,458,920	457,730,481	5,629,758	465,862,484
Investments					
Government		-	-	-	-
Others		1,628,319	136,534,543	1,108,910	91,762,334
		1,628,319	136,534,543	1,108,910	91,762,334
Loans and advances	4				
Loans, cash credits, overdrafts, etc.		31,992,364	2,682,559,733	36,840,673	3,048,565,725
Bills purchased and discounted		201,423,944	16,889,397,743	215,142,451	17,803,037,847
		233,416,309	19,571,957,476	251,983,125	20,851,603,572
Fixed assets including premises, furniture and fixtures					
Other assets	5	585,497	49,093,897	367,970	30,449,503
Non - banking assets		-	-	-	-
Total assets		241,089,045	20,215,316,397	259,089,763	21,439,677,893
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	6	233,940,009	19,615,869,735	253,540,414	20,980,469,299
Deposits and other accounts	7				
Current deposits		5,348,141	448,441,616	4,749,651	393,033,599
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		1,752,245	146,925,728	799,698	66,174,995
Bearer certificate of deposit		7,100,386	595,367,344	5,549,349	459,208,594
		48,650	4,079,318	-	-
		241,089,045	20,215,316,397	259,089,763	21,439,677,893
Other liabilities	8				
Total liabilities		241,089,045	20,215,316,397	259,089,763	21,439,677,893
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	24,518	2,055,858	160,443	13,276,658
Letters of guarantee		-	-	-	-
Irrevocable letters of credit	10	349,151	29,276,311	330,409	27,341,345
Bills for collection		-	-	-	-
Other contingent liabilities		373,669	31,332,169	490,852	40,618,003
Other commitments		-	-	-	-
Total Off-Balance Sheet items including contingent liabilities		373,669	31,332,169	490,852	40,618,003

Off-shore Banking Unit Profit and Loss Statement

for the year ended 31 December 2019

Annex H-1

	Notes	31 Dec 2019		31 Dec 2018	
		USD	Taka	USD	Taka
Interest income	11	13,995,478	1,166,103,247	13,110,549	1,081,620,297
Interest paid on deposits and borrowings, etc.	12	10,389,691	865,669,016	9,798,539	808,379,496
Net interest/net profit on investments		3,605,788	300,434,231	3,312,010	273,240,801
Investment income		-	-	-	-
Commission, exchange and brokerage	13	92,454	13,701,570	70,052	10,713,397
Other operating income	14	339,762	28,308,974	316,114	26,079,410
Total operating income (A)		4,038,004	342,444,775	3,698,176	310,033,608
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		3,091	257,549	3,154	260,214
Legal expenses		5,042	420,113	-	-
Postage, stamp, telecommunication, etc.		8,646	720,396	9,452	779,823
Stationery, printing, advertisements, etc.		607	50,561	712	58,712
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	-	-
Other expenses		224,228	18,682,659	160,519	13,242,801
Total operating expenses (B)		241,614	20,131,278	173,837	14,341,550
Profit before provision (C=A-B)		3,796,390	322,313,497	3,524,339	295,692,058
Provision for loans and advances		-	-	-	-
General provision		(151,586)	(12,630,144)	688,440	56,796,306
Specific provision		-	-	40,319	3,326,356
		(151,586)	(12,630,144)	728,760	60,122,662
		(1,114)	(92,858)	(2,186)	(180,375)
Total provision (D)		(152,700)	(12,723,002)	726,573	59,942,287
Total profit/(loss) (C-D)		3,949,090	335,036,499	2,797,766	235,749,771

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

as at and for the year ended 31 December 2019

- 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)/44(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.
- 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 BCD Circular No. (P) 744(27), dated 17 December, 1985, 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 83.85 (2018: BDT 82.75). Income and expenses are translated at an average rate @ USD 1 = BDT 83.32 (2018: BDT 80.50). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 84.90.

Assets and liabilities have been translated into Taka currency @USD 1 = BDT 83.85 (2018 : BDT 82.75). Income and expenses are translated at an average rate @ USD 1 = BDT 83.32 (2018 : BDT 80.50). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 84.90

	31 Dec 2019		31 Dec 2018	
	USD	Taka	USD	Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	1,445	121,161	48,711	4,030,817
Habib American Bank, New York	5,457,470	457,608,880	5,581,042	461,831,233
Sonali Bank (UK) Limited, London	5	440	5	434
	<u>5,458,920</u>	<u>457,730,481</u>	<u>5,629,758</u>	<u>465,862,484</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	31,992,364	2,682,559,733	36,840,673	3,048,565,725
Bills purchased and discounted (Note 4.2)	201,423,944	16,889,397,743	215,142,451	17,803,037,847
	<u>233,416,309</u>	<u>19,571,957,476</u>	<u>251,983,125</u>	<u>20,851,603,572</u>