

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 2022 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 2022, 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.

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
<p>Measurement of provision for loans, advances and leases</p> <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, provision calculation considers 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 280,591 million (2021: BDT 264,999 million) and provision for loans and advances of BDT 19,080 million (2021: BDT 15,153 million).</p> <p>In addition, special general provision – COVID 19 has been also maintained as per BRPD circular no. 53 dated 22 December 2022 on the outstanding balance from clients who have taken the deferral facility due to COVID 19.</p> <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; and• 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>We tested the design and operating effective-ness of key controls focusing on the following:</p> <ul style="list-style-type: none">• Credit appraisal, loan disbursement proce-dures, monitoring and provisioning pro-cess;• Completeness of appropriate documenta-tion before disbursement of loans as well as recording of loan balance;• Alternate procedures applied by manage-ment to assess new loan/renewal of exist-ing loans where latest audited financial statements of the borrower is not available;• Identification of loss events, including early warning and default warning indicators;• Review of 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 presenta-tion of disclosures against relevant account-ing standards and Bangladesh Bank guide-lines.• 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>Due to long-term impact of COVID 19, flood situation in north-eastern areas of Bangladesh and prolonged conflict/war outside the country, many borrowers were adversely impacted during the year. Accordingly, Bangladesh Bank has given certain flexibility from classification requirement for loans vide issuing various circulars such as BRPD 14 dated 22 June 2022, and BRPD 51 dated 18 December 2022 whereby Banks are allowed to keep a loan/customer as unclassified subject to the payment of certain percent of quarterly instalment due by 31 December 2022.</p> <p>The Bank has calculated required provision as per Bangladesh Bank letter DBI-3/120/2023-508 dated 16 March 2023 considering total classified loans and advances of Tk 1,351.97 crore (4.87%). The letter also advised the Bank to transfer Tk 587.75 crore of general provision related to stay order cases and restructured loans to be transferred to specific provision in next 3 years.</p>

See note # 8 (a) and 13.2 to the financial statements

Risk	Our response to the risk
Interest income recognition <p>Recognition and measurement of interest income involve complex IT environment as well as require critical estimates and judgment. Since interest income from loans and advances is one of the key performance indicators of the Bank there is an inherent risk of fraud and error in recognition of interest income.</p> <p>Moreover, as per Bangladesh Bank BRPD circular no. 53 dated 22 December 2022, considering future risk banks were allowed to recognize outstanding/ arrear interest income on loans where deferral facilities were given upon considering potential risk of future recovery and receiving certain percent of quarterly instalment due by 31 December 2022.</p> <p>Accordingly, this has been considered as key audit matter.</p>	<p>We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of interest on loans and advances.</p> <p>For selected customers and loan files on sample basis we have also performed substantive test of details including recalculation and cut-off testing to check accuracy of interest income.</p> <p>Finally, we also conducted substantive analytical procedures to assess reasonableness of interest recognised during the year with reference to the product wise outstanding loan balances.</p> <p>However, due to the current uncertainty of the overall economic situation, and in particular impacts from major global events such as continuation of COVID 19 related disruptions, Russia-Ukraine conflict, volatility in fuel and commodity price, strengthening of USD, etc., there is inherent risk that the actual recovery of accrued interest income especially from those clients receiving deferral facility could be materially different than the actual situation in future and a portion of interest accrued during the year ended 31 December 2022.</p>

See note # 20 (a) to the financial statements

Valuation of treasury bill and treasury bond	
<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 indirect 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.</p> <p>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 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 2022 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> <p>As per the business model, management has considered quoted and unquoted shares together as part of its investment portfolio for calculation of required provision.</p>
See note # 7.2 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>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>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 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>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>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>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p>
<p>The Bank has received a direction to transfer 50% the foreign exchange gain of the month of May and June 2022 to CSR fund after keeping adequate provision for taxation.</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>The Bank has taken initiative to save cost from the budgeted cost as per BRPD circular 28 and 30 of 2022.</p>	<p>We have checked the calculation of the transfer to CSR fund after keeping appropriate provision. In addition we are informed about the initiative taken by the Bank management to control relevant cost.</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 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
<p>Carrying value of investments in subsidiaries by the Bank</p> <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 2022 the carrying value of this investment is BDT 2,137 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>
<p>Revaluation of property, plant and equipment</p> <p>The Bank in prior year has undertaken revaluation of its land and building. As a result of this revaluation exercise, an amount of BDT 1,876,926,919 is recognised as the fair value gain in revaluation reserve and resultant deferred tax liability. 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 the current macro-economic factors 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 2020, 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 442,258. 29 million as at 31 December 2022 and net interest income of BDT 5,547.10 million for the year ended 31 December 2022. Out of these three subsidiaries of the Bank, BA Exchange Company (UK) Limited has been audited by AGP Consulting and BA Express USA Inc. has been audited by Monis J. Siddiqui 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 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;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 7,100 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, Dated
18 March 2023
DVC No: 2303200770AS558488

Sabbir Ahmed.

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 2022

	Notes	31 Dec 2022	Amount in Taka 31 Dec 2021
PROPERTY AND ASSETS			
Cash		25,797,237,229	33,365,082,062
In hand (including foreign currencies)	4.1(a)	4,087,822,688	3,609,634,979
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	21,709,414,541	29,755,447,083
Balance with other banks and financial institutions	5(a)	39,983,468,523	41,288,613,589
In Bangladesh		37,345,770,086	39,659,087,772
Outside Bangladesh		2,637,698,437	1,629,525,817
Money at call and on short notice	6(a)	3,750,000,000	6,400,000,000
Investments	7(a)	103,838,255,588	77,951,433,954
Government		94,746,403,719	70,690,287,923
Others		9,091,851,869	7,261,146,031
Loans and advances/investments	8(a)	280,591,467,444	264,999,483,971
Loans, cash credits, overdrafts, etc/investments		257,223,892,759	236,976,500,176
Bills purchased and discounted		23,367,574,685	28,022,983,795
Fixed assets including premises, furniture and fixtures	9(a)	5,704,012,877	6,145,270,470
Other assets	10(a)	11,057,689,200	10,876,307,392
Non - banking assets		-	-
Total assets		470,722,130,861	441,026,191,438
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	51,024,080,743	47,836,151,368
Subordinated non-convertible and perpetual bonds	11(aa)	9,340,000,000	8,600,000,000
Deposits and other accounts	12(a)	337,853,124,886	318,424,929,865
Current/Al-wadeeah current accounts and other accounts		68,534,148,051	64,292,866,731
Bills payable		4,167,914,951	3,978,312,853
Savings bank/Mudaraba savings bank deposits		78,812,880,761	79,212,048,790
Fixed deposits/Mudaraba fixed deposits		186,338,181,123	170,941,701,491
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	44,041,087,583	38,961,364,845
Total liabilities		442,258,293,212	413,822,446,078
Capital/shareholders' equity			
Total shareholders' equity		28,463,837,649	27,203,745,360
Paid-up capital	14.2	11,659,068,600	11,659,068,600
Statutory reserve	15	11,750,000,000	10,725,443,940
General and other reserve	15.1(a)	9,926,531	8,317,091
Revaluation reserve	16(a)	2,117,047,124	2,159,144,877
Retained earnings	17(a)	2,957,002,831	2,650,999,337
Foreign currency translation reserve		(29,217,722)	761,241
Non-controlling interest	17(b)	10,285	10,274
Total liabilities and shareholders' equity		470,722,130,861	441,026,191,438

Consolidated Balance Sheet

	Notes	31 Dec 2022	31 Dec 2021	Amount in Taka
OFF-BALANCE SHEET ITEMS				
Contingent liabilities	18	151,805,089,469	170,920,906,518	
Acceptances and endorsements		57,460,996,543	62,539,512,475	
Letters of guarantee		38,212,129,085	37,395,583,594	
Irrevocable letters of credit		28,775,250,089	46,608,780,719	
Bills for collection		27,356,713,752	24,377,029,730	
Other contingent liabilities		-	-	
Other commitments		1,758,182,995	3,044,625,874	
Documentary credits and short term trade-related transactions		-	-	
Forward assets purchased and forward deposits placed		1,758,182,995	3,044,625,874	
Undrawn note issuance and revolving underwriting facilities		-	-	
Undrawn formal standby facilities, credit lines and other commitments		-	-	
Total off-balance sheet items including contingent liabilities		153,563,272,464	173,965,532,392	

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

Below the signatures:

	R. V. Chowdhury				
Chairman	Director	Director	Director	President and Managing Director	

See our annexed report of even date

Dhaka, Dated
18 March 2023
DVC No: 2303200770AS558488

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

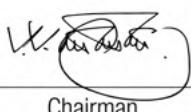
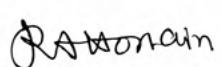
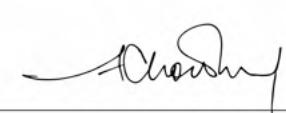
Bank Asia Limited and its subsidiaries Consolidated Profit and Loss Account

for the year ended 31 December 2022

Amount in Taka

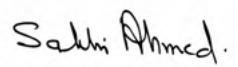
	Notes	31 Dec 2022	31 Dec 2021
OPERATING INCOME			
Interest income	20(a)	20,484,449,300	18,422,217,336
Interest paid on deposits and borrowings, etc	21(a)	14,937,341,626	12,727,962,811
Net interest income		5,547,107,674	5,694,254,525
Investment income	22(a)	6,270,764,596	6,848,834,433
Commission, exchange and brokerage	23(a)	7,655,343,919	3,562,596,602
Other operating income	24(a)	1,217,933,416	1,185,321,692
Total operating income (A)		15,144,041,931	11,596,752,727
		20,691,149,605	17,291,007,252
OPERATING EXPENSES			
Salaries and allowances	25(a)	5,180,307,624	3,995,021,349
Rent, taxes, insurance, electricity, etc	26(a)	606,906,079	505,031,922
Legal expenses	27(a)	26,343,367	17,558,765
Postage, stamp, telecommunication, etc	28(a)	157,490,802	121,249,030
Stationery, printing, advertisements, etc	29(a)	177,671,713	118,856,850
Managing Director's salary and fees	30	18,854,125	20,401,265
Directors' fees	31(a)	3,464,000	4,359,000
Auditors' fees	32(a)	3,639,789	3,397,350
Depreciation and repairs of Bank's assets	33(a)	979,550,708	888,405,435
Other expenses	34(a)	2,667,684,970	2,064,272,614
Total operating expenses (B)		9,821,913,177	7,738,553,580
Profit before provision (C=A-B)		10,869,236,428	9,552,453,672
Provision for loans and advances/investments			
General provision		2,467,292,000	(1,112,892,000)
Specific provision		1,826,641,239	5,456,131,734
Provision for off-balance sheet items	13.2(a)	4,293,933,239	4,343,239,734
Provision for diminution in value of investments	13.3	(295,000,000)	485,000,000
Other provisions		-	51,208,223
Total provision (D)		250,000,000	150,000,000
Total profit before tax (C-D)		34(c)	4,248,933,239
			5,029,447,957
Provision for taxation		6,620,303,189	4,523,005,715
Current tax	13.5.1(a)	3,567,972,708	1,794,735,436
Deferred tax		-	-
Net profit after tax		3,567,972,708	1,794,735,436
		3,052,330,481	2,728,270,279
Appropriations			
Statutory reserve		1,024,556,060	881,347,196
Coupon/dividend on perpetual bond		25,016,438	-
General and other reserve		1,609,440	150,947
Retained surplus	15.1(a)	1,051,181,938	881,498,143
Attributable to:		2,001,148,543	1,846,772,136
Equity holders of Bank Asia Limited		2,001,148,532	1,846,772,060
Non-controlling interest		11	76
Earnings Per Share (EPS)	37(a)	2,001,148,543	1,846,772,136
		2.62	2.34

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

    
 Chairman Director Director Director President and Managing Director

See our annexed report of even date

Dhaka, Dated
18 March 2023
DVC No: 2303200770AS558488

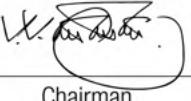
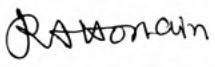
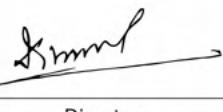

 Sabbir Ahmed, FCA, Partner
 Enrolment no: 770
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

Bank Asia Limited and its subsidiaries Consolidated Cash Flow Statement

for the year ended 31 December 2022

	Notes	31 Dec 2022	Amount in Taka 31 Dec 2021
Cash flows from operating activities (A)			
Interest receipts		27,031,367,925	22,884,554,255
Interest payments		(15,663,894,987)	(13,639,906,156)
Dividends receipts		88,244,680	136,087,793
Fees and commission receipts		7,655,343,919	3,562,596,602
Recoveries on loans previously written off		347,148,119	287,429,432
Cash payment to employees		(5,135,929,070)	(3,816,090,219)
Cash payment to suppliers		(294,891,193)	(214,258,327)
Income tax paid		(2,569,789,573)	(1,310,722,518)
Receipts from other operating activities	35 (a)	1,271,679,392	3,453,659,983
Payments for other operating activities	36 (a)	(3,484,383,132)	(2,736,269,946)
Operating profit before changes in operating assets & liabilities		9,244,896,080	8,607,080,899
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(15,591,983,473)	(17,667,635,689)
Other assets		411,064,662	298,862,909
Deposits from customers and banks		19,428,195,021	14,931,015,417
Trading liabilities		3,187,929,375	11,864,296,427
Other liabilities		(565,596,792)	(279,683,390)
Net Increase/(decrease) in operating assets and liabilities		6,869,608,793	9,146,855,674
Net cash flows from operating activities		16,114,504,873	17,753,936,573
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(24,056,115,796)	19,351,841,699
Sale/(Purchase) of trading securities		(1,830,705,838)	(2,396,464,925)
(Purchase)/disposal of fixed assets including right-of-use assets		(306,931,836)	(474,428,366)
Net cash flows from/(used in) investing activities		(26,193,753,470)	16,480,948,408
Cash flows from financing activities (C)			
Issuance of perpetual bond		3,340,000,000	-
Coupon/dividend paid on perpetual bond		(25,016,438)	-
Adjustment of subordinated non-convertible bond		(2,600,000,000)	(1,600,000,000)
Payments for lease liability		(410,573,674)	(419,543,010)
Dividend paid (cash dividend)		(1,748,860,290)	(1,165,906,860)
Net cash flows from/(used in) financing activities		(1,444,450,402)	(3,185,449,870)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(11,523,698,999)	31,049,435,111
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		81,056,909,851	50,007,474,740
Cash and cash equivalents at the end of the year		69,533,210,852	81,056,909,851
Cash and cash equivalents:			
Cash		4,087,822,688	3,609,634,979
Balance with Bangladesh Bank and its agent bank(s)		21,709,414,541	29,755,447,083
Balance with other banks and financial institutions		39,983,468,523	41,288,613,589
Money at call and on short notice		3,750,000,000	6,400,000,000
Prize bonds		2,505,100	3,214,200
		69,533,210,852	81,056,909,851

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

    
 Chairman Director Director Director President and Managing Director

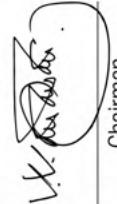
Bank Asia Limited and its subsidiaries

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

Particulars	Paid-up Capital	Statutory Reserve	Revaluation Reserve	General and other Reserve	Foreign currency translation Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity	Amount in Taka
Balance as at 01 January 2021	11,659,068,600	9,844,096,744	3,777,946,202	8,166,144	856,701	1,918,254,038	27,208,388,428	10,198	27,208,398,627	
Transferred during the year	-	881,347,196	-	-	-	(881,347,196)	-	-	-	
Adjustment on revaluation of fixed assets and other investment	-	-	(1,565,086,073)	-	-	-	(1,565,086,073)	-	(1,565,086,073)	
Transferred to retained earnings	-	-	(53,715,252)	-	-	53,715,252	-	-	-	
Foreign currency translation for opening retained earnings	-	-	-	-	-	(1,835,153)	(1,835,153)	-	(1,835,153)	
Foreign currency translation for the year	-	-	-	-	(95,460)	-	(95,460)	-	(95,460)	
Transferred to General and other reserve	-	-	-	150,947	-	(150,947)	-	-	-	
Cash dividend paid	-	-	-	-	-	(1,165,906,860)	(1,165,906,860)	-	(1,165,906,860)	
Net profit for the year	-	-	-	-	-	2,728,270,203	2,728,270,203	76	2,728,270,279	
Balance as at 31 December 2021	11,659,068,600	10,725,443,940	2,159,144,877	8,317,091	761,241	2,650,999,337	27,203,735,085	10,274	27,203,745,360	
Transferred during the year	-	1,024,556,060	-	-	-	(1,024,556,060)	-	-	-	
Adjustment on revaluation of fixed assets and other investment	-	-	11,617,499	-	-	-	11,617,499	-	11,617,499	
Transferred to retained earnings	-	-	(53,715,252)	-	-	53,715,252	-	-	-	
Foreign currency translation for the year	-	-	-	-	(29,978,963)	-	(29,978,963)	-	(29,978,963)	
Transferred to General and other reserve	-	-	-	1,609,440	-	(1,609,440)	-	-	-	
Cash dividend paid	-	-	-	-	-	(1,748,860,290)	(1,748,860,290)	-	(1,748,860,290)	
Coupon/dividend on perpetual bond	-	-	-	-	-	(25,016,438)	(25,016,438)	-	(25,016,438)	
Net profit for the year	-	-	-	-	-	3,052,330,470	3,052,330,470	11	3,052,330,481	
Balance as at 31 December 2022	11,659,068,600	11,750,000,000	2,117,047,124	9,926,531	(29,217,722)	2,957,002,831	28,463,827,363	10,285	28,463,837,649	

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



Chairman



Director

Director

President and Managing Director

Bank Asia Limited

Balance Sheet

as at 31 December 2022

	Notes	31 Dec 2022	Amount in Taka 31 Dec 2021
PROPERTY AND ASSETS			
Cash		25,797,153,695	33,364,884,587
In hand (including foreign currencies)	4.1	4,087,739,154	3,609,437,504
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	21,709,414,541	29,755,447,083
Balance with other banks and financial institutions		39,580,907,052	40,361,469,795
In Bangladesh	5.1	37,117,023,982	38,950,215,157
Outside Bangladesh	5.2	2,463,883,070	1,411,254,638
Money at call and on short notice	6	3,750,000,000	6,400,000,000
Investments	7	102,849,109,937	77,021,190,521
Government		94,746,403,719	70,690,287,923
Others		8,102,706,218	6,330,902,598
Loans and advances/investments	8	277,870,358,403	262,266,701,765
Loans, cash credits, overdrafts, etc/investments		254,502,783,718	234,243,717,970
Bills purchased and discounted		23,367,574,685	28,022,983,795
Fixed assets including premises, furniture and fixtures	9	5,615,910,981	6,039,141,904
Other assets	10	12,937,503,504	12,839,899,861
Non - banking assets		-	-
Total assets		<u>468,400,943,572</u>	<u>438,293,288,433</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	51,024,080,743	47,836,151,368
Subordinated non-convertible and perpetual bonds	11 (aa)	9,340,000,000	8,600,000,000
Deposits and other accounts	12	337,695,417,437	317,782,434,902
Current/AI-wadeeah current accounts and other accounts		68,376,440,602	63,650,371,768
Bills payable		4,167,914,951	3,978,312,853
Savings bank/Mudaraba savings bank deposits		78,812,880,761	79,212,048,790
Fixed deposits/Mudaraba fixed deposits		186,338,181,123	170,941,701,491
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	41,701,194,297	36,718,063,544
Total liabilities		<u>439,760,692,477</u>	<u>410,936,649,814</u>
Capital/shareholders' equity			
Total shareholders' equity		28,640,251,095	27,356,638,619
Paid-up capital	14.2	11,659,068,600	11,659,068,600
Statutory reserve	15	11,750,000,000	10,725,443,940
General and other reserve	15.1	8,166,144	8,166,144
Revaluation reserve	16	2,117,047,124	2,159,144,877
Retained earnings	17	3,105,969,227	2,804,815,058
Total liabilities and shareholders' equity		<u>468,400,943,572</u>	<u>438,293,288,433</u>

Balance Sheet

		Amount in Taka	
	Notes	31 Dec 2022	31 Dec 2021
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	151,805,089,469	170,920,906,518
Acceptances and endorsements		57,460,996,543	62,539,512,475
Letters of guarantee		38,212,129,085	37,395,583,594
Irrevocable letters of credit		28,775,250,089	46,608,780,719
Bills for collection		27,356,713,752	24,377,029,730
Other contingent liabilities		-	-
Other commitments		1,758,182,995	3,044,625,874
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		1,758,182,995	3,044,625,874
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		153,563,272,464	173,965,532,392

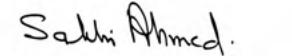
These Financial Statements should be read in conjunction with the annexed notes



The image shows five handwritten signatures positioned above their respective titles. From left to right: 1. A signature enclosed in a circle, followed by the title "Chairman". 2. A signature followed by the title "Director". 3. A signature followed by the title "Director". 4. A signature followed by the title "Director". 5. A signature followed by the title "President and Managing Director".

See our annexed report of even date

Dhaka, Dated
18 March 2023
DVC No: 2303200770AS558488



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 2022

Amount in Taka

	Notes	31 Dec 2022	31 Dec 2021
OPERATING INCOME			
Interest income	20	20,423,046,139	18,340,772,912
Interest paid on deposits and borrowings, etc	21	14,916,319,233	12,700,889,562
Net interest income		5,506,726,906	5,639,883,350
Investment income	22	6,270,764,596	6,848,834,433
Commission, exchange and brokerage	23	7,316,183,898	3,168,386,253
Other operating income	24	1,138,685,128	1,036,304,780
Total operating income (A)		14,725,633,622	11,053,525,466
		20,232,360,528	16,693,408,816
OPERATING EXPENSES			
Salaries and allowances	25	5,045,556,865	3,870,113,954
Rent, taxes, insurance, electricity, etc	26	578,252,761	480,758,487
Legal expenses	27	25,413,828	16,556,291
Postage, stamp, telecommunication, etc	28	153,111,892	118,317,263
Stationery, printing, advertisements, etc	29	174,289,799	116,093,929
Managing Director's salary and fees	30	18,854,125	20,401,265
Directors' fees	31	3,024,000	4,040,000
Auditors' fees	32	955,000	977,625
Depreciation and repairs of Bank's assets	33	955,559,563	866,249,276
Other expenses	34	2,582,537,751	2,007,368,660
Total operating expenses (B)		9,537,555,584	7,500,876,750
Profit before provision (C=A-B)		10,694,804,944	9,192,532,066
Provision for loans and advances/investments			
General provision		2,467,292,000	(1,112,892,000)
Specific provision		1,726,641,239	5,263,688,085
Provision for off-balance sheet items	13.2	4,193,933,239	4,150,796,085
Provision for diminution in value of investments	13.3	(295,000,000)	485,000,000
Other provisions	13.7	-	-
Total provision (D)	13.8	250,000,000	150,000,000
Total profit before tax (C-D)	34(b)	4,148,933,239	4,785,796,085
Provision for taxation		6,545,871,705	4,406,735,981
Current tax	13.5.1	3,500,000,000	1,700,000,000
Deferred tax	13.5.2	-	-
		3,500,000,000	1,700,000,000
		3,045,871,705	2,706,735,981
Net profit after tax			
Appropriations			
Statutory reserve	15	1,024,556,060	881,347,196
Coupon/dividend on perpetual bond		25,016,438	-
General and other reserve		-	-
		1,049,572,498	881,347,196
Retained surplus		1,996,299,207	1,825,388,785
Earnings Per Share (EPS)	37	2.61	2.32

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

Chairman

Director

Director

Director

President and Managing Director

See our annexed report of even date

Dhaka, Dated
18 March 2023
DVC No: 2303200770AS558488

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 2022

	Notes	31 Dec 2022	Amount in Taka 31 Dec 2021
Cash flows from operating activities (A)			
Interest receipts		26,871,086,472	22,653,460,186
Interest payments		(15,543,994,302)	(13,463,183,262)
Dividends receipts		88,244,680	136,087,793
Fees and commission receipts		7,316,183,898	3,168,386,253
Recoveries on loans previously written off		347,148,119	287,429,432
Cash payment to employees		(5,001,178,311)	(3,691,182,824)
Cash payment to suppliers		(291,509,279)	(211,495,406)
Income tax paid		(2,498,150,041)	(1,215,831,944)
Receipts from other operating activities	35	1,192,431,104	3,304,643,071
Payments for other operating activities	36	(3,362,149,357)	(2,648,419,591)
Operating profit before changes in operating assets & liabilities		9,118,112,983	8,319,893,708
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(15,603,656,638)	(17,624,671,692)
Other assets		348,218,683	258,482,635
Deposits from customers and banks		19,912,982,535	14,754,328,542
Trading liabilities		3,187,929,375	11,864,296,427
Other liabilities		(386,603,576)	(406,708,893)
Net Increase/(decrease) in operating assets and liabilities		7,458,870,379	8,845,727,019
Net cash flows from operating activities		16,576,983,362	17,165,620,727
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(24,056,115,796)	19,351,841,699
Sale/(Purchase) of trading securities		(1,771,803,620)	(2,121,848,636)
(Purchase)/disposal of fixed assets including right-of-use assets		(303,616,279)	(463,213,899)
Net cash flows from/(used in) investing activities		(26,131,535,695)	16,766,779,164
Cash flows from financing activities (C)			
Issuance of perpetual bond		3,340,000,000	-
Coupon/dividend paid on perpetual bond		(25,016,438)	-
Adjustment of subordinated non-convertible bond		(2,600,000,000)	(1,600,000,000)
Payments for lease liability		(410,573,674)	(419,543,010)
Dividend paid (cash dividend)		(1,748,860,290)	(1,165,906,860)
Net cash flows from/(used in) financing activities		(1,444,450,402)	(3,185,449,870)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(10,999,002,735)	30,746,950,021
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		80,129,568,582	49,382,618,561
Cash and cash equivalents at the end of the year		69,130,565,847	80,129,568,582
Cash and cash equivalents:			
Cash		4,087,739,154	3,609,437,504
Balance with Bangladesh Bank and its agent bank(s)		21,709,414,541	29,755,447,083
Balance with other banks and financial institutions		39,580,907,052	40,361,469,795
Money at call and on short notice		3,750,000,000	6,400,000,000
Prize bonds		2,505,100	3,214,200
		69,130,565,847	80,129,568,582

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

Bank Asia Limited

Statement of Changes in Equity

for the year ended 31 December 2022

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General and other reserve	Retained earnings	Total
Balance as at 01 January 2021	11,659,068,600	9,844,096,744	3,777,946,202	8,166,144	2,091,617,881	27,380,895,571
Transferred during the year	-	881,347,196	-	-	(881,347,196)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(1,565,086,073)	-	-	(1,565,086,073)
Transferred to retained earnings	-	-	(53,715,252)	-	53,715,252	-
Cash dividend paid	-	-	-	-	(1,165,906,860)	(1,165,906,860)
Net profit for the year	-	-	-	-	2,706,735,981	2,706,735,981
Balance as at 31 December 2021	11,659,068,600	10,725,443,940	2,159,144,877	8,166,144	2,804,815,058	27,356,638,619
Transferred during the year	-	1,024,556,060	-	-	(1,024,556,060)	-
Adjustment on revaluation of fixed assets and other investment	-	-	11,617,499	-	-	11,617,499
Transferred to retained earnings	-	-	(53,715,252)	-	53,715,252	-
Cash dividend paid	-	-	-	-	(1,748,860,290)	(1,748,860,290)
Coupon/dividend on perpetual bond	-	-	-	-	(25,016,438)	(25,016,438)
Net profit for the year	-	-	-	-	3,045,871,705	3,045,871,705
Balance as at 31 December 2022	11,659,068,600	11,750,000,000	2,117,047,124	8,166,144	3,105,969,227	28,640,251,095

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


Chairman
Director


Director


President and Managing Director

Bank Asia Limited

Liquidity Statement (Analysis of Maturity of Assets and Liabilities)

as at 31 December 2022

Particulars	Maturity				Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	
Assets					
Cash in hand and with banks	11,470,653,695	-	-	-	14,326,500,000
Balance with other banks and financial institutions	21,841,578,459	15,221,828,593	2,517,500,000	-	39,580,907,052
Money at call and on short notice	3,750,000,000	-	-	-	3,750,000,000
Investments	3,677,343,471	2,466,456,844	26,304,189,275	35,206,572,748	35,194,547,599
Loans and advances	45,332,866,964	42,258,538,345	77,497,087,280	94,466,027,863	18,315,837,951
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,615,910,981
Other assets	1,134,000,000	800,500,000	1,007,199,994	7,858,640,238	2,137,163,272
Non-banking assets	-	-	-	-	-
Total Assets (A)	87,206,442,589	60,747,323,782	107,325,976,549	137,531,240,849	75,589,959,803
Liabilities					
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	8,898,500,000	17,119,500,000	19,885,382,546	9,375,311,234	5,085,386,963
Deposits	46,700,274,355	69,485,347,782	72,574,460,352	104,244,552,127	44,690,782,821
Provision and other liabilities	577,278,975	304,500,000	2,345,660,246	17,668,755,075	20,805,000,001
Total Liabilities (B)	56,176,053,330	86,909,347,782	94,805,503,144	131,288,618,436	70,581,169,785
Net Liquidity Excess/(Shortage) (A-B)	31,030,389,259	(26,162,024,000)	12,520,473,405	6,242,622,413	5,008,790,018
					28,640,251,095



Chairman



Director



President and Managing Director

Bank Asia Limited

Notes to the financial statements

as at and for the year ended 31 December 2022

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 135 branches including 4 SME/Agri Branches and 4 SME service centres, 5 Islamic Windows, 14 Sub branches and 218 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.

Notes to the financial statements

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 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.

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 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/revaluation 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.

Notes to the financial statements

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 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. As per BRPD circular no. 56 dated December 10, 2020, BRPD circular 50 dated December 21, 2021, BRPD circular 52 dated December 29, 2021 and BRPD circular 53 dated December 22, 2022, Special general provision COVID-19 has to be maintained as per prescribed rate on all unclassified moratorium loan accounts.

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: 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 contingent liabilities as guided by BB circulars.

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

Notes to the financial statements

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.

xiii) Presentation of intangible asset

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

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

Notes to the financial statements

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

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, 2022 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, 2022 have been converted into Taka currency at the closing rate as on December 31, 2022 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:

- a. assets and liabilities for each statement of Balance Sheet have been translated at the closing rate on the date of Balance sheet.
- b. income and expenses for Profit and Loss Statement have been translated at monthly average rate; and
- c. 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, 2022.

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

Notes to the financial statements

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

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

Notes to the financial statements

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".

3.1.6 Loans and advances/investments

- a) Loans and advances/investments are stated in the balance sheet on gross basis.
- b) 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.
- c) Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- d) 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, Bangladesh Bank BRPD circular no. 56 dated 10 December 2020, BRPD 3 dated 31 January 2021, BRPD 4 and 5 dated 24 March 2021, BRPD 13 dated 27 June 2021, BRPD 19 dated 26 August 2021 and BRPD 53 dated 30 December 2021, Bangladesh Bank BRPD circular no. 14 dated 22 June 2022, BRPD circular no. 51 dated 18 December 2022 and BRPD circular no. 53 dated 22 December 2022.

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

Types of loans and advances	Provision				
	STD	SMA	SS	DF	BL
House finance	0%	1%	20%	50%	100%
Consumer	2%	2%	20%	50%	100%
Loans for professionals	2%	2%	20%	50%	100%
Other than housing finance & professionals to setup business	2%	2%	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%	--	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%.

- e) 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.
- f) The Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited under BRPD Circular No. 04 dated 29 January 2015. As of December 31, 2022 total outstanding amount was Tk. 3,022.66 million as per the terms and conditions of the said circular. These facilities are now under Solenama (Compromise Agreement submitted before the Court) and reported as unclassified. An amount of Tk. 2,674.02 million has been kept Provision against the mentioned restructured loan facilities.

Notes to the financial statements

- g) In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk. 4,151.40 million which have not been reported under classification as at 31 December 2022 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 2,707.64 million has been kept as general provision against those customers.
- h) As per Bangladesh Bank letter reference no DBI-3/120/2023-508 dated March 16, 2023 provision against loan under stay order and solenama for Tk.3,130.80 mln and Tk.2,746.70 mln respectively will have to transfer from General provision to specific provision by next 3 years equally.

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.

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%

Notes to the financial statements

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 accumulated Impairment Losses.

b. Software: Software acquired by the Bank is stated at cost less accumulated 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.

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.

Notes to the financial statements

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

As per section 24 of the Bank Company Act 1991 (amended upto 2020) Statutory reserve has to be maintained @ 20% of profit before tax equal to its paid-up capital together with the share premium. Bank has maintained adequate reserve in this regard.

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 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.

Notes to the financial statements

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 is 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".

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 for 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 maintained 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.

Notes to the financial statements

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 as per International Accounting Standard (IAS) - 33 "Earnings Per Share". EPS for comparative period also restated by the bonus share if issued. 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.

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 intents 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	

Notes to the financial statements

SI	Core Risk Guideline of BB	Basel Accord	Pillar
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 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.

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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)
Interest Rate Risk	Stress Testing (Duration and Sensitivity Analysis) 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).

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:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- 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:

- 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;
- the party is an associate;

Notes to the financial statements

- (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.

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	Complied
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
Revenue from Contract with Customers	IFRS-15	Complied
Leases	IFRS-16	Complied
Presentation of Financial Statements	IAS - 1	Complied
Inventories	IAS - 2	Complied

Notes to the financial statements

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	Complied
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

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 Operating Environment

The Bank's operating environment during the year ended 2022 were impacted by a number of major global events such as continuation of COVID 19 related disruptions, start of Russia-Ukraine conflict, increase in fuel and commodity prices, strengthening of US Dollars, etc. Most of these events also had significant impact on the local economic environment affecting the Bank's operations. From time to time, the Government of Bangladesh and the local Central Bank (Bangladesh Bank) has issued various directives to manage impacts from these events which the Bank has followed. Management on regular basis review and monitor the global and country specific macro-economic situation and factor these issues into the decision making process.

3.23 Approval of financial statements

The financial statements were approved by the Board of Directors on March 18, 2023.

3.24 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 2022 to 31 December 2022 .

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking		
Local currency	4,041,388,667	3,539,059,798
Foreign currencies	46,350,487	70,377,706
	<u>4,087,739,154</u>	<u>3,609,437,504</u>
Off-shore banking unit	-	-
	<u>4,087,739,154</u>	<u>3,609,437,504</u>
4.1(a) Consolidated Cash in hand		
Bank Asia Limited	4,087,739,154	3,609,437,504
Bank Asia Securities Limited	107	15,772
BA Exchange Company (UK) Limited	56,806	152,086
BA Express USA, Inc	26,621	29,617
	<u>4,087,822,688</u>	<u>3,609,634,979</u>
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)	19,189,473,087	28,539,674,106
Foreign currencies	1,273,154,979	177,295,618
	<u>20,462,628,066</u>	<u>28,716,969,724</u>
Balance with agent bank (Sonali Bank Limited)		
Local currency	1,246,786,475	1,038,477,359
Foreign currencies	-	-
	<u>1,246,786,475</u>	<u>1,038,477,359</u>
Off-shore banking unit	21,709,414,541	29,755,447,083
	<u>21,709,414,541</u>	<u>29,755,447,083</u>
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited	21,709,414,541	29,755,447,083
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>21,709,414,541</u>	<u>29,755,447,083</u>
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 and islamic) and offshore banking 2% has been calculated and maintained with Bangladesh Bank in local currency and 13% (5.5% for Islamic Banking) Statutory Liquidity Ratio for conventional and offshore banking, on average demand and time liabilities 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		

Amount in Taka

	31-Dec-22	31-Dec-21
i. Daily Bank's CRR maintenance:		
Required reserve	11,423,012,000	10,142,225,000
Domestic Banking Operation (3.5 % on Demand and Time Liabilities)	10,950,140,000	9,827,488,000
Offshore Banking Operation (1.5 % on Demand and Time Liabilities)	472,872,000	314,737,000
Actual reserve maintained	17,628,354,570	26,879,283,300
Surplus	<u>6,205,342,570</u>	<u>16,737,058,300</u>

ii. Fortnightly Bank's CRR maintenance:

Required reserve	13,144,940,000	11,651,064,000
Domestic Banking Operation (4 % on Demand and Time Liabilities)	12,514,445,000	11,231,415,000
Offshore Banking Operation (2 % on Demand and Time Liabilities)	630,495,000	419,649,000
Actual reserve maintained (average)	14,133,731,537	18,662,500,550
Surplus	<u>988,791,537</u>	<u>7,011,436,550</u>

Islamic Banking

i. Daily Bank's CRR maintenance:

Required reserve (3.5% Demand and Time Liabilities)	1,033,956,000	849,063,000
Actual reserve maintained	1,354,725,000	1,508,216,000
Surplus	<u>320,769,000</u>	<u>659,153,000</u>

ii. Fortnightly Bank's CRR maintenance:

Required reserve (4% of Demand and Time Liabilities)	1,181,664,000	970,357,000
Actual reserve maintained (Average)	1,276,616,200	1,427,809,880
Surplus	<u>94,952,200</u>	<u>457,452,880</u>

4.3.2 Statutory Liquidity Ratio (SLR)

Conventional Banking

13% of Average Demand and Time Liabilities

Required reserve	44,770,167,000	39,229,815,000
Domestic Banking Operation	40,671,947,000	36,502,098,000
Offshore Banking Operation	4,098,220,000	2,727,717,000
Actual reserve maintained	99,411,433,685	85,607,466,650
Surplus	<u>54,641,266,685</u>	<u>46,377,651,650</u>

Islamic Banking

5.5% of Average Demand and Time Liabilities

Required reserve	1,624,788,000	1,334,241,000
Actual reserve maintained	4,547,233,354	4,923,863,000
Surplus	<u>2,922,445,354</u>	<u>3,589,622,000</u>
	<u>57,563,712,039</u>	<u>49,967,273,650</u>

4.3.3 Held for Statutory Liquidity Ratio

Conventional Banking

Cash in hand	4,031,316,800	3,478,701,790
Excess of CRR - Balance with Bangladesh Bank	4,483,414,567	15,228,219,300
Balance with agent bank (Sonali Bank Limited)	468,048,600	528,007,630
Government securities	90,426,148,618	66,369,323,730
Other securities	2,505,100	3,214,200
	<u>99,411,433,685</u>	<u>85,607,466,650</u>

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
Islamic Banking		
Cash in hand	56,422,354	68,254,000
Excess of CRR - Balance with Bangladesh Bank	173,061,000	537,859,000
Government securities	4,317,750,000	4,317,750,000
Other securities	-	-
	4,547,233,354	4,923,863,000
	<u>103,958,667,039</u>	<u>90,531,329,650</u>

5. Balance with other banks and financial institutions

In Bangladesh

Conventional and Islamic banking (Note 5.1)	36,107,023,982	38,950,215,157
Off-shore banking unit	1,010,000,000	-
	37,117,023,982	38,950,215,157

Outside Bangladesh

Conventional and Islamic banking (Note 5.2)	1,847,330,212	1,322,092,346
Off-shore banking unit	616,552,858	89,162,292
	2,463,883,070	1,411,254,638
	<u>39,580,907,052</u>	<u>40,361,469,795</u>

5.1 Conventional and Islamic banking-In Bangladesh

Current accounts

Agrani Bank Limited	561,613,076	1,093,613,262
Eastern Bank Limited	115,291,860	-
Janata Bank Limited	101,497,290	76,408,660
Rupali Bank Limited	325,865,606	223,274,915
Pubali Bank Limited	323,414,066	465,688,094
Standard Chartered Bank	47,832,108	12,343,207
Sonali Bank Limited	270,498,621	254,638,756
Trust Bank Limited	(49,858,209)	(25,145,046)
	1,696,154,418	2,100,821,848

Short- notice deposit accounts

AB Bank Limited	602,564	593,860
Bank Al Falah Limited	1,719,995	9,168
Islami Bank Bangladesh Limited	192,805	190,281
	2,515,364	793,309

Placements

With Banking companies (5.1.1)	33,188,354,200	34,798,600,000
With Non-banking financial institutions (5.1.2)	1,220,000,000	2,050,000,000
	34,408,354,200	36,848,600,000
	<u>36,107,023,982</u>	<u>38,950,215,157</u>

5.1.1 Details of Placement with Banking companies(Local Currency)

EXIM Bank Limited	5,000,000,000	4,100,000,000
Jamuna Bank Limited	-	3,000,000,000
AB Bank Limited	-	5,000,000,000
NRB Commercial Bank Limited	-	800,000,000
Bengal Commercial Bank Limited	-	250,000,000
NCC Bank Limited	-	2,900,000,000
IFIC Bank Limited	2,500,000,000	2,500,000,000
NRB Bank Limited	250,000,000	500,000,000

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
United Commercial Bank Limited	3,500,000,000	3,500,000,000
Sonali Bank Limited	-	500,000,000
One Bank Limited	2,000,000,000	2,000,000,000
Social Islami Bank Limited	2,200,000,000	-
Marcantile Bank Limited	3,000,000,000	-
Global Islami Bank Limited	500,000,000	-
Standard Bank Limited	2,750,000,000	4,000,000,000
	21,700,000,000	29,050,000,000

Details of Placement- with Banking companies (Foreign Currencies)

Mutual Trust Bank Limited	-	858,000,000
Islami Bank Bangladesh Limited	5,174,934,324	2,574,000,000
Modhumoti Bank Limited	413,994,746	343,200,000
Premier Bank Limited	1,034,986,865	858,000,000
Trust Bank Limited	1,034,986,865	257,400,000
Commercial Bank of Ceylon	-	858,000,000
Marcantile Bank Limited	517,493,432	-
Pubali Bank Limited	1,655,978,985	-
Southeast Bank Limited	517,493,432	-
The City Bank Limited	1,138,485,551	-
	11,488,354,200	5,748,600,000
	33,188,354,200	34,798,600,000

5.1.2 Details of Placement with Non-banking financial institutions

Delta Brac Housing Finance Corporation Limited	-	500,000,000
Investment Corporation of Bangladesh	1,070,000,000	1,400,000,000
Union Capital Limited	150,000,000	150,000,000
	1,220,000,000	2,050,000,000

5.2 Conventional and Islamic banking- Outside Bangladesh

Current accounts

Interest bearing:

Citibank NA, New York (USD)	887,996,838	615,462,873
Habib American Bank, New York	225,723,382	21,465,934
Mashreqbank PSC, New York (USD)	29,782,196	177,616,158
Wells Fargo Bank NA, New York (USD)	-	188,027,096
Zhejiang Chouzhou Commercial Bank (USD)	8,068,565	-
Zhejiang Chouzhou Commercial Bank (CNY)	22,396,916	-
	1,173,967,897	1,002,572,061

Non-interest bearing:

AB Bank Limited, Mumbai	15,420,960	37,520,250
AKTIF Bank, Istanbul -JPY	1,442,647	2,413,899
Al Rajhi Bank K.S.A	56,770,209	4,554,798
Axis Bank Ltd, Mumbai (ACU)	16,979,847	19,613,001
Bank of Sydney	5,905,713	945,640
Bank Al Falah Limited, Karachi Pak (ACU)	12,874,139	4,415,603
Bhutan National Bank Limited, Thimphu	5,894,157	35,671,239
Citibank N.A., London (GBP)	50,057,073	1,490,446
Commerzbank AG, Frankfurt (EURO)	5,255,696	8,386
Commerzbank AG, Frankfurt (USD)	14,444,095	4,442,535
Habib Metropolitan Bank Limited, Karachi	39,743,904	24,883,778
HDFC Bank, Mumbai	-	4,619,354
ICICI Bank Limited, Kowloon	9,519,691	4,755,562
ICICI Bank Limited, Mumbai	24,214,035	4,241,821

**Notes to the
financial statements**

Amount in Taka

	31-Dec-22	31-Dec-21
JP Morgan Chase Bank N.A New York, U.S.A	-	8,901,430
Mashreqbank PSC, Dubai	31,300,466	3,833,343
Mashreqbank PSC, Mumbai (EURO)	889,403	787,294
Muslim Commercial Bank Limited, Colombo	8,536,503	6,334,019
Nepal Bangladesh Bank Limited, Kathmandu	7,753,453	1,511,272
Riyad Bank, Riyadh (SAR)	425,425	7,474
Standard Chartered Bank, Mumbai	136,168,284	127,094,715
Standard Chartered Bank, New York	199,197,607	12,672,697
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	10,734,092	6,061,530
Wells Fargo Bank NA, London (EURO)	10,622,519	439,276
Zurcher Kantonal Bank, Switzerland	9,212,397	2,300,923
	673,362,315	319,520,285
Placement with Off-shore Banking Unit	<u>1,847,330,212</u>	<u>1,322,092,346</u>
Less: Inter-company transactions with OBU	21,950,000	6,256,185,000
	<u>(21,950,000)</u>	<u>(6,256,185,000)</u>
	<u>1,847,330,212</u>	<u>1,322,092,346</u>

5.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	21,841,578,459	24,018,337,596
More than 1 month but not more than 3 months	15,221,828,593	16,343,132,199
More than 3 months but not more than 6 months	2,517,500,000	-
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	<u>39,580,907,052</u>	<u>40,361,469,795</u>

5(a) Consolidated Balance with other banks and financial institutions In Bangladesh

Bank Asia Limited	37,117,023,982	38,950,215,157
Bank Asia Securities Limited	598,386,033	787,729,362
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>37,715,410,015</u>	<u>39,737,944,519</u>
Less: Inter-company transactions	369,639,929	78,856,747
	<u>37,345,770,086</u>	<u>39,659,087,772</u>

Outside Bangladesh

Bank Asia Limited	2,463,883,070	1,411,254,638
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	16,002,011	21,446,588
BA Express USA, Inc	157,813,356	196,824,591
	<u>2,637,698,437</u>	<u>1,629,525,817</u>
	<u>39,983,468,523</u>	<u>41,288,613,589</u>

6. Money at call and on short notice

Call money Lending (Note 6.1)	-	6,400,000,000
Short Notice Lending (Note 6.2)	3,750,000,000	-
	<u>3,750,000,000</u>	<u>6,400,000,000</u>

6.1 Call Money Lending- with Banking companies:

The City Bank Limited	-	3,000,000,000
Dhaka Bank Limited	-	2,000,000,000
Jamuna Bank Limited	-	1,010,000,000
Midland Bank Limited	-	200,000,000
NRB Commercial Bank Limited	-	190,000,000
	<u>-</u>	<u>6,400,000,000</u>

Amount in Taka

	31-Dec-22	31-Dec-21
6.2 Short Notice Lending		
One Bank Limited	750,000,000	-
Agrani Bank Limited	3,000,000,000	-
	<u>3,750,000,000</u>	<u>-</u>
6(a) Consolidated Money at call and on short notice		
Bank Asia Limited	3,750,000,000	6,400,000,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,750,000,000</u>	<u>6,400,000,000</u>
7. Investments		
Government (Note 7.1)	94,746,403,719	70,690,287,923
Others (Note 7.2)	8,102,706,218	6,330,902,598
	<u>102,849,109,937</u>	<u>77,021,190,521</u>
7.1 Government		
Conventional and Islamic banking (Note 7.1.1)	94,746,403,719	70,690,287,923
Off-shore banking unit	-	-
	<u>94,746,403,719</u>	<u>70,690,287,923</u>
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	11,706,975,787	15,758,002,455
Treasury bonds (Note 7.1.1.2)	83,036,922,832	54,929,071,268
Prize bonds	2,505,100	3,214,200
	<u>94,746,403,719</u>	<u>70,690,287,923</u>
7.1.1.1 Treasury bills		
91 days treasury bills	1,979,259,871	9,961,614,957
364 days treasury bills	9,727,715,916	5,796,387,498
	<u>11,706,975,787</u>	<u>15,758,002,455</u>
7.1.1.2 Treasury bonds		
Bangladesh Bank Govt Investment Sukuk	4,317,750,000	4,317,750,000
Bangladesh Bank Islamic bond	-	-
2 years Bangladesh Government treasury bonds	10,902,872,630	1,800,128,413
5 years Bangladesh Government treasury bonds	14,592,612,284	8,272,380,119
10 years Bangladesh Government treasury bonds	32,482,075,380	26,588,781,997
15 years Bangladesh Government treasury bonds	12,792,604,704	9,565,300,456
20 years Bangladesh Government treasury bonds	7,949,007,834	4,384,730,283
	<u>83,036,922,832</u>	<u>54,929,071,268</u>
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	8,102,706,218	6,330,902,598
Off-shore banking unit	-	-
	<u>8,102,706,218</u>	<u>6,330,902,598</u>
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	449,174,694	454,067,509
Unquoted share	104,645,029	173,948,594
	<u>553,819,723</u>	<u>628,016,103</u>
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

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
Ist 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	119,221,495	119,221,495
	618,886,495	618,886,495

c) Bonds

Non-Convertible Subordinated Bond - Premier Bank	500,000,000	500,000,000
Second Subordinated Bond - Mutual Trust Bank	80,000,000	80,000,000
Second Subordinated Bond - United Commercial Bank	-	60,000,000
Fourth Subordinated Bond - United Commercial Bank	1,000,000,000	1,000,000,000
Second Subordinated Mudaraba Bond - Social Islami Bank Limited	20,000,000	40,000,000
5 Year Preference Share - Meghna Cement Mills Ltd	700,000,000	700,000,000
5 Year Preference Share - Kushiara Power Co. Ltd	60,000,000	80,000,000
5 Year Preference Share - Summit LNG Terminal Co. (Pvt) Ltd	40,000,000	60,000,000
5 Year Preference Share - Summit Gazipur II Power Ltd	-	30,000,000
Perpetual Bond of Mutual Trust Bank Ltd	1,000,000,000	1,000,000,000
Perpetual Bond of United Commercial Bank	1,000,000,000	1,000,000,000
Perpetual Bond of Pubali Bank Ltd	1,000,000,000	-
Perpetual Bond of Shahjalal Islamic Bank Ltd	500,000,000	500,000,000
Perpetual Bond of Mercantile Bank Ltd	1,030,000,000	-
7 Year Preference Share - Summit Barishal Power Ltd	-	34,000,000
	6,930,000,000	5,084,000,000
	8,102,706,218	6,330,902,598

7.3 Investments classified as per Bangladesh Bank circular

Held for trading (HFT)	40,371,740,071	19,536,956,394
Held to maturity (HTM)	50,054,408,547	46,832,367,330
Other securities	12,422,961,319	10,651,866,797
	102,849,109,937	77,021,190,521

7.4 Maturity-wise grouping

On demand	3,677,343,471	1,361,355,389
Up to 3 months	2,466,456,844	13,132,239,857
More than 3 months but not more than 1 year	26,304,189,275	11,604,861,475
More than 1 year but not more than 5 years	35,206,572,748	29,011,452,079
More than 5 years	35,194,547,599	21,911,281,721
	102,849,109,937	77,021,190,521

7(a) Consolidated Investments

Government	94,746,403,719	70,690,287,923
Bank Asia Limited	-	-
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	94,746,403,719	70,690,287,923

Others

Bank Asia Limited	8,102,706,218	6,330,902,598
Bank Asia Securities Limited	989,145,651	930,243,433
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	9,091,851,869	7,261,146,031
	103,838,255,588	77,951,433,954

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	254,502,783,718	234,243,717,970
Bills purchased and discounted (Note 8.2)	23,367,574,685	28,022,983,795
	<u>277,870,358,403</u>	<u>262,266,701,765</u>
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Inside Bangladesh		
Agricultural loan	4,937,948,904	4,214,162,268
Cash credit/Bai Murabaha (Muajjal)	5,303,713,589	6,078,813,107
Credit card	3,631,193,880	3,102,706,568
Credit for poverty alleviation scheme-micro credit	8,247,947	7,934,974
Consumer credit scheme	15,781,494,644	15,292,210,573
Demand loan	27,234,992,836	26,285,494,980
Export Development Fund (EDF)	21,663,457,255	23,507,498,252
House building loans	1,059,855,713	1,575,852,924
Loans (General)	39,417,520,074	23,546,626,257
Loan against trust receipts/ Bai Murabaha post import	14,331,955,769	11,094,981,464
Overdrafts/ Guard against scheme	32,110,440,520	33,590,107,929
Packing credit	928,694,041	708,453,691
Payment against documents	128,062,570	518,606,158
Staff loan	1,891,324,867	1,722,495,464
Transport loan	1,811,882,853	2,142,778,993
Term loan- industrial	26,527,284,618	30,259,129,196
Term loan- others	48,696,524,190	38,771,479,355
Loan under Covit-19 stimulus package	5,322,077,781	8,120,879,445
	250,786,672,051	230,540,211,598
Outside Bangladesh		
Off-shore banking unit		
	-	-
	250,786,672,051	230,540,211,598
	3,716,111,667	3,703,506,372
	<u>254,502,783,718</u>	<u>234,243,717,970</u>
8.2 Bills purchased and discounted		
Conventional and Islamic banking	1,996,974,277	2,176,572,072
Off-shore banking unit	21,370,600,408	25,846,411,723
	<u>23,367,574,685</u>	<u>28,022,983,795</u>
8.3 Maturity-wise grouping		
Repayable on demand	45,332,866,964	36,115,079,761
Not more than 3 months	42,258,538,345	38,829,780,750
More than 3 months but not more than 1 year	77,497,087,280	95,411,314,079
More than 1 year but not more than 5 years	94,466,027,863	75,254,834,804
More than 5 years	18,315,837,951	16,655,692,371
	277,870,358,403	262,266,701,765
8.4 Net loans and advances/investments		
Gross loans and advances/investments	277,870,358,403	262,266,701,765
Less: Interest suspense (Note 13.4)	4,403,014,529	4,266,332,789
Provision for loans and advances/investments (Note 13.2 & 13.2.1)	19,610,000,001	16,017,708,000
	24,013,014,530	20,284,040,789
	<u>253,857,343,873</u>	<u>241,982,660,976</u>
8.5 Loans and advances/investments under the following broad categories		
In Bangladesh		
Loans	217,088,629,609	194,574,796,934
Cash credits	5,303,713,589	6,078,813,107
Overdrafts	32,110,440,520	33,590,107,929
Bills purchased and discounted	22,868,897,540	27,256,319,759
	277,371,681,258	261,500,037,729

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
Outside Bangladesh		
Bills purchased and discounted	498,677,145 277,870,358,403	766,664,036 262,266,701,765

8.6 Significant concentration wise grouping

a) Directors	-	-
b) Chief Executive and other senior executives	186,676,000	209,931,000
i) Managing Director	-	1,329,000
ii) Other senior executives	186,676,000	208,602,000
c) Agriculture	7,409,100,000	5,936,200,000
d) Industry	138,477,182,403	136,528,970,765
Food Manufacturing	14,167,500,000	12,275,800,000
Beverage industry	244,600,000	227,100,000
RMG industry	33,951,900,000	38,369,200,000
Textile industry	24,298,900,000	29,541,500,000
Wood cork and allied products	46,600,000	49,600,000
Furniture and Fixture	313,400,000	383,400,000
Paper and paper products	5,024,400,000	4,939,500,000
Leather and leather products	3,157,300,000	2,036,100,000
Rubber products	4,577,700,000	2,409,600,000
Chemical and chemical products	916,200,000	1,122,400,000
Basic metal products	11,429,800,000	8,583,400,000
Electrical machinery and apparatus	3,499,300,000	3,519,800,000
Other manufacturing industries	23,045,982,403	22,980,970,765
Ship building	4,468,700,000	4,730,400,000
Ship breaking	1,435,100,000	1,749,200,000
Pharmaceutical	7,899,800,000	3,611,000,000
e) Constructions	8,404,000,000	9,489,200,000
f) Power, Gas, Water and Sanitary Services	13,914,800,000	9,459,500,000
g) Transport, Storage and Communication	2,532,900,000	1,964,100,000
h) Trade Services	51,879,200,000	46,140,100,000
i) Housing Services	18,448,600,000	19,312,400,000
j) Banking and Insurance	4,857,400,000	3,128,800,000
k) Professional and Misc. services	31,760,500,000	30,097,500,000
	277,870,358,403	262,266,701,765

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	212,858,089,190	199,574,087,997
Chittagong Division	27,903,420,779	25,995,891,326
Khulna Division	4,153,972,836	3,907,097,310
Rajshahi Division	3,038,661,247	2,973,242,892
Barisal Division	1,163,874,549	1,384,207,178
Sylhet Division	2,724,367,784	2,725,813,399
Rangpur Division	1,911,947,239	1,679,419,316
Mymensingh Division	538,365,075	545,044,603
	254,292,698,699	238,784,804,021

Rural

Dhaka Division	16,084,242,760	15,542,314,547
Chattogram Division	4,401,837,380	4,735,961,665
Khulna Division	219,965,396	170,404,312
Rajshahi Division	2,528,303,134	2,683,938,724
Barisal Division	17,079,600	5,218,794
Sylhet Division	319,901,321	344,059,702

Amount in Taka

	31-Dec-22	31-Dec-21
Mymensingh Division	6,330,113	-
Outside Bangladesh	23,577,659,704	23,481,897,744
	<u>277,870,358,403</u>	<u>262,266,701,765</u>
8.8 Loans/investments including bills purchased and discounted covered by securities		
Collateral of movable/immovable assets	152,402,313,263	153,004,170,809
Local banks and financial institutions' guarantee	801,551,421	577,367,412
Foreign banks' guarantee	2,914,913	74,724,364
Export documents	12,463,791,786	9,017,657,507
Cash and quasi cash	7,486,439,032	6,617,808,566
Personal guarantee	65,968,492,454	43,505,398,795
Other securities	38,744,855,534	49,469,574,312
	<u>277,870,358,403</u>	<u>262,266,701,765</u>

8.9 Details of large loans/investments

As at 31 December 2022 there were nine (2021: thirteen) 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 46,111.11 million as at 31 December 2022 (Taka 41,370.38 million in 2021).

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	173,157,010,416	169,291,728,658
ii)	Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	65,968,492,454	43,505,398,795
iii)	Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	38,744,855,534	49,469,574,312
iv)	Loans/investments adversely classified; provision not maintained there against	-	-
		<u>277,870,358,403</u>	<u>262,266,701,765</u>
v)	Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,891,324,867	1,722,495,464
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.	1,891,324,867	1,722,495,464
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	23,367,574,685	28,022,983,795
x)	Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
a)	Increase/(Decrease) of provision (specific)	3,227,463,001	3,169,800,000
	Amount of loan written off	1,148,594,130	2,907,147,407

Notes to the financial statements

		Amount in Taka
	31-Dec-22	31-Dec-21
Amount realised against the loans previously written off	347,148,119	287,429,432
b) Provision kept against loans/investments classified as bad debts	10,517,463,001	7,290,000,000
c) Interest credited to interest suspense account	4,403,014,529	4,266,332,789
xii) Cumulative amount of written off loans/investments		
Balance as at 1 January	15,037,124,124	12,417,406,149
Loans written off during the year	1,148,594,130	2,907,147,407
Recovery against written off loans during the year	(347,148,119)	(287,429,432)
The amount of written off loans/investments for which law suit has been filed	<u>15,838,570,135</u>	<u>15,037,124,124</u>

8.11 Grouping as per classification rules

Unclassified:

Standard including staff loan	258,545,019,989	244,193,251,512
Special mentioned account	5,805,552,187	4,603,908,000
	<u>264,350,572,176</u>	<u>248,797,159,512</u>

Classified:

Sub-standard	775,378,765	1,323,898,042
Doubtful	252,963,345	331,193,208
Bad/loss	12,491,444,117	11,814,451,003
	13,519,786,227	13,469,542,253
	<u>277,870,358,403</u>	<u>262,266,701,765</u>

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding at 31 Dec 2022	Base for provision	Required 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)	173,778,927,956	177,912,307,069	1% to 5%	7,892,690,860		
Small and medium enterprise financing	37,308,067,222	37,308,067,222	0.25%	93,270,168		
House building loan and loan for professional	14,148,123,833	14,148,123,833	1.00%	141,481,238		
Loans to BH	1,277,177,296	1,277,177,296	2.00%	25,543,546		
Consumer finance	5,371,589,840	5,371,589,840	2.00%	107,431,797		
Special general provision COVID-19 (Note 13.2.1)				515,036,000		
Staff loan	1,877,088,867	-	0%	-		
				<u>8,775,453,609</u>		
				<u>8,324,817,222</u>		
Special mentioned account	5,502,885,087	5,502,885,087	0.25% to 2%	48,223,127		
Off-shore unit				32,274,415		
Unclassified loans (general)	24,784,044,975	24,784,044,975	1%	247,840,450		
Special mentioned account	302,667,100	302,667,100	1%	3,026,671		
				<u>250,867,121</u>		
				<u>295,499,181</u>		
Classified - specific provision						
Sub-standard	775,378,765	936,837,000	20% / 5%	185,286,450		
Doubtful	252,963,345	131,168,000	50% / 5%	62,054,650		
Bad/loss	12,491,444,117	9,926,702,000	100%	10,047,506,000		
				10,294,847,100		
				<u>7,285,826,000</u>		
Provision required for loans and advances				<u>19,369,390,957</u>		
				<u>15,938,416,818</u>		

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
Total provision maintained (Note 13.2 & 13.2.1)		
Conventional and Islamic Banking	19,359,132,880	15,722,208,819
Off-shore Banking Unit	250,867,121	295,499,181
	<u>19,610,000,001</u>	<u>16,017,708,000</u>

8.13 Suits filed by the Bank (Branch wise details)

Aglabazar Branch	2,387,556	2,387,556
Agrabad Branch	2,873,481,656	2,873,491,656
Anderkilla Branch	2,105,865,747	2,195,895,747
Ashulia Branch	21,464,732	21,464,732
Bahadherhat Branch	132,136,030	111,845,930
Bank Asia Bhaban Branch	100,592,656	100,592,656
Bashundhara Branch	318,921,660	311,255,111
Beanibazar Branch	5,584,770	5,584,770
Bhatiary Branch	660,445,959	642,665,261
Bogra Branch	170,398,283	170,554,742
BSMMU Branch	1,413,816	1,413,816
Credit Cards Department	111,093,844	94,264,014
CDA Avenue Branch	5,642,323,686	5,942,323,686
Chandragonj Branch	492,048	492,048
Chatkhil Branch	6,793,978	6,793,978
Corporate Branch	338,413,183	165,677,387
Cumilla Branch	85,994,850	85,994,850
Dhanmondi Branch	1,148,638,206	1,032,784,951
Donia Branch	46,946,884	46,946,884
Elephant Road	2,375,836	2,375,836
Gulshan Branch	2,310,582,804	2,310,582,804
Holy Family RCMCH Branch	83,100,828	83,100,828
Jaganathpur Branch	6,120,000	6,120,000
Jatrabari SME	1,185,818	1,185,818
Jessore Branch	84,479,555	84,479,555
Jurain SME Centre	941,349	-
Kamal Bazar Branch	162,756,513	315,335
Kazipara Branch	13,113,564	13,113,564
Khatunganj Branch	3,857,816,524	3,857,816,524
Khulna Branch	149,040,733	77,394,034
Konabari Branch	540,150	540,150
Lohagara Branch	20,729,905	-
Madhabdi Branch	136,591,869	136,591,869
Malkhanagar Branch	77,943,669	77,943,669
MCB Banani Branch	284,082,088	78,077,429
MCB Dilkusha Branch	1,244,731,875	1,244,731,875
MCB Sk. Mujib Road Branch	7,115,387,248	2,056,685,324
Mirpur Branch	41,099,588	41,099,588
Mitford Branch	300,047,766	300,047,766
Moghbazar Branch	53,513,290	53,513,290
Mohakhali Branch	60,567,048	62,003,361
Moulavibazar Branch	52,108,011	52,108,011
Narayangonj Branch	164,074,196	164,074,196
North South Road Branch	1,676,659,883	1,676,659,883
Oxygen Moor Branch	8,085,887	8,088,887
Paltan Branch	70,216,500	70,216,500
Principal Office Branch	1,157,885,876	1,123,403,083
Progoti Sarani Branch	40,999,581	40,999,581
Rajshahi Branch	44,813,352	34,331,602

Notes to the financial statements

	Amount in Taka	31-Dec-22	31-Dec-21
Ramgonj SME/Agri Branch	13,655,636	13,655,636	13,655,636
Rekabi bazar SME Center	348,681	348,681	348,681
Rupnagar Branch	1,208,503	1,208,503	1,208,503
Savar Branch	345,501	345,500	345,500
Scotia Branch	495,981,035	495,981,035	495,981,035
Shantingar Branch	1,514,802,312	-	-
Shantingar Islamic Window Branch	8,363,492	-	-
Station Road Branch	159,772,761	-	-
Strand Road Branch	24,059,970	24,059,970	24,059,970
Sylhet Main Branch	23,438,876	23,438,876	23,438,876
Sylhet Uposhahar Branch	17,140,393	5,351,680	17,140,393
Sylhet Uposhahar Islamic Window Branch	-	17,140,393	17,140,393
Tangail Branch	21,946,648	21,946,648	21,946,648
Tarail Branch	290,718	290,718	290,718
Tongi Branch	2,174,613	2,174,613	2,174,613
Uttara Branch	921,820,590	921,820,590	921,820,590
EPZ Branch	5,904,884	5,904,884	5,904,884
	<u>36,206,235,463</u>	<u>29,003,697,864</u>	
8.14 Bills purchased and discounted			
Payable in Bangladesh	22,868,897,540	27,256,319,759	27,256,319,759
Payable outside Bangladesh	498,677,145	766,664,036	766,664,036
	<u>23,367,574,685</u>	<u>28,022,983,795</u>	
8.15 Maturity-wise grouping of bills purchased and discounted			
Payable within 1 month	5,437,712,057	6,802,068,499	6,802,068,499
More than 1 month but less than 3 months	7,509,862,628	9,209,229,018	9,209,229,018
More than 3 months but less than 6 months	7,378,311,343	8,505,370,548	8,505,370,548
More than 6 months	3,041,688,657	3,506,315,730	3,506,315,730
	<u>23,367,574,685</u>	<u>28,022,983,795</u>	
8(a) Consolidated Loans and advances/investments			
Loans, cash credits, overdrafts, etc/investments			
Bank Asia Limited	254,502,783,718	234,243,717,970	234,243,717,970
Bank Asia Securities Limited	3,977,674,827	4,244,364,917	4,244,364,917
BA Exchange Company (UK) Limited	-	-	-
BA Express USA, Inc	-	-	-
Less: Inter- companies transactions	258,480,458,545	238,488,082,887	238,488,082,887
	1,256,565,786	1,511,582,711	1,511,582,711
	<u>257,223,892,759</u>	<u>236,976,500,176</u>	
Bills purchased and discounted			
Bank Asia Limited	23,367,574,685	28,022,983,795	28,022,983,795
Bank Asia Securities Limited	-	-	-
BA Exchange Company (UK) Limited	-	-	-
BA Express USA, Inc	-	-	-
	<u>23,367,574,685</u>	<u>28,022,983,795</u>	
	<u>280,591,467,444</u>	<u>264,999,483,971</u>	
9 Fixed assets including premises, furniture and fixtures			
Conventional and Islamic banking (Note 9.1)	5,615,910,981	6,039,141,904	6,039,141,904
Off-shore banking unit	-	-	-
	<u>5,615,910,981</u>	<u>6,039,141,904</u>	

Amount in Taka

	31-Dec-22	31-Dec-21
9.1 Conventional and Islamic banking		
Cost:		
Land	2,646,764,306	2,646,764,306
Building	3,278,306,682	3,251,439,208
Furniture and fixtures	1,842,692,785	1,503,933,814
Equipments	1,800,178,016	1,559,808,934
Computer and accessories	608,319,540	580,452,585
Motor vehicles	295,585,354	288,461,817
Intangible assets	24,000,000	24,000,000
Construction work in progress	10,000,000	359,745,396
Right-of-use assets	1,593,878,116	1,557,394,204
Less: Accumulated depreciation	12,099,724,799	11,772,000,264
Adjustment of assets revaluation	6,430,098,554	5,679,143,096
Written down value at the end of the year - Details are shown in Annex C.	53,715,264	53,715,264
	<u>5,615,910,981</u>	<u>6,039,141,904</u>
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Bank Asia Limited	5,615,910,981	6,039,141,904
Bank Asia Securities Limited	85,357,425	102,516,206
BA Exchange Company (UK) Limited	156,944	179,831
BA Express USA, Inc	2,587,527	3,432,529
	<u>5,704,012,877</u>	<u>6,145,270,470</u>
10 Other assets		
Conventional and Islamic banking (Note 10.1)	12,908,706,898	12,811,253,032
Off-shore banking unit	28,796,606	28,646,829
	<u>12,937,503,504</u>	<u>12,839,899,861</u>
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	37,815,000	34,515,000
Investment in BA Express USA Inc - incorporated in USA	99,358,272	82,368,000
	<u>2,137,163,272</u>	<u>2,116,873,000</u>
Non-income generating other assets		
Non-income generating other assets		
Income receivable (Note 10.2)	1,297,139,289	1,616,405,682
Stock of stamps	10,256,387	9,722,957
Stationery, printing materials, etc	82,341,632	73,675,553
Prepaid expenses	12,782,227	10,027,591
Deposits and advance rent	483,667,668	542,447,561
Receivable from capital market	79,310	-
Advances, prepayments and others (Note 10.3)	172,788,146	301,797,260
Advance income tax (Note 10.4)	7,468,535,415	7,340,978,300
Receivable against government	56,096,601	117,546,150
Sundry debtors	21,891,446	38,424,481
Branch adjustment account (Note 10.5)	760,545,993	101,585,147
Protested bills	123,764,671	108,197,853
Receivable from BA Exchange Company (UK) Limited	56,646,548	60,497,753
Receivable from BA Express USA Inc	200,189,787	350,836,788
Excise duty recoverable	23,149,530	20,567,980
Profit Receivable from Govt Investment Sukuk	1,668,976	1,668,976
	<u>10,771,543,626</u>	<u>10,694,380,032</u>
	<u>12,908,706,898</u>	<u>12,811,253,032</u>

31-Dec-22

31-Dec-21

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 2022 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	119	452,840,588	117	310,656,800
More than 3 months but within 6 months	9	28,878,904	3	15,419,113
More than 6 months but within 1 year	1	587	-	-
More than 1 year but within 5 years	-	-	-	-
Above 5 years	-	-	-	-
	129	481,720,079	120	326,075,913

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 (a) Consolidated Other assets

Bank Asia Limited	12,937,503,504	12,839,899,861
Bank Asia Securities Limited	452,050,976	441,051,132
BA Exchange Company (UK) Limited	3,404,588	11,470
BA Express USA, Inc	54,929,777	122,035,610
Foreign currency effect for subsidiaries	-	-
	13,447,888,845	13,402,998,073
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	36,413,310	33,910,140
Investment in BA Express USA, Inc	96,960,000	81,456,000
Receivable from BA Exchange Company (UK) Limited	56,646,548	60,497,753
Receivable from BA Exchange USA, Inc.	200,189,787	350,836,788
	11,057,689,200	10,876,307,392

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 than 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.

Notes to the financial statements

	Amount in Taka	31-Dec-22	31-Dec-21
11 Borrowings from other banks, financial institutions and agents			
Conventional and Islamic banking (Note 11.1)	25,313,872,546	25,054,077,570	
Off-shore banking unit (Note 11.2)	25,732,158,197	29,038,258,798	
Less: Adjustment with Head Office	<u>(21,950,000)</u>	<u>(6,256,185,000)</u>	
	<u>51,024,080,743</u>	<u>47,836,151,368</u>	
11.1 Conventional and Islamic banking			
In Bangladesh (Note 11.1.1)	25,313,872,546	25,054,077,570	
Outside Bangladesh	-	-	
	<u>25,313,872,546</u>	<u>25,054,077,570</u>	
11.1.1 In Bangladesh			
Secured:			
Un secured:			
Money at call and on short notice			
Borrowings			
Bangladesh Bank Refinance	757,840,789	657,507,660	
Covid-19 Stimulus PKG-Tk. 5000 Cr - Export	127,591,942	891,434,476	
Refinance under Stimulus Package Tk. 5000 Cr - Agri	665,344,594	188,993,695	
Refinance under Stimulus Package Tk. 3000 Cr - Agri	622,543,292	1,223,173,174	
Bangladesh Bank Borrowing under IPPF- II Fund	1,431,345,451	951,128,000	
Bangladesh Bank Borrowing under Long Term Financing Facilities (LTFF) scheme	288,107,038	337,150,038	
SME Foundation Pre Finance	8,250,000	21,300,000	
Bangladesh Bank Pre-Finance (SREUP)	87,362,500	32,501,823	
Borrowing A/C (AGRI Taka 10)	302,794,616	193,857,516	
Borrowing From Joyeeta Foundation	26,490,000	-	
Export development fund	19,945,353,441	20,164,807,885	
Bangladesh Bank Refinance Scheme for Pre Shipment Loan	234,620,000	45,000,000	
BB Refinance for SPCSSECP	172,850,000	-	
Bangladesh Bank Borrowing under CMSME Refinance (TL) SMESPD	53,330,000		
Bangladesh Bank Borrowing under Green Transformation Fund (GTF)	428,668,883	127,223,303	
Borrowing From SMEF for Stimulus Loan/Revolving Fund(Trem Loan)	<u>161,380,000</u>	<u>220,000,000</u>	
	<u>25,313,872,546</u>	<u>25,054,077,570</u>	
11.2 Borrowing at Off-shore banking unit			
Secured:			
Un secured:			
Conventional Banking	27,270,000	6,258,960,250	
International Finance Corporation	2,020,000,202	2,828,333,390	
Borrowing - ECA	1,950,697,995	1,850,552,942	
Yes Bank, Mumbai	505,000,000	169,700,000	
SCB Singapore	1,515,000,000	848,500,000	
National Bank of RAK, UAE	2,525,000,000	1,272,750,000	
Bank Muscat, Oman	303,000,000	678,800,000	
Abu Dhabi Commercial bank	-	1,272,750,000	
Mashreq Bank, UAE	-	848,500,000	
Axis Bank Limited, Singapore	-	1,272,750,000	
Caixa Bank, Barcelona	7,342,700,000	2,800,050,000	
Standard Chartered Bank, Thailand	505,000,000	848,500,000	
HDFC, Gift City, Mumbai	1,010,000,000	848,500,000	
Bank Muscat SAOG	2,525,000,000	-	
Indusind Bank Limited	303,000,000	424,250,000	
Commercial Bank of Dubai	-	1,272,750,000	
State Bank of India, Hongkong	2,272,500,000	1,646,090,000	
State Bank of India, Dubai	-	848,500,000	
Nepal Bangladesh Bank Limited	757,500,000	-	
The Commercial Bank, Qatar	-	424,250,000	

**Notes to the
financial statements**

	Amount in Taka	
	31-Dec-22	31-Dec-21
DBS Bank Singapore	696,900,000	2,621,865,000
Banca Valsabbina SCPA Vestone Italy	-	1,907,216
Emirates Islami Bank	463,590,000	-
Ajman Bank, U.A.E.	1,010,000,000	-
	<u>25,732,158,197</u>	<u>29,038,258,798</u>
11(aa) Consolidated Borrowings from other banks, financial institutions and agents		
Bank Asia Limited	51,024,080,743	47,836,151,368
Bank Asia Securities Limited	1,256,565,786	1,511,582,711
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>52,280,646,529</u>	<u>49,347,734,079</u>
Less: Inter-company transactions	1,256,565,786	1,511,582,711
	<u>51,024,080,743</u>	<u>47,836,151,368</u>
11(a) Subordinated non-convertible and perpetual bonds		
Subordinated Non-Convertible bond (Note 11(aa).1)	6,000,000,000	8,600,000,000
Perpetual bond (Note 11(aa) 2)	3,340,000,000	-
	<u>9,340,000,000</u>	<u>8,600,000,000</u>
11(aa).1 Subordinated Non-Convertible Bonds		
Subordinated Non-Convertible floating rate bond		
Agrani Bank Limited	-	40,000,000
BRAC Bank Limited	-	20,000,000
Janata Bank Limited	-	50,000,000
Mercantile Bank Limited	-	100,000,000
One Bank Limited	-	120,000,000
Pubali Bank Limited	-	50,000,000
Rupali Bank Limited	-	120,000,000
Sonali Bank Limited	-	100,000,000
	<u>-</u>	<u>600,000,000</u>
Subordinated Non-Convertible floating rate bond - 2		
Agrani Bank Limited	100,000,000	150,000,000
Dhaka Bank Limited	300,000,000	450,000,000
Janata Bank Limited	100,000,000	150,000,000
National Life Insurance Co	200,000,000	300,000,000
Pubali Bank Limited	400,000,000	600,000,000
Sabinco	60,000,000	90,000,000
Sadharan Bima Corporation	40,000,000	60,000,000
Sonali Bank Limited	400,000,000	600,000,000
Southeast Bank Limited	200,000,000	300,000,000
Uttara Bank Limited	200,000,000	300,000,000
	<u>2,000,000,000</u>	<u>3,000,000,000</u>
Subordinated Non-Convertible floating rate bond - 3		
Agrani Bank Limited	2,000,000,000	2,500,000,000
Eastern Bank Limited	800,000,000	1,000,000,000
Trust Bank Limited	400,000,000	500,000,000
Dutch-Bangla Bank Limited	400,000,000	500,000,000
Pubali Bank Limited	400,000,000	500,000,000
	<u>4,000,000,000</u>	<u>5,000,000,000</u>
	<u>6,000,000,000</u>	<u>8,600,000,000</u>
11(aa).2 Perpetual bond		
Institutional subscriber:		
NCC Bank Limited	1,300,000,000	-
Trust Bank Limited	110,000,000	-
Jamuna Bank Limited	730,000,000	-

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
Southeast Bank Limited	500,000,000	-
NRB Bank Limited	200,000,000	-
Individual subscriber	2,840,000,000	-
	500,000,000	-
	3,340,000,000	-

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

Payable on demand	8,898,500,000	9,556,600,000
Up to 1 month	-	-
More than 1 month but within 3 months	17,119,500,000	20,385,600,000
More than 3 months but within 1 year	19,885,382,546	13,585,300,000
More than 1 year but within 5 years	9,375,311,234	6,000,000,000
More than 5 years	5,085,386,963	6,908,651,368
	60,364,080,743	56,436,151,368

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)
	Total	NIL		-

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

Sl. #	Counter party name	Agreement date	Reversal Date	Amount (Taka)
	National Bank Limited	29-Dec-22	1-Jan-23	5,946,565,451
	National Bank Limited	29-Dec-22	4-Jan-23	4,807,920,689
	National Bank Limited	29-Dec-22	5-Jan-23	3,977,788,878
	Janata Bank	29-Dec-22	5-Jan-23	2,232,189,100
	Agrani Bank	29-Dec-22	5-Jan-23	6,934,775,662
	Total			23,899,239,780

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 & Fls	-	-	-
Securities purchased under reverse repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & Fls	-	-	-

12 Deposits and other accounts

Conventional and Islamic banking (Note 12.1)	336,694,572,297	317,156,734,094
Off-shore banking unit	1,000,845,140	625,700,808
	337,695,417,437	317,782,434,902

Deposits and other accounts

Current/AI-wadeeah current accounts and other accounts

Deposits from banks	-	-
Deposits from customers	67,482,882,465	63,079,802,314
Off-shore banking unit	893,558,137	570,569,454
	68,376,440,602	63,650,371,768

Bills payable

Deposits from banks	-	-
Deposits from customers	4,167,914,951	3,978,312,853
	4,167,914,951	3,978,312,853

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
Savings bank/Mudaraba savings bank deposits		
Deposits from banks	-	-
Deposits from customers	78,812,880,761	79,212,048,790
	<u>78,812,880,761</u>	<u>79,212,048,790</u>
Fixed deposits/Mudaraba fixed deposits		
Deposits from banks	12,597,265	4,400,007
Deposits from customers	186,218,296,855	170,882,170,130
Off-shore banking unit	107,287,003	55,131,354
	<u>186,338,181,123</u>	<u>170,941,701,491</u>
	<u>337,695,417,437</u>	<u>317,782,434,902</u>
12.1 Conventional and Islamic banking		
Deposits from banks (Note 12.1.1)	12,597,265	4,400,007
Deposits from customers (Note 12.1.2)	336,681,975,032	317,152,334,087
	<u>336,694,572,297</u>	<u>317,156,734,094</u>
12.1.1 Deposits from banks		
Fixed deposit/SND		
AB Bank Limited	39,176	39,525
EXIM Bank Limited	11,352,208	3,168,780
Social Islami Bank Limited	601,789	594,714
Trust Bank Limited	604,092	596,988
	<u>12,597,265</u>	<u>4,400,007</u>
12.1.2 Deposits from customers		
Current/Al-wadeah current accounts and other accounts (Note 12.1.2a)	67,482,882,465	63,079,802,314
Bills payable (Note 12.1.2b)	4,167,914,951	3,978,312,853
Savings bank/Mudaraba savings deposits	78,812,880,761	79,212,048,790
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	186,218,296,855	170,882,170,130
	<u>336,681,975,032</u>	<u>317,152,334,087</u>
12.1.2a Current/Al-wadeah current accounts and other accounts		
Current/Al-wadeah current accounts	24,733,889,452	25,695,837,784
Other demand deposit - Local currency	27,135,833,840	25,236,668,844
Other demand deposit - Foreign currencies	11,915,052,012	9,037,394,275
Foreign currency deposits	3,665,056,408	3,089,917,288
Unclaimed cash dividend	33,050,753	19,984,123
Export retention quota	-	-
	<u>67,482,882,465</u>	<u>63,079,802,314</u>
Less : Inter transaction between OBU and Conventional Banking	-	-
	<u>67,482,882,465</u>	<u>63,079,802,314</u>
12.1.2b Bills payable		
Bills payable - local currency	4,124,475,067	3,948,826,436
Bills payable - foreign currencies	43,439,884	29,486,417
Demand draft	-	-
	<u>4,167,914,951</u>	<u>3,978,312,853</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	120,572,168,795	104,635,816,104
Special notice deposit	27,292,815,442	26,535,531,471
Foreign currency deposits (interest bearing)	4,075,058	3,408,303
Deposit under schemes	38,349,237,560	39,707,414,252
	<u>186,218,296,855</u>	<u>170,882,170,130</u>

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
12.2 Payable on demand and time deposits		
a) Demand deposits		
Current/AI-wadeeah current accounts and other accounts	25,660,498,342	26,286,391,361
Savings bank/Mudaraba savings deposits	7,093,159,268	7,129,084,391
Foreign currency deposits (non interest bearing)	15,580,108,420	12,127,311,563
Sundry deposits	27,135,833,840	25,236,668,844
Bills payable	4,167,914,951	3,978,312,853
	<u>79,637,514,821</u>	<u>74,757,769,012</u>
b) Time deposits		
Savings bank/Mudaraba savings deposits	71,719,721,493	72,082,964,399
Fixed deposits/Mudaraba fixed deposits	120,692,053,063	104,695,347,465
Foreign currency deposits (interest bearing)	4,075,058	3,408,303
Special notice deposit	27,292,815,442	26,535,531,471
Deposits under schemes	38,349,237,560	39,707,414,252
	<u>258,057,902,616</u>	<u>243,024,665,890</u>
	<u>337,695,417,437</u>	<u>317,782,434,902</u>
12.3 Sector-wise break-up of deposits and other accounts		
Government	5,410,770,000	6,739,566,000
Deposit from banks	12,597,265	4,400,007
Other public	1,782,720,000	2,817,600,000
Foreign currencies	16,628,468,502	12,785,907,091
Private	313,860,861,670	295,434,961,804
	<u>337,695,417,437</u>	<u>317,782,434,902</u>
12.4 Maturity-wise grouping		
12.4.1 Deposits from banks		
Payable on demand	12,597,265	4,400,007
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>12,597,265</u>	<u>4,400,007</u>
12.4.2 Customer deposits excluding bills payable		
Payable on demand	2,697,408,067	2,450,300,000
Up to 1 month	42,388,296,755	51,472,508,259
Over 1 month but within 6 months	66,919,405,099	65,587,221,075
Over 6 months but within 1 year	72,574,460,352	76,919,122,518
Over 1 year but within 5 years	104,244,552,127	96,243,094,716
Over 5 years	44,690,782,821	21,127,475,475
	<u>333,514,905,221</u>	<u>313,799,722,042</u>
12.4.3 Bills payable		
Payable on demand	446,038,758	673,200,000
Up to 1 month	1,155,933,510	1,075,700,000
Over 1 month but within 6 months	2,565,942,683	2,229,412,853
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>4,167,914,951</u>	<u>3,978,312,853</u>
	<u>337,695,417,437</u>	<u>317,782,434,902</u>

**Notes to the
financial statements**

Amount in Taka

	31-Dec-22	31-Dec-21
12(a) Consolidated Deposits and other accounts		
Current/AI-wadeah current accounts and other accounts		
Bank Asia Limited	68,376,440,602	63,650,371,768
Bank Asia Securities Limited	527,347,378	721,351,710
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	68,903,787,980	64,371,723,478
Less: Inter-company transactions	369,639,929	78,856,747
	<u>68,534,148,051</u>	<u>64,292,866,731</u>
Bills payable		
Bank Asia Limited	4,167,914,951	3,978,312,853
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>4,167,914,951</u>	<u>3,978,312,853</u>
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	78,812,880,761	79,212,048,790
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>78,812,880,761</u>	<u>79,212,048,790</u>
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	186,338,181,123	170,941,701,491
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>186,338,181,123</u>	<u>170,941,701,491</u>
	<u>337,853,124,886</u>	<u>318,424,929,865</u>
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	41,692,136,095	36,714,295,934
Off-shore banking unit	9,058,202	3,767,610
	<u>41,701,194,297</u>	<u>36,718,063,544</u>
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	19,080,000,001	15,152,708,000
Special general provision COVID-19 (Note 13.2.1)	530,000,000	865,000,000
Provision on off-balance sheet exposures (Note 13.3)	1,195,000,000	1,490,000,000
Interest suspense account (Note 13.4)	4,403,014,529	4,266,332,789
Provision for income tax including deferred tax (Note 13.5)	11,861,337,770	10,656,414,519
Provision for performance and festival bonus	475,942,033	431,563,479
Master card and Visa card payables	78,626,366	9,734,798
Expenditures and other payables	1,060,920,482	1,299,566,096
Provision for nostro accounts (Note 13.6)	-	-
Other payable	235,635,266	114,911,276
Provision for profit equalization	24,240,856	35,167,287
Provision for diminution in value of shares (Note 13.7)	363,383,553	363,383,553
Payable to Government	7,607,621	4,657,621
Provision for others (Note 13.8)	690,572,690	440,572,690
Rebate payable on good borrowers	67,700,000	67,700,000
Unearned income	806,303,263	896,430,689
Interest payable on subordinated non-convertible zero coupon bond	91,575,615	151,321,370
Fraction Bonus Share	1,608,744	1,608,744
Nostro account credit balance	377,278,975	-
Lease liabilities (Note 13.9)	341,388,331	467,223,023
	<u>41,692,136,095</u>	<u>36,714,295,934</u>

	31-Dec-22	31-Dec-21
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13.2 Provision for loans and advances/investments

General provision

Conventional and Islamic:

Balance as at 1 January	7,567,208,819	8,805,019,752
Add: Provision made during the year	2,846,924,060	-
Less: Provision no longer required	-	1,237,810,933
Less: Transfer to Specific Provision	(2,102,463,000)	-
Balance as at 31 December	<u>8,311,669,879</u>	<u>7,567,208,819</u>

Off-shore Banking Unit (OBU):

Balance as at 1 January	295,499,181	184,980,248
Add: Provision made during the year	-	110,518,933
Less: Provision no longer required	(44,632,060)	-
Balance as at 31 December	<u>250,867,121</u>	<u>295,499,181</u>

A. **Total general provision on loans and advances/investments**

8,562,537,000

7,862,708,000

Specific provision

Conventional and Islamic:

Balance as at 1 January	7,290,000,000	4,120,200,000
Add/ Back: Recoveries of amounts previously written off	347,148,119	287,429,432
Specific provision made during the year	1,726,641,239	5,263,688,085
Transfer from General Provision	2,102,463,000	-
Less: Write off/amicable settlement during the year	(948,789,357)	(2,381,317,517)
Balance as at 31 December	<u>10,517,463,001</u>	<u>7,290,000,000</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	-	-

B. **Total Specific provision on loans and advances/investments**

10,517,463,001

7,290,000,000

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

19,080,000,001

15,152,708,000

13.2.1 Special general provision COVID-19

Balance as at 1 January	865,000,000	850,600,000
Add: Provision made during the year	62,014,669	435,000,000
Less: Provision no longer required	397,014,669	420,600,000
Balance as at 31 December	<u>530,000,000</u>	<u>865,000,000</u>

Special general provision COVID-19 is maintained as per BRPD circular letter no. 56 dated December 10, 2020 and BRPD circular letter no. 53 dated December 30, 2021, and BRPD circular 53 dated December 22, 2022.

13.3 Provision on off-balance sheet exposures

Balance at 1 January	1,489,834,144	1,004,645,275
Add: Provision made during the year	-	485,188,869

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
Less: Adjustments made during the year	1,489,834,144	1,489,834,144
Balance at the end of the year	<u>(295,399,362)</u>	-
	1,194,434,782	1,489,834,144
Provision maintained for OBU as at 01 January	165,856	354,725
Add: Provision made during the year	399,362	-
Less: Adjustments made during the year	<u>-</u>	<u>(188,869)</u>
	565,218	165,856
Balance at the end of the year	<u>1,195,000,000</u>	<u>1,490,000,000</u>
As per BRPD Circular No. 07, dated 21 June 2018 and BRPD Circular No. 13, dated 18 October 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	4,266,332,789	4,341,502,178
Add: Amount transferred to interest suspense" account during the year	2,070,004,711	3,023,428,291
	6,336,337,500	7,364,930,469
Less: Amount of interest suspense recovered	1,784,029,284	2,749,605,348
Interest waiver during the year	149,293,687	348,992,332
	1,933,322,971	3,098,597,680
Balance as at 31 December	<u>4,403,014,529</u>	<u>4,266,332,789</u>
13.5 Provision for taxation		
Current tax (Note 13.5.1)	11,389,316,405	10,184,393,154
Deferred tax (Note 13.5.2)	472,021,365	472,021,365
	<u>11,861,337,770</u>	<u>10,656,414,519</u>
13.5.1 Provision for current tax		
Balance at 1 January	10,184,393,154	8,484,393,154
Add: Provision made during the year	3,500,000,000	1,700,000,000
	13,684,393,154	10,184,393,154
Less: Adjustments made during the year	2,295,076,749	-
Balance as at 31 December	<u>11,389,316,405</u>	<u>10,184,393,154</u>
13.5.1(a) Consolidated Provision for current tax		
Balance as at 1 January	10,479,561,029	8,726,745,036
Add: Provision made during the year		
Bank Asia Limited	3,500,000,000	1,700,000,000
Bank Asia Securities Limited	67,972,708	94,735,436
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,567,972,708	1,794,735,436
	<u>14,047,533,737</u>	<u>10,521,480,472</u>
Less: Adjustments made during the year		
Bank Asia Limited	2,295,076,749	-
Bank Asia Securities Limited	38,083,618	41,919,443
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	2,333,160,367	41,919,443
Balance as at 31 December	<u>11,714,373,370</u>	<u>10,479,561,029</u>

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
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	-	-
	472,021,365	472,021,365

13.5.2 (a) Deferred Tax (asset)/liability

Particulars	Book value	Tax Base	(Deductible)/ Taxable
Opening Balance			
Deferred Tax Asset			(2,050,312,500) (1,158,806,250)
Deferred Tax Liability			824,420,883 851,945,619
Net Deferred Tax Asset			(1,225,891,617) (306,860,631)

Net Deferred Tax Asset as of December 31, 2022

Deferred Tax Asset:

Loan loss provision	10,517,463,001	-	(7,888,097,251)	(2,958,036,469)	(2,050,312,500)
Closing balance for the year (a)				(2,958,036,469)	(2,050,312,500)

Deferred Tax Liability:

Interest receivable	1,297,139,289	-	1,297,139,289	486,427,233	606,152,131
Fixed assets	3,310,724,723	2,953,374,309	357,350,414	134,006,405	174,151,487
Right-of-use assets	52,871,027		52,871,027	19,826,635	44,117,265
Closing balance for the year (b)				640,260,273	824,420,883

Net Deferred Tax Asset as of December 31, 2022 (a+b)

Movement for the year				(2,317,776,196)	(1,225,891,617)
Opening deferred tax assets				(2,050,312,500)	(1,158,806,250)
Closing deferred tax assets				(2,958,036,469)	(2,050,312,500)
Changes for the year				(907,723,969)	(891,506,250)

Opening deferred tax liabilities				824,420,883	851,945,619
Closing deferred tax liabilities				640,260,273	824,420,883
Changes for the year				(184,160,610)	(27,524,736)
Changes during the year				(1,091,884,579)	(919,030,986)

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 divided. 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

13.5.3 Reconciliation of effective tax rate

	2022		2021	
	%	Amount	%	Amount
Profit before provision		10,694,804,944		9,192,532,066
Income Tax as per applicable tax rate	37.50%	4,010,551,854	37.50%	3,447,199,525
Tax exempted income (on govt. treasury securities)	-0.19%	(19,998,890)	-24.41%	(2,244,157,120)
On probable deductible/non deductible expenses	-4.59%	(490,552,964)	5.41%	496,957,595
	32.73%	3,500,000,000	18.49%	1,700,000,000

13.5.3(a) Consolidated Reconciliation of effective tax rate

	2022		2021	
	%	Amount	%	Amount
Profit before provision		10,869,236,428		9,552,453,672
Income Tax as per applicable tax rate	37.50%	4,075,963,661	37.50%	3,582,170,127
Tax exempted income (on govt. treasury securities)	-0.18%	(19,998,890)	-23.49%	(2,244,157,120)
On probable deductible/non deductible expenses	-4.49%	(487,992,063)	4.78%	456,722,429
	32.83%	3,567,972,708	18.79%	1,794,735,436

13.6 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPD (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.

Amount in Taka

	31-Dec-22	31-Dec-21
13.7 Provision for diminution in value of shares		
Balance as at 1 January	363,383,553	363,383,553
Add: Provision made during the year	-	-
Adjustment during the year	-	-
Balance as at 31 December	363,383,553	363,383,553
Provision requirement for quoted and unquoted share including subsidiaries (Annex B)	234,605,554	66,121,146
Provision maintained	363,383,553	363,383,553
Surplus provision maintained	128,777,999	297,262,407

13.8 Provision for others

Provision for other assets (Note 13.8.1)	612,228,003	393,106,522
Provision for start up fund (Note 13.8.2)	78,344,687	47,466,168
	690,572,690	440,572,690

13.8.1 Provision for other assets

Balance as at 1 January	393,106,522	290,572,690
Add: Provision made during the year	219,121,481	102,533,832
Balance as at 31 December	612,228,003	393,106,522
Provision requirement	514,840,623	327,728,000
Provision maintained	612,228,003	393,106,522
Surplus provision maintained	97,387,380	65,378,522

(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 4 dated April 12, 2022).

13.8.2 Provision for start up fund

Balance as at 1 January	47,466,168	-
Add: Provision made during the year		
For the year 2020 (1% of profit after tax)	-	20,357,067
For the year 2021 (1% of profit after tax)	-	27,109,101
For the year 2022 (1% of profit after tax)	30,878,519	-
Adjustment during the year	-	-
Balance as at 31 December	78,344,687	47,466,168

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
(As per Bangladesh Bank SMESPD Circular Letter no. 05 dated April 26, 2001 Provision for Start up Fund has been maintained against 1% net profit after tax starting from the year 2020).		
13.9 Lease liabilities		
Balance as at 1 January	467,223,023	872,228,227
Add: Addition during the year	180,064,817	-
Add: Interest charge during the year	104,674,165	104,658,196
Less: Payment made during the year	410,573,674	419,543,010
Less: Adjustment made during the year	-	90,120,390
Balance as at 31 December	<u>341,388,331</u>	<u>467,223,023</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(a) Consolidated Other liabilities

Bank Asia Limited	41,701,194,297	36,718,063,544
Bank Asia Securities Limited	2,259,945,347	2,218,069,633
BA Exchange Company (UK) Limited	65,969,666	68,483,295
BA Express USA, Inc	270,814,608	368,082,914
	<u>44,297,923,918</u>	<u>39,372,699,386</u>
Less: Inter-companies transactions		
Receivable from BASL	-	-
Receivable from BA Exchange (UK) Limited	56,646,548	60,497,753
BA Express USA, Inc	200,189,787	350,836,788
	<u>44,041,087,583</u>	<u>38,961,364,845</u>

14 Share capital

14.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each	15,000,000,000	15,000,000,000
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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)	11,659,068,600	11,659,068,600
Paid up capital	11,750,000,000	10,725,443,940
Statutory reserve (Note 15)	8,166,144	8,166,144
General reserve	3,105,969,227	2,804,815,058
Retained earnings (Note 17)	26,523,203,971	25,197,493,742

Notes to the financial statements

		Amount in Taka
	31-Dec-22	31-Dec-21
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	39,626,140	44,820,000
Common Equity Tier -1 capital (Going-Concern Capital)	26,483,577,831	25,152,673,742
Additional Tier 1 Capital	-	-
Perpetual bond	3,340,000,000	-
Total Tier- 1 Capital	29,823,577,831	25,152,673,742
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	9,092,537,000	8,727,708,000
General provision on off-balance sheet exposure	1,195,000,000	1,490,000,000
Subordinated non-convertible zero coupon bonds	6,000,000,000	8,600,000,000
Total Tier- 2 Capital available	16,287,537,000	18,817,708,000
Maximum Limit of Tier-2 Capital (Considering) para 3.2 (v) including foot note no. 9 of RBCA Guideline	17,752,452,437	18,011,759,076
Adjustment as per RBCA Guideline	-	2,600,000,000
Total admissible Tier-2 Capital	16,287,537,000	16,217,708,000
A) Total capital	46,111,114,831	41,370,381,742
B) Total risk weighted assets (RWA)	260,486,878,311	263,153,198,992
C) Minimum total capital requirement 10%	26,048,687,831	26,315,319,899
D) Capital surplus (A-C)	20,062,427,000	15,055,061,843
E) Minimum total capital plus capital conservation buffer requirement @ 12.50%	32,560,859,789	32,894,149,874
F) Capital surplus (A-E) with capital conservation buffer	13,550,255,042	8,476,231,868
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	10.17%	9.56%
Tier- 1 to RWA (minimum 6% under Basel III)	11.45%	9.56%
Capital to Risk Weighted Assets against minimum requirement 10%	17.70%	15.72%
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		
Common Equity Tier -1 capital (Going-Concern Capital)	In line of Basel III	In line of Basel III
Paid up capital	11,659,068,600	11,659,068,600
Non-controlling (Minority) interest	10,285	10,274
Statutory reserve (Note 15)	11,750,000,000	10,725,443,940
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	2,957,002,831	2,650,999,337
	26,374,247,860	25,043,688,295
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	39,626,140	44,820,000
Common Equity Tier -1 capital (Going-Concern Capital)	26,334,621,720	24,998,868,295
Perpetual bond	-	-
Additional Tier 1 Capital	3,340,000,000	-
Total Tier- 1 Capital	29,674,621,720	24,998,868,295
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	9,092,537,000	8,727,708,000
General provision on off-balance sheet exposure	1,195,000,000	1,490,000,000
Subordinated non-convertible zero coupon bonds	6,000,000,000	8,600,000,000
Total Tier- 2 Capital available	16,287,537,000	18,817,708,000
Maximum Limit of Tier-2 Capital (Considering) para 3.2 (v) including foot note no. 9 of RBCA Guideline	17,560,159,598	17,815,600,656
Adjustment as per RBCA Guideline	-	2,600,000,000
Total admissible Tier-2 Capital	16,287,537,000	16,217,708,000
A) Total capital	45,962,158,720	41,216,576,295
B) Total risk weighted assets (RWA)	263,181,642,862	265,901,787,410

Notes to the financial statements

		Amount in Taka	
		31-Dec-22	31-Dec-21
C)	Minimum total capital requirement 10%	26,318,164,286	26,590,178,741
D)	Capital surplus (A-C)	19,643,994,434	14,626,397,554
E)	Minimum total capital plus capital conservation buffer requirement @ 12.50%	32,897,705,358	33,237,723,426
F)	Capital surplus (A-E) with capital conservation buffer	13,064,453,362	7,978,852,869
	Capital to risk weighted asset ratio		
	Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	10.01%	9.40%
	Tier- 1 to RWA (minimum 6% under Basel III)	11.28%	9.40%
	Capital to Risk Weighted Assets against minimum requirement 10%	17.46%	15.50%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2022		At 31 December 2021	
	No. of shares	%	No. of shares	%
Sponsors & Directors	622,067,148	53.35	624,484,380	53.56
General Public	123,526,402	10.60	154,104,666	13.22
Institutions	304,842,383	26.15	259,562,631	22.26
Investment Companies	111,733,939	9.58	124,005,748	10.64
Non-resident Bangladeshi	1,310,082	0.11	1,322,529	0.11
Foreign Investors	2,426,906	0.21	2,426,906	0.21
	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-22	31-Dec-21	31-Dec-22	31-Dec-21
Less than 5,000	5,709	5,823	0.52	0.55
5,000 to 50,000	1,303	1,441	1.57	1.70
50,001 to 100,000	89	91	0.56	0.56
100,001 to 200,000	49	43	0.59	0.52
200,001 to 300,000	23	19	0.50	0.41
300,001 to 400,000	16	17	0.48	0.51
400,001 to 500,000	7	8	0.27	0.32
500,001 to 1,000,000	35	44	2.17	2.78
1,000,001 to 10,000,000	68	67	21.83	20.65
Over 10,000,000	28	30	71.50	72.00
	7,327	7,583	100.00	100.00

14.7 Name of the Directors and their shareholdings as at 31 December 2022

SI	Name of the director	Status	Closing position	Opening position
1	Mr. Romo Rouf Chowdhury	Chairman	23,323,746	23,323,746
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea Estates Ltd)	Vice Chairman	45,666,246	45,666,246
3	Mr. A Rouf Chowdhury	Director	23,350,148	23,350,148
4	Mr. Rumee A Hossain	Director	36,216,554	36,216,554
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	Ms. Farhana Haq	Director	58,230,519	58,230,519
9	Mr. Enam Chowdhury (Representing Zest Polymers Limited)	Director	25,959,122	25,959,122
10	Ms. Tania Nusrat Zaman (Representing Amiran Generations Limited)	Director	47,558,630	47,558,630
11	Mr. Nafees Khundker	Director	24,784,734	24,784,734
12	Mr. Dilwar H Choudhury (Independent Director)	Director	-	-

Notes to the financial statements

			Amount in Taka
		31-Dec-22	31-Dec-21
13	Mr. Ashraful Haq Chowdhury (Independent Director)	Director	-
14	Mr. Md. Abul Quasem (Independent Director)	Director	-
15	Mr. M. A. Baqui Khalily (Independent Director)	Director	-
16	Mr. Helal Ahmed Chowdhury (Independent Director)	Director	-
15 Statutory reserve			
Balance at the beginning of the year		10,725,443,940	9,844,096,744
Add: Addition during the year		1,024,556,060	881,347,196
Balance at the end of the year		<u>11,750,000,000</u>	<u>10,725,443,940</u>
15.1 Statutory reserve			
Bank Asia Limited		<u>8,166,144</u>	<u>8,166,144</u>
15.1(a) Consolidated General and other reserve			
Bank Asia Limited		8,166,144	8,166,144
Bank Asia Securities Limited			
Opening Balance		150,947	-
Addition during the year		1,609,440	150,947
Adjustment made during the year		-	-
Closing Balance		<u>1,760,387</u>	<u>150,947</u>
		<u>9,926,531</u>	<u>8,317,091</u>
16 Revaluation reserve			
HTM securities (Note 16.1)		82,779,825	61,048,535
HFT securities (Note 16.2)		157,340,380	167,454,171
Fixed Assets revaluation (Note 16.3)		<u>1,876,926,919</u>	<u>1,930,642,171</u>
		<u>2,117,047,124</u>	<u>2,159,144,877</u>
16.1 Revaluation reserve on HTM securities			
Balance at 1 January		61,048,535	46,593,577
Gain from revaluation on investments		25,706,970	22,232,864
Adjustment for sale/maturity of securities		(3,975,680)	(7,777,906)
		<u>82,779,825</u>	<u>61,048,535</u>
16.2 Revaluation reserve on HFT securities			
Balance at 1 January		167,454,171	1,746,995,202
Gain from revaluation on investments		449,360,664	5,282,090,860
Adjustment for sale/maturity of securities		(459,474,455)	(6,861,631,891)
		<u>157,340,380</u>	<u>167,454,171</u>
16.3 Revaluation reserve on Fixed Assets			
Balance at 1 January		1,930,642,171	1,984,357,423
Depreciation charged during the year		(53,715,252)	(53,715,252)
		<u>1,876,926,919</u>	<u>1,930,642,171</u>
16 (a) Consolidated Revaluation reserve			
Bank Asia Limited		2,117,047,124	2,159,144,877
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
BA Express USA, Inc		-	-
		<u>2,117,047,124</u>	<u>2,159,144,877</u>
17 Retained earnings			
Balance at 1 January		2,804,815,058	2,091,617,881
Add: Post - tax profit for the year		3,045,871,705	2,706,735,981
Revaluation reserve transferred to retained earnings		53,715,252	53,715,252
		<u>5,904,402,015</u>	<u>4,852,069,114</u>
Less: Issue of cash dividend for the year 2021		1,748,860,290	-
Issue of cash dividend for the year 2020		-	1,165,906,860
Transfer to statutory reserve		1,024,556,060	881,347,196
Coupon/dividend on perpetual bond		25,016,438	-
		<u>2,798,432,788</u>	<u>2,047,254,056</u>
		<u>3,105,969,227</u>	<u>2,804,815,058</u>

Notes to the financial statements

		Amount in Taka
	31-Dec-22	31-Dec-21
17(a) Consolidated Retained earnings		
Balance at 1 January	2,650,999,337	1,918,254,038
Add: Foreign exchange revaluation reserve for opening retained earnings	-	(1,835,153)
Revaluation reserve transferred to retained earnings	53,715,252	53,715,252
Post-tax profit for the year	3,052,330,481	2,728,270,279
Less: Non controlling interest	11	76
	<u>5,757,045,059</u>	<u>4,698,404,340</u>
Less: Issue of cash dividend for the year 2021	1,748,860,290	-
Issue of cash dividend for the year 2020	-	1,165,906,860
Transferred to statutory reserve	1,024,556,060	881,347,196
Coupon/dividend on perpetual bond	25,016,438	-
Transferred to General and other reserve	1,609,440	150,947
	<u>2,800,042,228</u>	<u>2,047,405,003</u>
	<u>2,957,002,831</u>	<u>2,650,999,337</u>
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	10,285	10,274
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>10,285</u>	<u>10,274</u>
18 Contingent liabilities		
Conventional and Islamic banking	153,506,750,679	173,948,946,762
Off-shore banking unit	56,521,785	16,585,630
	<u>153,563,272,464</u>	<u>173,965,532,392</u>
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	57,446,507,689	62,539,512,475
Off-shore banking unit	14,488,854	-
	<u>57,460,996,543</u>	<u>62,539,512,475</u>
Letters of guarantee		
Conventional and Islamic banking (Note 18.2)	38,211,461,475	37,395,022,735
Off-shore banking unit	667,610	560,859
	<u>38,212,129,085</u>	<u>37,395,583,594</u>
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	28,759,170,485	46,592,755,948
Off-shore banking unit	16,079,604	16,024,771
	<u>28,775,250,089</u>	<u>46,608,780,719</u>
Bills for collection		
Conventional and Islamic banking (Note 18.4)	27,331,428,035	24,377,029,730
Off-shore banking unit	25,285,717	-
	<u>27,356,713,752</u>	<u>24,377,029,730</u>
Other commitments		
Conventional and Islamic banking (Note 18.5)	1,758,182,995	3,044,625,874
Off-shore banking unit	-	-
	<u>1,758,182,995</u>	<u>3,044,625,874</u>
	<u>153,563,272,464</u>	<u>173,965,532,392</u>
18.1 Acceptances and endorsements		
Conventional and Islamic banking	57,446,507,689	62,539,512,475
Off-shore banking unit	14,488,854	-
	<u>57,460,996,543</u>	<u>62,539,512,475</u>
18.2 Letters of guarantee		
Letters of guarantee (Local)	22,825,157,280	22,815,550,343
Letters of guarantee (Foreign)	15,386,304,195	14,579,472,392
	<u>38,211,461,475</u>	<u>37,395,022,735</u>

Notes to the financial statements

	31-Dec-22	31-Dec-21	Amount in Taka
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:			
Directors or officers	-	-	-
Government	26,475,797,111	26,675,385,012	26,675,385,012
Banks and other financial institutions	1,968,793,268	2,104,717,664	2,104,717,664
Others	9,766,871,096	8,614,920,059	8,614,920,059
	<u>38,211,461,475</u>	<u>37,395,022,735</u>	<u>37,395,022,735</u>
18.3 Irrevocable letters of credit			
Letters of credit Back to Back (Inland)	3,399,516,690	4,948,179,357	4,948,179,357
Letters of credit (General)	21,691,897,669	35,500,951,363	35,500,951,363
Back to back L/C	3,667,756,126	6,143,625,228	6,143,625,228
	<u>28,759,170,485</u>	<u>46,592,755,948</u>	<u>46,592,755,948</u>
18.4 Bills for collection			
Local bills for collection	16,968,980,243	17,066,924,015	17,066,924,015
Foreign bills for collection	10,362,447,792	7,310,105,715	7,310,105,715
	<u>27,331,428,035</u>	<u>24,377,029,730</u>	<u>24,377,029,730</u>
18.5 Other commitments			
Forward Assets Purchased and Forward Deposits Placed	1,758,182,995	3,044,625,874	3,044,625,874
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)	26,605,150,451	25,029,338,381	25,029,338,381
Dividend income (Note 22.1)	88,244,680	136,087,793	136,087,793
Fees, commission and brokerage (Note 19.2)	1,825,653,628	1,634,656,721	1,634,656,721
Gains/ less Losses arising from dealing securities	-	-	-
Gains/ less Losses arising from investment securities	415,604	24,181,171	24,181,171
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	5,490,530,270	1,533,729,532	1,533,729,532
Income from non-banking assets	-	-	-
Other operating income (Note 24)	1,138,685,128	1,036,304,780	1,036,304,780
Profit/ less Losses on interest rate changes	-	-	-
	<u>35,148,679,761</u>	<u>29,394,298,378</u>	<u>29,394,298,378</u>
Expenses:			
Interest paid/profit shared on deposits and borrowings, etc (Note 21)	14,916,319,233	12,700,889,562	12,700,889,562
Administrative expenses (Note 19.3)	6,116,677,750	4,722,660,291	4,722,660,291
Other expenses (Note 34)	2,582,537,751	2,007,368,660	2,007,368,660
Depreciation on banks assets (Note 33.1)	838,340,083	770,847,799	770,847,799
	<u>24,453,874,817</u>	<u>20,201,766,312</u>	<u>20,201,766,312</u>
	<u>10,694,804,944</u>	<u>9,192,532,066</u>	<u>9,192,532,066</u>
19.1 Interest, discount and similar income			
Interest income/profit on investments (Note 20)	20,423,046,139	18,340,772,912	18,340,772,912
Interest on treasury bills/reverse repo/bills	5,583,800,846	3,908,121,855	3,908,121,855
Interest income on corporate bonds	342,470,619	346,609,674	346,609,674
Interest on debentures	202,502,475	189,676,820	189,676,820
Income from investment in shares, bonds etc	-	-	-
Capital gain on Government securities and assets	53,330,372	2,244,157,120	2,244,157,120
	<u>26,605,150,451</u>	<u>25,029,338,381</u>	<u>25,029,338,381</u>
19.2 Fees, commission and brokerage			
Commission	1,825,653,628	1,634,656,721	1,634,656,721
Brokerage	-	-	-
	<u>1,825,653,628</u>	<u>1,634,656,721</u>	<u>1,634,656,721</u>

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
19.3 Administrative expenses		
Salaries and allowances (Note 25)	5,045,556,865	3,870,113,954
Rent, taxes, insurance, electricity, etc (Note 26)	578,252,761	480,758,487
Legal expenses (Note 27)	25,413,828	16,556,291
Postage, stamp, telecommunication, etc (Note 28)	153,111,892	118,317,263
Stationery, printing, advertisement, etc (Note 29)	174,289,799	116,093,929
Managing Director's salary and fees (Note 30)	18,854,125	20,401,265
Directors' fees (Note 31)	3,024,000	4,040,000
Auditors' fees (Note 32)	955,000	977,625
Repair of Bank's assets (Note 33.1)	117,219,480	95,401,477
	<u>6,116,677,750</u>	<u>4,722,660,291</u>

On an overall basis, the bank has taken initiative to save extra cost against total target costs for the second half of 2022 under BRPD circular no. 28 dated July 26, 2022 and 30 dated July 27, 2022.

20 Interest income/profit on investments

Conventional and Islamic banking (Note 20.1)	19,005,809,058	17,596,574,931
Off-shore banking unit	1,452,752,732	861,488,771
	<u>20,458,561,790</u>	<u>18,458,063,702</u>
Less: inter transaction between OBU and Conventional banking	35,515,651	117,290,790
	<u>20,423,046,139</u>	<u>18,340,772,912</u>

20.1 Conventional and Islamic banking

Agricultural loan	319,316,834	230,248,953
Cash credit/Bai Murabaha (Muajjal)	385,901,543	450,478,260
Credit card	449,958,131	396,593,918
Credit for poverty alleviation scheme-micro credit	109,760	63,645
Consumer credit scheme	1,381,621,172	1,287,781,175
Demand loan	2,078,318,118	2,293,343,863
Export Development Fund (EDF)	313,368,284	179,315,733
House building loan	130,161,666	146,408,154
Loans (General)	2,321,183,500	1,843,566,090
Loans against trust receipts/ Bai Murabaha post import	768,551,032	851,496,676
Overdrafts/ Quard against scheme	2,745,803,049	2,669,590,719
Packing credit	56,008,697	42,759,146
Payment against documents	20,035,972	10,033,865
Staff loan	87,177,151	74,902,706
Transport loan	169,834,986	184,755,553
Term loan- industrial	2,185,309,996	2,480,006,904
Term loan- others	2,249,608,284	1,983,400,312
Foreign bills purchased	35,128,242	7,535,041
Local bills purchased	121,156,955	102,772,448
Loan Under Covit-19 Stimulus Pkg	496,557,597	1,000,763,628
Total interest/profit on loans and advances/investments	16,315,110,969	16,235,816,789
Interest/profit on balance with other banks and financial institutions	2,668,233,248	1,359,097,512
Interest/profit received from foreign banks	22,464,841	1,660,630
	<u>19,005,809,058</u>	<u>17,596,574,931</u>

20(a) Consolidated Interest income/profit on investments

Bank Asia limited	20,423,046,139	18,340,772,912
Bank Asia Securities Ltd	160,281,453	231,094,069
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>20,583,327,592</u>	<u>18,571,866,981</u>
Less: Inter-company transactions	98,878,292	149,649,645
	<u>20,484,449,300</u>	<u>18,422,217,336</u>

**Notes to the
financial statements**

	Amount in Taka	31-Dec-22	31-Dec-21
21 Interest paid/profit shared on deposits and borrowings etc.			
Conventional and Islamic banking (Note 21.1)	13,937,691,785	12,361,833,326	
Off-shore banking unit	1,014,143,099	456,347,026	
	<u>14,951,834,884</u>	<u>12,818,180,352</u>	
Less: inter transaction with OBU	35,515,651	117,290,790	
	<u>14,916,319,233</u>	<u>12,700,889,562</u>	
21.1 Conventional and Islamic banking			
Interest paid/profit shared on deposits			
Fixed deposits/ Mudaraba Fixed deposit	5,993,819,357	4,335,521,237	
Scheme deposits	5,218,663,228	5,431,369,895	
Sanchaya plus	43,627,266	40,834,844	
Savings deposits/ Mudaraba Savings bank	1,416,936,278	1,446,078,240	
Special notice deposits	643,052,201	337,207,272	
	<u>13,316,098,330</u>	<u>11,591,011,488</u>	
Interest on borrowings and others			
Local banks including Bangladesh Bank	51,521,260	38,813,775	
Interest on subordinated non-covertable bond	567,929,314	731,753,425	
Foreign banks	2,142,881	254,638	
	<u>621,593,455</u>	<u>770,821,838</u>	
	<u>13,937,691,785</u>	<u>12,361,833,326</u>	
21(a) Consolidated Interest Expenses/profit paid on Deposits			
Bank Asia limited	14,916,319,233	12,700,889,562	
Bank Asia Securities Limited	119,900,685	176,722,894	
Bank Asia Securities Ltd	-	-	
BA Express USA, Inc	-	-	
	<u>15,036,219,918</u>	<u>12,877,612,456</u>	
Less: Inter-company transactions	98,878,292	149,649,645	
	<u>14,937,341,626</u>	<u>12,727,962,811</u>	
22 Investment income			
Conventional and Islamic banking (Note 22.1)	6,270,764,596	6,848,834,433	
Off-shore banking unit	-	-	
	<u>6,270,764,596</u>	<u>6,848,834,433</u>	
22.1 Conventional and Islamic Banking			
Interest on treasury bills	1,829,572,795	387,232,252	
Interest on treasury bonds	3,505,721,296	3,514,386,015	
Interest income on corporate bonds	342,470,619	346,609,674	
Interest on Islamic bonds	1,300,991	6,226,273	
Capital gain from investment in shares	415,604	24,181,171	
Dividend on shares	88,244,680	136,087,793	
Profit on Govt Investment SUKUK	202,502,475	189,676,820	
Capital gain on Government securities	53,330,372	2,244,157,120	
Interest on reverse repo	247,205,764	277,315	
	<u>6,270,764,596</u>	<u>6,848,834,433</u>	
Interest income on corporate bonds includes dividend income from perpetual bonds Tk. 187,206,013 (2021: Tk. 130,301,522)			
22(a) Consolidated investment income			
Bank Asia Limited	6,270,764,596	6,848,834,433	
Bank Asia Securities Limited	-	-	
BA Exchange Company (UK) Limited	-	-	
BA Express USA, Inc	-	-	
	<u>6,270,764,596</u>	<u>6,848,834,433</u>	
Less: Inter-company transactions	-	-	
	<u>6,270,764,596</u>	<u>6,848,834,433</u>	

**Notes to the
financial statements**

		Amount in Taka
	31-Dec-22	31-Dec-21
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	7,259,202,384	3,156,545,125
Off-shore banking unit	56,981,514	11,841,128
	<u>7,316,183,898</u>	<u>3,168,386,253</u>
23.1 Conventional and Islamic Banking		
Commission on L/C	276,791,670	280,239,889
Commission on back to back L/C against Export	819,708,152	764,754,486
Fees and commission including Export	288,985,233	211,398,936
Commission on L/G	329,703,175	276,648,417
Commission on export	11,845,859	5,366,953
Commission on PO, DD, TT, TC, etc	35,422,694	35,724,045
Other commission	6,215,331	48,682,867
Foreign exchange gain	1,768,672,114	1,622,815,593
	<u>5,490,530,270</u>	<u>1,533,729,532</u>
	<u>7,259,202,384</u>	<u>3,156,545,125</u>
23(a) Consolidated Commission, exchange and brokerage		
Bank Asia limited	7,316,183,898	3,168,386,253
Bank Asia Securities Ltd	195,774,974	294,493,388
BA Exchange Company (UK) Limited	27,725,518	23,534,818
BA Express USA, Inc	115,659,529	76,182,143
	<u>7,655,343,919</u>	<u>3,562,596,602</u>
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	1,127,546,959	1,019,374,422
Off-shore banking unit	11,138,169	16,930,358
	<u>1,138,685,128</u>	<u>1,036,304,780</u>
24.1 Conventional and Islamic banking		
Locker charge	12,967,350	12,159,700
Service and other charges	553,433,147	507,502,894
Master/Visa card fees and charges	359,977,730	310,674,269
Postage/telex/SWIFT/fax recoveries	123,266,754	129,699,133
Profit on sale of fixed assets	-	15,800
Non-operating income	22,489,892	10,949,554
Rebate on nostro account	55,412,086	48,373,072
	<u>1,127,546,959</u>	<u>1,019,374,422</u>
24 (a) Consolidated other operating income		
Bank Asia Limited	1,138,685,128	1,036,304,780
Bank Asia Securities Ltd	76,835,465	148,131,302
BA Exchange Company (UK) Limited	2,205,291	631,997
BA Express USA, Inc	207,532	253,613
	<u>1,217,933,416</u>	<u>1,185,321,692</u>
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	5,036,303,827	3,867,432,687
Off-shore banking unit	9,253,038	2,681,267
	<u>5,045,556,865</u>	<u>3,870,113,954</u>
25.1 Conventional and Islamic banking		
Basic salary	1,696,369,921	1,380,984,008
Allowances	1,636,072,591	1,455,910,304
Festival bonus	255,435,041	234,384,584
Gratuity	865,326,617	362,400,000
Provident fund contribution	163,099,657	133,753,791
Performance bonus	420,000,000	300,000,000
	<u>5,036,303,827</u>	<u>3,867,432,687</u>

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	5,045,556,865	3,870,113,954
Bank Asia Securities Ltd	92,687,337	86,960,433
BA Exchange Company (UK) Limited	14,381,908	13,337,732
BA Express USA, Inc	27,681,514	24,609,230
	<u>5,180,307,624</u>	<u>3,995,021,349</u>
26 Rent, taxes, insurance, electricity etc.		
Rent expenses (26.1)	493,825,552	464,663,480
Insurance	267,239,390	209,962,041
Power and electricity	123,087,328	121,017,780
	<u>884,152,270</u>	<u>795,643,301</u>
Less: Adjustment as per "IFRS 16: Leases"	410,573,674	419,543,010
Add: Interest portion on lease liabilities	104,674,165	104,658,196
	<u>578,252,761</u>	<u>480,758,487</u>
26.1 The amount represents actual rent expense before adjustment as per IFRS 16: Leases. Business segment wise actual rent expense is given below:		
Conventional banking	481,980,758	456,173,379
Islamic banking	11,558,779	8,230,910
Off-shore banking unit	286,015	259,191
	<u>493,825,552</u>	<u>464,663,480</u>
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	578,252,761	480,758,487
Bank Asia Securities Ltd	9,152,626	8,075,242
BA Exchange Company (UK) Limited	3,479,995	2,215,594
BA Express USA, Inc	16,020,697	13,982,599
	<u>606,906,079</u>	<u>505,031,922</u>
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	25,338,865	16,556,291
Off-shore banking unit	74,963	-
	<u>25,413,828</u>	<u>16,556,291</u>
27.1 Conventional and Islamic Banking		
Legal expenses	25,338,865	16,556,291
Other professional charges	-	-
	<u>25,338,865</u>	<u>16,556,291</u>
27(a) Consolidated Legal expenses		
Bank Asia Limited	25,413,828	16,556,291
Bank Asia Securities Ltd	665,869	461,598
BA Exchange Company (UK) Limited	263,670	71,519
BA Express USA, Inc	-	469,357
	<u>26,343,367</u>	<u>17,558,765</u>
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	152,491,855	117,729,891
Off-shore banking unit	620,037	587,372
	<u>153,111,892</u>	<u>118,317,263</u>
28.1 Conventional and Islamic banking		
Telephone, courier and postage	92,799,799	70,479,084
Master/VISA card process fee	27,108,934	18,804,255
ATM charge	3,584,107	2,291,285
SWIFT and Reuter charge	24,427,936	23,037,929
Internet	4,571,079	3,117,338
	<u>152,491,855</u>	<u>117,729,891</u>

Amount in Taka

	31-Dec-22	31-Dec-21
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	153,111,892	118,317,263
Bank Asia Securities Ltd	2,601,323	2,166,306
BA Exchange Company (UK) Limited	354,215	385,400
BA Express USA, Inc	1,423,372	380,061
	<u>157,490,802</u>	<u>121,249,030</u>
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	174,196,354	116,060,261
Off-shore banking unit	93,445	33,668
	<u>174,289,799</u>	<u>116,093,929</u>
29.1 Conventional and Islamic banking		
Office and security stationery	68,834,997	49,046,627
Calendar, diary, souvenir, etc	23,348,620	19,271,249
ATM card /Supplies And Stationeries	26,457,880	18,939,363
Books and periodicals	1,991,278	1,335,646
Publicity and advertisement	53,563,579	27,467,376
	<u>174,196,354</u>	<u>116,060,261</u>
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	174,289,799	116,093,929
Bank Asia Securities Ltd	660,159	743,405
BA Exchange Company (UK) Limited	1,705,328	1,241,108
BA Express USA, Inc	1,016,427	778,408
	<u>177,671,713</u>	<u>118,856,850</u>
30 Managing Director's salary and fees		
Basic salary	9,158,649	10,982,968
House rent allowance	2,032,708	2,400,000
Entertainment allowances	423,135	600,000
Incentive bonus	1,471,100	880,000
Festival bonus	2,129,600	1,760,000
Utility allowance and others	1,234,177	1,200,000
House maintenance allowance	657,252	600,000
Provident fund	779,504	1,098,297
Leave fare assistance	968,000	880,000
	<u>18,854,125</u>	<u>20,401,265</u>
31 Directors' fees		
Directors' fees	<u>3,024,000</u>	<u>4,040,000</u>
31(a) Consolidated Directors' fees		
Bank Asia Limited	3,024,000	4,040,000
Bank Asia Securities Ltd.	440,000	319,000
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,464,000</u>	<u>4,359,000</u>
32 Auditors' fees		
Audit fees	955,000	977,625
Others	-	-
	<u>955,000</u>	<u>977,625</u>

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
32(a) Consolidated Auditors fees		
Bank Asia Limited	955,000	977,625
Bank Asia Securities Ltd	76,667	76,667
BA Exchange Company (UK) Limited	673,200	720,909
BA Express USA, Inc	1,934,922	1,622,149
	<u>3,639,789</u>	<u>3,397,350</u>
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	955,531,466	866,249,276
Off-shore banking unit	28,097	-
	<u>955,559,563</u>	<u>866,249,276</u>
33.1 Conventional and Islamic banking		
Depreciation		
Owned assets	527,090,901	770,847,799
Leased assets	311,221,085	-
	<u>838,311,986</u>	<u>770,847,799</u>
Repairs		
Building	12,021,430	9,344,331
Furniture and fixtures	4,474,908	3,606,055
Equipments	20,612,629	21,210,990
	<u>37,108,967</u>	<u>34,161,376</u>
Maintenance	80,110,513	61,240,101
	<u>955,531,466</u>	<u>866,249,276</u>
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	955,559,563	866,249,276
Bank Asia Securities Ltd	21,997,848	20,197,492
BA Exchange Company (UK) Limited	621,925	292,598
BA Express USA, Inc	1,371,372	1,666,069
	<u>979,550,708</u>	<u>888,405,435</u>
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	2,563,932,243	1,980,749,343
Off-shore banking unit	18,605,508	26,619,317
	<u>2,582,537,751</u>	<u>2,007,368,660</u>
34.1 Conventional and Islamic banking		
Car expenses	419,487,683	326,270,935
Contractual service expenses	771,548,450	761,415,548
Computer expenses	197,834,767	158,856,357
Other management and administrative expenses	422,098,729	460,732,208
Entertainment	65,181,056	41,354,916
AGM/EGM expenses	11,730,614	500,000
Payment to superannuation fund	15,320,000	7,320,000
Donation and subscription to institutions	627,643,701	208,151,353
Travelling expenses	15,666,461	9,939,328
Training and internship	16,920,782	5,708,698
Sharia council fees	500,000	500,000
	<u>2,563,932,243</u>	<u>1,980,749,343</u>

As per Bangladesh Bank letter ref: BRPD(CMS)651/9(24) Kha/2022-12037 dated November 29,2022 Bank has to transfer CSR fund equivalent to 50% of the income generated from Exchange Gain for the month of May-June 2022 after net of tax.

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
34(a) Consolidated other expenses		
Bank Asia Limited	2,582,537,751	2,007,368,660
Bank Asia Securities Ltd	12,896,931	24,213,486
BA Exchange Company (UK) Limited	4,928,273	8,807,334
BA Express USA, Inc	67,322,015	23,883,134
	<u>2,667,684,970</u>	<u>2,064,272,614</u>
34(b) Provision for loans and advances/investments and off-balance sheet items		
Conventional and Islamic banking	4,193,165,937	4,675,466,021
Off-shore banking unit	(44,232,698)	110,330,064
	<u>4,148,933,239</u>	<u>4,785,796,085</u>
Break up of provision for loans and advances/Investments is shown below:		
General provision		
Conventional and Islamic banking	2,511,924,060	(1,223,410,933)
Off-shore banking unit	(44,632,060)	110,518,933
	<u>2,467,292,000</u>	<u>(1,112,892,000)</u>
Specific provision		
Conventional and Islamic banking	1,726,641,239	5,263,688,085
Off-shore banking unit	-	-
	<u>1,726,641,239</u>	<u>5,263,688,085</u>
Provision for off-balance sheet items		
Conventional and Islamic banking	(295,399,362)	485,188,869
Off-shore banking unit	399,362	(188,869)
	<u>(295,000,000)</u>	<u>485,000,000</u>
Provision for diminution in value of investments	-	-
Other provisions	250,000,000	150,000,000
	<u>4,148,933,239</u>	<u>4,785,796,085</u>
34(c) Consolidated Provision for loans and advances/investments		
Bank Asia Limited	4,148,933,239	4,785,796,085
Bank Asia Securities Limited:		
Specific Provision	100,000,000	8,000,000
Provision for diminution in value of investments	-	51,208,223
Other provisions	-	-
	<u>100,000,000</u>	<u>59,208,223</u>
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>4,248,933,239</u>	<u>4,845,004,308</u>
35 Receipts from other operating activities		
Conventional and Islamic banking (Note 35.1)	1,181,292,935	3,287,712,713
Off-shore banking unit	11,138,169	16,930,358
	<u>1,192,431,104</u>	<u>3,304,643,071</u>
35.1 Conventional and Islamic banking		
Locker charge	12,967,350	12,159,700
Service and other charges	553,433,147	507,502,894
Master card fees and charges	359,977,730	310,674,269
Postage/telex/SWIFT/ fax recoveries	123,266,754	129,699,133
Non-operating income	131,647,954	2,327,676,717
	<u>1,181,292,935</u>	<u>3,287,712,713</u>
35(a) Consolidated Receipts from other operating activities		
Bank Asia Limited	1,192,431,104	3,304,643,071
Bank Asia Securities Ltd	76,835,465	148,131,302
BA Exchange Company (UK) Limited	2,205,291	631,997

Notes to the financial statements

	Amount in Taka	
	31-Dec-22	31-Dec-21
BA Express USA, Inc	207,532	253,613
Less: inter- companies transactions	1,271,679,392	3,453,659,983
	<u>1,271,679,392</u>	<u>3,453,659,983</u>
36 Payments for other operating activities		
Conventional and Islamic banking (Note 36.1)	3,343,257,834	2,621,541,083
Off-shore banking unit	18,891,523	26,878,508
	<u>3,362,149,357</u>	<u>2,648,419,591</u>
36.1 Conventional and Islamic banking		
Rent, rates and taxes	577,966,746	480,499,296
Legal expenses	25,413,828	16,556,291
Directors' fees	3,024,000	4,040,000
Postage, stamp, telecommunication, etc	153,111,892	118,317,263
Other expenses	2,563,932,243	1,980,749,343
Managing Director's salary	18,854,125	20,401,265
Auditors' fee	955,000	977,625
	<u>3,343,257,834</u>	<u>2,621,541,083</u>
36(a) Payments for other operating activities		
Bank Asia Limited	3,362,149,357	2,648,419,591
Bank Asia Securities Ltd	25,833,416	35,312,299
BA Exchange Company (UK) Limited	9,699,353	12,200,756
BA Express USA, Inc	86,701,006	40,337,300
	<u>3,484,383,132</u>	<u>2,736,269,946</u>
37 Earnings per share (EPS)		
Net profit after tax (Numerator)	3,045,871,705	2,706,735,981
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	2.61	2.32
37(a) Consolidated Earnings per share (EPS)		
Net profit after tax (Numerator)	3,052,330,481	2,728,270,279
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	2.62	2.34
38 Reconciliation of net profit with cash flows from operating activities (Solo basis)		
Profit before tax as per profit and loss account	6,545,871,705	4,406,735,981
Adjustment for non-cash items:		
Provision for Loans and advances	4,193,933,239	4,150,796,085
Provision for Off balance sheet items	(295,000,000)	485,000,000
Provision for Diminution in value of investments	-	-
Provision for other assets	250,000,000	150,000,000
Depreciation of Property plant and equipment	955,559,563	866,249,276
Foreign exchange gain/(loss)		
Profit on sale of fixed assets	-	(15,800)
Increase/decrease in operating assets & liabilities:		
Loans and advances to customers	(15,603,656,638)	(17,624,671,692)
Other operating assets	348,218,683	258,482,635
Deposits from customers and banks	19,912,982,535	14,754,328,542
Other operating liabilities	3,153,827,892	11,341,256,537
Trading liabilities	(386,603,576)	(406,708,893)
Income tax paid	(2,498,150,041)	(1,215,831,944)
Cash flows from operating activities as per cash flow statement	<u>16,576,983,362</u>	<u>17,165,620,727</u>

Notes to the financial statements

Amount in Taka

	31-Dec-22	31-Dec-21
38(a) Reconciliation of net profit with cash flows from operating activities (Consolidated basis)		
Profit before tax as per profit and loss account	6,620,303,189	4,523,005,715
Adjustment for non-cash items:		
Provision for Loans and advances	4,293,933,239	4,343,239,734
Provision for Off balance sheet items	(295,000,000)	485,000,000
Provision for Diminution in value of investments	-	51,208,223
Provision for other assets	250,000,000	150,000,000
Depreciation of Property plant and equipment	979,550,708	888,405,435
Foreign exchange gain/(loss)	-	-
Profit on sale of fixed assets	-	(15,800)
Increase/decrease in operating assets & liabilities:		
Loans and advances to customers	(15,591,983,473)	(17,667,635,689)
Other operating assets	411,064,662	298,862,909
Deposits from customers and banks	19,428,195,021	14,931,015,417
Other operating liabilities	3,153,827,892	11,341,256,537
Trading liabilities	(565,596,792)	(279,683,390)
Income tax paid	(2,569,789,573)	(1,310,722,518)
Cash flows from operating activities as per cash flow statement	<u>16,114,504,873</u>	<u>17,753,936,573</u>

39 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 2,865 (2021: 2,547).

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 478th meeting held on 17th August, 2022 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. Ashraful Haq Chowdhury	Member	M.Sc.
Mr. M. A. Baqui Khalily	Member	Ph.D.
Ms. Tania Nusrat Zaman	Member	M.Phil

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

No. of meeting	Date	No. of meeting	Date
223 rd Audit	19 th January 2022	227 th Audit	21 st June 2022
224 th Audit	20 th February 2022	228 th Audit	28 th July 2022
225 th Audit	16 th March 2022	229 th Audit	28 th August 2022
226 th Audit	26 th April 2022	230 th Audit	30 th October 2022

In the year 2022, 8 (eight) 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 31.12.2021.
 - 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.

Notes to the financial statements

- * 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.

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 2022 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Agro Food Services Ltd.	Common Directors/ Close family members Director	Office Rent	14,097,250
Romask Ltd	-do-	Printing	37,823,759
Rangs Industries Ltd.	-do-	Electronic items supplier	318,770
Garda Shield Security Service Ltd.	-do-	Maintenance	6,801,637
Rangs workshop Ltd	-do-	Car repair and Services	759,384
Ranks ITT Ltd.	-do-	Network Connectivity fees	27,273,541
DHS Motors	-do-	Car providers & Car repair and Services	255,139
Shield Security Service	-do-	Security Service providers	448,667,220
Green Bangla	-do-	Tree Plantation	226,241
Reliance Insurance	-do-	Insurance Service	39,534,676
The Daily Star	-do-	Advertising	4,436,413
Ali Estates Limited	-do-	Office Rent	126,337,106
Rancon Industrial Solutions Limited	-do-	Machinery Equipments provider	5,982,017
M/s. M Ahmed Tea & Land Co. Limited	-do-	Office Rent	378,000
Opex Fashions Limited	-do-	Office Rent	6,883,277
Rangs Power Tech Limited	-do-	Machinery Equipments provider	517,929
Rancon British Motors Ltd	-do-	Car Supplier	3,739,514
Rangs Limited	-do-	Car Supplier	3,328,464
Thai-Chi Restaurant	-do-	Food Supplier	885,190
Clean-X International Ltd.	-do-	Cleaning Material	384,577
ERA Infotech	Associate Company	Software vendor	88,846,862

During the year 2022, Directors and their interest in different entities are given in Annexure F:

41.1 Key Management personnel compensation

Transactions with Key Management personnel of the Bank for the period January – December 2022 is given below:

Particulars	Amount Tk
Short-term employee benefit	137,509,149

Key Management personnel includes President and Managing Director, 01 no. Additional Managing Director, 04 nos. Deputy Managing Director, 11 nos Senior Executive Vice President including Company Secretary, Head of Internal Control & Compliance Division and Chief Financial Officer.

42 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, Hoda Vasi Chowdhury & Co , Chartered Accountants worked about 7,100 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 2022 was Tk. 20.50 (2021: Tk. 21.80) at DSE and Tk. 20.20 at CSE (2021: 20.90).

44 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 491st meeting held on March 18, 2023 has recommended 15% 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.