Bank Asia

FINANCIAL STATEMENTS 2019

20 years Reaching the Unreached Bank Asia

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

31 Directors' fees

Directors' fees	3,424,000	3,656,000

31(a) Consolidated Directors' fees

Bank Asia Limited	3,424,000	3,656,000
Bank Asia Securities Ltd.	302,400	230,000
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,726,400	3,886,000

32 Auditors' fees

Audit fees	1,478,225	875,500
Others	-	-
	1,478,225	875,500

32(a) Consolidated Auditors fees

Bank Asia Limited	1,478,225	875,500
Bank Asia Securities Ltd	95,833	95,833
BA Exchange Company (UK) Limited	630,240	650,649
BA Express USA, Inc	1,235,961	1,291,060
	3,440,259	2,913,042

33 Depreciation and repair of Bank's assets

Conventional and Islamic banking (Note 33.1)	834,076,015	475,722,070
Off-shore banking unit	-	-
	834,076,015	475,722,070

33.1 Conventional and Islamic banking

Depreciation	761,091,855	406,406,674
Repairs:		
Building	10,055,315	6,477,977
Furniture and fixtures	3,583,154	1,381,017
Equipments	19,297,980	6,990,839
	32,936,449	14,849,833
Maintenance	40,047,711	54,465,563
	834,076,015	475,722,070

33(a) Consolidated Depreciation and repairs of Bank's assets

Bank Asia Limited	834,076,015	475,722,070
Bank Asia Securities Ltd	4,709,168	1,622,905
BA Exchange Company (UK) Limited	2,033,364	1,882,435
BA Express USA, Inc	1,648,136	1,631,768
	842,466,683	480,859,178

34 Other expenses

Conventional and Islamic banking (Note 34.1)	1,868,985,671	1,720,922,197
Off-shore banking unit	18,682,659	13,242,801
	1,887,668,330	1,734,164,998

34.1 Conventional and Islamic banking

Car expenses	324,170,297	327,603,784
Contractual service expenses	744,761,162	653,073,820
Computer expenses	168,235,611	154,704,899
Other management and administrative expenses	246,377,129	205,074,053
Commission paid to agents	153,238,259	65,197,958
Entertainment	63,159,412	49,288,292
AGM/EGM expenses	1,528,027	3,451,105
Payment to superannuation fund	7,320,000	7,320,000
Donation and subscription to institutions	103,516,418	192,002,911
Travelling expenses	37,390,737	40,157,362
Training and internship	18,106,353	22,478,413
Directors' travelling expenses	682,266	69,600
Sharia council fees	500,000	500,000
	1,868,985,671	1,720,922,197

34(a) Consolidated other expenses

Bank Asia Limited	1,887,668,330	1,734,164,998
Bank Asia Securities Ltd	11,032,998	12,952,991
BA Exchange Company (UK) Limited	6,329,186	11,255,466
BA Express USA, Inc	9,288,053	8,755,540
	1,914,318,567	1,767,128,995

34(b) Provision for loans and advances/investments and off-balance sheet items

Conventional and Islamic banking	5,414,376,135	3,384,158,645
Off-shore banking unit	(12,723,002)	59,942,287
	5,401,653,133	3,444,100,932

Break up of provision for loans and advances/Investments is shown below:

General provision		
Conventional and Islamic banking	2,860,517,628	933,259,584
Off-shore banking unit	(12,630,144)	56,796,306
	2,847,887,484	990,055,890
Specific provision		
Conventional and Islamic banking	2,805,142,562	2,601,190,658
Off-shore banking unit	-	3,326,356
	2,805,142,562	2,604,517,014
Provision for off-balance sheet items		
Conventional and Islamic banking	(196,284,055)	(172,791,597)
Off-shore banking unit	(92,858)	(180,375)
	(196,376,913)	(172,971,972)
Provision for diminution in value of investments	(80,000,000)	10,000,000
Other provisions	25,000,000	12,500,000
	5,401,653,133	3,444,100,932

34(c) Consolidated Provision for loans and advances/investments

Bank Asia Limited	5,401,653,133	3,444,100,932
Bank Asia Securites Limited:		
Specific Provision	36,000,000	110,000,000
Provision for diminution in value of investments	13,934,688	-
Other provisions	-	-
	36,000,000	110,000,000
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	5,451,587,821	3,554,100,932

35 Receipts from other operating activities

Conventional and Islamic banking (Note 35.1)	1,015,312,483	967,208,220
Off-shore banking unit	28,308,974	26,079,410
	1,043,621,457	993,287,630

35.1 Conventional and Islamic banking

Locker charge	11,975,125	11,407,510
Service and other charges	536,740,372	479,149,066
Master card fees and charges	241,919,424	206,373,235
Postage/telex/SWIFT/ fax recoveries	127,286,381	118,436,866
Non-operating income	97,391,181	151,841,543
	1,015,312,483	967,208,220

35(a) Consolidated Receipts from other operating activities

Bank Asia Limited	1,043,621,457	993,287,630
Bank Asia Securities Ltd	29,775,796	66,480,030
BA Exchange Company (UK) Limited	2,661,714	433,766
BA Express USA, Inc	948,684	554,369
	1,077,007,651	1,060,755,795
Less: inter- companies transactions	-	-
	1,077,007,651	1,060,755,795

36 Payments for other operating activities

Conventional and Islamic banking (Note 36.1)	2,475,302,230	2,557,325,672
Off-shore banking unit	18,940,208	13,503,015
	2,494,242,438	2,570,828,687

36.1 Conventional and Islamic banking

Rent, rates and taxes	439,835,697	684,268,635
Legal expenses	20,534,559	25,213,849
Directors' fees	3,424,000	3,656,000
Postage, stamp, telecommunication, etc	124,471,658	108,489,491
Other expenses	1,868,985,671	1,720,922,197
Managing Director's salary	16,572,420	13,900,000
Auditors' fee	1,478,225	875,500
	2,475,302,230	2,557,325,672

36(a) Payments for other operating activities

Bank Asia Limited	2,494,242,438	2,570,828,687
Bank Asia Securities Ltd	31,150,297	30,584,107
BA Exchange Company (UK) Limited	14,778,918	21,988,243
BA Express USA, Inc	18,668,744	17,949,054
	2,558,840,397	2,641,350,091

37 Earnings per share (EPS)

Net profit after tax (Numerator)	1,960,811,140	2,266,276,987
Number of ordinary shares outstanding (Denominator)	1,110,387,486	1,110,387,486
Issue of bonus shares 5%	55,519,374	55,519,374
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	1.68	1.94

Earnings per share has been calculated in accordance with IAS 33: "Earnings Per Share (EPS)". Earnings per share for previous period has been restated since the bonus issue is an issue without consideration of cash. It is treated as if it has occurred prior to the beginning of 2018, the earliest period reported. Actual EPS for December 2018 was Taka 2.04.

37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)	1,957,811,647	2,233,390,509
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	1.68	1.92

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 2,376 (2018: 2,256).

39 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 409th meeting held on April 30, 2019 consisting of the following members:

Name	Status with the Board	Status with the Audit Committee
Mr. Dilwar H Choudhury	Independent Director	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Major General Mohammad Matiur Rahman (retd.)	Director	Member
Mr. Ashraful Haq Chowdhury	Independent Director	Member

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

No. of meeting	Date	No. of meeting	Date
200th Audit	21st March, 2019	204th Audit	11th September, 2019
201st Audit	29th April, 2019	205th Audit	23rd October, 2019
202nd Audit	10th July, 2019	206th Audit	2nd December, 2019
203rd Audit	31st July, 2019		

In the year 2019, 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 31.12.2018.
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).

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.
- 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.

40 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 2019 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Agro Food Services Ltd.	Common Directors / Close family members Director	Office Rent	18,204,129
Romask Ltd	-do-	Printing	54,167,282
Rangs Industries Ltd.	-do-	Electronics items provider	143,400
Garda Shield Security Service Ltd.	-do-	Maintenance	1,755,751
Rangs workshop Ltd	-do-	Car repair and Services	2,384,644
Ranks ITT Ltd.	-do-	Network Connectivity fees	96,331,449
DHS Motors	-do-	Car providers & Car repair and Services	670,069
Shield Security Service	-do-	Security Service providers	246,193,140
Green Bangla	-do-	Tree Plantation	579,492
Reliance Insurance	-do-	Insurance Service	37,055,997
The Daily Star	-do-	Advertising	6,642,088
Rangs Limited	-do-	Car providers	3,334,055
Ali Estates Limited	-do-	Office Rent	247,938,038
Rangs Motors Limited	-do-	Machinery Equipments provider	2,021,907
Rangs Power Tech Limited	-do-	Machinery Equipments provider	3,660,700
Rancon Industrial Solutions Limited	-do-	Machinery Equipments provider	23,499,287
M/s. M Ahmed Tea & Land Co. Ltd.	-do-	Office Rent	270,000
Opex Fashions Limited	-do-	Office Rent	3,308,850
Rancon Motor Bikes Ltd	-do-	Motor Bike	7,120,000
Enterprise Asia Ltd	-do-	Advance Office Rent	293,784,960
ERA Infotech	Associate Company	Software vendor	84,931,606

During the year 2019, 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 2019 is given below:

Particulars	Amount Tk
Short-term employee benefit	98,314,668

Key Management personnel includes President and Managing Director, 05 nos. Deputy Managing Director, 08 nos Senior Executive Vice Presi dent, 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.

41 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, ACNABIN , Chartered Accountants worked about 26,500 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

42 SHARE TRADING

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2019 was Tk. 18.20 (2018: Tk. 17.70) at DSE and Tk. 18.50 at CSE (2018: 17.70).

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 428th meeting held on March 22, 2020 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.

Highlights on the overall activities
as at and for the year ended 31 December 2019

Sl no.	Particulars	Amount in Taka		Amount in USD	
		2019	2018	2019	2018
1	Paid-up Capital	11,659,068,600	11,103,874,860	139,046,733	132,425,460
2	Total Capital	42,757,136,343	35,082,898,046	509,924,107	418,400,692
3	Capital (deficiet)/surplus	18,914,413,077	11,774,335,287	225,574,396	140,421,411
4	Total Asset	353,800,373,697	307,291,400,556	4,219,443,932	3,664,775,200
5	Total Deposit	253,709,574,615	222,471,716,244	3,025,755,213	2,653,210,689
6	Total loans and advances / investments	227,298,956,048	214,618,151,145	2,710,780,633	2,559,548,612
7	Total contingent liabilities and commitments	120,617,276,961	137,459,256,487	1,438,488,694	1,639,347,126
8	Credit deposit ratio	76.47%	81.75%	76.47%	81.75%
9	Percentage of classified loans / investments against total loans and advances / investments	4.61%	4.10%	4.61%	4.10%
10	Profit after tax and provision	1,960,811,140	2,266,276,987	23,384,748	27,027,752
11	Amount of classified loans/investments during current year	10,479,985,000	8,809,830,429	124,984,914	105,066,553
12	Provisions kept against classified loans / investments	4,604,656,791	3,892,759,378	54,915,406	46,425,276
13	Provision surplus against classified loans / investments	1,843,000	5,114,917	21,980	61,001
14	Cost of fund	8.26%	8.25%	8.26%	8.25%
15	Interest earning assets	312,059,883,788	278,695,296,655	3,721,644,410	3,323,736,394
16	Non-interest earning assets	41,740,489,909	28,596,103,901	497,799,522	341,038,806
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	2.76%	3.65%	2.76%	3.65%
18	Return on assets (ROA) [PAT/ Average assets]	0.59%	0.76%	0.59%	0.76%
19	Income from investment	3,293,064,994	2,311,462,131	39,273,286	27,566,632
20	Capital adequacy	17.93%	15.05%	17.93%	15.05%
21	Earnings per share	1.68	2.04	1.68	2.04
22	Net income per share	1.68	2.04	1.68	2.04
23	Price earning ratio	10.83	8.67	10.83	8.67

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

Balance with other banks- Outside Bangladesh (Nostro Account)
as at 31 December 2019

Annex A

Name of the Bank	Account type	Currency type	2019			2018		
			FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Conventional and Islamic banking:								
Interest bearing								
Citibank N.A., London	CD	EURO	4,926	94.90	467,484	283,054	95.40	23,748,210
Citibank N.A., London	CD	GBP	109,546	111.00	12,159,468	60,116	106.00	6,372,266
Citibank NA, New York	CD	USD	6,142,685	84.90	521,514,002	3,571,856	83.90	299,678,693
Habib American Bank, New York	CD	USD	21,331,505	84.90	1,811,044,754	11,405	83.90	956,850
Mashreqbank psc, New York	CD	USD	301,683	84.90	25,612,854	2,403	83.90	201,571
Standard Chartered Bank, Mumbai	CD	ACU	522,551	84.90	44,364,591	15,725	83.90	1,319,346
Standard Chartered Bank, New York	CD	USD	4,893,595	84.90	415,466,240	7,960,890	83.90	667,918,664
					2,830,629,394			1,000,195,600
Non-interest bearing :								
AB Bank Ltd, Mumbai	CD	ACU	105,276	84.90	8,937,928	18,621	83.90	1,562,296
Al Rajhi Bank, KSA	CD	SAR	1,269,434	22.60	28,689,207	5,817	22.00	127,982
AXIS Bank Ltd	CD	ACU	313,480	84.90	26,614,444	-	-	-
HDFC Bank Limited , Mumbai , India	CD	ACU	2,134	84.90	181,135	-	-	-
AKTIF Bank, Istanbul -JPY	CD	JPY	3,172,128	0.80	2,537,702	-	-	-
Bank of Sydney	CD	AUD	41,936	59.25	2,484,730	16,877	59.00	995,746
Bhutan National Bank Ltd, Thimphu	CD	USD	154,786	84.90	13,141,369	177,410	83.90	14,884,715
Commerzbank AG, Frankfurt	CD	USD	75,391	84.90	6,400,720	8,833,964	83.90	741,169,583
Mashreqbank PSC (Dubai AE)	CD	AED	1,920,270	23.10	44,358,240	55,878	22.06	1,232,672
Commerzbank AG, Frankfurt	CD	EURO	201,401	94.90	19,112,994	927,101	95.40	88,445,423
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	182,616	84.90	15,504,093	34,353	83.90	2,882,244
ICICI Bank Ltd, Hongkong	CD	USD	124,587	84.90	10,577,408	72,765	83.90	6,105,011
ICICI Bank Ltd, Mumbai	CD	ACU	786,959	84.90	66,812,789	6,439	83.90	540,261
JP Morgan Chase Bank, New York	CD	USD	543,176	84.90	46,115,611	4,173	83.90	350,075
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	94.90	764,315	8,054	95.40	768,342
Muslim Commercial Bank Ltd, Colombo	CD	ACU	177,891	84.90	15,102,974	158,565	83.90	13,303,597
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	88,215	84.90	7,489,419	200,507	83.90	16,822,578
Saudi Hollandi Bank, KSA	CD	SAR	-	-	-	595,001	22.00	13,090,027
Unicredit Bank AG Munich	CD	EURO	10,805	94.90	1,025,425	26,065	95.40	2,486,562
Wells Fargo Bank N.A, New York	CD	USD	140,482	84.90	11,926,957	48,701	83.90	4,085,974
Wells Fargo Bank N.A, London	CD	EURO	38,105	94.90	3,616,182	19,576	95.40	1,867,588
Zurcher Kantonal Bank, Switzerland	CD	CHF	21,157	86.60	1,832,183	6,618	84.55	559,550
					333,225,824			911,280,226
Off-shore banking unit:								
Commerzbank AG, Frankfurt	CD	EURO	1,071	113.17	121,161	36,082	111.71	4,030,817
Habib American Bank, New York	CD	USD	5,457,470	83.85	457,608,880	5,581,042	82.75	461,831,233
Sonali Bank, London	CD	GBP	3	134.15	440	3	133.13	434
					457,730,481			465,862,484
					3,621,585,699			**2,377,338,310**

Investment in Shares
as at 31 December 2019

Annex B

SL. 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 2019	Total market value as at 31 Dec 2019	Unrealized profit/ (loss) as at 31 Dec 2019
	Quoted Shares							
1	AB Bank Limited	10	141,912	9,721,000	68.50	7.90	1,121,105	(8,599,895)
2	Dhaka Bank Limited	10	558,197	15,813,721	28.33	12.00	6,698,364	(9,115,357)
3	Exim Bank Limited	10	1,877,123	38,582,386	20.55	10.10	18,958,942	(19,623,444)
4	Golden Son Limited	10	119,185	8,586,791	72.05	6.70	798,540	(7,788,251)
5	Lanka Bangla Finance Limited	10	1,247,636	59,764,883	47.90	18.00	22,457,448	(37,307,435)
6	Mercantile Bank Limited	10	483,000	10,495,590	21.73	13.20	6,375,600	(4,119,990)
7	Phoenix Finance and Investments Limited	10	1,177,770	49,442,785	41.98	21.50	25,322,055	(24,120,730)
8	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	7.50	544,320	(11,457,501)
9	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	26.00	1,574,664	(3,892,279)
10	Reliance Insurance Limited	10	139,977	7,343,193	52.46	43.50	6,089,000	(1,254,193)
11	Southeast Bank Limited	10	1,356,308	34,735,048	25.61	13.40	18,174,527	(16,560,521)
12	United Commercial Bank Limited	10	2,499,411	63,784,968	25.52	13.30	33,242,166	(30,542,802)
13	Premier Bank Limited	10	2,887,500	40,511,625	14.03	12.50	36,093,750	(4,417,875)
14	The ACME Laboratories Limited	10	1,000,000	57,650,000	57.65	60.90	60,900,000	3,250,000
	A. Provision requirement for quoted shares			**413,900,754**			**238,350,481**	**(175,550,273)**
	Available cash balance			38,038,611				
				451,939,365				
	Mutual Fund							
15	1st Janata Bank Mutual Fund	10	7,248,082	50,000,000	6.90	4.30	31,166,753	-
16	MBL 1st Mutual Fund	10	5,000,000	50,000,000	10.00	6.10	30,500,000	(6,200,000)
17	EBL NRB Mutual Fund	10	22,376,041	149,665,000	6.69	4.10	91,741,768	-
18	First Bangladesh Fixed Income Fund	10	38,807,348	250,000,000	6.44	3.70	143,587,188	-
19	EXIM Bank 1st Mutual Fund	10	33,779,648	235,793,533	6.98	4.10	138,496,557	-
	B. Provision requirement for Mutual Fund as per BB Circular		**107,211,119**	735,458,533			**435,492,265**	**(6,200,000)**