

Independent Auditor's Report
To the Shareholders of Southeast Bank Limited
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Southeast Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Southeast Bank Limited (the "Bank"), which comprise the consolidated and separate Balance sheets as at 31 December 2019 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.

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 Balance Sheet of the Group and the separate Balance Sheet of the Bank as at 31 December 2019 and of its consolidated and separate statement of profit and loss and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and 3.

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 remained 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. We summarize below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. 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.

The key audit matters are discussed below together with an explanation of how the risk and our audit response was tailored to address these specific areas.

All key audit matters are applicable to both the group and parent company.

Sl.	Particulars	Risks	Auditor's Responses
i.	<p>Provision for Loans and Advances: As of the reporting date, the Group reports loans and advances / Investment BDT 29,675.30 crore representing 70.27 % of total assets; and provisions regarding loans and advances of BDT 458.33 crore represents 31.85% of bank's total operating income.</p> <p>Refer to note no. 10, 11 and 21.1 to the financial statements.</p>	<p>The carrying value of loans and advances may be materially misstated in case of inappropriate identification and estimation of provision either individually or collectively. Provision calculations for loans and advances and credit risk are significant and complex for manually processed vast databases, assumptions, design and implementation.</p> <p>As a part of risk assessment, we identified the following judgments which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> ➤ Measurement of the provision is dependent on the reasonable valuation of collateral security, estimates of exit values and the timing of cash flows, ➤ Key assumption factors relating to probability of default, collateral and recovery process, ➤ Estimation of future business performance and market value of collateral provided against loans and advances, ➤ Actual business performance may be misled due to under or over provision of loans and advances, ➤ Completeness and timing of recognition of provision of loans and advances in accordance with criteria set out in BRPD circular numbers: 14 & 15/2012, 19/2012, 05/2013, 16/2014, 08/2015, 15/2017, 12/2017, 01/2018, 07/2018, 03/2019. 	<p>We have established audit approach over the individual provision for control and substantive tests considering the following factors:</p> <ul style="list-style-type: none"> ➤ Accuracy of data input into the system used for credit grading and the approval of credit facilities. ➤ Ongoing monitoring and recovery of loans and advances displaying indicators of provision and detection of classified and unclassified status on a timely basis. <p>We have tested the design and operating effectiveness of key controls focusing on the following areas:</p> <ul style="list-style-type: none"> ➤ Tested the credit appraisal, loans disbursement procedures, monitoring and provisioning process; ➤ Identification of loss events, including early warning and default warning process; ➤ Reviewed quarterly classification of loans and advances. <p>Our substantive audit procedures regarding the provision for loans and advances portfolio involved the following factors:</p> <ul style="list-style-type: none"> ➤ Reviewed the adequacy of the company's general and specific provisions; ➤ Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy; ➤ In the tripartite meeting dated 16.06.2020 a discussion was made on fixation of ultimate provision for loans and advances and adequate provision was maintained on unanimously agreed upon taking into consideration the overall global and national economic crisis arising out of unexpected Covid-19 disaster. <p>Optimum results: Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

Sl.	Particulars	Risks	Auditor's Responses
ii.	<p>Measurement of deferred tax liabilities:</p> <p>The deferred tax liabilities amounting to BDT 40.30 crore were shown in the financial statements as at 31 December 2019.</p> <p>For significant accounting policies and critical accounting estimates for the recognition and measurement of deferred tax liabilities, we refer to note 3.16.2 of the consolidated financial statements " Significant Accounting Policies" (Section " Tax Expenses")</p> <p>We refer to note number 20, 21 and 21.3.2 of the consolidated financial statements.</p>	<p>Recognition and measurement of deferred tax liabilities contain judgment and objective estimates regarding future taxable profit and the usability of unused tax losses and tax credits.</p> <p>The significant risk arises from the estimation of future usability of the benefits. Such estimation required in relation to deferred tax liabilities as their recoverability is dependent on the forecasts of profitability available in near future.</p>	<p>We have conducted a risk assessment to obtain an understanding of the relevant tax laws and regulations considering the following:</p> <ul style="list-style-type: none"> ➤ Evaluation of the policies used for recognition and measurement of deferred tax liabilities in accordance with IAS 12, ➤ Test of design, implementation and operating effectiveness of internal controls with respect to recognition of deferred tax liabilities, ➤ The computation of deferred tax liabilities by applying appropriate provisions of tax law to schedule reversals particularly the potential tax rates applicable at the time of expected reversals, ➤ The strategy's compliance with the tax laws. <p>Optimum results: We considered recognition and measurement of deferred tax liabilities in particular regarding the assumptions and parameters to develop the taxable profit and usability of tax losses and credits to be reasonable.</p>
iii.	<p>Carrying value of investments in subsidiary(s) by the Bank:</p> <p>The Bank has invested amount of BDT 548.99 crore in equity shares of its subsidiary Southeast Bank Capital Limited (in Bangladesh). It has also invested in foreign subsidiaries namely Southeast Financial Services (UK) Ltd. and Southeast Exchange Company (South Africa) Pty Ltd. as at 31 December 2019 the carrying value of the investment in foreign subsidiaries was</p>	<p>Recoverability of the foreign investment is generally considered a high risk matter. However, due to the materiality of the investment in the context of the parent company's financial statements, this is considered to be the area that had the great focus of our overall parent company audit.</p>	<p>We have focused on the appropriateness of the application of 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 have compared the carrying amount of the total investment balance with the relevant subsidiary's financial position to identify whether their net assets were in excess of their carrying amount and assessed historical financial performance.</p> <p>Optimum results: We considered the banking group's assessment of the recoverability of the investment in subsidiaries to be acceptable.</p>

	BDT 4.2 crore. Total investment in subsidiaries was BDT 553.21 which represents 1.31% of the Bank's total assets. We refer to note no 15, 15.3 and 15.4 of the consolidated financial statements.		
Sl.	Particulars	Risks	Auditor's Responses
iv.	<p>IT Systems and Internal Controls:</p> <p>Our audit procedures have a focus on IT systems and control due to the previous nature and complexity of the IT environment, the large volume of transactions proceeds in numerous locations daily and the reliance on automated and manual with automated (IT dependent) controls .</p> <p>We have focused on Banks compliance with the Internal control set out in the "Guideline on ICT Security For Banks and NBFIs by Bangladesh Bank.</p> <p>We refer to note number 3.20 to the consolidated financial statements.</p>	<p>Information Technology risk arises from the use of computer systems in the day-to-day conduct of the bank's operations, reconciliation of books of accounts, and storage and retrieval of information and reports. The risk can occur due to the choice of faulty or unsuitable technology and adoption of untested or obsolete technology. Major risk arises from breaches of security for access to the computer system, tampering with the system, and unauthorized use of it. Historically, information technology was used as a supporting tool for fast and accurate delivery of financial services. Over the years, the uses of information technology in financial services have substantially widened. Fierce competition among banks induced them to enlarge their network of banking products and services, and compelled them to offer services off-site and allow the customers to access the computers from their end. Banks are facing greater threats from rapid changes occurring in the technological systems applicable to financial services.</p>	<p>We have tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</p> <p>We have obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems. We also assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights.</p> <p>We have reviewed the System of Internal Control (ref: note number. 3.20.5) which is designed to manage all the risks of failure to a reasonable level and this System provides reasonable assurance of effective and efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies.</p> <p>We have checked standards over systems related process and documentation, and IT General controls to get reasonable assurance that the IT environment being used to generate, process and transmit financial information/records has reasonable level of control in place.</p> <p>Optimum result: We considered the user access management, segregation of duties and change management controls in relation to financial accounting and reporting systems appears to be reasonable.</p>

Other Information

Management is responsible for other information. The other information comprises all of the information in the annual audit report other than the consolidated and separate financial statements and our auditor's 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 thereby we do not express any observation to that effect.

However, in connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified in the Annual Report as & when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 3.21, 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 (amended up to 2018) 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 judgment 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 consolidated and separate 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 1987, the Bank Company Act, 1991(amended up to 2018) 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 of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on antifraud 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.
- (iii) Financial statements of Southeast Bank Limited and its subsidiaries in Bangladesh i.e Southeast Bank Capital Services Limited have been audited by us and in outside Bangladesh namely, Southeast Financial Services (UK) Ltd have been certified by Jahan & Co., Chartered Management Accountants and Southeast Exchange Company (South Africa) Pty Ltd have been audited by G.L. PALMER AND COMPANY as at 31 December 2019, and have been properly reflected in the consolidated financial statements (note no.1.5.1, 1.5.2 & 1.5.3);

- (iv) In our opinion, proper books of accounts 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 expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) The consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) Adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) The information and explanations required by us have been received and found satisfactory;
- (xi) We have reviewed over 80% of the risk weighted assets of the Bank and spent over 8,400 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank appeared to have been maintained.

Dhaka,
Date : 30 June 2020

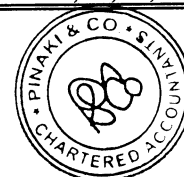

Pinaki Das, FCA
For and on behalf of
Pinaki & Company
Chartered Accountants

Southeast Bank Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	4		
In hand (including foreign currencies)		3,664,880,130	3,598,852,097
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		18,954,911,247	17,916,575,574
		22,619,791,377	21,515,427,671
Balance with other banks and financial institutions	5		
In Bangladesh		5,568,594,836	3,984,794,486
Outside Bangladesh		1,903,702,998	2,449,639,553
		7,472,297,834	6,434,434,039
Money at call and on short notice	7	4,739,531,100	6,897,100,000
Investments	8		
Government		62,409,764,654	50,963,038,896
Others		14,900,277,916	14,646,513,537
		77,310,042,570	65,609,552,433
Loans and advances/investments	10		
Loans, cash credit, overdrafts etc./investments		278,757,951,276	255,400,659,122
Bills purchased and discounted		17,995,011,999	12,270,968,683
		296,752,963,275	267,671,627,805
Fixed assets including premises, furniture and fixtures	12	9,333,658,015	9,337,295,160
Other assets	14	4,084,430,822	4,110,241,772
Non-banking assets		-	-
Total assets		422,312,714,993	381,575,678,880
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	16		
Subordinated bond		10,200,000,000	11,800,000,000
Other borrowings		13,701,399,879	11,211,700,343
		23,901,399,879	23,011,700,343
Deposits and other accounts	18		
Current/Al-wadeeah current accounts and other accounts		48,260,613,039	40,472,065,762
Bills payable		4,095,294,208	4,494,551,361
Savings bank/Mudaraba savings bank deposits		30,416,845,985	27,259,920,347
Fixed deposits/Mudaraba fixed deposits		246,477,520,709	226,108,257,117
		329,250,273,941	298,334,794,587
Other liabilities	20	38,651,506,648	32,102,455,720
Total liabilities		391,803,180,468	353,448,950,650
Capital/shareholders' equity			
Paid up capital	22.2	11,599,419,720	10,544,927,020
Statutory reserve	23	10,969,433,607	10,094,153,565
Revaluation reserve	24	4,248,271,218	4,360,801,902
Other reserve	25	247,650,000	247,650,000
Foreign currency translation reserve	26	(8,779,606)	(28,918,605)
Retained earnings	27	3,443,466,969	2,898,043,836
Total shareholders' equity		30,499,461,908	28,116,657,718
Non-controlling interest	29	10,072,617	10,070,512
Total liabilities and shareholders' equity		422,312,714,993	381,575,678,880



Southeast Bank Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
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OFF-BALANCE SHEET ITEMS

Contingent liabilities

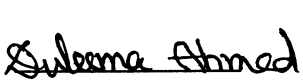
Acceptances and endorsements	30.1	48,407,681,253	63,853,762,984
Letters of guarantee	30.2	16,773,718,041	19,197,993,041
Irrevocable letters of credit	30.3	27,936,453,209	36,374,559,306
Bills for collection	30.4	28,576,944,200	24,664,926,813
Other contingent liabilities	30.5	1,454,224,000	1,413,684,000
Total contingent liabilities		123,149,020,703	145,504,926,144

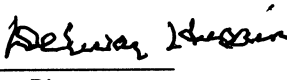
Other commitments

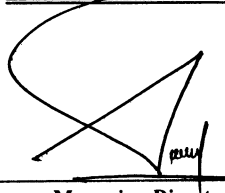
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total other commitments	-	-
Total off-balance sheet items including contingent liabilities	123,149,020,703	145,504,926,144

The annexed notes 1 to 71 form an integral part of these financial statements.


Chairman


Director


Director


Managing Director

Signed in terms of our separate report of even date

Dhaka,
Date: 30 June 2020


Pinaki & Company
Chartered Accountants

Southeast Bank Limited and its Subsidiaries

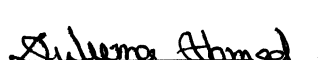
Consolidated Profit and Loss Account

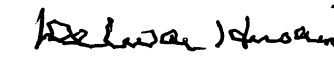
For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
Interest income/profit on investments	32	26,258,882,397	23,977,837,107
Interest paid/profit shared on deposits and borrowings etc.	34	(22,001,885,612)	(18,777,897,307)
Net interest income/net profit on investments		4,256,996,785	5,199,939,800
Investment income	36	5,288,975,155	5,129,753,568
Commission, exchange and brokerage	38	3,859,609,254	3,652,775,278
Other operating income	40	985,139,688	979,447,885
		10,133,724,097	9,761,976,731
Total operating income (A)		14,390,720,882	14,961,916,531
Salaries and allowances	42	2,175,294,624	2,026,521,807
Rent, taxes, insurance, electricity, etc.	44	1,083,363,119	1,031,566,389
Legal expenses		1,998,326	1,299,331
Postage, stamp, telecommunication, etc.	46	174,546,805	182,353,593
Stationery, printing, advertisements, etc.	48	165,746,039	165,642,288
Managing Director's salary and fees	50	11,072,000	10,072,000
Directors' fees	51	3,468,248	2,926,099
Auditors' fees	53	1,904,078	1,847,371
Depreciation and repair	54	534,629,560	476,294,631
Other expenses	56	1,255,718,774	1,280,397,900
Total operating expenses (B)		5,407,741,573	5,178,921,410
Profit before provision (C=A-B)		8,982,979,309	9,782,995,122
Provision for loans and advances/investments	21.1		
General provision		328,228,000	(119,210,024)
Specific provision		4,255,025,727	4,974,285,948
		4,583,253,727	4,855,075,924
Provision for diminution in value of investments	21.7	319,600,000	413,060,983
Other provisions	21.5	(324,100,000)	(153,800,000)
Total provision (D)		4,578,753,727	5,114,336,907
Total profit before taxation (E=C-D)		4,404,225,582	4,668,658,214
Provision for taxation	58		
Current		2,640,055,033	2,230,449,370
Deferred		(744,386,000)	(35,000,000)
		1,895,669,033	2,195,449,370
Net profit after taxation		2,508,556,549	2,473,208,844
Net profit after taxation attributable to:			
Equity holders' of the Bank		2,508,554,444	2,473,189,135
Non-controlling interest		2,105	19,709
Net profit after taxation		2,508,556,549	2,473,208,844
Appropriations			
Statutory reserve	23	875,280,042	924,153,565
		875,280,042	924,153,565
Retained surplus during the year		1,633,276,507	1,549,055,280
Earnings per share (par value Taka 10)	64	2.16	2.13

The annexed notes 1 to 71 form an integral part of these financial statements.


Chairman


Director


Director


Managing Director

Signed in terms of our separate report of even date

Dhaka,
Date: 30 June 2020

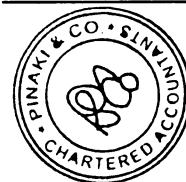

Pinaki & Company
Chartered Accountants

Southeast Bank Limited and its Subsidiaries

Consolidated Cash Flow Statement

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
A. Cash flows from operating activities:			
Interest receipts in cash		30,849,673,817	28,773,552,446
Interest payments		(20,768,783,904)	(17,355,370,160)
Dividend receipts		252,697,447	178,893,878
Fees and commission receipts in cash	38	3,859,609,254	3,652,775,278
Recoveries on loans previously written-off		917,012,200	404,812,584
Cash payments to employees		(2,186,366,624)	(2,036,593,807)
Cash payments to suppliers		(183,212,580)	(143,129,691)
Income taxes paid		(2,198,773,052)	(2,194,287,059)
Receipts from other operating activities	60	983,474,309	979,305,053
Payments for other operating activities	62	(2,649,462,049)	(2,479,049,698)
Operating profit before changes in operating assets and liabilities (i)		8,875,868,818	9,780,908,823
Increase (decrease) in operating assets and liabilities			
Sale of trading securities		932,751,633	1,723,256,168
Purchase of trading securities		(744,452,229)	(2,348,147,650)
Loans and advances to customers		(29,289,880,807)	(35,930,567,970)
Other assets		206,061,988	(189,426,865)
Deposits from other banks		2,489,699,536	1,030,051,615
Deposits from customers		29,472,714,367	27,230,358,562
Other liabilities		1,599,560,682	2,253,081,234
Cash generated from (used in) operating assets and liabilities (ii)		4,666,455,169	(6,231,394,905)
Net cash flows from operating activities (a=i+ii)		13,542,323,987	3,549,513,918
B. Cash flows from investing activities:			
Proceeds from sale of securities		96,834,627,415	54,654,139,635
Payments for purchase of securities		(96,739,944,762)	(54,337,993,353)
Purchase of fixed assets		(340,168,614)	(372,391,753)
Sale of fixed assets		17,150,306	3,811,056
Cash generated from (used in) investing activities (b)		(228,335,655)	(52,434,415)
C. Cash flows from financing activities:			
Receipts from issue of loan capital & debt security		-	5,000,000,000
Payments for redemption of loan capital & debt security		(1,600,000,000)	(600,000,000)
Dividends paid		-	-
Payment against lease obligation		(133,379,383)	(2,477,131)
Receipts from issue of ordinary shares		-	-
Cash generated from (used in) financing activities (c)		(1,733,379,383)	4,397,522,869
D. Net increase (decrease) in cash and cash equivalents (a+b+c)		11,580,608,949	7,894,602,372
E. Effects of exchange rate changes on cash and cash equivalents		(11,294,912)	22,040,234
F. Cash and cash equivalents at beginning of the year		36,823,677,730	28,907,035,123
G. Cash and cash equivalents at end of the year (D+E+F)		48,392,991,767	36,823,677,730
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)	4	3,664,880,130	3,598,852,097
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	18,954,911,247	17,916,575,574
Balance with other banks and financial institutions	5	7,472,297,834	6,434,434,039
Money at call and on short notice	7	4,739,531,100	6,897,100,000
Treasury bills	9.1.1	13,555,450,056	1,971,577,720
Prize bond	9.1.1	5,921,400	5,138,300
		48,392,991,767	36,823,677,730



Southeast Bank Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

Particulars	Paid up Capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Translation Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity of the Group
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2019	10,544,927,020	10,094,153,565	4,360,801,902	247,650,000	(28,918,605)	2,898,043,836	28,116,657,718	10,070,512	28,126,728,230
Changes in accounting policy/ Prior year adjustments	-	-	-	-	-	100,399,123	100,399,123	-	100,399,123
Restated balance	10,544,927,020	10,094,153,565	4,360,801,902	247,650,000	(28,918,605)	2,998,442,959	28,217,056,841	10,070,512	28,227,127,353
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	(112,530,684)	-	-	-	(112,530,684)	-	(112,530,684)
Currency translation differences	-	-	-	-	20,138,999	(1,650,941)	18,488,058	-	18,488,058
Southeast Financial Services (Australia) Pty Ltd.	-	-	-	-	-	17,893,249	17,893,249	-	17,893,249
Net gains and losses not recognized in the income statement	-	-	(112,530,684)	-	20,138,999	16,242,308	(76,149,377)	-	(76,149,377)
Net profit for the year	-	-	-	-	-	2,508,554,444	2,508,554,444	2,105	2,508,556,549
Cash dividend	-	-	-	-	-	-	-	-	-
Issue of share capital/ Bonus share	1,054,492,700	-	-	-	-	(1,054,492,700)	-	-	-
Transfer to Southeast Bank Staff Welfare Trust	-	-	-	-	-	(150,000,000)	(150,000,000)	-	(150,000,000)
Appropriation made during the year	-	-	-	-	-	(875,280,042)	-	-	-
Statutory reserve	-	875,280,042	-	-	-	-	-	-	-
Balance as at 31 December 2019	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	(8,779,606)	3,443,466,969	30,499,461,908	10,072,617	30,509,534,525
Balance as at 31 December 2018	10,544,927,020	10,094,153,565	4,360,801,902	247,650,000	(28,918,605)	2,898,043,836	28,116,657,718	10,070,512	28,126,728,230



Southeast Bank Limited

Balance Sheet

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	4.1		
In hand (including foreign currencies)		3,664,640,436	3,598,790,655
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		18,954,911,247	17,916,575,574
		22,619,551,683	21,515,366,229
Balance with other banks and financial institutions	6		
In Bangladesh		5,568,594,836	3,984,794,486
Outside Bangladesh		1,762,989,139	2,272,907,523
		7,331,583,975	6,257,702,009
Money at call and on short notice	7	4,739,531,100	6,897,100,000
Investments	9		
Government		62,409,764,654	50,963,038,896
Others		12,074,625,437	11,920,717,298
		74,484,390,091	62,883,756,194
Loans and advances/investments	11		
Loans, cash credit, overdrafts etc./investments		277,020,101,321	252,933,241,876
Bills purchased and discounted		17,995,011,999	12,270,968,683
		295,015,113,320	265,204,210,559
Fixed assets including premises, furniture and fixtures	13	8,754,955,398	8,782,363,746
Other assets	15	9,485,465,483	9,554,422,290
Non - banking assets		-	-
Total assets		422,430,591,050	381,094,921,027
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	17		
Subordinated bond		10,200,000,000	11,800,000,000
Other borrowings		13,701,399,879	11,157,491,516
		23,901,399,879	22,957,491,516
Deposits and other accounts	19		
Current/AI-wadeeah current accounts and other accounts		48,807,799,671	40,457,857,551
Bills payable		4,095,294,208	4,494,551,361
Savings bank/Mudaraba savings bank deposits		30,416,845,985	27,259,920,347
Fixed deposits/Mudaraba fixed deposits		246,477,520,709	226,108,257,117
		329,797,460,573	298,320,586,377
Other liabilities	21	38,312,892,783	31,765,504,056
Total liabilities		392,011,753,235	353,043,581,949
Capital/shareholders' equity			
Paid up capital	22.2	11,599,419,720	10,544,927,020
Statutory reserve	23	10,969,433,607	10,094,153,565
Revaluation reserve	24	4,248,271,218	4,360,801,902
Other reserve	25	247,650,000	247,650,000
Retained earnings	28	3,354,063,270	2,803,806,592
Total shareholders' equity		30,418,837,815	28,051,339,079
Total liabilities and shareholders' equity		422,430,591,050	381,094,921,027



Southeast Bank Limited

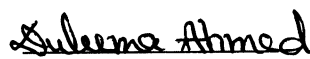
Balance Sheet

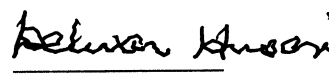
As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	30.1	48,407,681,253	63,853,762,984
Letters of guarantee	30.2	16,773,718,041	19,197,993,041
Irrevocable letters of credit	30.3	27,936,453,209	36,374,559,306
Bills for collection	30.4	28,576,944,200	24,664,926,813
Other contingent liabilities	30.5	1,454,224,000	1,413,684,000
Total contingent liabilities		123,149,020,703	145,504,926,144
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total off-balance sheet items including contingent liabilities		123,149,020,703	145,504,926,144

The annexed notes 1 to 71 form an integral part of these financial statements.


Chairman


Director


Director


Managing Director

Signed in terms of our separate report of even date

Dhaka,
Date: 30 June 2020


Pinaki & Company
Chartered Accountants

Southeast Bank Limited
Profit and Loss Account
For the year ended 31 December 2019

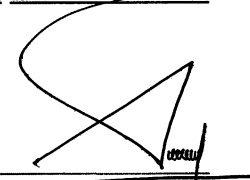
Particulars	Note	2019 Taka	2018 Taka
Interest income/profit on investments	33	26,242,459,146	23,951,689,857
Interest paid/profit shared on deposits and borrowings etc.	35	(22,026,807,868)	(18,775,867,174)
Net interest income/net profit on investments		4,215,651,278	5,175,822,683
Investment income	37	5,251,583,015	5,062,022,727
Commission, exchange and brokerage	39	3,764,992,196	3,538,712,150
Other operating income	41	978,908,443	947,056,334
Total operating income (A)		14,211,134,932	14,723,613,895
Salaries and allowances	43	2,142,216,378	1,992,049,030
Rent, taxes, insurance, electricity, etc.	45	1,061,295,939	1,015,140,607
Legal expenses		1,863,455	1,293,220
Postage, stamp, telecommunication, etc.	47	173,691,923	181,005,852
Stationery, printing, advertisements, etc.	49	164,420,208	162,614,460
Managing Director's salary and fees	50	11,072,000	10,072,000
Directors' fees	52	3,292,248	2,718,099
Auditors' fees		1,000,000	1,000,000
Depreciation and repair of bank's assets	55	478,520,196	413,975,642
Other expenses	57	1,218,608,648	1,208,640,252
Total operating expenses (B)		5,255,980,995	4,988,509,163
Profit before provision (C=A-B)		8,955,153,937	9,735,104,731
Provision for loans and advances/investments	21.1		
General provision		328,228,000	(119,210,024)
Specific provision		4,255,025,727	4,974,285,948
		4,583,253,727	4,855,075,924
Provision for diminution in value of investments	21.7.1	319,600,000	413,060,983
Other provisions	21.5	(324,100,000)	(153,800,000)
Total provision (D)		4,578,753,727	5,114,336,907
Total profit before taxation (C-D)		4,376,400,210	4,620,767,824
Provision for taxation	59		
Current		2,600,000,000	2,200,000,000
Deferred		(744,386,000)	(35,000,000)
		1,855,614,000	2,165,000,000
Net profit after taxation		2,520,786,210	2,455,767,824
Appropriations			
Statutory reserve	23	875,280,042	924,153,565
		875,280,042	924,153,565
Retained surplus during the year		1,645,506,168	1,531,614,259
Earnings per share (par value Taka 10)	65	2.17	2.12

The annexed notes 1 to 71 form an integral part of these financial statements.


Chairman


Director


Director


Managing Director

Signed in terms of our separate report of even date

Dhaka,
Date: 30 June 2020


Pinaki & Company
Chartered Accountants

Southeast Bank Limited
Cash Flow Statement
For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
A. Cash flows from operating activities:			
Interest receipts in cash		30,833,250,566	28,747,405,196
Interest payment		(20,475,695,465)	(17,216,299,888)
Dividend receipts		189,895,835	130,239,122
Fees and commission receipts in cash	39	3,764,992,196	3,538,712,150
Recoveries on Loans previously written-off		917,012,200	404,812,584
Cash payments to employees		(2,153,288,378)	(2,002,121,030)
Cash payments to suppliers		(181,886,749)	(140,101,863)
Income taxes paid		(2,074,350,417)	(2,172,386,062)
Receipts from other operating activities	61	977,243,064	946,913,502
Payments for other operating activities	63	(2,604,170,083)	(2,439,278,046)
Operating profit before changes in operating assets and liabilities (i)		9,193,002,768	9,797,895,665
Increase (decrease) in operating assets and liabilities			
Sale of trading securities		932,751,633	1,723,256,168
Purchase of trading securities		(744,452,229)	(2,348,147,650)
Loans and advances to customers		(29,602,357,424)	(35,928,867,124)
Other assets		222,071,583	(188,674,412)
Deposits from other banks		2,543,908,363	975,842,788
Deposits from customers		30,034,109,210	27,211,136,730
Other liabilities		950,459,975	2,264,998,681
Cash generated from (used in) operating assets and liabilities (ii)		4,336,491,110	(6,290,454,818)
Net cash flows from operating activities (a=i+ii)		13,529,493,878	3,507,440,847
B. Cash flows from investing activities:			
Proceeds from sale of securities		96,794,627,414	54,654,139,635
Payments for purchase of securities		(96,739,944,762)	(54,337,993,353)
Purchase of fixed assets		(271,637,583)	(374,799,850)
Sale of fixed assets		17,150,306	3,776,352
Cash generated from (used in) investing activities (b)		(199,804,625)	(54,877,216)
C. Cash flows from financing activities:			
Receipts from issue of loan capital & debt security		-	5,000,000,000
Payments for redemption of loan capital & debt security		(1,600,000,000)	(600,000,000)
Dividends paid		-	-
Payment against lease obligation		(133,379,383)	(2,477,131)
Receipts from issue of ordinary shares		-	-
Cash generated from (used in) financing activities (c)		(1,733,379,383)	4,397,522,869
D. Net increase (decrease) in cash and cash equivalents (a+b+c)		11,596,309,870	7,850,086,500
E. Effects of exchange rate changes on cash and cash equivalents		8,844,086	7,264,394
F. Cash and cash equivalents at beginning of the year		36,646,884,258	28,789,533,363
G. Cash and cash equivalents at end of the year (D+E+F)		48,252,038,214	36,646,884,258
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)	4.1	3,664,640,436	3,598,790,655
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4.1	18,954,911,247	17,916,575,574
Balance with other banks and financial institutions	6	7,331,583,975	6,257,702,009
Money at call and on short notice	7	4,739,531,100	6,897,100,000
Treasury bills	9.1.1	13,555,450,056	1,971,577,720
Prize bond	9.1.1	5,921,400	5,138,300
		48,252,038,214	36,646,884,258

Note: The reconciliation of net profit with cash flows from operating activities has been presented at Annexure - J.



Southeast Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2019

Particulars	Paid up Capital	Statutory Reserve	Revaluation Reserve	Other Reserves	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2019	10,544,927,020	10,094,153,565	4,360,801,902	247,650,000	2,803,806,592	28,051,339,079
Changes in accounting policy/ prior year adjustments	-	-	-	-	100,399,123	100,399,123
Restated balance	10,544,927,020	10,094,153,565	4,360,801,902	247,650,000	2,904,205,715	28,151,738,202
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	(112,530,684)	-	-	(112,530,684)
Currency translation differences	-	-	-	-	8,844,087	8,844,087
Net gains and losses not recognized in the income statement	-	-	(112,530,684)	-	8,844,087	(103,686,597)
Net profit for the year	-	-	-	-	2,520,786,210	2,520,786,210
Cash dividend	-	-	-	-	-	-
Issue of share capital/ Bonus share	1,054,492,700	-	-	-	(1,054,492,700)	-
Transfer to Southeast Bank Staff Welfare Trust	-	-	-	-	(150,000,000)	(150,000,000)
Appropriation made during the year	-	875,280,042	-	-	(875,280,042)	-
Statutory reserve	-	-	-	-	-	-
Balance as at 31 December 2019	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	3,354,063,270	30,418,837,815
Balance as at 31 December 2018	10,544,927,020	10,094,153,565	4,360,801,902	247,650,000	2,803,806,592	28,051,339,079



Southeast Bank Limited and its Subsidiaries

Notes to the Financial Statements

As at and for the year ended 31 December 2019

Corporate profile and significant Accounting Policies

1 Reporting entity

1.1 Status of the Bank

Southeast Bank Limited (the "Bank") is a scheduled commercial bank in the private sector established under the Bank Companies Act, 1991 and incorporated in Bangladesh on March 12, 1995 as a public limited company to carry out banking business in Bangladesh. The registered office of the Bank is located at Eunoos Trade Centre 52-53, Dilkusha Commercial Area (Level 2,3 &16), Dhaka-1000. The consolidated financial statements of the Bank as at and for the year ended 31 December 2019 comprise the Bank and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

1.2 Principal activities of the Bank

The Bank has 135 (2018:135) branches and 09 sub-branches established in 2019, with no overseas branch as on 31 December 2019. Out of 135 branches 5 (2018:5) branches run on Islamic banking and the rest 130 (2018:130) branches run on commercial conventional basis, of which 15 (2018:15) SME/agricultural branches are located across the country. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans and advances, export import financing, inland and international remittance facility etc. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company.

The Bank operates Islamic banking in 5 branches designated for the purpose in complying with the rules of Islamic Shariah the modus operandi.

The Bank has three subsidiaries, one for its merchant banking operation (for details see note 1.5) and another two for its remittance business of which one in the United Kingdom (for details see note 1.5.2), other one in South Africa (for details see note 1.5.3).

1.3 Islamic Banking

The Bank obtained the Islamic Banking branches permission vide letter no. BRPD(P)745(22)/2003-2525 dated 28 June 2003, BRPD(P)745(22)/2004-1801 dated 9 May 2004 and BRPD(P)745(22)/2004-3957 dated 13 October 2004. The Islamic banking branches are governed under the rules and regulations of Bangladesh Bank. Separate financial statements of Islamic Banking Branches are shown in **Annexure-G, G.1 and G.2**.

The financial statements of the Islamic banking branches have also been prepared as per the Bank Companies Act, 1991 (amended up to 2018), IFRSs and other prevailing laws and regulations applicable in Bangladesh.

A separate balance sheet and profit and loss account are shown in **Annexure-G and G.1** and the figures appearing in the annexure have been converted into relevant heads of financial statements under conventional banking for consolidation and incorporation in these financial statements.

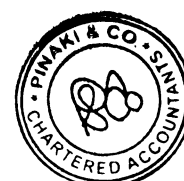
1.4 Off-Shore Banking

In order to cater the varied financial needs of 100% foreign owned/joint venture industrial units and foreign entities located in Export Processing Zones of the country, the Bank obtained Off-Shore Banking License on 24 June 2008 vide letter no. BRPD(P-3)744(98)/2008-2213 from Bangladesh Bank. In the mean time as per BRPD circular # 2, dated 25 February 2019 we have already applied to Bangladesh Bank for conducting Off-shore banking in Bangladesh on 10 July 2019. Presently the Bank has 2 (2018: 2) off-shore banking units - one at Dhaka Export Processing Zone and the other at Chittagong Export Processing Zone. Off-shore banking unit is governed under the rules and regulations of Bangladesh Bank. The principal activities of the Units are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank. Separate financial statements of Off- Shore Banking Units are shown in **Annexure-H, H.1 and H.2**.

1.5 Subsidiaries of the Bank

The Bank has following subsidiaries :

Name of the Subsidiaries	Principal activities	Country of incorporation	Controlling interest of the Bank
Southeast Bank Capital Services Limited	Trading securities	Bangladesh	99.816909%
Southeast Financial Services (UK) Ltd	Financial services	England and Wales	100%
Southeast Exchange Company (South Africa) Pty Ltd	Financial services	South Africa	100%
Southeast Financial Services (Australia) Pty Ltd	Financial services	Australia	Discontinued in 2019



1.5.1 Southeast Bank Capital Services Limited

Southeast Bank Capital Services Limited is a subsidiary of Southeast Bank Limited which was incorporated on 23 September 2010 and commenced its operation from 1 December 2010. The Bank transferred its Merchant Banking operation to the newly formed subsidiary company in pursuance of the direction of Bangladesh Bank vide DOS Circular No. 4 dated 15 June 2010. The principal activities of this subsidiary company is to provide quality services to the prospective institutional and individual investors in the capital market. It is decisively providing the following services:

- i) Portfolio Management Services
- ii) Underwriting of Share
- iii) Issue Management Services etc.

Copy of the audited financial statements is attached in **Appendix - A**.

1.5.2 Southeast Financial Services (UK) Ltd

Southeast Financial Services (UK) Ltd (the "Company") was incorporated as a private limited company with Companies House of England and Wales under registration no. 7539137 on 22 February 2011. The company is a wholly owned subsidiary of Southeast Bank Limited. Earlier on 28 October 2010, Southeast Bank Limited got the approval of Bangladesh Bank to establish a wholly owned subsidiary in the United Kingdom. Southeast Financial Services (UK) Limited obtained Certificate of Registration for Money Laundering Regulation (MLR) on 12 April 2011 from Her Majesty Customs and Excise. The company was granted registration from Financial Services Authority (FSA) on 21 July 2011 as Small Payment Institution (SPI) to carry out Money Service Business (MSB) under Payment Services Regulations 2009. The Company commenced its operation of business on 26 September 2011. The registered office is located at 22 New Road, London E1 2AX, United Kingdom.

The principal activities of the Company are to carry on the remittance business as well as to undertake and participate in transactions, activities and operations generally carried on or undertaken by Exchange House.

The subsidiary is registered in the United Kingdom (UK). Audit of financial statements of this subsidiary is not required as per rules 7 regulations of UK. The financial statements including accountant's report of this subsidiary are attached in **Appendix - B**.

Board of Directors of the group decided to discontinue the operation of Southeast Financial Services (UK) Ltd. Currently the operation of the entity is suspended. Therefore the group considered the entity as abandoned.

1.5.3 Southeast Exchange Company (South Africa) Pty Ltd

Southeast Exchange Company (South Africa) Pty Limited (the "Company") was incorporated as a private limited company with The Companies and Intellectual Property Commission under registration no. 2011/008619/07 on 15 April 2011. The Company is a wholly owned subsidiary of Southeast Bank Limited. Southeast Exchange Company (South Africa) Pty Limited operates its operation with two branches one in Johannesburg another in Cape Town (established in November 2019).

The principal activities of the Company are to carry on the remittance business as well as to undertake and participate in transactions, activities and operations generally carried on or undertaken by Exchange House.

The subsidiary is registered in South Africa. The financial statements of the Company is audited by G. L Palmer and Company. The audited financial statements of this subsidiary are attached in **Appendix - C**.

1.5.4 Southeast Financial Services (Australia) Pty Ltd

Southeast Bank Limited discontinue operation of Southeast Financial Services (Australia) Pty Ltd after obtaining permission from the Bangladesh Bank vide letter no. BRPD(AM) 204/13/2019-3580 dated 09 May 2019.



2 Basis of preparation

2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA), was enacted in the year 2015. The Financial Reporting Council (FRC) under the FRA was constituted in 2017, but the Financial Reporting Standards (FRS) under this council are yet to be issued for public interest entities such as banks. The Bank Company Act, 1991, was amended to require banks to prepare their financial statements under such financial reporting standards.

As FRS is yet to be issued by FRC, as per the provisions of FRA (section-69), consolidated and separate financial statements of the Group and the bank, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and, in addition to this, the bank also complied with the requirements of the following laws and regulations from various Government bodies:

- i) The Bank Company Act, 1991 and amendment thereon;
- ii) The Companies Act, 1994;
- iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- iv) Bangladesh Securities and Exchange Rules, 1987; Bangladesh Securities and Exchange Ordinance, 1969; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 and amendments thereon;
- v) The Income Tax Ordinance, 1984, and amendments thereon;
- vi) The Value Added Tax Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;
- vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
- viii) Financial Reporting Act 2015.

In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRS, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

i) Presentation of financial statements

IFRS: As per IAS 1: Presentation of Financial Statements, a complete set of financial statements shall comprise a statement of financial position as at the end of the period; a statement of profit or loss and other comprehensive income for the period; a statement of changes in equity for the period; a statement of cash flows for the period; notes, comprising significant accounting policies and other explanatory information; and comparative information in respect of the preceding period. The entity shall also present current and non-current assets and liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the "First Schedule" (section 38) of the Banking Companies Act 1991 (as amendment up to date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines issued by Bangladesh Bank. In the prescribed format, there is no option to present assets and liabilities under current and non-current classifications.

ii) Name of the financial statements

IFRS: As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information.

Bangladesh Bank: The forms of financial statements and directives for preparation thereof of the bank companies in Bangladesh are guided by BRPD Circular no. 14, dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.



iii) **Investment in shares and Securities**

IFRS: As per requirements of IFRS 9: classification and measurement of investment in Share and Securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income 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. Provision should be made for any loss arising from diminution in value of investment.

iv) **Revaluation gain (loss) on Government securities**

IFRS: Government securities refer primarily various debt instruments which include both bonds and bills. As per requirements of IFRS 9 Financial Instruments, bonds can be categorised as "Amortised Cost (AC)" or "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortized cost method and interest income is recognized through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognized in profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognized in other reserve as a part of equity.

As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognized in profit and loss or other reserve as a part of equity respectively.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains on amortization are recognized in other reserve (loss are recognized in profit and loss account) as a part of equity .

v) **Provision on loans and advances**

IFRS: As per IFRS 9 Financial Instruments an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition, whether assessed on an individual or collective basis, considering all reasonable information (including that which is forward-looking). For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular No. 24 dated 17 November 2019, BRPD circular No. 6 dated 19 May 2019, BRPD circular No. 4 dated 16 May 2019, BRPD circular No. 3 dated 21 April 2019, BRPD circular No.15 dated 27 September 2017, BRPD circular No.16 dated 18 November 2014, BRPD circular No.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013 and BRPD circular No.1 dated 20 February 2018 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on time past due. Again, as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 07, dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). Such provision policies are not specifically in line with those prescribed by IFRS 9.

However, if there is any stay order issued by the Honorable High Court Division of the Supreme Court of Bangladesh against any non-performing loans for reporting such loans as unclassified category, the Bank maintains at least general provision for such loans under unclassified loan category as per Bangladesh Bank guidelines. Where Bangladesh Bank suggests any additional provision to be maintained for such loans, the Bank also complies with that.



vi) **Recognition of interest in suspense**

IFRS: Loans and advances to customers are generally classified at amortized cost as per IFRS 9 and interest income is recognized in profit and loss account by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortized cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans is not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

vii) **Other comprehensive income**

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a Single Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued 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 nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) statement. As such the Bank does not prepare the OCI statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

viii) **Financial instruments - presentation and disclosure**

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9 Financial Instruments. Hence some disclosure and presentation requirements of IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation, cannot be made in this financial statements

ix) **Repo and reverse repo transactions**

IFRS: As per IFRS 9 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. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per BRPD guidelines, 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.

x) **Financial guarantees**

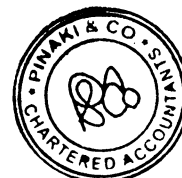
IFRS: As per IFRS 9 Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee 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 loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

Bangladesh Bank: As per BRPD 14, 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.

xi) **Cash and cash equivalents**

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', Treasury bills, Prize bonds are not shown as cash and cash equivalent. Money at call and on short notice presented on the face of the balance sheet, Treasury bills and Prize bonds are shown in Investments.



xii) Non-banking assets

IFRS: No indication of non-banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD 14, there must exist a face item named non-banking assets.

xiii) Cash flow statement

IFRS: As per IAS 7 Statement of Cash Flows, Cash Flow Statement can be prepared using either in direct method or in indirect method. The 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 14, cash flow is the mixture of direct and indirect method.

xiv) Balance with Bangladesh Bank: (Cash reserve ratio)

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.

xv) Presentation of intangible asset

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

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD 14.

xvi) 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 on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately in face of balance sheet.

xvii) 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 14, an appropriation of profit should be disclosed in the face of profit and loss account.

xviii) Loans and advance net of provision

IFRS: As per IFRS 9, loans and advances/Investments should be presented net of provision.

Bangladesh Bank: As per BRPD 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

xix) Recovery of written off loans

IFRS: As per IAS 1, an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by any IFRS. Again recovery of written off loans should be charged to profit & loss account as per IFRS 15.

Bangladesh Bank: As per BRPD 14, recoveries of amount previously written off should be adjusted with the specific provision for loans and advances.

(Also refer to note 3.21 Compliance of IFRSs)



2.2 The Bank's compliance with related pronouncements by Bangladesh Bank

i) Internal control

The objective of internal control is to ensure that management has reasonable assurance that (i) operations are effective, efficient and aligned with strategy, (ii) financial reporting and management information is reliable, complete and timely accessible, (iii) the entity is in compliance with applicable laws and regulations as well as its internal policies and ethical values including sustainability and (iv) assets of the company are safeguarded and frauds & errors are prevented or detected.

Southeast Bank Limited has established an effective internal control system whose primary aim is to ensure the overall control of risks and provide reasonable assurance that the objectives set by the Bank will be met. It has designed to develop a high level compliance culture among the personnel of the Bank, establish efficient and qualified operating model in the Bank, ensure reliability of internal and external information including accounting and financial information, secure the Bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The Board of Directors of Southeast Bank Limited, through its Audit Committee, periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls, risk management systems, the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting functions. Board Audit Committee reviews the actions taken on internal control issues identified by the internal and external auditors and regulatory authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

ii) Risk management

Banking business faces uncertainties in its operating environment, which, if not managed and mitigated, would not only disrupt the achievement of its strategic and operational objectives, but may also cause extensive financial and reputational loss. Effective risk management enables Banks to take better and informed decisions that substantially improve the probability of achieving their strategic and operational objectives. In this connection, the Bank has come forward to establish a general framework to manage the risk factors considering Bangladesh Bank's guidelines.

As one of the leading Banks in Bangladesh, Southeast Bank Limited (SEBL) has established approved policies in compliance with central bank's guidelines covering major risk areas such as: (a) Credit (b) Foreign Exchange (c) Asset Liability Management (d) Money Laundering Prevention (e) Internal Control & Compliance (f) Information and Communication Technology.

For strengthening and updating risk management system, the Bank has developed a manual for core risks assessment in light of the Bangladesh Bank's Risk Management Guidelines. The purpose of this assessment is to inform management about the loopholes of full fledged implementation of core risks management, risk management culture, restructure minimum standard and assist in the ongoing improvement.

Risk Management Reports (RMR) are being prepared on monthly, quarterly and semiannually basis and is reviewed in the monthly risk management meeting to have management opinion on the issues identified in RMR.

iii) Internal audit

Internal audit is the continuous and systematic process of examining and reporting on the activities of an organization undertaken by the specially assigned staff(s). Internal auditor works as the Eyes & Ears of the management. It may therefore be used to bridge the gap between management & shop floor. It can assure the management that the internal controls are adequate and in operations, the policies and systems laid down are being adhered to and accounting records provided by all levels are correct.

Internal audit mechanism is used as an important element to ensure good governance of SEBL. Internal audit activity of SEBL is effective and it provides senior management with a number of important services. These include detecting and preventing errors and fraud, testing internal control and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/ guidelines of regulatory authority etc.

During the year 2019, Audit & Inspection Unit of ICCD conducted inspection on most of the branches and some of the important divisions of head office of the Bank as per plan and submitted reports presenting the findings of the audits/ inspections to the appropriate authorities. The bank conducted the risk grading of branches as per Bangladesh Bank guideline. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The key points of the Reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Controls & Compliance of the Bank.



iv) Fraud and forgeries

Fraud can happen anywhere. Though, only relatively few major frauds are picked up by the media, huge sums are lost by all kinds of businesses against huge number of smaller frauds. The risks of fraud is increasing day by day as a result of growing globalization, more competitive markets, rapid developments in technology, periods of economic difficulty, etc. Banks by virtue of the nature of activities undertaken and its operating environment are vulnerable to frauds, which take place when aggressive business strategy and process for quick growth is adopted without adequate/appropriate internal controls or non-adhering of operating standards/ controls. In the recent past, incidence of frauds in the Banking industry has increased which calls for concerted steps in investigating the frauds and identifying the fraudsters for eventual criminal prosecution and internal punitive action.

It will never be possible to eliminate all frauds and no system is completely fraud proof, since many fraudsters are able to bypass control systems put in place. SEBL pays attention on anti-fraud internal controls for prevention of fraud and forgery. SEBL assesses/evaluates the effectiveness of its anti-fraud internal control measures on quarterly basis as per the items/areas mentioned in the prescribed checklist of Bangladesh Bank.

2.3 Basis of measurement

The financial statements of the Bank have been prepared on the historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market concept with gain crediting revaluation reserve
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' and remeasured Government Treasury Bond at present value using amortization concept
- Investment in shares of listed companies
- Zero Coupon Bond are measured at present value using amortization concept.
- Land is recognized at cost at the time of acquisition and subsequently measured at fair value following revaluation model as per IAS 16: Property Plant and Equipment.

No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the bank, as appropriate.

2.4 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

2.5 Use of estimates and judgments

The preparation of these financial statements in conformity with Bangladesh Bank circulars and IFRSs requires management to make judgments, estimates and 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 recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect in the year ended 31 December 2019 is included in the following notes:

- a) Note 3.3.3 : Rate of provision for loans, advances/investments
- b) Note 3.3.4 : Useful lives of depreciable assets
- c) Note 21.3.2 : Provision for current tax & deferred tax
- d) Note 24 : Assets revaluation reserve
- e) Note 21.4.2 : Lease liabilities

2.6 Reporting period

These financial statements cover one calendar year from 1 January 2019 to 31 December 2019.

2.7 Cash flow statement

Cash flow statement has been prepared in accordance with the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.



2.8 Statement of changes in equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.9 Liquidity statements

The consolidated and separate liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as on 31 December, 2019 under the presented format of BRPD Circular # 14 dated 25 June 2003, SEBL has prepared its liquidity statement on following basis:

Sl. No.	Items	On the basis of
a	Balance with other Banks and financial institutions, money at call and short notice, etc.	Maturity term
b	Investments	Respective maturity
c	Loans and advances	Repayment schedules
d	Fixed assets	Useful lives
e	Other assets	Realizations/ amortizations
f	Borrowing from other banks, financial institutions and agents etc.	Maturities/ repayment terms
g	Deposits and other accounts	Maturity term and past trend of withdrawal by the depositors.
h	Other long term liability	Maturity term
i	Provisions and other liabilities	Payments/ adjustments schedule

Consolidated liquidity statements of the Group and the separate liquidity statements of the Bank have been furnished in **Annexure-B** and **Annexure-B.1** respectively.

3 Significant accounting policies

The accounting policy set out below have applied consistently to all periods presented in these consolidated financial statements of the Group and those of the Bank, and have been applied consistently by the group entities.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of Southeast Bank Limited and its three subsidiaries Southeast Bank Capital Services Limited, Southeast Financial Services (UK) Ltd, and Southeast Exchange Company (South Africa) Pty Ltd made up to the end of the financial year as on 31 December, 2019. The Consolidated Financial Statements have been prepared in accordance with IFRS-10 "Consolidated Financial Statements". Consolidated Financial Statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances.

3.1.1 Subsidiaries

Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. A parent of a subsidiary should present consolidated financial statements according to IAS 27 "Separate financial statements" and IFRS 10 "Consolidated Financial Statements". The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. The conversion policy of subsidiary companies is given below:

Particulars	Price	Southeast Financial Services (UK) Ltd	Southeast Exchange Company (South Africa) Pty Ltd
For Assets & Liabilities	Closing Price	£1 = 109.7077 BDT	ZAR1 = 6.000 BDT
For Income & Expenses	Average Price	£1 = 107.8966 BDT	ZAR1 = 5.7733 BDT



3.1.2 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date; i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.1.3 Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries are the entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.1.4 Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

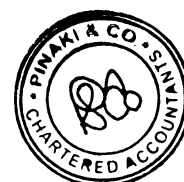
3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in equity.



3.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Taka at spot exchange rates at the reporting date. The income and expenses of foreign operations, are translated into Taka at average exchange rates. As per IAS 21, "Foreign Currency Transactions", foreign currency denominated nonmonetary items of OBUs are translated at historical rate, as the OBUs are considered as an integral part of the Bank's operation not a foreign operation due to specific regulations governing the OBU and unique nature.

Foreign currency differences are presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in the foreign operation and presented in the translation reserve in equity.

3.3 Assets and basis of their valuation

3.3.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and on short notice, investments in treasury bills and prize bond.

3.3.2 Investments

All investment securities are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discounts are accreted.

Held to Maturity

Investments which have, 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'.

Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

Re-measured bond

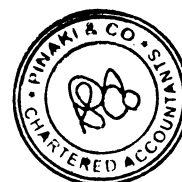
As per DOS circular letter no. 2 dated 19 January 2012, Treasury bond held in HFT category by the Primary Dealer (PD) may be re-measured at amortized cost instead of fair value.

Revaluation

As per the DOS Circular letter no. 5 dated 26 May 2008, HFT securities are revaluated each week using Marking to Market concept and HTM securities are amortised once a year according to Bangladesh Bank guidelines.

Value of investments has been shown as under:

Name of the Investment	Initial recognition	Valuation Method	Recording of changes
Government Treasury Bills and Bonds (HFT)	Cost	Fair value (using marking to market concept)	Loss to profit and loss account, gain to revaluation reserve.
Government Treasury Bills and Bonds (HTM)	Cost	At present value (using amortisation concept)	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Re-measured Government Treasury Bonds	Cost	At present value (using amortisation concept)	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Bangladesh Government Islamic Bond	Cost	At cost	Not applicable.
Prize Bonds	Cost	At cost	Not applicable.



Name of the Investment	Initial recogniti	Valuation Method	Recording of changes
Shares (unquoted)*	Cost	At cost or net book value of the last audited balance sheet whichever is lower	Loss to profit and loss account but no unrealised gain booking.
Shares (quoted) *	Cost	At cost or market value whichever is lower at balance sheet date	Loss (net off gain) to profit and loss account but no unrealised gain booking.
Mutual fund (closed-end) *	Cost	Lower of cost and (higher of market value and 85% of NAV)	Loss (net) to profit and loss account but no unrealised gain booking.

Provision for shares against unrealised loss (gain net off) has been made as per DOS circular no. 4 dated 24 November 2011 and for mutual funds (close end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Details are shown in notes 8 and 9.

3.3.3 Loans and advances/ investments and provisions for loans and advances/ investments

- Loans and advances of conventional Banking/Investments of Islamic Banking branches are stated in the Balance Sheet on gross value.
- At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular No. 24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No.4 (16 May 2019), BRPD circular No. 3 (21 April 2019), BRPD circular No.1 (20 February 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. The rates of provision for different classifications are given below:

Particulars	Rate
General provision on:	
All unclassified loans and advances/investments except followings	1%
Small and medium enterprise financing	0.25%
Housing finance (HF) and loans for professionals (LP) to set up business under consumer financing scheme	1%-2%
Consumer financing	2%-5%
Loan to Brokerage Houses (BHs)/Merchant Banks (MBs)/ Sponsor Directors (SDs) against shares	2%
Special mention account (SMA)	0.25%-5%
Specific provision on:	
Substandard loans and advances/investments	20%
Doubtful loans and advances/investments	50%
Bad/loss loans and advances/investments	100%
Provisions for Short term Agricultural and Micro-Credits	
All credits except 'Bad/Loss' (i.e. Doubtful, Substandard, irregular and regular credit)	1%-5%
Bad/Loss	100%

- Loans and advances are written off to the extent that
 - Loans are normally written off, when there is no realistic prospect of recovery of these amounts and in accordance with BRPD circular No.01 (06 February 2019), BRPD circular No.13 (07 November 2013) and BRPD circular No.2 (13 January 2003), and
 - against which legal cases are filed and classified as bad/loss 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 maintained and followed up.
- Amounts receivable on credit cards are included in advances to customers at the amounts expected to be recovered.

Details are shown in notes 10 and 11.



3.3.4 Fixed assets and depreciation

Recognition and measurement

Items of fixed assets excluding land are measured at cost/revaluation less accumulated depreciation and accumulated impairment losses, if any. Land is measured at revaluation.

Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

When parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component 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 Group 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

Depreciation is recognised in profit or loss on reducing balance method, except motor vehicles which are depreciated on straight line basis, over the estimated useful lives of each part of an item of fixed assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas depreciation on disposed off fixed assets is charged up to the month prior to the disposal. Asset category-wise depreciation rates for the current and comparative years are as follows:

<u>Category of assets</u>	<u>Rate of depreciation</u>
Land	Nil
Buildings	4%
Furniture and fixtures	10%
Office appliances	20%
Professional and reference books	30%
Electrical appliances	20%
Computer	20%
ATM Booth	20%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted, if appropriate.

3.3.5 Implementation of IFRS 16 and its relevant assumptions and disclosures

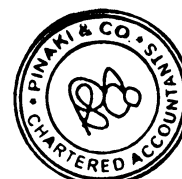
IFRS 16 Leases, defines a lease as "A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration". In order for such a contract to exist the user of the asset needs to have the right to:

- Obtain substantially all of the economic benefits from the use of asset (Identifiable asset)
- The right to direct the use of asset

As per the new standard, from lessee's perspective, almost all leases being recognized on the balance sheet, the distinction between operating and finance leases is removed. Upon lease commencement a lessee recognizes a right-of-use (ROU) asset and a lease liability. The ROU asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The impact of the new standard on lessees' financial statements are:

- An increase in recognized assets and liabilities
- More lease expenses recognized in early periods of lease, and less in the later periods of a lease
- A shift in lease expense classification from rental expenses to interest expense and depreciation.



Lease liabilities

At the commencement date of the lease, the bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

International Accounting Standard Board (IASB) has adopted IFRS 16 (replacing IAS 17) globally effective from 01 January 2019 and Bank has adopted IFRS 16 from the same date proposed by IASB. In Bangladesh Institute of Chartered Accountants of Bangladesh (ICAB) adopted IFRS 16 with same effective date. As Bangladesh Bank (BB) has no other alternative regulation or guidance regarding the same, the bank has adopted IFRS 16 from the same date in preparing solo financial statements as described in note no. 3.28.

Summary of IFRS 16:

Particulars	Addition during the year	Depreciation/ interest expense	Opening Accumulated depreciation/ Lease Payment	Closing Balance
Right Of Use (ROU) Assets	271,190,059	63,595,041	63,595,041	207,595,018
Lease Liabilities	169,602,073	10,134,250	46,780,250	132,956,073

Short-term leases and leases of low value assets

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets and short term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognizes lease payments associated with these leases as an expense.

3.4 Liabilities and basis of their valuation

3.4.1 Borrowings from other banks, financial institutions and agents

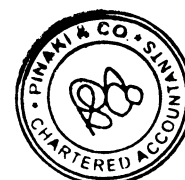
Borrowings from other banks, financial institutions and agents includes refinance from Bangladesh Bank against agro-based credit, SME Loan etc., interest-bearing borrowings against securities from Bangladesh Bank and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in notes 16 and 17.

3.4.2 Non-Convertible Subordinated Bond

The Bank has issued 7 (Seven) years term subordinated bond during the year 2014 for BDT 3,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy" through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B (P)/ 2014-7629, dated 30 November 2014. The Bank has further issued 7 (Seven) years term 2nd subordinated bond during the year 2016 for BDT 5,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)" vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2016-6188 dated September 19, 2016 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/DS-19/2014/462 dated August 02, 2016. The Bank has further issued 7 (Seven) years term 3rd subordinated bond during the year 2018 for BDT 5,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following "Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)" vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2018-2144 dated March 27, 2018 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/DS-19/2014/459 dated March 07, 2018.

3.4.3 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in notes 18 and 19.



3.4.4 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, lease liability etc. Other liabilities are recognized in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance, 1984 and internal policy of the Bank. Details are shown in notes 20 and 21.

3.5 Capital/Shareholders' equity

3.5.1 Authorized capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Articles of Association.

Details are shown in note 22.1

3.5.2 Paid up capital

Paid up capital represents total amount of shareholder 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 a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in note 22.2.

3.5.3 Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act 1991, until such reserve equals to its paid up capital together with the share premium.

3.5.4 Revaluation reserve

Revaluation reserve arises from the revaluation of land and buildings as well as the revaluation of Treasury bills and bonds (HFT & HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010. The tax effects on revaluation gain are measured and recognized in the financial statements as per IAS 12: *Income Taxes*.

Details are shown in note 24.

3.6 Contingent liabilities

A contingent liability is -

A 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

A present obligation that arises from past events but is not recognized 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 recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

3.7 Revenue recognition

3.7.1 Interest income (Conventional Banking)

Interest on loans and advances is calculated on daily product basis and accrued at the end of each month, but charged to customers' accounts on quarterly basis. Interest accrued on loans and advances fall under Sub Standards (SS) and Doubtful (DF) category are credited to interest suspense account instead of income account. Interest is not charged on bad and loss loans as per BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) and guideline of Bangladesh Bank. Such interest is kept in separate memorandum account. Interest on classified loans and advances is accounted for on a cash receipt basis. Interest income from fixed deposit with other banks and call lending to other banks is recognized on accrual basis.



3.7.2 Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments is transferred to profit suspense account instead of income account.

3.7.3 Investment income

Income on investments is recognized on accrual basis. Investment income includes discount on treasury bills and interest on treasury bonds. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

3.7.4 Fees and commission income

The Bank earns fees and commissions from diverse range of services provided to its customers. Fees and commission income is recognized on a realization basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

3.8 Interest paid on borrowing and other deposits (Conventional Banking)

Interest paid and other expenses are recognized on accrual basis.

3.9 Profit shared on deposits (Islamic Banking)

Profit shared to mudaraba deposits is recognized on accrual basis as per provisional rate.

3.10 Dividends

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in investment income.

3.11 Employee benefits

3.11.1 Provident Fund

Provident fund benefits are given to the staff of the Bank in accordance with the registered provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit (LTU), Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The fund is operated by a Board of Trustees consisting of 6 (six) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount to the fund. Contributions made by the Bank are charged as expense and the bank bears no further liability. Interest earned from the investments is credited to the members' account on half yearly basis. Members are eligible to get both the contribution after 5 (five) years of continuous service from the date of their membership.

3.11.2 Gratuity Fund

Gratuity fund benefits are given to the staff of the Bank in accordance with the approved gratuity fund rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund with effect from December 2001. The fund is operated by a Board of Trustees consisting of 7 (seven) members of the Bank. Employees are entitled to gratuity benefit after completion of minimum 7 (seven) years of service in the Bank. The amount payable at the date of balance sheet is recognized and accounted for as at that date based on actual rate. The gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. The amount so calculated are transferred to the fund and charged to expenses of the Bank.



3.11.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11.4 Workers' Profit Participation Fund (WPPF)

As per Bangladesh Labour Act 2006 (amended up to 2013) and SRO no. 336/Law/2010, all companies fall 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. The Bank obtained opinion from its legal advisor regarding this issue. The legal advisor opined that, "Southeast Bank Limited being governed by Banking Companies Act, 1991 is obliged to follow the provisions of Banking Companies Act, 1991, and Banking Companies Act, 1991 being a special law, provisions of this Act shall prevail over Bangladesh Labour Laws, 2006 (amended up to 2013) which is a general law. Thus, we take the view that the Bank is not bound to form a WPPF under Bangladesh Labour Laws, 2006 (amended up to 2013)". Consistent with the industry practice and in accordance with the legal opinion and the Bank Company Act, 1991 (amended up to 2018), no provision has been made for WPPF.

3.12 Provisions and accrued expenses

In compliance with IAS-37, provisions and accrued expenses are recognized in the consolidated and separate financial statements when the Group/Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.13 Provision for Off-Balance Sheet Exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items are disclosed under contingent liabilities. As per BRPD Circular No.10 dated 18 September 2007 and BRPD Circular No. 14 dated 23 September 2012 and BRPD circular no. 7 dated 21 June 2018 and BRPD Circular no. 13 dated 18 October 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III).. Details are shown in note 21.5.1 (C).

3.14 Provision for Nostro Accounts

According to guideline of Foreign Exchange Policy Department of Bangladesh Bank, Circular No. FEOD (FEMO)/01/2005-677 dated 13 September 2005, Bank is not required to make provision regarding the un-reconciled debit balance as at Balance Sheet date since there was no debit entries more than three month.

3.15 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

3.15.1 Current tax

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates as prescribed in the Income Tax Ordinance (ITO) 1984 and relevant Statutory Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. Currently the income tax rate applicable for banks is 37.50%. The estimation of current tax provision involves making judgments regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

Details are shown in note 21.3.1.

3.15.2 Deferred tax

Deferred tax is recognized 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 recognized for the following temporary differences:

- temporary differences on 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;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.



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 recognized for unused tax losses, 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 utilized. 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 realized.

Deferred tax relating to unrealized surplus on revaluation of held to maturity (HTM) securities and held for trading (HFT) securities and land and buildings are recognized directly in revaluation reserve as a part of equity and is subsequently recognized in profit and loss account on maturity of the security and disposal of land and buildings. Details are shown in note 21.3.2.

3.15.3 Tax exposures

In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Impairment of non-financial assets

The carrying amounts of the Group's and the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.17 Earnings per share

The Group and the Bank present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group/ Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Details are shown in notes 64 and 65.

3.18 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly 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.



3.19 Risk management

Effective risk management is an essential element of our operations and strategy. The Bank monitors risk at all levels throughout its operations and has established units to manage various types of risk. Our risk management framework is designed to identify, manage and mitigate the risk of any failure to achieve business objectives.

The risk management of the Bank covers following six core risk areas:

- i) Credit Risk
- ii) Foreign Exchange Risk
- iii) Asset Liability Management Risk
- iv) Money Laundering Risk
- v) Internal Control & Compliance Risk; and
- vi) Information and Communication Technology Risk

The Bank's risk management policy and process are composed with all the structures, policies, process and strategies in line with the guidelines of central bank and other regularity authorities. The Bank endeavors to maximize profits through the development of an integrated risk management system.

3.19.1 Credit risk

Credit risk is the possibility that a borrower or counter party will fail to repay the borrowed money as per the agreed terms and conditions. Managing Credit risk of the Bank in an efficient manner has become one of the most crucial tasks for the management. Given the fast changing, dynamic global economy, implementation of Basel-III and the increasing pressure of globalization and liberalization it is essential that banks have robust credit risk management policies and procedures that are sensitive and responsive to these changes.

A thorough assessment & due diligence are done before sanctioning any credit facility at Credit Risk Management Division (CRM) of the Bank. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facilities and various critical risk factors. The assessment process starts at Branch Credit department by the Officer and ends at Credit Risk Management Division (CRM) in Head Office where it is approved / declined by the competent authority. Credit approval authority has been partially delegated to the individual executives. Proposal beyond their delegation are approved / declined by the Board / Executive Committee (EC) of the Board.

3.19.2 Foreign Exchange Risk

Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. As per the guidelines of Bangladesh Bank, Southeast Bank Limited has developed a detailed Foreign Exchange Risk Management policy to minimize different types of risks associated with foreign exchange transactions. The Bank has also developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank.

The Foreign Exchange Desk of Treasury Division is involved in foreign exchange dealing activities with different counterparty banks. The Treasury Back Office is engaged in transfer of funds and passing of the transaction entries in the books of accounts; the Mid Office is responsible for verification of the deals. All foreign exchange assets and liabilities are revalued at market rate as per the directive of Bangladesh Bank. All nostro accounts are reconciled on a monthly basis and outstanding entries beyond 30 days are reviewed by the management for its settlement.

3.19.3 Asset Liability Management

Banks are exposed to the several risks such as Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk and Operational Risk etc. Monitoring and controlling these risks are vital to the survival of a financial institution. Asset-Liability Management is a tool to oversee whether different balance sheet risks are properly identified, appropriate policies and procedures are well established to control and limit these risks.

Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.



3.19.4 Money Laundering Risk

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. If money laundering is done successfully, it allows the criminals to maintain control over their proceeds and ultimately to provide a legitimate cover for their source of income. Drug traffickers, the terrorists, the organized criminals, the insider dealer, the tax evaders as well as many others who intend to avoid the attention from the authorities of their sudden wealth brought from illegal activities take the help of money laundering. By engaging in this type of activity it is hoped to place the proceeds beyond the reach of any asset forfeiture laws.

Southeast Bank Limited (SEBL) has implemented an enterprise-wide AML (Anti-Money Laundering) and CFT (Combating the Financing of Terrorism) compliance program, which covers all the activities of the Bank and is reasonably designed to comply with applicable laws and regulations. It is the policy of SEBL to take all reasonable and appropriate steps to prevent persons engaged in money laundering, fraud, or other financial crime, including the financing of terrorists or terrorist operations, from utilizing SEBL products and services. SEBL makes every effort to remain in full compliance with all applicable AML and CFT laws, rules and standards in the jurisdictions in which it does business.

In order to facilitate compliance with AML and CFT requirements, SEBL has appointed one of its Senior Executives as the CAMLCO (Chief Anti-Money Laundering Compliance Officer) and a team of employees with experience on AML and CFT requirements under law to oversee the Bank's AML and CFT program. SEBL has developed and implemented written AML and CFT policies, procedures, internal controls and systems, which include (but not limited to) a customer identification program and procedures; procedures to collect and refresh, as appropriate, customer due diligence information; processes to assess risk; processes and systems to monitor customer transactions and activity; processes and systems to identify and report suspicious activity; and, processes to keep required records. SEBL educates its all employees on AML and CFT requirements and activities and also subjects its AML and CFT program to regular independent testing. SEBL cooperates fully with law enforcement and regulatory investigations and inquiries in identifying the criminals involve in Money Laundering and Terrorist Activities/Financing.

3.19.5 Internal Control & Compliance Risk

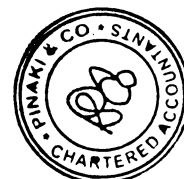
Internal control is fundamental to the successful operation and day-to-day running of a business and it assists the bank in achieving its business objectives. It encompasses all controls incorporated into the strategic, governance and management processes, covering the bank's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

SEBL has established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank and this System provides reasonable assurance of effective & efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies, safeguarding of Bank's Assets, prevention & detection of fraud & errors, and accuracy & completeness of the accounting records.

The Board of Directors of SEBL regularly reviews the effectiveness of internal control process through its Audit Committee and the Audit Committee plays an effective role amongst the Board of Directors, Management, Shareholders, Depositors and develops an efficient, powerful and a safe banking system. The committee also performs a very important role for publishing Bank's financial statements, developing an appropriate internal control system and maintains an effective communication with internal and external auditors. It significantly contributes in controlling and monitoring various risks factors that arise from the business activities of the Bank. Board Audit Committee reviews the actions taken on internal control issues identified in the reports prepared by the internal & external auditors and regulatory authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

3.19.6 Information and communication technology

The Bank has Centralized Core Banking Software (CBS) and providing online banking services to its clients through 135 Branches across the country. The Bank is also offering 24/7 banking services through its different delivery channels, like Internet Banking, ATM and Mobile Financial Service (MFS). Besides, the Bank has introduced Recycler ATM in the brand name of "SEBL Instant Banking Service." Through this service, customers are able to deposit cash on a real time basis other than cash withdrawal facility. SMS and E-Mail Alert services are available for any debit/credit transaction through online and Internet Banking or using Bank's Debit / Credit Card as a deterrent against fraudulent transaction attempts. The Bank has established its Far DC (Data Center) at Jessore as it falls under different seismic zone as part of its business continuity plan (BCP) as well as for compliance of ICT Security Guideline of Bangladesh Bank. Data synchronization in near real time basis has been established through fiber optic cables from main DC to near DC (Disaster Recovery Site at Uttara) and again main DC to far DC at Jessore to ensure availability of data in any catastrophic situation.



The Bank has further reviewed its ICT Security and ICT Risk Management Policies and related internal processes for strengthening security of information assets from internal and external threats. Gradual implementation of the different policies is being carried out. Several sessions were conducted on ICT Security and Risk for the employees of the Bank to build awareness and minimize ICT related risks in banking operation.

3.19.7 Environmental Risk Management (ERM)

Environmental and Social risk is assessed by E&S due diligence (ESDD) checklists. It is a set of questionnaire provided by Bangladesh Bank. The purpose of the E&S due diligence is to review any potential E&S risks associated with the business activities of a potential client ensure that the transaction does not carry E&S risks, which could present a potential liability/risk to the Bank. The ESDD checklists (both generic and sector specific) will auto generate the E&S risk ratings – high, medium and low based on the responses provided to the questions in the checklist.

Potential E&S risks may not seem significant or relevant at the time of approval of a financial transaction, but may become so during execution, for instance as a result of higher regulatory standards and increased levels of enforcement. In other cases, E&S risks, such as spills or explosions, may seem unlikely to occur, but when they do, the E&S impact is potentially extremely high. Therefore, to identify Environment and Social (E&S) risks along with appropriate risk mitigation measures, Environment & Social Risks Management must be integrated with the Credit Risk Management of the bank.

3.20 Compliance of International Financial Reporting Standards (IFRSs)

Name of the standards	Ref.	Status
First-time Adoption of International Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Complied
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Applied
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	* Applied
Operating Segments	IFRS-8	** Applied
Financial Instruments	IFRS-9	* Applied
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in other Entities	IFRS-12	Applied
Fair Value Measurement	IFRS-13	* Applied
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue From Contracts with Customers	IFRS-15	Applied
Leases	IFRS-16	* Applied
Presentation of Financial Statements	IAS-1	* Applied
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	* Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates	IAS-28	Not Applicable
Financial Reporting in Hyperinflationary Economies	IAS-29	Not Applicable
Financial Instruments: Presentation	IAS-32	* Applied
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	* Applied
Intangible Assets	IAS-38	* Applied
Financial Instruments: Recognition and Measurement	IAS-39	* Applied
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

* Subject to departure described in note 2.1

** Subject to departure described in note 3.24



Standards issued but not yet effective

A number of new standards and amendments to standards are issued but not yet effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Bank has not adopted early the following new or amended standards in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the separate financial statements of the Bank when they become applicable.

i) Amendments to References to Conceptual Framework in IFRS Standards.

ii) Definition of a Business (Amendments to IFRS 3).

iii) Definition of Material (Amendments to IAS 1 and IAS 8).

iv) IFRS 17 Insurance Contracts

Insurance contracts are effective for annual periods beginning on or after 1 January 2021. Earlier adoption is permitted. This has not been applied in preparing these consolidated and separate financial statements.

3.21 Credit Rating of the Bank

As per the BRPD circular No.6 dated 5 July 2006, the bank has done its credit rating by Credit Rating Information and Services Limited (CRI SL) based on the audited financial statements dated 31 December 2018.

Particulars	Date of Rating	Long term	Short term
Surveillance Rating	30-Jun-19	AA	ST-2
		Double A (High quality and High Safety)	(High Grade)
Outlook		Stable	

3.22 Correspondence items

Correspondence items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travelers cheques, savings certificates, wage earners bond and others fall under the correspondence items.

3.23 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group and the Bank have a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.24 Operating segments

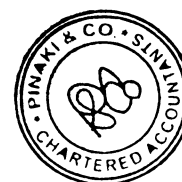
The Group and the Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per IFRS 8. However, geographical and business segments wise limited disclosures are furnished in Annexure-I.

3.25 Going concern basis of accounting

These financial statements have been prepared on the assessment of the Bank's ability to continue as a going concern. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to exhibit a healthy trend for couple of years. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

3.26 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenditures are presented on a net basis only when permitted by the relevant accounting standards.



3.27 Changes in accounting estimates

Changes are reflected in the assumptions when they occur in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. During the year, IFRS 16 supersedes IAS 17 Leases, International Financial Reporting Interpretations Committee (IFRIC) 4 Determining whether an Arrangement contains a Lease, Standard Interpretation Committee (SIC) 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet. The bank has adopted IFRS 16 as per para C5(b) & C8 (b.ii) of the same standard.

3.28 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, the bank applies the accounting disclosure principles consistently from one period to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8.

3.29 Approval of financial statements

The financial statements were approved by the board of directors on 30 June 2020.

3.30 General

Figures of previous year have been rearranged, whenever necessary, to conform the current year's presentation.



Particulars	Note	2019 Taka	2018 Taka
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Notes to the Financial Statements

4 Consolidated cash

In hand (including foreign currencies):

Southeast Bank Limited
Southeast Exchange Company (South Africa) Pty Ltd
Southeast Financial Services (Australia) Pty Ltd

4.1	3,664,640,436	3,598,790,655
	239,694	23
	-	61,419
	3,664,880,130	3,598,852,097

Balance with Bangladesh Bank and its agent banks
(including foreign currencies):

Southeast Bank Limited

4.1	18,954,911,247	17,916,575,574
	22,619,791,377	21,515,427,671

4.1 Cash

In hand:

Local currency
Foreign currencies

3,605,548,057	3,506,484,120
59,092,379	92,306,534
3,664,640,436	3,598,790,655

Balance with Bangladesh Bank:

Local currency
Foreign currencies

18,229,852,932	16,778,266,745
291,691,563	724,543,372
18,521,544,494	17,502,810,117

Balance with Sonali Bank Limited (as agent of Bangladesh Bank):

Local currency

433,366,753	413,765,457
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Balance with Bangladesh Bank and its agent banks
(including foreign currencies)

18,954,911,247	17,916,575,574
22,619,551,683	21,515,366,229

- 4.2 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act, 1991 (Amended up to 2013), MPD Circular nos. 4 and 5 dated 1 December 2010 and MPD Circular no. 1 and 2 dated 23 June 2014 and 10 December 2013 respectively and DOS Circular no.1 dated 19 January 2014 and MPD Circular No.1 dated 03 April 2018 and DOS Circular no 26 dated 19 August 2019.

The statutory Cash Reserve Ratio on the Bank's demand and time liabilities at the rate of minimum 5.0% on daily basis and 5.50% on bi-weekly basis for conventional and Islamic banking has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio for conventional banking and 5.50% Statutory Liquidity Ratio for Islamic banking on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including excess cash reserve balance with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

4.2.1 a) Cash Reserve Ratio (CRR) for Conventional Banking

5.50% of average Demand and Time Liabilities:

Required reserve (Average daily on bi-weekly basis)
Actual reserve held
Surplus

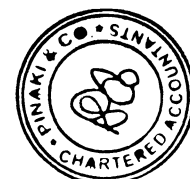
16,507,223,865	14,738,207,613
16,732,475,519	15,113,119,138
225,251,654	374,911,525

b) Cash Reserve Ratio (CRR) for Islamic Banking

5.50% of average Demand and Time Liabilities:

Required reserve (Average daily on bi-weekly basis)
Actual reserve held
Surplus

1,155,277,695	1,007,891,950
1,398,101,826	1,058,360,221
242,824,131	50,468,271



Particulars	Note	2019 Taka	2018 Taka
4.2.2 a) Statutory Liquidity Ratio (SLR) for Conventional Banking			
Required reserve (13% of average Demand and Time Liabilities)		39,017,074,590	34,835,763,448
Actual reserve held		65,518,845,332	54,215,962,419
Surplus		<u>26,501,770,742</u>	<u>19,380,198,971</u>
Held for Statutory Liquidity Ratio of Conventional Banking:			
Cash in hand		3,400,969,000	3,448,576,000
Balance with agent bank (Sonali Bank Limited) as per statement		432,860,426	399,436,000
Excess cash reserve		225,251,654	374,911,525
Government Securities (HFT)		15,658,489,282	10,816,964,383
Government Securities (HTM)		45,795,353,970	39,170,936,211
Other eligible securities/ Prize Bond		5,921,000	5,138,300
		<u>65,518,845,332</u>	<u>54,215,962,419</u>
b) Statutory Liquidity Ratio (SLR) for Islamic Banking			
Required reserve (5.50 % of average Demand and Time Liabilities)		1,155,277,695	1,007,891,950
Actual reserve held		1,457,367,131	1,176,260,271
Surplus		<u>302,089,436</u>	<u>168,368,321</u>
Held for Statutory Liquidity Ratio of Islamic Banking:			
Cash in hand		264,507,000	150,220,000
Balance with agent bank (Sonali Bank Limited) as per statement		36,000	5,572,000
Excess cash reserve		242,824,131	50,468,271
Government Securities (HTM)		950,000,000	970,000,000
		<u>1,457,367,131</u>	<u>1,176,260,271</u>
5 Consolidated balance with other banks and financial institutions			
In Bangladesh:			
Southeast Bank Limited	6	5,568,594,836	3,984,794,486
Southeast Bank Capital Services Limited		622,941,348	23,324,151
		<u>6,191,536,184</u>	<u>4,008,118,637</u>
Less: Inter company balance eliminated		622,941,348	23,324,151
		<u>5,568,594,836</u>	<u>3,984,794,486</u>
Outside Bangladesh:			
Southeast Bank Limited	6	1,762,989,139	2,272,907,523
Southeast Financial Services (UK) Ltd		223,145	15,447,609
Southeast Financial Services (Australia) Pty Ltd		-	-
Southeast Exchange Company (South Africa) Pty Ltd		140,490,714	161,284,420
		<u>1,903,702,998</u>	<u>2,449,639,553</u>
		<u>7,472,297,834</u>	<u>6,434,434,039</u>
6 Balance with other banks and financial institutions			
In Bangladesh	6.1	5,568,594,836	3,984,794,486
Outside Bangladesh	6.2	1,762,989,139	2,272,907,523
		<u>7,331,583,975</u>	<u>6,257,702,009</u>

Also refer to note 6.3 for maturity wise grouping



Particulars	Note	2019 Taka	2018 Taka
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6.1 In Bangladesh

Current account with:

Agrani Bank Limited	7,576,275	30,576,275
Al Arafah Islami Bank Limited	54,359,540	79,276,813
Bangladesh Krishi Bank	5,700	5,116
BRAC Bank Limited	5,001	5,001
BRAC Bank Limited (El Dorado Network)	310,818	283,060
The City Bank Limited	19,444,775	8,205,526
Commercial Bank of Ceylon PLC	13,577	13,577
EXIM Bank Limited	33,431,985	23,515,071
The Farmers Bank Limited	1,012,476	866,009
Islami Bank Bangladesh Limited	5,501	-
Jamuna Bank Limited	21,491,284	47,917,936
Janata Bank Limited	10,494,634	24,392,635
Meghna Bank Limited	12,054,707	19,447,552
Mercantile Bank Limited	15,767,169	25,904,570
Modumoti Bank Limited	2,804,587	1,552,095
Mutual Trust Bank Limited	18,863,525	29,407,803
National Bank Limited	16,880	59,408
One Bank Limited	45,192,739	1,186,410
Rupali Bank Limited	7,011,700	25,000
Shahjalal Islami Bank Limited	550,000	550,000
Sonali Bank Limited	(9,313,930)	(2,166,519)
South Bangla Agriculture & Commerce Bank Limited	2,096,010	3,203,623
Trust Bank Limited	-	9
Union Bank Limited	25,384,311	25,137,481
United Commercial Bank Limited	25,585,450	36,882,184
	294,164,716	356,246,634

Short term deposits account with:

AB Bank Limited	30,690	30,690
The City Bank Limited	1,148,058	1,148,058
Eastern Bank Limited	26,799	26,799
EXIM Bank Limited	8,355,164	505,379,124
Standard Chartered Bank	220,796,878	3,351,284
Sonali Bank Limited	29,072,531	28,611,897
	259,430,120	538,547,852

Fixed deposits with other banks:

Jamuna Bank Limited	1,000,000,000	-
Mutual Trust Bank Limited	500,000,000	-
National Credit and Commerce Bank Limited	200,000,000	-
Social Islami Bank Limited	1,000,000,000	500,000,000
	2,700,000,000	500,000,000

Fixed deposits with financial institutions:

Bay Leasing and Investment Limited	1,465,000,000	990,000,000
IDLC Finance Limited	250,000,000	500,000,000
Delta Brac Housing Finance Corporation Limited	-	500,000,000
Bangladesh Industrial Finance Company Limited	100,000,000	100,000,000
Investment Corporation of Bangladesh	500,000,000	500,000,000
	2,315,000,000	2,590,000,000
	5,568,594,836	3,984,794,486



Particulars	Note	2019 Taka	2018 Taka
6.2 Outside Bangladesh			
<u>Current account</u>			
<u>Interest bearing:</u>			
Standard Chartered Bank, New York, USA		149,899,156	344,142,271
Standard Chartered Bank, New York OBU		145,806,434	80,736,585
Citibank N.A, New York, USA		44,143,750	137,769,758
Standard Chartered Bank, London, UK		449,276	5,793,834
Mashreq Bank PSC, New York, USA		70,709,236	308,627,026
Wells Fargo Bank, N.A., New York, USA		92,584,903	4,588,519
Citibank AG, Frankfurt, Germany		3,474,431	67,721,709
Standard Chartered Bank, Kolkata, India		31,348,847	25,533,159
AB Bank Ltd., Mumbai, India		11,796,933	45,309,651
ICICI Bank Ltd., Mumbai, India		18,249,482	49,992,604
JP Morgan Chase Bank N.A., New York, USA		54,375,563	127,388,420
Habib American Bank, New York, USA		248,392,506	535,578,787
Mashreq Bank, Mumbai, India		48,318,227	30,091,175
Mashreq Bank, Mumbai, India		1,478,825	1,485,413
		921,027,569	1,764,758,909
<u>Non-interest bearing:</u>			
Bank of Sydney Ltd, Sydney		6,113,182	5,025,363
Banque Saudi Fransi, Riyadh		32,653,875	4,144,044
United Bank Limited, Karachi, Pakistan		5,539,844	3,694,384
Standard Chartered Bank, Colombo, Srilanka		39,045,170	29,860,364
Standard Chartered Bank, Mumbai (AEB), India		-	2,118,895
Bank of Tokyo, Mitsubishi, JPY		62,206,141	79,567,794
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal		50,403,858	27,900,081
Bank of Bhutan, Pheuntsholing, Bhutan		17,194,896	16,711,425
Commerz Bank AG, Frankfurt, Germany EURO		1,264,967	603,335
Commerz Bank AG, Frankfurt, Germany USD		102,923,021	175,698,521
Zuercher Kantonal Bank, Zurich, Switzerland		19,892,956	1,852,844
HDFC Bank, Mumbai, India		8,417,708	77,512,594
Abu Dhabi Commercial Bank.		2,002,608	-
Mashreq Bank PSC, Dubai, UAE		479,696,009	69,162,123
Habib Metropolitan Bank Ltd., Karachi, Pakistan		14,607,335	14,296,848
		841,961,570	508,148,614
		1,762,989,139	2,272,907,523
Details of Balance with other banks-Outside Bangladesh shown in Annexure-C .			
6.3 Maturity grouping of balance with other banks and financial institutions			
On demand		2,316,583,975	3,684,700,000
Not more than three months		4,715,000,000	2,373,002,009
More than three months but not more than six months		300,000,000	200,000,000
More than six months but not more than one year		-	-
More than one year but less than five years		-	-
Above five years		-	-
		7,331,583,975	6,257,702,009
7 Money at call and on short notice			
<u>In bank:</u>			
Midland Bank Limited		200,000,000	-
One Bank Limited		-	50,000,000
National Credit and Commerce Bank Limited		300,000,000	100,000,000
National Bank Limited		-	700,000,000
Citi Bank N. A		-	500,000,000
Dhaka Bank Limited		-	300,000,000
Uttara Bank Limited		-	1,000,000,000
The ICB Islamic Bank Limited		11,300,000	11,300,000
The City Bank Limited		400,000,000	850,000,000
		911,300,000	3,511,300,000

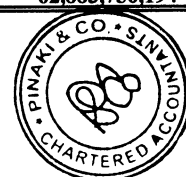


Particulars	Note	2019 Taka	2018 Taka
In non-banking financial institutions (public and private):			
Bay Leasing and Investment Limited		750,000,000	410,000,000
Delta BRAC Housing Finance Corporation Limited		180,000,000	300,000,000
Investment Corporation of Bangladesh		280,000,000	390,000,000
IDLC Finance Limited		-	390,000,000
IPDC Finance Limited		-	50,000,000
		1,210,000,000	1,540,000,000
In foreign currency:			
AB Bank Limited		169,800,000	-
Al Arafah Islami Bank Limited		254,700,000	-
BRAC Bank Limited		424,500,000	-
Agrani Bank Limited		849,000,000	-
Eastern Bank Limited		-	587,300,000
Mutual Trust Bank Limited		-	251,700,000
Midland Bank Limited		241,031,100	-
Modhumoti Bank Limited		254,700,000	-
NCC Bank Limited		169,800,000	335,600,000
Pubali Bank Limited		-	251,700,000
The City Bank Limited		-	419,500,000
Jamuna Bank Limited		254,700,000	-
		2,618,231,100	1,845,800,000
		4,739,531,100	6,897,100,000
8 Consolidated Investments			
Government securities:			
Southeast Bank Limited	9	62,409,764,654	50,963,038,896
		62,409,764,654	50,963,038,896
Others:			
Southeast Bank Limited	9	12,074,625,437	11,920,717,298
Southeast Bank Capital Services Limited		2,825,652,479	2,725,796,239
		14,900,277,916	14,646,513,537
		77,310,042,570	65,609,552,433
9 Investments			
Government securities:			
Conventional Banking	9.1.1	61,459,764,654	49,993,038,896
Islamic Banking	9.2.1	950,000,000	970,000,000
		62,409,764,654	50,963,038,896
Others:			
Conventional Banking	9.1.2	10,339,853,093	8,675,863,435
Islamic Banking	9.2.2	1,734,772,344	3,244,853,863
		12,074,625,437	11,920,717,298
		74,484,390,091	62,883,756,194

Also refer to notes 9.3 to 9.8 for further analysis, maturity wise grouping, market value information, sector wise investment, etc.



Particulars	Note	2019 Taka	2018 Taka
9.1 Conventional Banking			
9.1.1 Government Securities			
Treasury Bills			
91 days Treasury Bills HTM		498,337,813.2	-
364 days Treasury Bills HTM		1,883,582,793	-
91 days Treasury Bills HFT		2,334,936,450	-
182 days Treasury Bills HFT		5,893,904,000	-
364 days Treasury Bills HFT		2,462,939,000	968,626,000
		13,073,700,056	968,626,000
Add: Reverse repo with other banks (at book Value)		481,750,000	1,002,951,720
Less: Assured Repo with Bangladesh Bank/ Others (at book value)		-	-
		13,555,450,056	1,971,577,720
Prize Bonds		5,921,400	5,138,300
Bangladesh Bank Bills		-	-
		5,921,400	5,138,300
Government Bonds			
2 Years BGTB HTM		535,622,350	-
5 Years BGTB HTM		9,321,865,808	8,720,163,602
10 Years BGTB HTM		15,533,082,040	14,729,336,147
15 Years BGTB HTM		8,341,430,864	7,485,640,185
20 Years BGTB HTM		8,712,742,194	7,269,670,916
Remeasured 10 years BGTB HTM		968,690,110	966,125,363
2 Years BGTB HFT		3,000,489,000	2,129,280,900
5 Years BGTB HFT		472,231,200	2,892,653,054
10 Years BGTB HFT		504,068,373	3,088,755,189
15 Years BGTB HFT		15,242,704	18,453,195
20 Years BGTB HFT		104,057,515	17,774,846
		47,509,522,158	47,317,853,396
Add: Reverse repo with other banks (at book value)		388,871,040	698,469,480
Less: Assured Repo with Bangladesh Bank/ Others (at book value)		-	-
		47,898,393,198	48,016,322,876
		61,459,764,654	49,993,038,896
9.1.2 Others			
Shares in listed companies		2,979,683,180	1,648,793,522
Shares in un-listed companies		610,169,912	77,069,912
Bonds		6,750,000,000	6,950,000,000
		10,339,853,093	8,675,863,435
9.2 Islamic banking			
9.2.1 Government securities			
Bangladesh Government Islamic bond		950,000,000	970,000,000
		950,000,000	970,000,000
9.2.2 Others			
Shares in listed companies		1,734,772,344	3,244,853,863
		1,734,772,344	3,244,853,863
9.3 Investments classified as per Bangladesh Bank Circular			
Held for trading (HFT)		15,664,410,682	10,816,964,383
Held to maturity (HTM)		46,745,353,972	40,146,074,513
Other securities		12,074,625,437	11,920,717,298
		74,484,390,091	62,883,756,194



Particulars	Note	2019 Taka	2018 Taka
9.4 Maturity-wise grouping of investments			
On demand		5,921,400	5,138,300
Not more than three months		7,030,500,000	1,607,800,000
More than three months but not more than one year		18,230,498,779	8,230,800,000
More than one year but not more than five years		20,549,900,000	30,097,800,000
Above five years		28,667,569,912	22,942,217,894
		74,484,390,091	62,883,756,194

9.5 Cost and market value of investments

9.5.1 Government securities

	2019		2018
	Cost price Taka	Market price Taka	Market price Taka
Conventional Banking			
Treasury Bills	13,372,027,110	13,555,450,056	1,971,577,720
Bangladesh Government Treasury Bond	48,344,297,468	47,898,393,198	48,016,322,876
Prize Bonds	5,921,400	5,921,400	5,138,300
	61,722,245,978	61,459,764,654	49,993,038,896
Islamic Banking			
Bangladesh Government Islamic Bond	950,000,000	950,000,000	970,000,000
	62,672,245,978	62,409,764,654	50,963,038,896

9.5.2 Others (Investment in Shares)

	2019		2018
	Market price Taka	Cost price Taka	Cost price Taka
Conventional Banking			
Shares in listed companies	3,063,013,295	2,979,683,181	1,648,793,522
Shares in un-listed companies	610,169,912	610,169,912	77,069,912
	3,673,183,208	3,589,853,093	1,725,863,435
Islamic Banking			
Shares in listed companies	949,264,706	1,734,772,344	3,244,853,863
	949,264,706	1,734,772,344	3,244,853,863

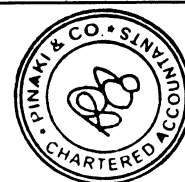
Shares in listed companies

Investments have been recorded at cost and adequate provision has been maintained for probable future losses as per Bangladesh Bank guidelines. Market value of shares has been determined on the basis of the value of shares at the last trading day of the year.

Details are shown in Annexure-D.

9.6 Sector wise investment of shares

	2019		2018
	Market price Taka	Cost price Taka	Cost price Taka
<u>Shares in listed companies (A)</u>			
Banks and NBFIs	684,269,847	1,511,214,269	1,681,086,860
Insurance Companies	52,685,251	76,805,098	861,676,102
Fuel and Power Companies	168,406,514	286,553,627	381,160,963
Mutual Fund	300,547,969	293,475,095	293,475,095
Manufacturing & Other	2,806,368,420	2,546,407,435	1,676,248,365
	4,012,278,001	4,714,455,525	4,893,647,386

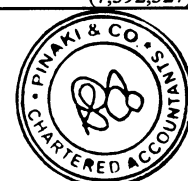


Particulars	Note	2019 Taka	2018 Taka
		2019	2018
		Net book value	Cost price
Shares in un-listed companies (B)		Taka	Taka
Banks and NBFIs		54,183,820	54,183,820
Others		555,986,092	22,886,092
Total investment of shares (C=A+B)		610,169,912	77,069,912
		5,324,625,437	4,970,717,298

The investments in shares of unlisted companies are shown at cost or net book value of the last audited balance sheet, whichever is lower.

9.7 Market price and cost price of investments in ordinary shares as on 31 Dec 2019

SL. no.	Name of the Company	2019		Differences (Provision to be required)
		Market price Taka	Cost price Taka	
1	ACI Formulation Limited	4,585,000	10,738,662	(6,153,662)
2	ACME Laboratories Limited	177,681,840	162,952,332	14,729,508
3	ADNTELECOM Ltd	569,040	569,040	-
4	AFC Agro Biotech Limited	17,161,580	36,946,327	(19,784,747)
5	Aftab Automobiles Limited	45,547,895	145,359,192	(99,811,297)
6	AMAN Feed Limited	8,281,015	17,633,331	(9,352,317)
7	Apex Food Ltd	5,426,268	9,581,913	(4,155,645)
8	Argon Denim Ltd	11,476,051	22,675,929	(11,199,877)
9	Asia Insurance Ltd	52,685,251	76,805,098	(24,119,847)
10	Bangladesh Building Systems Ltd	14,558,848	30,991,307	(16,432,459)
11	Bangladesh Shipping Corporation Limited	10,469,250	13,090,872	(2,621,622)
12	Barka Power Ltd	53,299,214	80,616,388	(27,317,174)
13	Bashundara Paper Mills Limited	4,140,000	11,647,591	(7,507,591)
14	BAY Leasing and Investment Limited	188,654,832	653,582,763	(464,927,931)
15	BBS Cables Ltd	3,234,000	5,515,678	(2,281,678)
16	BD COM Ltd	15,561,347	23,932,942	(8,371,594)
17	Bangladesh Steel Re-Rolling Mills Limited	27,944,442	65,049,432	(37,104,991)
18	BSRM Steel Mills Limited	3,001,152	7,019,678	(4,018,526)
19	Confidence Cement Ltd	43,612,432	64,878,145	(21,265,713)
20	COPPERTECH LTD	116,984	47,410	69,574
21	Delta Life Insurance Ltd	5,363,591	12,382,964	(7,019,373)
22	Doreen Power Ltd	14,788,965	23,687,937	(8,898,971)
23	Dragon Sweater & Spinning Ltd	222,000	455,786	(233,786)
24	Esquire Knit Composite Ltd	732,687	1,165,050	(432,363)
25	EXIM Bank Ltd	164,585,570	370,656,919	(206,071,349)
26	EXIM Bank 1st Mutual Fund	25,547,969	43,475,095	-
27	Genex Infosys Ltd	26,390	3,406	22,985
28	Global Heavy Chemicals Limited	15,789,619	34,247,190	(18,457,571)
29	Golden Harvest Agro industries Ltd	17,534,550	22,470,307	(4,935,757)
30	GPH Ispat Limited	29,792,884	39,630,146	(9,837,262)
31	INTRACO Refueling Station Limited	158,017	452,419	(294,402)
32	Investment Corporation of Bangladesh	15,114,718	27,605,297	(12,490,579)
33	Kattali Textile Limited	1,112	-	1,112
34	Khulna Power Company Limited	21,293,005	48,063,646	(26,770,641)
35	Lafarge Holcim Bangladesh Limited	40,320,000	97,436,822	(57,116,822)
36	Matin Spinning Limited	9,415,520	14,044,434	(4,628,914)
37	Meghna Petroleum Limited	4,203,763	5,791,363	(1,587,600)
38	MJL Bangladesh Ltd	11,299,050	21,016,635	(9,717,585)
39	Mozaffar Hossain Spinning Mills Limited	39,848	95,116	(55,268)
40	National Life Insurance Company Limited	2,174,341,283	1,437,994,884	736,346,400
41	NEWLINE Clothing Limited	63,372	40,023	23,349
42	Oimex Electrode Limited	140,019	153,620	(13,602)
43	OLYMPIC Limited	12,375,000	19,767,327	(7,392,327)



Particulars	Note	2019 Taka	2018 Taka
44 Orion Pharma Ltd	32,384,399	61,952,895	(29,568,496)
45 Padma Oil Company Limited	9,556,184	12,487,427	(2,931,243)
46 Paramount Textile Limited	671,110	652,135	18,975
47 Premier Cement Ltd	24,105,663	57,393,541	(33,287,878)
48 Prime Bank Limited	315,914,726	459,369,291	(143,454,564)
49 RSRM STEEL Limited	25,681,082	75,212,724	(49,531,642)
50 Runner automobiles Ltd	450,195	540,450	(90,255)
51 Saif Power Tec Limited	376,018	784,502	(408,484)
52 S.Alam Cold Rolled Steels Ltd	16,687,000	31,969,454	(15,282,454)
53 Summit Alliance Port Ltd	392,078	993,547	(601,469)
54 Sea Pearl Beach Resort & Spa limited	161,751	37,300	124,451
55 Southeast Bank 1st Mutual Fund	275,000,000	250,000,000	25,000,000
56 Shahjibazar Power Company Ltd	45,360,000	82,144,854	(36,784,854)
57 Shasha Denim Limited	446,556	1,117,951	(671,395)
58 Silco Pharmaceutical Ltd	243,076	72,930	170,146
59 SS Steel Ltd	7,589	3,066	4,523
60 Summit Power Ltd	3,813,315	4,622,232	(808,917)
61 Titas Gas Transmission & Distribution Company Ltd	4,635,000	7,670,726	(3,035,726)
62 Wata Chemical Ltd	5,236,884	7,160,088	(1,923,203)
	4,012,278,001	4,714,455,525	(684,250,398)
Actual provision			684,270,141
Surplus/(deficit)			19,743

9.8 Transactions of Repo and Reverse-repo during the year

	Minimum outstanding Taka	Maximum outstanding Taka	Daily average outstanding Taka
2019			
Securities sold under repo			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	444,229,650	1,495,833,500	42,820,865
Securities purchased under reverse repo			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	149,747,280	3,295,576,303	545,786,635
2018			
Securities sold under repo			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	156,713,657	1,535,260,080	47,674,919
Securities purchased under reverse repo			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	157,743,152	1,217,850,720	79,343,498



Particulars	Note	2019 Taka	2018 Taka
10 Consolidated loans and advances/investments			
Loans, cash credit, overdrafts etc./investments:			
Southeast Bank Limited	11	277,020,101,321	252,933,241,876
Southeast Bank Capital Services Limited		1,737,849,955	2,467,417,246
		278,757,951,276	255,400,659,122
Less: Inter company balance eliminated		-	-
		278,757,951,276	255,400,659,122
Bills purchased and discounted:			
Southeast Bank Limited	11	17,995,011,999	12,270,968,683
		17,995,011,999	12,270,968,683
		296,752,963,275	267,671,627,805
11 Loans and advances/investments			
Loans, cash credit, overdrafts etc./investments	11.1	277,020,101,321	252,933,241,876
Bills purchased and discounted	11.14	17,995,011,999	12,270,968,683
		295,015,113,320	265,204,210,559
11.1 Loans, cash credit, overdrafts etc./Investments			
In Bangladesh:			
Conventional Banking			
Demand loan		7,552,334,097	7,446,663,360
Time loan		25,540,530,841	27,005,835,559
Term loan		122,264,512,516	99,358,892,070
Agricultural credit-Term		1,378,470,597	995,463,927
Agricultural credit-Time		2,137,269,292	1,163,473,709
Agricultural credit-OD		212,368,194	189,825,090
Consumer credit scheme		2,499,669	2,988,823
Car loan		128,130,055	128,683,786
Personal loan		429,677,902	478,889,995
Home loan		1,759,308,096	1,256,450,806
Rural Home Loan		166,236,275	170,362,632
Loan against - LTFF		266,398,553	174,436,799
Loan against GTF		67,897,772	10,864,315
Cash credit and overdrafts		59,487,080,257	58,603,918,907
Bills Against Letter of Credit (BLC)		225,239,563	120,286,863
Loan re-finance housing sector		13,599,386	15,557,895
Loan against Trust Receipt (LTR)		13,402,596,278	16,566,111,770
Advances-packing credit (PC)		2,639,826,146	3,210,961,945
Loan against foreign bills		126,345,398	120,081,946
House building loan-staff		375,527,605	365,431,298
Digital device		9,766	45,859
Export Development Fund (EDF)		19,057,302,226	18,199,188,944
Loan against cash incentive		30,545,174	132,117,051
Loan-credit card		2,158,063,208	1,889,094,911
		259,421,768,866	237,605,628,260
Islamic Banking			
Demand investment		888,481,948	528,987,815
Bai-Muajjal (Time) investment		392,827,368	195,402,971
Bai-Muajjal Time under CCS		82,921,352	79,622,265
Bai-Murabaha-BLC		22,294	-
Bai-Murabaha-LTR		1,057,138,547	1,193,826,782
Bai-Salam (advances-packing credit)		82,261,921	149,133,314
Staff house building investment		13,548,440	16,635,522
Export Development Fund (EDF)		674,178,978	773,063,701
Investment against cash incentive		-	17,131,016
Bai-Muajjal-investment		3,371,439,522	3,833,616,144
Murabaha-investment		110,999,291	617,028,554
Hire purchase-investment		10,924,512,794	7,923,165,532
		17,598,332,455	15,327,613,616
		277,020,101,321	252,933,241,876
Outside Bangladesh		-	-
		277,020,101,321	252,933,241,876



Particulars	Note	2019 Taka	2018 Taka
11.2 Performing loans and advances/investments			
Gross loans and advances/investments		295,015,113,320	265,204,210,559
Non-performing loans and advances/investments		(14,375,292,023)	(15,558,851,040)
		280,639,821,297	249,645,359,519
11.3 Maturity-wise grouping of loans and advances/investments			
On demand		42,270,540,000	35,920,100,000
Less than three months		75,701,460,000	42,398,300,000
More than three months but less than one year		79,967,800,000	93,389,800,000
More than one year but less than five years		57,748,700,000	55,815,500,000
More than five years		39,326,613,320	37,680,510,559
		295,015,113,320	265,204,210,559
11.4 Concentration of loans and advances/investments			
Advances to allied concerns of directors		-	-
Advances to chief executive and other senior executives		153,220,739	121,693,360
Advances to customers' group:			
Advances to large and medium industries		202,681,057,418	180,151,419,488
Advances to small and cottage industries		14,362,857,301	12,993,557,061
Commercial Loans		42,230,548,118	43,670,568,760
Consumer Credit		4,726,846,322	4,052,000,000
Off-shore Banking Loans		18,539,053,971	11,744,269,214
Other loans and advances		12,321,529,451	12,470,702,676
		295,015,113,320	265,204,210,559

Details of large loan/investments

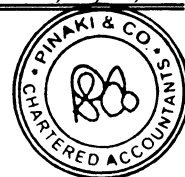
As at 31 December 2019 there were 33 (2018:34) clients with whom amount of outstanding loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Tk 35,993.86 million as at 31 December 2019 (Tk. 38,755.80 million as at 31 December 2018).

The Bank complies with the requirements of the section 26 (b) of the Bank Companies Act 1991 as amended in 2018 in connection with the general limitations of credit line.

Details are shown in **Annexure-D**.

11.5 Sector-wise allocation of loans and advances

	2019		2018	
	% of total loan	Taka	% of total loan	Taka
Agriculture	1.37%	4,033,802,812	0.99%	2,630,200,000
Industrial (Manufacturing)	50.62%	149,337,701,819	47.98%	127,250,714,579
Industrial (Services)	14.54%	42,881,572,826	16.26%	43,128,100,528
Export Financing	8.41%	24,824,640,074	8.68%	23,019,757,073
Commercial Loans	14.31%	42,230,548,118	16.47%	43,670,568,760
Consumer Credit	1.60%	4,726,846,322	1.53%	4,052,000,000
Others:				
a) Off-shore Banking Loans	6.28%	18,539,053,971	4.43%	11,744,269,214
b) Finance to NBFIs	0.46%	1,355,234,453	0.60%	1,582,459,039
c) Loans to Capital Market	0.58%	1,715,987,471	0.54%	1,436,350,764
d) Miscellaneous	1.82%	5,369,725,453	2.52%	6,689,790,600
	100.00%	295,015,113,320	100.00%	265,204,210,559



Particulars	Note	2019 Taka	2018 Taka
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11.6 Industry-wise loans and advances (Industrial Loan)

Ready Made Garment industries Loan (RMG)	61,487,892,563	50,850,227,088
Real Estate industries	19,751,975,037	20,733,831,268
Textile industries	16,615,783,585	15,234,847,108
Agro-Based Industries	15,545,115,456	13,015,700,000
Cement & Ceramics industries	6,474,774,052	6,316,200,000
Ship Breaking & Ship Building industries	5,693,618,007	4,934,201,824
Pharmaceuticals industries	1,755,866,651	1,870,500,000
Other Industries	89,718,889,369	80,189,496,736
	217,043,914,719	193,145,004,024

11.7 Category-wise Small Medium Enterprise loans and advances (SME)

Service sector	20,289,091,212	18,175,639,030
Trading sector	27,285,989,052	25,165,945,179
Industrial sector	55,423,330,633	30,428,060,601
	102,998,410,897	73,769,644,810

11.8 Geographical location-wise allocations of loans and advances

	2019		2018	
	% of total loan	Taka	% of total loan	Taka
Urban:				
Dhaka region	76.75%	226,421,370,679	74.35%	197,182,734,167
Chittagong region	13.94%	41,121,892,238	15.92%	42,216,725,245
Rajshahi region	1.83%	5,395,407,509	1.89%	5,014,000,055
Sylhet region	1.21%	3,576,063,473	1.22%	3,238,713,660
Khulna region	0.51%	1,499,150,540	0.55%	1,470,516,829
Rangpur region	0.28%	828,896,439	0.32%	836,234,155
Barisal region	0.08%	240,402,709	0.08%	220,365,353
Mymensingh region	0.14%	399,513,382	0.15%	386,439,156
	94.74%	279,482,696,969	94.48%	250,565,728,620
Rural:				
Dhaka region	3.27%	9,641,368,796	2.94%	7,792,380,927
Chittagong region	1.56%	4,597,897,002	1.80%	4,769,399,131
Rajshahi region	0.02%	61,396,883	0.16%	425,224,948
Sylhet region	0.17%	504,462,078	0.37%	969,841,873
Khulna region	0.25%	727,291,592	0.26%	681,635,060
	5.26%	15,532,416,351	5.52%	14,638,481,939
	100.00%	295,015,113,320	100.00%	265,204,210,559

11.9 Classification of loans and advances

	2019		2018	
	% of total loan	Taka	% of total loan	Taka
Unclassified:				
Standard including staff loan	92.28%	272,243,244,240	90.53%	240,083,546,744
Special Mention Account (SMA)	2.85%	8,396,577,057	3.61%	9,561,812,775
	95.13%	280,639,821,297	94.13%	249,645,359,519
Classified:				
Sub-standard	0.13%	375,565,881	0.06%	171,210,454
Doubtful	0.09%	270,814,840	0.14%	359,641,627
Bad/loss	4.65%	13,728,911,301	5.67%	15,027,998,959
	4.87%	14,375,292,023	5.87%	15,558,851,040
	100.00%	295,015,113,320	100.00%	265,204,210,559



Particulars	Note	2019 Taka	2018 Taka
11.10 Particulars of loans and advances			
i) Debts considered good in respect of which the bank is fully secured;		241,985,581,080	227,388,609,049
ii) Debts considered good for which the bank holds no other security than the debtors' personal security;		10,912,630,334	14,096,135,395
iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors;		42,116,901,906	23,709,761,059
iv) Debts adversely classified; provision not maintained		-	-
v) Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons;		387,834,368	375,355,363
vi) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;		-	-
vii) Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons;		387,834,368	375,355,363
viii) Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;		-	-
ix) Due from banking companies;		-	-
x) Classified loans/investments for which interest has not been charged:			
(a) Increase/(decrease) of provision (specific)		8,281,727,000	3,333,219,044
Amount of debts written off		10,310,926	2,044,946,488
Amount realized against the debts previously written off		917,012,200	404,812,584
(b) Provision against the debt classified as bad/loss at the date of balance sheet		6,862,579,457	7,024,062,597
(c) Amount of interest charged in suspense account		9,294,042,050	5,995,927,271
xi) Loans written off:			
- Current year		13,459,101	2,538,512,754
Cumulative to-date		12,230,294,841	12,216,835,740
- The amount of written off loans for which lawsuit filed		12,230,294,841	12,216,835,740

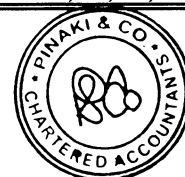


11.11 Particulars of required provision for loans and advances/investments

Status	2019			2018	
	Outstanding as at 31 Dec 2019	Base for provision	% of required provision	Required provision	Required provision
	Taka	Taka		Taka	Taka
For loans and advances/ Investments:					
Unclassified-General Provision					
All unclassified loans (other than small enterprises, housing finance, Loan to MBs loans for professional, consumer financing and special mention account)	172,510,444,404	172,510,444,404	1%	1,725,104,445	1,697,951,010
Small and medium enterprise financing	90,627,609,934	90,627,609,934	0.25%	226,569,026	158,161,088
Loan to BHs/MBs/SDs against shares	1,715,987,471	1,715,987,471	2%	34,319,749	28,727,015
Housing and loan for professional	2,057,233,078	2,057,233,078	1%-2%	21,420,059	15,971,406
Consumer finance	2,571,708,353	2,571,708,353	2%-5%	67,751,293	67,997,386
Agriculture finance	2,373,141,024	2,373,141,024	1%-5%	23,731,410	12,628,962
Staff loan	387,119,975	387,119,975	1%	3,871,200	3,748,293
Special Mention Account (SMA)	8,396,577,057	7,042,545,213	0.25%-5%	71,157,703	97,181,570
				2,173,924,885	2,082,366,729
Classified-Specific Provision:					
Sub-standard	375,565,881	111,800,442	5%-20%	18,461,143	20,020,046
Doubtful	270,814,840	115,889,209	5%-50%	57,920,285	113,035,177
Bad/loss	13,728,911,301	6,862,579,457	100%	6,862,579,457	7,024,062,597
	<u>295,015,113,320</u>	<u>286,376,058,561</u>		<u>6,938,960,885</u>	<u>7,157,117,820</u>
Required provision for loans and advances (A)				9,112,885,769	9,239,484,549
Total provision maintained (B)				18,773,255,000	13,283,300,001
Excess provision as at 31 December (C=B-A)				<u>9,660,369,231</u>	<u>4,043,815,452</u>



Particulars	Note	2019 Taka	2018 Taka
11.12 Listing of assets pledged as security/collaterals			
<u>Nature of the secured assets</u>			
Shares & Securities		1,689,122,454	1,628,543,392
Merchandise		857,232,999	3,121,194,707
Machinery with other fixed asset and financial obligation		4,167,920,849	6,294,508,398
Real estate with financial obligation		238,673,761,651	207,857,846,545
Financial obligation only		7,145,293,503	8,110,762,157
(Insurance policies, savings certificates, bank deposit etc)			
Miscellaneous-			
i) Crops/stock of crops hypothecation		250,625,273	974,760,191
ii) Guarantee of individuals/institutions		34,355,140,556	27,346,728,778
ii) Others		7,876,016,035	9,869,866,390
		295,015,113,320	265,204,210,559
11.13 Bills purchased and discounted			
Conventional Banking			
In Bangladesh		3,585,216,294	3,591,727,500
Outside Bangladesh		14,048,336,097	8,322,147,295
		17,633,552,391	11,913,874,795
Islamic Banking			
In Bangladesh		337,062,325	357,093,888
Outside Bangladesh		24,397,284	-
		361,459,608	357,093,888
		17,995,011,999	12,270,968,683
11.14 Maturity grouping of bills discounted and purchased			
Within one month		6,096,700,000	5,422,081,397
More than one month but less than three months		8,849,911,999	3,318,600,047
More than three months but less than six months		3,048,400,000	3,060,593,182
More than six months		-	469,694,057
		17,995,011,999	12,270,968,683
11.15 Information about restructured loan as per Bangladesh Bank's BRPD Circular no. 4 dated 29 January 2015.			
Loans amounting to Tk. 3,103.80 million (outstanding Tk.2,590.40 million as on 31 December 2019) of Keya Group, Gulshan Branch, Dhaka have been restructured by extension of validity of Term Loan for 12-years & conversion of demand loan into 06-years Term Loan including one year moratorium under the purview of BRPD Circular # 04 dated 29 January 2015. The status of the loans is unclassified and reported as SMA as per Bangladesh Bank's guidelines. Accordingly, 2% provision has been made.			
12 Consolidated fixed assets including premises, furniture and fixtures			
Cost:			
Southeast Bank Limited	13	11,448,421,132	11,176,783,549
Southeast Bank Capital Services Limited		816,073,827	742,249,436
Southeast Financial Services (UK) Ltd		-	9,604,648
Southeast Financial Services (Australia) Pty Ltd		-	2,520,519
Southeast Exchange Company (South Africa) Pty Ltd		15,316,260	8,484,453
		12,279,811,219	11,939,642,605
Less: Accumulated depreciation			
Southeast Bank Limited	13	2,693,465,734	2,394,419,803
Southeast Bank Capital Services Limited		246,002,900	192,997,136
Southeast Financial Services (UK) Ltd		-	8,193,109
Southeast Financial Services (Australia) Pty Ltd		-	1,919,000
Southeast Exchange Company (South Africa) Pty Ltd		6,684,570	4,818,396
		2,946,153,204	2,602,347,445
Written down value at the end of the year		9,333,658,015	9,337,295,160



Particulars	Note	2019 Taka	2018 Taka
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There were no capitalized borrowing cost related to the acquisition of fixed assets during the year (2018: nil).

Details of consolidated amounts have not been provided as such amounts are insignificantly different from those of the Banks.

13 Fixed assets including premises, furniture and fixtures

Cost:

Land	5,797,426,007	5,797,250,693
Buildings	1,989,886,963	1,989,262,277
Furniture and fixtures	1,421,217,386	1,331,911,302
Office appliances	15,557,289	15,282,870
Computer	309,141,176	272,016,322
Electrical appliances	1,438,573,817	1,387,170,289
ATM Booth	324,137,305	252,882,264
Motor vehicles	152,481,189	131,007,532
	11,448,421,132	11,176,783,549

Less: Accumulated depreciation

Buildings	585,392,846	526,877,198
Furniture and fixtures	712,788,895	640,658,640
Office appliances	10,989,673	10,185,235
Computer	161,083,126	128,482,224
Electrical appliances	955,186,841	857,053,965
ATM Booth	166,056,528	130,074,144
Motor vehicles	101,967,825	101,088,397
	2,693,465,734	2,394,419,803

Written down value at the end of the year

8,754,955,398	8,782,363,746
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Details are shown in Annexure-E.

14 Consolidated other assets

Southeast Bank Limited	15	9,485,465,483	9,554,422,290
Southeast Bank Capital Services Limited		126,836,034	111,001,319
Southeast Financial Services (UK) Ltd		-	1,842,676
Southeast Financial Services (Australia) Pty Ltd		-	718,855
Southeast Exchange Company (South Africa) Pty Ltd		4,267,272	1,530,861
		9,616,568,789	9,669,516,001

Less:

Investment in subsidiary:

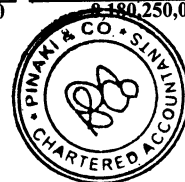
In Bangladesh	5,489,930,000	5,489,930,000
Outside Bangladesh	42,207,967	65,100,021
	5,532,137,967	5,555,030,021
Intercompany balance	-	4,244,208
	4,084,430,822	4,110,241,772



Particulars	Note	2019 Taka	2018 Taka
15 Other assets		9,485,465,483	9,554,422,290
15.1 Classification of other assets			
i) Investment in shares of subsidiary companies:			
- In Bangladesh	15.3	5,489,930,000	5,489,930,000
- Outside Bangladesh	15.4	42,207,967	65,100,021
ii) Stationery, stamps, printing materials, etc.		50,176,317	42,239,443
iii) Advance rent and advertisement		294,913,787	343,744,413
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables		1,563,924,636	1,585,574,838
v) Security deposits		4,923,619	4,622,119
vi) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses		953,725,582	1,185,521,300
vii) Suspense account		40,140,155	49,531,540
viii) Right to use (ROU) assets		207,595,018	-
ix) Others		837,928,403	788,158,615
		9,485,465,483	9,554,422,290
15.2 Non-income generating other assets			
i) Stationery, stamps, printing materials, etc.		50,176,317	42,239,443
ii) Advance rent and advertisement		294,913,787	343,744,413
iii) Suspense account		40,140,155	49,531,540
iv) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses		953,725,582	1,185,521,300
		1,338,955,841	1,621,036,697
15.3 Investment in shares of subsidiary company In Bangladesh			
Cost		5,489,930,000	5,489,930,000
Provision for impairment loss		-	-
		5,489,930,000	5,489,930,000
15.4 Investment in shares of subsidiary companies Outside Bangladesh			
Cost		82,704,302	113,660,069
Provision for impairment loss		(40,496,336)	(48,560,048)
		42,207,967	65,100,021
15.5 Particulars of required provision for other assets			
2019			
Legal expenses for defaulting borrowings	Base for provision	Rate (%)	Taka
Legal expenses for defaulting borrowings	21,555,745	50%	10,777,873
Others	97,954,681	100%	97,954,681
Protested bills	105,957,797	100%	105,957,797
Required provision on other assets	5,987,140	100%	5,987,140
Total provision maintained			220,677,490
Excess provision			228,796,914
			8,119,424
2018			
Legal expenses for defaulting borrowings	Base for provision	Rate (%)	Taka
Legal expenses for defaulting borrowings	12,433,639	50%	6,216,819
Others	63,542,575	100%	63,542,575
Protested bills	145,000,000	100%	145,000,000
Required provision on other assets	3,581,157	100%	3,581,157
Total provision maintained			218,340,551
Excess provision			233,735,000
			15,394,449



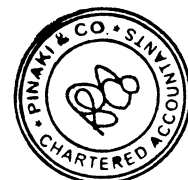
Particulars	Note	2019 Taka	2018 Taka
16 Consolidated borrowings from other banks, financial institutions and agents			
Subordinated bond:			
Southeast Bank Limited	17	10,200,000,000	11,800,000,000
		10,200,000,000	11,800,000,000
Other borrowings:			
Southeast Bank Limited	17	13,701,399,879	11,157,491,516
Southeast Bank Capital Services Limited		-	54,208,827
		13,701,399,879	11,211,700,343
Less: Inter company balance eliminated		-	-
		13,701,399,879	11,211,700,343
		23,901,399,879	23,011,700,343
17 Borrowings from other banks, financial institutions and agents			
Subordinated Bond	17.2.ii	10,200,000,000	11,800,000,000
Other borrowings	17.2.i + 17.3	13,701,399,879	11,157,491,516
		23,901,399,879	22,957,491,516
17.1 Borrowing from other banks, financial institutions and agents			
In Bangladesh	17.2	11,820,129,879	12,260,241,516
Outside Bangladesh	17.3	12,081,270,000	10,697,250,000
		23,901,399,879	22,957,491,516
17.2 In Bangladesh			
i. Secured:			
Refinance against agro-based credit from Bangladesh Bank		11,344,643	5,355,119
Refinance for housing sector from Bangladesh Bank		60,380,122	62,084,981
Refinance against SME loan from Bangladesh Bank		119,993,843	97,098,757
Refinance against Solar energy, Bio Gas & ETP		3,888,884	-
Scheme from Bangladesh Bank		-	5,555,552
Refinance against RPGCL		22,387	9,382,652
Borrowing from Pubali Bank Limited		424,500,000	-
Borrowing from IDCOL		-	280,764,456
Bangladesh Bank Islamic Bond		1,000,000,000	-
		1,620,129,879	460,241,516
ii. Unsecured:			
Subordinated Bond			
Rupali Bank Limited		1,350,000,000	1,600,000,000
Sonali Bank Limited		1,850,000,000	2,200,000,000
Agrani Bank Limited		2,060,000,000	2,250,000,000
Pubali Bank Limited		1,070,000,000	1,330,000,000
Mercantile Bank Limited		100,000,000	150,000,000
Saudi-Bangladesh Industrial and Agricultural Investment Company Ltd.		80,000,000	120,000,000
Sadharan Bima Corporation		180,000,000	200,000,000
Uttara Bank Limited		160,000,000	200,000,000
Dhaka Bank Limited		600,000,000	750,000,000
National Life Insurance Limited		1,100,000,000	1,250,000,000
Janata Bank Limited		1,400,000,000	1,500,000,000
Delta Life Insurance Co. Limited		250,000,000	250,000,000
		10,200,000,000	11,800,000,000
Total (iii=i+ii)		11,820,129,879	12,260,241,516
17.3 Outside Bangladesh			
Secured:			
Borrowing from Commercial Bank of Qatar (CBQ)		1,485,750,000	1,678,000,000
Borrowing from RAK BANK, UAE		849,000,000	1,384,350,000
Borrowing FM SCB SINGAPORE		2,249,850,000	2,097,500,000
Borrowing FM EIB, UAE		721,650,000	1,342,400,000
Borrowing from ADCB, UAE		679,200,000	-
Borrowing from DBS Bank Ltd		1,146,150,000	-
Borrowing from Noor UAE		577,320,000	-
Borrowing from FGB, UAE		551,850,000	1,258,500,000
Borrowing FM NMB Bank, Nepal		849,000,000	419,500,000
Borrowing from HDFC BANK, Hong Kong		1,273,500,000	-
		10,383,270,000	8,180,250,000



Particulars	Note	2019 Taka	2018 Taka
Unsecured:			
Borrowing from Global Climate Partnership Fund S.A.		1,698,000,000	1,678,000,000
Borrowing from ADB		-	839,000,000
		1,698,000,000	2,517,000,000
		12,081,270,000	10,697,250,000
17.4 Maturity grouping of borrowings			
Repayable on demand		-	-
Repayable within one month		424,800,000	1,266,890,000
Over one month but within six months		9,259,600,000	7,613,624,456
Over six months but within one year		2,795,600,000	2,019,500,000
Over one year		11,421,399,879	12,057,477,060
		23,901,399,879	22,957,491,516
18 Consolidated deposits and other accounts			
Current/Al-wadeeah current accounts and other accounts			
Southeast Bank Limited		48,807,799,671	40,457,857,551
Southeast Bank Capital Services Limited		75,754,716	37,532,362
		48,883,554,387	40,495,389,913
Less: Inter company balance eliminated		622,941,348	23,324,151
		48,260,613,039	40,472,065,762
Bills payable			
Southeast Bank Limited		4,095,294,208	4,494,551,361
Southeast Bank Capital Services Limited		-	-
		4,095,294,208	4,494,551,361
Savings bank/Mudaraba savings bank deposits			
Southeast Bank Limited		30,416,845,985	27,259,920,347
Southeast Bank Capital Services Limited		-	-
		30,416,845,985	27,259,920,347
Fixed deposits/Mudaraba fixed deposits			
Southeast Bank Limited		246,477,520,709	226,108,257,117
Southeast Bank Capital Services Limited		-	-
		246,477,520,709	226,108,257,117
		329,250,273,941	298,334,794,587
19 Deposits and other accounts			
Current/Al-wadeeah current accounts and other accounts			
Current/Al-wadeeah current deposits		12,879,444,883	11,250,432,310
Foreign currency deposits		2,222,988,779	1,341,263,887
Sundry deposits	19.1	33,705,366,009	27,866,161,354
		48,807,799,671	40,457,857,551
Bills payable			
Payment order issued		4,091,346,795	4,490,503,198
Demand draft		3,947,413	4,048,163
		4,095,294,208	4,494,551,361
Savings bank/Mudaraba savings bank deposits		30,416,845,985	27,259,920,347
Fixed deposits/Mudaraba fixed deposits			
Fixed deposits/Mudaraba fixed deposits		187,900,462,477	175,396,223,237
Special notice/Mudaraba special notice deposits		34,377,295,823	29,844,075,615
Scheme deposits		19,254,588,903	17,365,549,746
Interest payable on FDR/Scheme		4,945,173,506	3,502,408,519
		246,477,520,709	226,108,257,117
		329,797,460,573	298,320,586,377
19.1 Sundry deposits			
Margin under letter of credit		2,690,660,855	2,799,904,442
Margin against IBP		817,604	36,031,780
Margin against FBP		78,719,028	14,988,274
Margin under letter of guarantee		1,423,074,985	1,353,760,605
Margin against time loan to issue pay order		94,034,584	100,968,639
Deposit held against FDBP/IDBP, export bills etc.		13,864,686	17,968,410
FC held against EDF L/C and LTFF/GTF		20,010,347,997	17,030,469,804
Accounts payable		569,107	5,331,896
Telegraphic transfer		983,716	780,290
Margin on acceptance		8,713,253,792	6,261,054,275
Export proceeds awaiting disposal		361,340,932	-
Remittance awaiting disposal		6,978,202.53	6,787,264
Others		310,720,520	238,115,674
		33,705,366,009	27,866,161,354



Particulars	Note	2019 Taka	2018 Taka
19.2 Deposits from banks and others			
Inter-bank deposits	19.3	6,169,084,156	10,814,479,860
Other deposits		323,628,376,417	287,506,106,516
		329,797,460,573	298,320,586,377
19.3 Inter-bank deposits			
AB Bank Limited		54,143	54,059
Agrani Bank Limited		500,000,000	3,500,000,000
Al-Arafa Islami Bank Limited		749,040,064	514,380,491
Bangladesh Krishi Bank		-	250,000,000
Citibank N.A.		455,863,053	114,722,610
Commercial Bank of Ceylon Plc.		-	650,000,000
Dutch Bangla Bank Limited		100,000,000	-
EXIM Bank Limited		5,191,092	5,078,241
First Security Islami Bank Limited		164,791	160,383
IFIC Bank Limited		268,662	264,244
Islami Bank Bangladesh Limited		8,607,582	8,418,107
Meghna Bank Limited		3,501,780	4,970
Mercantile Bank Limited		5,342,095	221,567
Mutual Trust Bank Limited		713,862	1,196,746
NCC Bank Limited		200,000,000	-
NRB Commercial Bank Limited		24,108,748	18,955,006
Prime Bank Limited		1,000,000,000	500,000,000
Pubali Bank Limited		-	500,000,000
Rajshahi Krishi Unnayan Bank (RAKUB)		-	140,000,000
State Bank of India		-	400,000,000
Sonali Bank Limited		3,000,000,000	4,000,000,000
Shahjalal Islami Bank Limited		105,431,394	451,703
Standard Chartered Bank		-	200,000,000
Social Islami Bank Limited(SIBL)		335,533	329,285
The City Bank Limited		10,461,357	10,239,594
The Trust Bank Limited		-	2,855
		6,169,084,156	10,814,479,860
19.4 Sector-wise deposits			
Government		10,307,116,456	8,556,499,639
Deposit money banks		6,169,084,156	10,814,479,860
Other public		25,926,853,338	22,396,797,707
Foreign currency		21,882,296,084	1,359,393,796
Private		265,512,110,538	255,193,415,374
		329,797,460,573	298,320,586,377
19.5 Unclaimed Deposits and valuables			
Payment Order		2,682,163	221,282
		2,682,163	221,282
19.6 Analysis of residual maturity grouping of deposits			
Inter-bank deposits:			
Payable on demand		865,500,000	115,926,268
Within one month		300,000,000	58,553,592
More than one month but less than six months		5,003,584,156	10,500,000,000
More than six months but less than one year		-	-
More than one year but less than five years		-	-
More than five years but less than ten years		-	-
		6,169,084,156	10,674,479,860
Other Deposits:			
Payable on demand		7,800,600,000	5,423,373,732
Within one month		44,203,400,000	39,928,646,408
More than one month but less than six months		79,027,325,844	66,301,561,377
More than six months but less than one year		70,710,990,000	68,761,725,000
More than one year but less than five years		102,836,600,000	93,513,400,000
More than five years but less than ten years		19,049,460,573	13,717,400,000
		323,628,376,417	287,646,106,517
		329,797,460,573	298,320,586,377



Particulars	Note	2019 Taka	2018 Taka
20 Consolidated other liabilities			
Southeast Bank Limited	21	38,312,892,783	31,765,504,056
Southeast Bank Capital Services Limited		306,169,676	284,773,226
Southeast Financial Services (UK) Ltd		323,309	3,348,674
Southeast Financial Services (Australia) Pty Ltd		-	787,383
Southeast Exchange Company (South Africa) Pty Ltd		32,120,880	52,286,589
		38,651,506,648	32,106,699,928
Less: Inter company balance eliminated		-	4,244,208
		38,651,506,648	32,102,455,720
21 Other liabilities			
Provision for loans and advances/investments	21.1	18,773,255,000	13,283,300,001
Interest suspense account	21.2	9,294,042,050	5,995,927,271
Provision for taxation	21.3	4,814,160,997	5,030,480,782
Obligation under lease liabilities	21.4	868,030	1,291,340
Lease Liabilities (Right of Use Assets)	21.4.2	132,956,073	-
Accrued expenses		20,738,308	14,467,280
Interest payable on borrowings		501,780,157	393,432,740
Accounts payable-Bangladesh Bank		66,346,869	276,010,148
Accounts payable-others		1,209,485,335	1,560,523,945
Provision for diminution in the market value of share	21.7	684,270,141	799,726,500
Other provisions	21.5.1	1,062,908,714	1,456,946,800
Unearned income		334,006,098	380,676,896
Branch adjustment	21.6	393,145,849	1,576,218,799
Withholding tax		1,023,929,163	995,501,554
Provision for audit fees		1,000,000	1,000,000
		38,312,892,783	31,765,504,056
21.1 Provision for loans and advances/investments			
A. General			
Balance as at 1 January		3,321,400,000	3,440,610,024
Add: Provision made during the year			
On standard loans and advances/investments etc.		354,251,868	(70,937,446)
On Special Mention Account (SMA)		(26,023,868)	(48,272,578)
		328,228,000	(119,210,024)
Less: Transfer to specific provision		(3,120,000,000)	-
Less: Provision no longer required		-	-
Balance as at 31 December		529,628,000	3,321,400,000
B. Specific			
Balance as at 1 January		9,961,900,000	6,628,680,956
Less: Fully provided debt write off during the year		(10,310,926)	(2,044,946,488)
Add: Recoveries of amounts previously written off		917,012,200	404,812,584
Add: Specific provision for the year		4,255,025,727	4,974,285,948
Add: Transfer from general provision		3,120,000,000	-
Less: Interest waiver during the year		-	(933,000)
Net charge to Profit & Loss A/C		8,281,727,000	3,333,219,044
Balance as at 31 December		18,243,627,000	9,961,900,000
C. Total provision on loans and advances/investments (A+B)		18,773,255,000	13,283,300,001
21.2 Interest suspense account			
Balance as at 1 January		5,995,927,271	4,402,732,281
Add: Amount transferred to "interest suspense" account during the year		6,583,128,290	4,018,996,469
		12,579,055,561	8,421,728,750
Less: Amount of interest suspense recovered during the year		3,086,779,100	1,896,024,473
Amount written off during the year		3,148,175	493,566,266
Interest waiver during the year		195,086,236	36,210,740
		3,285,013,511	2,425,801,479
Balance as at 31 December		9,294,042,050	5,995,927,271



Particulars	Note	2019 Taka	2018 Taka
21.3 Provision for taxation			
Provision for current tax	21.3.1	4,411,136,490	3,885,486,907
Deferred tax liabilities	21.3.2	403,024,507	1,144,993,875
		4,814,160,997	5,030,480,782
21.3.1 Provision for current tax			
Provision			
Balance as at 1 January		14,079,760,869	16,561,854,123
Settlement/adjustments for previous years		(2,694,106,061)	(4,682,093,254)
Provision made for the current year	21.3.1.1	2,600,000,000	2,200,000,000
(A) Balance as at 31 December		13,985,654,808	14,079,760,869
Less: Advance tax			
Balance as at 1 January		10,194,273,962	12,755,022,044
Paid during the year		2,074,350,417	2,172,386,062
Settlement/adjustments for previous years		(2,694,106,061)	(4,733,134,144)
(B) Balance as at 31 December		9,574,518,318	10,194,273,962
(A-B) Net balance as at 31 December		4,411,136,490	3,885,486,907
21.3.1.1 Provision made for the current year			
Provision made during the year		2,600,000,000	2,340,000,000
Less: Excess provision adjustment for prior years		-	(140,000,000)
		2,600,000,000	2,200,000,000
21.3.2 Deferred tax liabilities			
Deferred tax liabilities are attributable to the following:			
Revaluation reserve of land		615,761,213	615,761,213
Revaluation reserve of buildings		125,911,051	125,911,051
Fixed assets- except land and revaluation reserve of buildings	21.3.3.1	(353,849,640)	390,536,360
Revaluation reserve of HTM securities	21.3.3.2	10,840,095	7,662,748
Revaluation reserve of HFT securities	21.3.3.3	4,361,789	5,122,503
		403,024,507	1,144,993,875

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, by the balance sheet date. Following are the descriptions for each individual item of the deferred tax that are recognized by the Bank as a temporary difference with expected time of realization.

Revaluation reserve of land

As the land is not depreciable and as per local tax rules revaluation gain is not taxable. However, the tax office will charge taxes on capital gain which is the same amount of revaluation gain whether recovered through use or sale. Hence a taxable temporary difference arises against which the Bank recognizes deferred tax liabilities. However, the outstanding amount of deferred tax will be automatically released with the disposal of the assets.

Revaluation reserve of buildings

Buildings are depreciable assets. Its revalued carrying amount will be recovered through use and this will generate taxable income which exceeds the depreciation that will be allowable for tax purposes in future periods. As a result taxable temporary difference will arise.

Fixed assets- except land and revaluation reserve of buildings

Accounting depreciation is not tax allowable expenses. Rather, the tax office will allow tax depreciation as per 3rd Schedule of the Income Tax Ordinance 1984. Hence a temporary difference arises due to the different depreciation rates and methodology against which the Bank recognizes deferred tax. This is an ongoing item as there is a difference between the tax depreciation rate and the accounting depreciation rate. However, the outstanding amount of deferred tax will be automatically released with the expiry of the economic useful life of the assets.



Particulars	Note	2019 Taka	2018 Taka
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Revaluation reserves of HTM and HFT securities

Deferred tax relating to unrealized interest on the revaluation of Held to Maturity (HTM) and Held for Trading (HFT) securities is recognized directly in other reserves as a part of equity and is subsequently recognized in the profit and loss account on maturity of the securities. The deferred tax recognized against this will be fully reversed at the maturity of all related securities.

21.3.3 Movement of deferred tax liabilities

Balance as at 1 January	1,144,993,875	1,356,288,538
Provision made for deferred tax liabilities		
Charged to profit and loss account	(744,386,000)	(35,000,000)
Charged to revaluation reserve	3,177,347	2,050,800
	(741,208,653)	(32,949,200)
	403,785,222	1,323,339,339
Adjustment made during the year for revaluation reserve	(760,715)	(178,345,464)
Balance as at 31 December	403,024,507	1,144,993,875

21.3.3.1 Deferred tax on fixed assets- except land and revaluation reserve of buildings

Balance as at 1 January	390,536,360	425,536,360
Charge to profit and loss account	(742,919,000)	(35,000,000)
Balance as at 31 December	(352,382,640)	390,536,360

21.3.3.2 Deferred tax on revaluation reserve of HTM securities

Balance as at 1 January	7,662,748	5,611,947
Charge to revaluation reserves	3,177,347	2,050,800
Adjustment during the year	-	-
Balance as at 31 December	10,840,095	7,662,748

21.3.3.3 Deferred tax on revaluation reserve of HFT securities

Balance as at 1 January	5,122,503	183,467,967
Charge to revaluation reserves	-	-
Adjustment during the year	(760,714)	(178,345,464)
Balance as at 31 December	4,361,789	5,122,503

21.4 Obligation under lease liabilities

Balance as at 1 January	1,291,340	3,768,470
Addition during the year	-	-
	1,291,340	3,768,470
Adjustment during the year	(423,310)	(2,477,131)
Balance as at 31 December	868,030	1,291,340

21.4.1 Aging analysis of lease liabilities

	Minimum lease payment	Financial charge for future periods	Principal outstanding
	Taka	Taka	Taka
2019			
Payable within 1 year	599,772	103,538	496,234
Payable more than 1 year but less than 2 years	399,848	28,053	371,795
Payable more than 2 years but less than 5 years	-	-	-
	999,620	131,591	868,030
2018			
Payable within 1 year	599,772	176,462	423,310
Payable more than 1 year but less than 2 years	599,772	103,538	496,234
Payable more than 2 years but less than 5 years	399,848	28,053	371,795
	1,599,392	308,053	1,291,340



Particulars	Note	2019 Taka	2018 Taka
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21.4.2 Lease Liabilities Right of use (ROU) Assets

Balance as at 1 January		-	-
Addition during the year		169,602,073	-
Interest charge during the year		10,134,250	-
		179,736,323	-
Adjustment during the year		46,780,250	-
Balance as at 31 December		132,956,073	-

21.4.2.1 Aging analysis: Lease Liabilities of Right of use (ROU) Assets

	Minimum lease payment	Financial charge for future periods	Principal outstanding
	Taka	Taka	Taka
2019			
Payable within 1 year	56,611,419	10,077,598	46,533,821
Payable more than 1 year but less than 5 years	96,335,282	13,284,984	83,050,298
Payable more than 5 years	3,448,200	76,247	3,371,953
	156,394,901	23,438,829	132,956,073



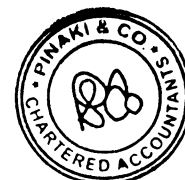
Particulars	Note	2019 Taka	2018 Taka
21.5 Other provisions charged to profit and loss			
Provision for other assets	21.5.1 (A)	65,000,000	70,000,000
Provision for good borrowers	21.5.1 (B)	-	-
Provision for off-balance sheet exposures	21.5.1 (C)	(389,100,000)	(223,800,000)
		(324,100,000)	(153,800,000)
21.5.1 Other Provisions			
A) Provision for other assets			
Balance as at 1 January		233,735,000	163,735,000
Addition during the year		65,000,000	70,000,000
		298,735,000	233,735,000
Adjustment during the year		(69,938,086)	-
Balance as at 31 December		228,796,914	233,735,000
B) Provision for good borrowers			
Balance as at 1 January		22,011,800	22,011,800
Addition during the year		-	-
		22,011,800	22,011,800
Adjustment during the year		-	-
Balance as at 31 December		22,011,800	22,011,800
C) Provision for off-balance sheet exposures			
Balance as at 1 January		1,201,200,000	1,425,000,000
Provision made during the year		-	-
		1,201,200,000	1,425,000,000
Adjustments made during the year		(389,100,000)	(223,800,000)
Balance as at 31 December		812,100,000	1,201,200,000
D) Total other provisions (A+B+C)		1,062,908,714	1,456,946,800
21.6 Branch adjustment (credit)			
General accounts debit		1,345,879,151	1,451,973,000
General accounts credit		1,739,025,000	3,028,191,799
		393,145,849	1,576,218,799

Branch adjustment account represents outstanding interbranch and head office transactions (net) originated but yet to be responded at balance sheet date. However, the un-respondent entries of 31 Dec 2019 are given below:

	No. of unrespondent entries		Unrespondent entries (Taka)	
	Debit	Credit	Debit	Credit
Upto 3 months	449	1,805	1,345,879,151	1,739,025,000
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	449	1,805	1,345,879,151	1,739,025,000

21.7 Consolidated provision for diminution in value of investments

Southeast Bank Limited	21.7.1	319,600,000	413,060,983
Southeast Bank Capital Services Limited		-	-
Balance as at 31 December		319,600,000	413,060,983



Particulars	Note	2019 Taka	2018 Taka
21.7.1 Provision for diminution in value of investments			
Balance as at 1 January		799,726,500	419,055,000
Adjustments made for loss of sales of shares during the year		(435,056,359)	(32,389,483)
Provision made during the year (Charge to the profit and loss)		319,600,000	413,060,983
Balance as at 31 Dec		<u>684,270,141</u>	<u>799,726,500</u>
22 Share Capital			
22.1 Authorized			
1,500,000,000 Ordinary shares of Tk 10 each		<u>15,000,000,000</u>	<u>15,000,000,000</u>
22.2 Issued, subscribed and paid up			
378,164,970 ordinary shares of Tk 10 each issued for cash		3,781,649,700	3,781,649,700
781,777,002 ordinary shares of Tk 10 each issued as bonus shares		7,817,770,020	6,763,277,320
1,159,941,972		<u>11,599,419,720</u>	<u>10,544,927,020</u>
22.2.1 Reconciliation of number of shares			
Balance as at 1 January		1,054,492,702	916,950,176
Issue of bonus shares		105,449,270	137,542,526
Stock split (1:10)		-	-
Balance as at 31 December		<u>1,159,941,972</u>	<u>1,054,492,702</u>
22.3 Dividends			
The following dividends were declared and paid by the Bank for the year ended 31 December.			
1.00 Taka (Stock Dividend) per ordinary share for 2018 and 1.5 Taka per (Stock dividend) ordinary share for 2017			
		<u>1,054,492,700</u>	<u>1,375,425,260</u>
After the end of the reporting period, the following dividends were proposed by the directors. The dividends have not been provided for and no tax consequences.			
1.00 Taka (Cash 0.75 taka and Stock 0.25 taka dividend) per ordinary share for 2019 and 1.00 Taka (Stock dividend) per ordinary share for 2018			
		<u>1,159,941,972</u>	<u>1,054,492,700</u>

22.4 Share capital at a glance from inception

Year	Particulars	Number of shares	Capital amount (Taka)	Cumulative (Taka)
1995	Opening / Sponsors Capital	1,000,000	100,000,000	100,000,000
1996	None	-	-	100,000,000
1997	25% Stock Dividend	250,000	25,000,000	125,000,000
1998	20% Stock Dividend	250,000	25,000,000	150,000,000
1999	Initial Public Offer (IPO)	1,500,000	150,000,000	300,000,000
2000	10% Stock Dividend	300,000	30,000,000	330,000,000
2001	10% Stock Dividend	330,000	33,000,000	363,000,000
2002	10% Stock Dividend	363,000	36,300,000	399,300,000
2003	Right Issue @ 1:2	1,650,000	165,000,000	564,300,000
	20% Stock Dividend	1,128,600	112,860,000	677,160,000
2004	30% Stock Dividend	2,031,480	203,148,000	880,308,000
2005	20% Stock Dividend	1,760,616	176,061,600	1,056,369,600
2006	Right Issue @1:1	10,563,696	1,056,369,600	2,112,739,200
	8% Stock Dividend	1,690,191	169,019,100	2,281,758,300
2007	25% Stock Dividend	5,704,395	570,439,500	2,852,197,800
2008	20% Stock Dividend	5,704,395	570,439,500	3,422,637,300
2009	35% Stock Dividend	11,979,230	1,197,923,000	4,620,560,300



Particulars		Note	2019 Taka	2018 Taka
2010	Right Issue @1:2	23,102,801	2,310,280,100	6,930,840,400
	20% Stock Dividend	13,861,680	1,386,168,000	8,317,008,400
2011	Stock split (1:10)	748,530,756	-	8,317,008,400
	5% Stock Dividend	41,585,042	415,850,420	8,732,858,820
2012	None	-	-	8,732,858,820
2013	5% Stock Dividend	43,664,294	436,642,940	9,169,501,760
2014	None	-	-	9,169,501,760
2015	None	-	-	9,169,501,760
2016	None	-	-	9,169,501,760
2017	15% Stock Dividend	137,542,526	1,375,425,260	10,544,927,020
2018	10% Stock Dividend	105,449,270	1,054,492,700	11,599,419,720

22.5 Classification of shareholders by holding

	Number of Holders		% of Total Holding	
	2019	2018	2019	2018
Less than 500 shares	8,404	9,048	0.13	0.15
501 to 5,000 shares	16,342	17,794	2.65	3.14
5,001 to 10,000 shares	3,322	2,984	1.97	1.99
10,001 to 20,000 shares	2,024	1,903	2.45	2.52
20,001 to 30,000 shares	674	646	1.42	1.50
30,001 to 40,000 shares	379	328	1.12	1.07
40,001 to 50,000 shares	181	173	0.70	0.75
50,001 to 1,00,000 shares	472	421	2.83	2.77
1,00,001 to 10,00,000 shares	472	419	11.02	11.57
Over 10,00,000 shares	146	135	75.72	74.54
	32,416	33,851	100.00	100.00

22.6 Initial public offer (IPO)

Out of the total issued, subscribed and fully paid up capital of the bank 1,500,000 (after stock split: 15,000,000) ordinary shares of Tk 100 (after stock split: Tk. 10) each amounting to Tk 150,000,000 was raised through public offering on shares in 1999.

22.7 Name of the Directors and their shareholdings in the year 2019

Sl. no.	Name of the directors	Status	As at 1 January 2019	As at 31 December 2019
1	Mr. Alamgir Kabir, FCA	Chairman	23,688,872	26,057,759
2	Mrs. Duluma Ahmed	Vice Chairperson	21,945,153	24,139,668
3	Mr. M. A. Kashem	Director	23,353,119	25,688,430
4	Mr. Azim Uddin Ahmed	Director	29,314,345	32,245,779
5	Mrs. Jusna Ara Kashem	Director	21,090,453	23,199,498
6	Mrs. Rehana Rahman	Director	21,670,766	23,837,842
7	Mr. Md. Akikur Rahman	Director	21,410,290	23,551,319
8	Mrs. Sirat Monira (resigned on November 03, 2019)	Director	138,629	-
9	Mr. Syed Sajedul Karim	Independent Director	-	-
10	Dr. Quazi Mesbahuddin Ahmed	Independent Director	-	-
11	Mr. Mohammad Delwar Husain (appointed on December 22, 2019)	Independent Director	-	-
12	Mr. M. Kamal Hossain	Managing Director	-	-
			162,611,627	178,720,295



Particulars	Note	2019 Taka	2018 Taka
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22.8 Capital to Risk Weighted Asset Ratio (CRAR) of the Bank

The calculation of CRAR has been done as per BRPD Circular no. 07 dated 31 March 2014 and the Basel-III guideline December 2014 vide BRPD Circular no. 18 dated 21 December 2014.

Common equity Tier-1 capital (Going Concern Capital)

Paid up capital		11,599,419,720	10,544,927,020
Share premium		-	-
Statutory reserve	23	10,969,433,607	10,094,153,565
Other reserve	25	247,650,000	247,650,000
Retained earnings	28	3,354,063,270	2,803,806,592
		26,170,566,597	23,690,537,177
Add: Additional Tier 1 capital		-	-
Less: Regulatory adjustments		118,436,936	124,419,075
A) Total common equity Tier 1 capital		26,052,129,662	23,566,118,102

Tier 2 Capital (Gone -Concern Capital)

Subordinated bond		8,600,000,000	10,200,000,000
General provision maintained against unclassified loan/investments		529,628,000	3,321,400,000
General provision on off-balance sheet items		812,100,000	1,201,200,000
Asset revaluation reserve		2,101,404,750	2,101,404,750
Revaluation reserve of Government securities		234,027,984	234,027,984
		12,277,160,734	17,058,032,734
Less: Regulatory adjustments		2,335,432,734	1,868,346,187
Total Tier 2 capital		9,941,728,000	15,189,686,547
B) Total capital		35,993,857,662	38,755,804,649

C) Risk Weighted Assets (RWA)

Credit Risk

On-balance sheet	245,711,589,681	231,060,110,522
Off-balance sheet	30,245,839,839	47,825,004,244
	275,957,429,520	278,885,114,766
Market risk	9,837,819,829	9,825,644,530
Operational risk	24,176,795,376	22,128,575,152
Total RWA	309,972,044,725	310,839,334,448

D) Required common equity Tier 1 Capital

13,948,742,013	13,987,770,050
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Required Tier 1 Capital 6% (2018: 6%) of RWA

18,598,322,683	18,650,360,067
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E) Required total capital 12.50% (2018: 11.875%) of RWA

38,746,505,591	36,912,170,966
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F) Surplus common equity Tier 1 Capital(A-D)

12,103,387,649	9,578,348,052
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G) Surplus total capital (B-E)

(2,752,647,928)	1,843,633,684
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Capital to risk-weighted assets ratio:

On common equity Tier 1 capital against standard of minimum 4.5%	8.40%	7.58%
On Tier 1 capital - against standard of minimum 6%	8.40%	7.58%
On total capital - against standard of minimum 12.50% (2018:11.875%)	11.61%	12.47%



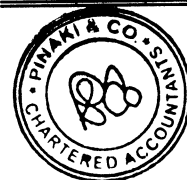
Particulars	Note	2019 Taka	2018 Taka
22.9 Leverage Ratio of the Bank			
A) Tier 1 capital considering all regulatory adjustments		26,052,129,662	23,566,118,102
B) On-balance sheet exposure		404,186,964,050	372,342,421,027
C) Off-balance sheet exposure		60,523,824,177	85,766,147,287
D) Deduction from on and off balance sheet exposure /Regulatory adjustment		118,436,936	124,419,075
E) Total exposure (B+C-D)		<u>464,592,351,291</u>	<u>457,984,149,240</u>
Leverage ratio (A/E)		5.61%	5.15%
Liquidity coverage ratio		154.00%	123.37%
Net stable funding ratio		113.88%	115.18%
22.10 Capital to Risk weighted Asset Ratio (CRAR) of the Group			
Common Equity Tier 1 Capital			
Paid up capital		11,599,419,720	10,544,927,020
Share premium		-	-
Statutory reserve	23	10,969,433,607	10,094,153,565
Other reserve	25	247,650,000	247,650,000
Non- controlling interest	29	10,072,617	10,070,512
Retained earnings	27	3,443,466,969	2,898,043,836
		<u>26,270,042,913</u>	<u>23,794,844,933</u>
Add: Additional Tier 1 capital		-	-
Less: Regulatory adjustments		118,436,936	124,419,075
A) Total common equity Tier 1 capital		<u>26,151,605,977</u>	<u>23,670,425,858</u>
Tier 2 capital (Gone- Concern Capital)			
Subordinated bond		8,600,000,000	10,200,000,000
General provision maintained against unclassified loan/investments		529,628,000	3,321,400,000
General provision on off-balance sheet items		812,100,000	1,201,200,000
Asset revaluation reserve		2,101,404,750	2,101,404,750
Revaluation reserve of Government securities		234,027,984	234,027,984
		<u>12,277,160,734</u>	<u>17,058,032,734</u>
Less: Regulatory adjustments		2,335,432,734	1,868,346,187
Total Tier 2 capital		<u>9,941,728,000</u>	<u>15,189,686,547</u>
B) Total capital		<u>36,093,333,978</u>	<u>38,860,112,405</u>
C) Risk weighted assets (RWA)			
Credit risk			
On-balance sheet		241,706,678,361	227,901,721,877
Off-balance sheet		30,245,839,839	47,825,004,244
		<u>271,952,518,200</u>	<u>275,726,726,121</u>
Market risk		16,849,259,139	15,778,852,594
Operational risk		24,515,099,512	22,455,343,921
Total RWA		<u>313,316,876,851</u>	<u>313,960,922,637</u>
D) Required common equity Tier 1 capital		<u>14,099,259,458</u>	<u>14,128,241,519</u>
Required Tier 1 capital 6% (2018: 6%) of RWA		18,799,012,611	18,837,655,358
E) Required total capital 12.50% (2018: 11.875%) of RWA		<u>39,164,609,606</u>	<u>37,282,859,563</u>
F) Surplus common equity Tier 1 capital (A-D)		<u>12,052,346,519</u>	<u>9,542,184,339</u>
G) Surplus total capital (B-E)		<u>(3,071,275,629)</u>	<u>1,577,252,842</u>
Capital to risk- weighted asset ratio:			
On common equity Tier 1 capital - against standard of minimum 4.5%		8.35%	7.54%
On Tier 1 capital - against standard of minimum 6%		8.35%	7.54%
On total capital - against standard of minimum 12.50% (2018:11.875%)		11.52%	12.38%



Particulars	Note	2019 Taka	2018 Taka
22.11 Leverage ratio of the Group			
A) Tier 1 capital considering all regulatory adjustments		26,151,605,977	23,670,425,858
B) On-balance sheet exposure		404,069,087,993	372,823,178,880
C) Off-balance sheet exposure		60,523,824,177	85,766,147,287
D) Deduction from on and off balance sheet exposure /Regulatory adjustment		118,436,936	124,419,075
E) Total exposure (B+C-D)		464,474,475,234	458,464,907,092
Leverage ratio (A/E)		5.63%	5.16%
Liquidity coverage ratio		154.00%	123.37%
Net stable funding ratio		113.88%	115.18%
23 Statutory reserve			
Balance as at 1 January		10,094,153,565	9,170,000,000
Addition during the year		875,280,042	924,153,565
Balance as at 31 December		10,969,433,607	10,094,153,565
24 Revaluation reserve			
Revaluation reserve of land and buildings:			
Balance as at 1 January		4,944,481,764	4,944,481,764
Addition during the year		-	-
		4,944,481,764	4,944,481,764
Deferred tax liabilities		(741,672,265)	(741,672,265)
Balance as at 31 December		4,202,809,499	4,202,809,499
Revaluation reserve on HTM securities:			
Balance as at 1 January		19,118,815	13,650,014
Addition during the year		8,472,925	5,468,801
		27,591,740	19,118,815
Adjustment during the year		-	-
		27,591,740	19,118,815
Deferred tax liabilities		(10,840,095)	(7,662,748)
Balance as at 31 December		16,751,645	11,456,067
Revaluation reserve on HFT securities:			
Balance as at 1 January		151,658,839	506,859,455
Addition during the year		333,754,704	1,143,283,843
		485,413,542	1,650,143,297
Adjustment during the year		(450,820,252)	(1,498,484,459)
		34,593,291	151,658,839
Deferred tax liabilities		(5,883,217)	(5,122,503)
Balance as at 31 December		28,710,073	146,536,336
		4,248,271,218	4,360,801,902
25 Other reserve			
General reserve:			
Balance as at 1 January		247,650,000	247,650,000
Addition during the year		-	-
Balance as at 31 December		247,650,000	247,650,000



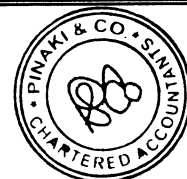
Particulars	Note	2019 Taka	2018 Taka
26 Foreign currency translation reserve			
Balance as at 1 January		(28,918,605)	(14,142,765)
(Adjustments)/addition during the year		20,138,999	(14,775,840)
Balance as at 31 December		<u>(8,779,606)</u>	<u>(28,918,605)</u>
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.			
27 Consolidated retained earnings			
Southeast Bank Limited	28	3,354,063,270	2,803,806,592
Southeast Bank Capital Services Limited		1,423,733	276,328
Southeast Financial Services (UK) Ltd		(32,750,000)	(16,615,563)
Southeast Financial Services (Australia) Pty Ltd		-	(17,893,249)
Southeast Exchange Company (South Africa) Pty Ltd		80,233,629	79,909,680
Less: Elimination for impairment of investment in subsidiary		40,496,336	48,560,048
		<u>3,443,466,969</u>	<u>2,898,043,836</u>
28 Retained earnings			
Balance as at 1 January		2,803,806,592	2,640,353,198
Currency translation differences		8,844,087	7,264,394
Prior year adjustment		100,399,123	-
		<u>2,913,049,802</u>	<u>2,647,617,592</u>
Retained surplus for the year		1,645,506,168	1,531,614,259
		<u>4,558,555,970</u>	<u>4,179,231,851</u>
Less:			
Transfer to Southeast Bank Staff Welfare Trust		150,000,000	-
Issue of bonus share		1,054,492,700	1,375,425,259
		<u>1,204,492,700</u>	<u>1,375,425,259</u>
Retained earnings carried forward		<u>3,354,063,270</u>	<u>2,803,806,592</u>
29 Non-controlling interest			
Paid up capital		5,500,000,000	5,500,000,000
Retained earnings		1,426,344	276,835
Total net assets		<u>5,501,426,344</u>	<u>5,500,276,835</u>
Non-controlling interest 0.183091% (2018:0.183091%) of net assets		<u>10,072,617</u>	<u>10,070,512</u>
Non-controlling interest arises only for Southeast Bank Capital Services Limited since all other subsidiaries are wholly owned by Southeast Bank Limited.			
30 Contingent liabilities			
30.1 Acceptances and endorsements			
Acceptance under Letters of Credit (LC) - other than back to back		31,298,942,846	44,423,696,274
Acceptance under Letters of Credit -back to back		17,108,738,407	19,430,066,710
		<u>48,407,681,253</u>	<u>63,853,762,984</u>
30.2 Letters of guarantee			
Local		16,393,957,537	18,086,603,871
Foreign		379,760,504	1,111,389,170
		<u>16,773,718,041</u>	<u>19,197,993,041</u>



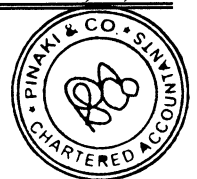
Particulars	Note	2019 Taka	2018 Taka
30.2.1 Balance for which the Bank is contingently liable in respect of guarantee issued favouring:			
Directors or officers		4,783,061	4,783,000
Banks and other financial institutions		46,929,219	46,205,078
Others		16,722,005,761	19,147,004,963
		16,773,718,041	19,197,993,041
30.3 Irrevocable Letters of Credit (L/C)			
Back to back L/C		11,002,117,710	16,060,837,527
Others		16,934,335,499	20,313,721,780
		27,936,453,209	36,374,559,306
30.4 Bills for collection			
Local		14,780,735,049	13,508,211,848
Foreign		13,796,209,151	11,156,714,966
		28,576,944,200	24,664,926,813
30.5 Other contingent liabilities			
Value of Bangladesh Sanchaypatra & others		1,454,224,000	1,413,684,000
31 Income statement			
Income:			
Interest, discount and similar income		30,811,600,364	28,874,960,097
Dividend income		189,895,835	130,239,122
Fees, commission and brokerage		2,201,445,993	2,210,370,584
Gains less losses arising from dealing securities		458,154,698	(79,827,714)
Gains less losses arising from investment securities		34,391,265	88,341,080
Gains less losses arising from dealing in foreign currencies		1,563,546,203	1,328,341,566
Other operating income		978,908,443	947,056,334
		36,237,942,800	33,499,481,069
Expenses:			
Interest, fees and commission		22,026,807,868	18,775,867,174
Administrative expenses		3,647,173,030	3,448,714,783
Other operating expenses		1,220,472,103	1,209,933,472
Depreciation on banking assets		324,740,820	329,860,908
		27,219,193,822	23,764,376,338
Income over expenses		9,018,748,979	9,735,104,731
32 Consolidated interest income/profit on investments			
Southeast Bank Limited	33	26,242,459,146	23,951,689,857
Southeast Bank Capital Services Limited		35,365,624	17,246,869
Southeast Exchange Company (South Africa) Pty Ltd		7,545,394	9,067,230
		26,285,370,165	23,978,003,956
Less: Inter company balance eliminated		26,487,768	166,849
		26,258,882,397	23,977,837,107
33 Interest income/profit on investments			
Interest on loans and advances (Conventional Banking):			
Interest on loans and advances		23,547,858,446	21,875,787,034
Interest on placement with other banks and financial institutions		798,674,353	473,435,429
Interest on foreign currency balances		145,028,315	121,469,232
		24,491,561,114	22,470,691,694



Particulars	Note	2019 Taka	2018 Taka
Profit on investment (Islamic Banking):			
Profit on investments		1,689,605,015	1,480,929,380
Profit on placement with other banks		61,293,017	68,783
		1,750,898,031	1,480,998,163
		26,242,459,146	23,951,689,857
34 Consolidated interest paid/profit shared on deposits and borrowings etc.			
Southeast Bank Limited	35	22,026,807,868	18,775,867,174
Southeast Bank Capital Services Limited		1,565,513	2,196,982
		22,028,373,381	18,778,064,156
Less: Inter company balance eliminated		26,487,768	166,849
		22,001,885,612	18,777,897,307
35 Interest paid/profit shared on deposits and borrowings etc.			
Interest paid on deposits (Conventional Banking):			
Interest on deposits		18,741,377,824	15,988,578,364
Interest on borrowings		1,811,452,574	1,487,780,085
Interest on repurchase agreement (repo)		2,741,871	2,415,850
Interest on refinance		5,516,939	4,940,677
Interest on foreign bank accounts		5,886,244	2,704,430
		20,566,975,453	17,486,419,405
Profit shared on deposits (Islamic Banking):			
Profit paid on deposits		1,428,244,515	1,206,982,422
Profit on refinance borrowings		31,587,899	82,465,347
		1,459,832,414	1,289,447,769
		22,026,807,868	18,775,867,174
36 Consolidated investment income			
Southeast Bank Limited	37	5,251,583,015	5,062,022,727
Southeast Bank Capital Services Limited		72,876,814	67,730,841
		5,324,459,829	5,129,753,568
Less: Inter company balance eliminated		35,484,673	-
		5,288,975,155	5,129,753,568
37 Investment income			
Interest income from Government securities	37.1	3,907,037,039	4,340,846,226
Capital gain (loss) on Government securities	37.2	474,001,394	1,094,874,269
Revaluation gain (loss) on Government securities	37.3	(15,846,696)	(1,174,701,983)
Dividend on investment in shares		189,895,835	130,239,122
Gain on sale of investment in shares		34,391,265	88,341,080
Interest income from investment in bonds		662,104,179	582,424,014
		5,251,583,015	5,062,022,727
37.1 Interest income from Government securities			
Interest on treasury bills		-	10,670,572
Interest on treasury bonds/T&T bonds		4,458,232,675	4,862,083,421
Interest on Bangladesh Bank bills		-	292,032
		4,458,232,675	4,873,046,025
Interest expenses on treasury bills		(322,323)	-
Interest expenses on treasury bonds		(550,873,313)	(532,199,800)
		(551,195,636)	(532,199,800)
Net interest income from Government securities		3,907,037,039	4,340,846,226



Particulars	Note	2019 Taka	2018 Taka
37.2 Capital gain on Government securities			
Capital gain on treasury bills		503,768,813	769,439
Capital gain on treasury bonds/T&T bonds		212,532,498	1,223,140,217
		716,301,311	1,223,909,656
Capital loss on treasury bills		(5,490,381)	(741,259)
Capital loss on treasury bonds/T&T bonds		(236,809,536)	(128,294,128)
		(242,299,917)	(129,035,387)
Net capital gain on Government securities		474,001,394	1,094,874,269
37.3 Revaluation gain (loss) on Government securities			
Revaluation gain on treasury bonds		-	42,921,719
		-	42,921,719
Revaluation loss on treasury bills		(15,846,696)	(13,423,235)
Revaluation loss on treasury bonds		-	(1,204,193,310)
Revaluation loss on Bangladesh Bank bills		-	(7,157)
		(15,846,696)	(1,217,623,702)
Net revaluation gain (loss) on Government securities		(15,846,696)	(1,174,701,983)
38 Consolidated commission, exchange and brokerage			
Southeast Bank Limited	39	3,764,992,196	3,538,712,150
Southeast Bank Capital Services Limited		387,500	325,000
Southeast Financial Services (UK) Ltd		4,401,964	21,392,216
Southeast Exchange Company (South Africa) Pty Ltd		89,827,594	92,345,912
		3,859,609,254	3,652,775,278
39 Commission, exchange and brokerage			
Commission and brokerage		2,201,445,993	2,210,370,584
Exchange gain	39.1	1,563,546,203	1,328,341,566
		3,764,992,196	3,538,712,150
39.1 Exchange gain			
Exchange gain from revaluation/trade of foreign currency		1,525,850,444	1,292,788,635
Exchange gain from credit card		37,695,759	35,552,931
		1,563,546,203	1,328,341,566
40 Consolidated other operating income			
Southeast Bank Limited	41	978,908,443	947,056,334
Southeast Bank Capital Services Limited		10,298,550	34,170,935
Southeast Financial Services (UK) Ltd		664,535	2,494,536
		989,871,528	983,721,805
Less: Inter company balance eliminated		4,731,840	4,273,920
		985,139,688	979,447,885
41 Other operating income			
Remittance fees		55,326	17,674
Service and incidental charges		94,984,071	99,288,754
Other fees - telephone and postage		52,660,074	58,491,405
Income from ATM services		39,103,635	43,787,777
Income from credit card		176,148,439	150,609,574
Income from retail banking		7,453,193	6,745,804
Other Fees - SWIFT and others		229,756,216	222,203,670
Gain on sale of fixed assets	41.1	1,665,379	142,832
Income from telecash		2,662,321	783,903
Miscellaneous income		374,419,789	364,984,941
		978,908,443	947,056,334



Particulars	Note	2019 Taka	2018 Taka
41.1 Gain on sale of fixed assets			
Cost:			
Furniture and fixtures		4,285,782	4,401,630
Office appliances		892,731	99,369
Computer		327,102	-
Electrical appliances		23,242,681	8,138,362
ATM		967,000	50,500
Motor vehicles		16,119,915	16,685,000
		45,835,211	29,374,861
Accumulated depreciation:			
Furniture and fixtures		2,385,078	2,433,336
Office appliances		140,205	91,000
Electrical appliances		10,984,900	7,254,710
ATM		900,684	35,279
Motor vehicles		15,939,417	15,927,016
		30,350,284	25,741,341
Written down value		15,484,927	3,633,520
Sale proceeds of the above fixed assets		17,150,306	3,776,352
Gain on sale of fixed assets		1,665,379	142,832
42 Consolidated salaries and allowances			
Southeast Bank Limited	43	2,142,216,378	1,992,049,030
Southeast Bank Capital Services Limited		13,775,340	12,546,929
Southeast Financial Services (UK) Ltd		6,171,575	11,848,270
Southeast Financial Services (Australia) Pty Ltd		-	164,651
Southeast Exchange Company (South Africa) Pty Ltd		13,131,331	9,912,927
		2,175,294,624	2,026,521,807
43 Salaries and allowances			
Basic salary		1,058,499,854	1,007,663,400
Allowances		684,957,939	597,803,225
Bonus		309,814,083	304,014,470
Provident fund		88,944,502	82,567,935
		2,142,216,378	1,992,049,030
44 Consolidated rent, taxes, insurance, electricity etc.			
Southeast Bank Limited	45	1,061,295,939	1,015,140,607
Southeast Bank Capital Services Limited		14,435,593	13,075,067
Southeast Financial Services (UK) Ltd		7,188,500	3,932,573
Southeast Financial Services (Australia) Pty Ltd		-	616,356
Southeast Exchange Company (South Africa) Pty Ltd		5,174,927	3,075,707
		1,088,094,959	1,035,840,309
Less: Inter company balance eliminated		4,731,840	4,273,920
		1,083,363,119	1,031,566,389
45 Rent, taxes, insurance, electricity etc.			
Rent, rates and taxes		727,738,301	662,528,072
Insurance		224,724,893	243,894,399
Electricity and lighting		108,832,744	108,718,136
		1,061,295,939	1,015,140,607
46 Consolidated postage, stamp, telecommunication etc.			
Southeast Bank Limited	47	173,691,923	181,005,852
Southeast Bank Capital Services Limited		159,151	165,253
Southeast Financial Services (UK) Ltd		126,671	423,311
Southeast Financial Services (Australia) Pty Ltd		-	15,104
Southeast Exchange Company (South Africa) Pty Ltd		569,060	744,072
		174,546,805	182,353,593



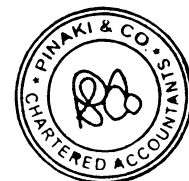
Particulars	Note	2019 Taka	2018 Taka
47 Postage, stamp, telecommunication etc.			
Postage		49,385,385	57,125,786
Telephone /Telex		17,224,826	16,566,031
Electronic banking service		-	57,919
FC Charge (Nostro)		5,723,162	5,189,460
VSAT on-line		41,893,216	45,543,544
Reuters services		2,620,462	1,612,445
Other Fees - SWIFT and others		56,844,872	54,910,668
		173,691,923	181,005,852
48 Consolidated stationery, printing, advertisements etc.			
Southeast Bank Limited	49	164,420,208	162,614,460
Southeast Bank Capital Services Limited		284,142	304,136
Southeast Financial Services (UK) Ltd		302,974	729,184
Southeast Exchange Company (South Africa) Pty Ltd		738,715	1,994,508
		165,746,039	165,642,288
49 Stationery, printing, advertisements etc.			
General and office stationery		88,952,597	78,530,832
Printing and security stationery		28,990,001	36,103,821
Publicity and advertisement		46,477,610	47,979,807
		164,420,208	162,614,460
50 Managing Director's salary and fees			
Basic salary		4,020,000	4,020,000
House rent		1,740,000	1,740,000
House maintenance		900,000	900,000
Leave fare concession		1,200,000	1,200,000
Utility		720,000	720,000
Special allowance		420,000	420,000
Provident Fund		402,000	402,000
Bonus		1,670,000	670,000
		11,072,000	10,072,000
51 Consolidated directors' fees			
Southeast Bank Limited (Note 52)	52	3,292,248	2,718,099
Southeast Bank Capital Services Limited		176,000	208,000
		3,468,248	2,926,099
52 Directors' fees			
Directors' fees		2,720,000	2,360,000
Directors' haltage and travelling		572,248	358,099
		3,292,248	2,718,099
Each Director is paid TK. 8,000/ per meeting per attendance.			
53 Consolidated auditors' fees			
Southeast Bank Limited		1,000,000	1,000,000
Southeast Bank Capital Services Limited		69,000	69,000
Southeast Exchange Company (South Africa) Pty Ltd		835,078	778,371
		1,904,078	1,847,371



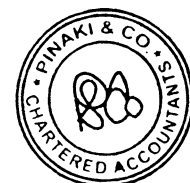
Particulars	Note	2019 Taka	2018 Taka
54 Consolidated depreciation and repair			
Depreciation:			
Southeast Bank Limited	55	388,335,861	329,860,908
Southeast Bank Capital Services Limited		53,005,764	58,976,463
Southeast Financial Services (UK) Ltd		71,643	425,089
Southeast Financial Services (Australia) Pty Ltd		-	92,410
Southeast Exchange Company (South Africa) Pty Ltd		1,568,724	1,377,449
		442,981,992	390,732,319
Repair:			
Southeast Bank Limited	55	90,184,334	84,114,735
Southeast Bank Capital Services Limited		1,048,241	952,394
Southeast Financial Services (UK) Ltd		83,620	84,996
Southeast Exchange Company (South Africa) Pty Ltd		331,372	410,188
		91,647,567	85,562,313
		534,629,560	476,294,631
55 Depreciation and repair of bank's assets			
A. Depreciation:			
Buildings		58,515,648	57,106,336
Furniture and fixtures		74,357,090	72,112,305
Office appliances		941,920	1,189,866
Computer		31,201,120	34,543,455
Electrical appliances		108,917,252	123,951,155
ATM Booth		33,988,946	25,195,613
Motor vehicles		16,818,845	15,762,177
		324,740,820	329,860,908
B. Repair & spare parts			
Furniture and fixtures		7,003,027	7,468,328
Office and electrical appliances		31,358,187	33,513,286
Motor vehicles		4,056,162	4,720,176
Repair, maintenance and utilities		47,766,959	38,412,945
		90,184,334	84,114,735
C. Depreciation on right of use (ROU) assets		63,595,041	-
Total (D=a+b+c)		63,595,041	-
		478,520,196	413,975,642
56 Consolidated other expenses			
Southeast Bank Limited	57	1,218,608,648	1,208,640,252
Southeast Bank Capital Services Limited		7,980,878	6,898,088
Southeast Financial Services (UK) Ltd		6,623,121	6,071,350
Southeast Financial Services (Australia) Pty Ltd		-	2,365
Southeast Exchange Company (South Africa) Pty Ltd		22,506,128	21,785,844
Adjustment for impairment loss of investment in subsidiary		-	37,000,000
		1,255,718,774	1,280,397,900



Particulars	Note	2019 Taka	2018 Taka
57 Other expenses			
Security and cleaning		204,392,878	199,122,374
Entertainment		119,332,449	90,775,896
Car expenses		210,684,805	213,717,936
Books and periodicals		1,179,594	1,083,090
Subscription		5,241,323	5,772,577
Donation including CSR		82,410,436	174,603,215
Travelling expenses		14,004,861	14,423,981
Finance charge on leased assets		10,317,712	139,653
Conveyance		14,732,210	14,699,059
Petrol,oil and lubricant		8,795,847	9,402,055
Training/seminar		5,810,299	5,636,562
Uniforms and apparels		4,083,895	3,975,797
Medical expenses		233,498	101,692
Gratuity and others		292,729,270	295,090,057
Professional expenses		26,798,638	14,287,158
Expenses for CIB report		162,841	194,670
IT enabled services		43,042,496	46,529,061
Expenses regarding credit card		52,579,678	43,029,219
Expenses regarding retail banking & agriculture		52,441,471	47,464,491
Expenses regarding call centre		3,096,628	2,540,476
Expenses relating to ATM services		32,262,133	49,332,614
Expenses regarding mobile banking services-Telecash		4,585,765	4,468,701
Provision/(Adjustment) for Impairment loss from investment in subsidiary		17,000,000	(37,000,000)
Others operating expenses		12,689,922	9,249,918
		1,218,608,648	1,208,640,252
58 Consolidated provision for taxation			
Current tax:			
Southeast Bank Limited	59	2,600,000,000	2,200,000,000
Southeast Bank Capital Services Limited		25,279,358	13,316,862
Southeast Exchange Company (South Africa) Pty Ltd		14,775,675	17,132,508
		2,640,055,033	2,230,449,370
Deferred tax:			
Southeast Bank Limited	59	(744,386,000)	(35,000,000)
		(744,386,000)	(35,000,000)
		1,895,669,033	2,195,449,370
59 Provision for taxation			
Current tax		2,600,000,000	2,200,000,000
Deferred tax		(744,386,000)	(35,000,000)
		1,855,614,000	2,165,000,000
59.1 Reconciliation of effective tax rate (Bank)			
2019		%	Taka
Profit before taxation as per profit and loss account			4,376,400,210
Income tax as per applicable tax rate		37.50%	1,641,150,079
Factors affecting the tax charge for current year			
Non deductible expenses		39.25%	1,717,623,968
Deductible expenses		-5.89%	(257,726,966)
Tax exempt income		-10.39%	(454,918,586)
Tax savings from reduced tax rates for dividend		-0.76%	(33,231,771)
Tax savings for capital loss		-0.29%	(12,896,724)
Change in taxable temporary difference		-17.01%	(744,386,000)
Total income tax expenses		42.40%	1,855,614,000



Particulars	Note	2019 Taka	2018 Taka
2018		%	Taka
Profit before taxation as per profit and loss account			4,620,767,824
Income tax as per applicable tax rate		37.50%	1,732,787,934
Factors affecting the tax charge for current year			
Non deductible expenses		51.10%	2,361,365,304
Deductible expenses		-27.79%	(1,284,072,243)
Tax exempt income		-8.89%	(410,577,851)
Tax savings from reduced tax rates for dividend		-0.49%	(22,791,846)
Tax savings for capital loss		-0.72%	(33,127,905)
Change in taxable temporary difference		-0.76%	(35,000,000)
Excess provision		-3.11%	(143,583,393)
Total income tax expenses		46.85%	2,165,000,000
60 Consolidated cash received from other operating activities			
Southeast Bank Limited	61	977,243,064	946,913,502
Southeast Bank Capital Services Limited		5,566,710	29,897,015
Southeast Financial Services (UK) Ltd		664,535	2,494,536
Southeast Financial Services (Australia) Pty Ltd		-	-
Southeast Exchange Company (South Africa) Pty Ltd		-	-
		983,474,309	979,305,053
61 Cash received from other operating activities			
Remittance fees		55,326	17,674
Service and incidental charges		94,984,071	99,288,754
Other Fees-Telephone and Postage		52,660,074	58,491,405
Income from ATM services		39,103,635	43,787,777
Income from Credit Card		176,148,439	150,609,574
Other Fees - SWIFT and others		229,756,216	222,203,670
Income from Retail Banking		7,453,193	6,745,804
Income from Telecash		2,662,321	783,903
Miscellaneous income		374,419,789	364,984,941
		977,243,064	946,913,502
62 Consolidated payments for other operating activities			
Southeast Bank Limited	63	2,604,170,083	2,439,278,046
Southeast Bank Capital Services Limited		24,153,005	21,671,938
Southeast Financial Services (UK) Ltd		14,324,886	11,241,414
Southeast Financial Services (Australia) Pty Ltd		-	633,825
Southeast Exchange Company (South Africa) Pty Ltd		6,814,075	6,224,475
		2,649,462,049	2,479,049,698



Particulars	Note	2019 Taka	2018 Taka
63 Payments for other operating activities			
Rent rates and taxes		1,098,529,475	997,505,888
Postage		173,691,923	181,005,852
Directors' fees		3,292,248	2,718,099
Repairs		90,184,334	84,114,735
Legal expense		1,863,455	1,293,220
Audit fees		1,000,000	1,000,000
Other expenses		1,235,608,648	1,171,640,252
		2,604,170,083	2,439,278,046
64 Consolidated earnings per share			
Net profit after tax for the year ended 31 December (Taka)		2,508,554,444	2,473,189,135
Number of ordinary shares outstanding		1,159,941,972	1,159,941,972
Earnings per share (EPS) (Taka)*		2.16	2.13
65 Earnings Per Share (EPS)			
Net profit after tax for the year ended 31 December (Taka)		2,520,786,210	2,455,767,824
Number of ordinary shares outstanding		1,159,941,972	1,159,941,972
Earnings per share (EPS) (Taka)*		2.17	2.12
*Earnings per share has been calculated in accordance with LAS 33: <i>Earnings Per Share (EPS)</i> . Previous year's figures have been restated for the issue of bonus shares during the year.			
66 Consolidated net assets value (NAV) per share			
Net Asset Value (NAV)		30,499,461,908	28,116,657,718
Number of ordinary shares outstanding		1,159,941,972	1,054,492,702
Net Asset Value (NAV) per share		26.29	26.66
67 Net Assets Value (NAV) per share			
Net Asset Value (NAV)		30,418,837,815	28,051,339,079
Number of ordinary shares outstanding		1,159,941,972	1,054,492,702
Net Asset Value (NAV) per share		26.22	26.60
68 Consolidated net operating cash flow per share (NOCFPS)			
Net Operating Cash Flow		13,542,323,987	3,549,513,918
Number of ordinary shares outstanding		1,159,941,972	1,054,492,702
Net Operating Cash Flow per share (NOCFPS)*		11.68	3.37
69 Net Operating Cash Flow per share (NOCFPS)			
Net Operating Cash Flow		13,529,493,878	3,507,440,847
Number of ordinary shares outstanding		1,159,941,972	1,054,492,702
Net Operating Cash Flow per share (NOCFPS)*		11.66	3.33

*Net operating cash flow per share (NOCFPS) increased due to higher deposit mobilization from customers than loan disbursement and considerably higher cash recovery from previously written off loan as compare to the last year.



70 **Group entities**

Name of subsidiary	Country of incorporation	Ownership interest %	
		2019	2018
Southeast Bank Capital Services Limited	Bangladesh	99.816909	99.816909
Southeast Financial Services (UK) Ltd	England and Wales	100	100
Southeast Exchange Company (South Africa) Pty Ltd	South Africa	100	100
Southeast Financial Services (Australia) Pty Ltd	Australia	Discontinued in 2019	100

71 **General**

71.1 **Audit Committee**

The Audit Committee is an important functional Committee of the Board of Directors of the Bank. It is assigned with oversight of financial reporting, disclosure, regulatory compliance and disciplined banking operation complying with the rules and norms of banking.

Feature and composition

The Audit Committee was last re-constituted by the Board of Directors in its 557th meeting held on July 22, 2019 in accordance with the Corporate Governance Code issued by BSEC on June 03, 2018 and Bangladesh Bank's BRPD circular no. 11, dated October 27, 2013. The composition of the present members of the Audit Committee in 2019 is given below:

Sl. no.	Name	Position	Meetings held	Attendance	Remarks
1	Mr. Syed Sajedul Karim (Independent Director)	Chairman	7	7	The Members who could not attend any meeting were granted leave of absence by the committee.
2	Mrs. Duluma Ahmed	Member	7	6	
3	Mrs. Jusna Ara Kashem	Member	7	5	
4	Mrs. Rehana Rahman	Member	7	6	
5	Dr. Quazi Mesbahuddin Ahmed (Independent Director)	Member	7	7	

Presence of 3 (three) members including one Independent Director constitutes a quorum for holding Audit Committee meeting. The Head of Internal Control and Compliance attended the meetings to present the agenda. On invitation, Senior Executives of the Bank including the Managing Director, Chief Financial Officer (CFO) and Head of Risk Management Division attended the meetings to meet instant queries of the Audit Committee to make its decisions fact-based.

The academic qualifications of the members of the Audit Committee are given below:

Sl. no.	Name	Status in the Board	Status in the committee	Educational Qualification
1	Mr. Syed Sajedul Karim	Independent Director	Chairman	MA, B.A (Hons).
2	Mrs. Duluma Ahmed	Director	Member	Graduate
3	Mrs. Jusna Ara Kashem	Director	Member	H.S.C
4	Mrs. Rehana Rahman	Director	Member	Graduate
5	Dr. Quazi Mesbahuddin Ahmed	Independent Director	Member	B.A (Hons), M.A., MEC, MSC., PhD in Economics

Terms of reference of the Audit Committee

- Board shall appoint non-executive directors of the Bank as members of the Audit Committee excepting Chairman of the Board.
- Mr. Syed Sajedul Karim, in his capacity as the Independent Director, shall be the Chairman of the Audit Committee.
- Presence of 03 (three) members shall form a quorum.
- The quorum of the Audit Committee meeting shall require presence of at least 1 (one) Independent Director.
- The tenure of office of the Audit Committee shall be for 3 years.
- The Company Secretary shall act as Secretary to the Audit Committee.
- The terms of reference of the Audit Committee shall also be as specified in the BRPD Circular No.11 dated October 27, 2013 of Bangladesh Bank and provisions contained in Notification No.BSEC/CMRRCD/2006-158/207/Admin/80 of Bangladesh Securities and Exchange Commission (BSEC), dated 03 June, 2018.
- Mr. Zakir Ahmed Khan, Advisor of the Bank, shall remain present in every meeting of the Audit Committee as far as possible and shall give his advice and suggestions for improvement of Bank's operations and strict compliance with rules of both the Bank and its regulators.
- Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).



Charter of the Audit Committee

The Audit Committee is constituted by the Board of Directors for the primary purpose of assisting the Board in:

- Overseeing the integrity of the company's financial statement.
- Overseeing the improvement of corporate governance standard of the company.
- Overseeing the Company's system of disclosure, internal controls and procedure.
- Overseeing Bank's internal control over financial reporting.
- Overseeing Bank's compliance with ethical standards adopted by the Bank.
- Making reports and recommendations to the Board.

Roles and responsibilities

The role of Audit Committee is to assist the Board in discharging its duties and responsibilities for financial reporting, effective monitoring, corporate governance, internal control, green banking and environmental & climate change risks. The added roles of the Audit Committee include, but not limited to, the following:

- i) Overseeing the financial reporting process.
- ii) Monitoring choice of accounting policies and principles.
- iii) Monitoring Internal Audit and Compliance process including approval of Internal Audit and compliance plan.
- iv) Reviewing the Internal Audit and Compliance Report.
- v) Overseeing hiring and performance of external auditors.
- vi) Reviewing the Annual Financial Statements before submission to the Board for approval or adoption.
- vii) Reviewing the quarterly and half-yearly Financial Statements before submission to the Board for approval.
- viii) Review the financial statements, in particular the investments made by the subsidiary company.
- ix) Reviewing the adequacy of internal audit functions.
- x) Reviewing the Management's Discussion and Analysis before disclosing in the Annual Report
- xi) Overseeing the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.
- xii) Reviewing statement of significant party transactions submitted by the management.
- xiii) Reviewing Management Letters/ Letter of Internal Control Weakness issued by Statutory Auditors.
- xiv) Reviewing the existing Risk Management Policy and procedures to improve the quality of Bank's assets portfolio.
- xv) Reviewing fund raising through Repeat Public Offering/ Rights Issue and its use and application.
- xvi) Monitoring internal control process.
- xvii) Maintaining oversight on regulatory compliance, ethics and whistleblower hotlines
- xviii) Reviewing Audit Committee's own terms of reference.
- xix) Reviewing the compliance status of the Minutes of the Audit Committee Meeting.

71.2 Risk Management Committee of the Board of Directors of the Bank

The Bank Company Act-1991 (Amended up to 2018), inter alia, provided for constitution of a Risk Management Committee of the Board of Directors of every Bank. The committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against different risks.

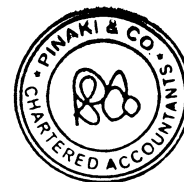
Feature and composition

The Risk Management Committee was reconstituted by the Board of Directors in its 577th meeting held on July 22, 2019 in accordance with the BRPD circular no. 11, dated October 27, 2013 issued by Bangladesh Bank. The composition of the Risk Management Committee in 2019 is given below:

Sl. no.	Members	Position	Meetings held	Attendance	Remarks
1	Mr. Alamgir Kabir, FCA	Chairman	4	4	The Members who could not attend any meeting showing genuine ground were granted leave of absence.
2	Mr. M. A. Kashem	Member	4	3	
3	Mr. Azim Uddin Ahmed	Member	4	4	
4	Mr. Syed Sajedul Karim (Independent Director)	Member	4	4	

Structure of the Risk Management Committee (RMC)

- 1 The Chairman of the Board of Directors of the Bank shall be the Chairman of the Risk Management Committee.
- 2 Presence of 3 (three) members in a meeting of the Committee shall form quorum.
- 3 The Company Secretary of the Bank shall act as the Secretary to the Risk Management Committee of the Board.



Functions of the Risk Management Committee

The broad functional areas of the Risk Management Committee are the following:

- Formulating and reviewing risk management policies and strategies for sound risk management.
- Monitoring implementation of risk management policies and process to ensure effective prevention and control measures.
- Ensuring construction of adequate organizational structure for managing risks within the Bank.
- Supervising the activities of Executive Risk Management Committee (ERMC).
- Ensuring compliance of Bangladesh Bank instructions regarding implementation of core risk management.
- Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval.
- Approving adequate record keeping and reporting system and ensuring its proper use.
- Holding at least four meetings in a year and more if deemed necessary.
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- Submitting proposal, suggestions and summary of BRMC meetings to the Board of Directors at least on quarterly basis.
- Complying with instructions issued from time to time by the regulatory body.
- Analyzing all existing and probable risk issues in the meeting and taking appropriate decisions for risk mitigation.
- Ensuring sufficient and efficient staff resources for RMD.
- Establishing standards of ethics and integrity for staff and enforcing these standards.
- Assessing overall effectiveness of risk management functions on yearly basis.

71.3 Related party/(ies)

Particulars of Directors of the Bank as at 31 December:

Sl. No.	Name of persons	Designation	Present address	% of shares as at 31 Dec 2019	% of shares as at 31 Dec 2018
1	Mr. Alamgir Kabir, FCA	Chairman	226, Dilu Road, New Eskaton, Dhaka	2.25%	2.25%
2	Mrs. Duluma Ahmed	Vice Chairperson	Plot No.51, Road No.09, Block-F Banani, Dhaka	2.08%	2.08%
3	Mr. M. A. Kashem	Director	73/C, Gulshan Avenue, Gulshan-1 Dhaka-1212	2.21%	2.21%
4	Mr. Azim Uddin Ahmed	Director	Plot No.51, Road No.09, Block-F Banani, Dhaka	2.78%	2.78%
5	Mrs. Jusna Ara Kashem	Director	73/C, Gulshan Avenue, Dhaka-1212	2.00%	2.00%
6	Mrs. Rehana Rahman	Director	House No.10, Road No.68, Gulshan-2, Dhaka-1212	2.06%	2.06%
7	Mr. Md. Akikur Rahman	Director	Sonarpara, Nobarun-227, Sylhet	2.03%	2.03%
8	Mrs. Sirat Monira (resigned on November 03, 2019)	Director	226, Dilu Road (Ground Floor), New Eskaton, Dhaka	-	0.01%
9	Mr. Syed Sajedul Karim	Independent Director	Apartment B/3, House No.08, Road No.121, Gulshan-1, Dhaka-1212	-	-
10	Dr. Quazi Mesbahuddin Ahmed	Independent Director	Flat No.C/3, House No.01, Road No.36, Gulshan-2, Dhaka-1212	-	-
11	Mr. Mohammad Delwar Husain (appointed on December 22, 2019)	Independent Director	Flat No.C-1, House No.160, Road No.3, Block-A, Bashundhara R/A, Dhaka-1229	-	-
12	Mr. M. Kamal Hossain	Managing Director	Southeast Bank Limited, Head Office, 52-53 Dilkusha C/A, Dhaka-1000	-	-

*As per SEC notification no-SEC/CMRRCD/2009-193/119/Admin/34, dated: 22/11/2011; "Each director other than independent director(s)/ nominated director(s) of any listed company shall hold minimum 2% (two percent) shares of the paid-up capital. Otherwise there shall be a casual vacancy of director".



71.3.1 Related party transactions

During the year 2019, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of Organization	Relationship	Nature of transaction	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
			2019	2018	2019	2018
			Taka	Taka	Taka	Taka
Asia Insurance Ltd.	Common Director	Insurance coverage	85,933,992	138,208,868	-	-
Southeast Bank Capital Services Limited	Subsidiary company	Share capital	-	-	5,489,930,000	5,489,930,000
		Saving & Fixed Deposit Account	622,941,348	23,324,151	-	-
		Interest on Saving & Fixed Deposit Account	26,487,768	166,849	-	-
Southeast Financial Services (UK) Ltd	Subsidiary company	Share capital	-	-	38,493,247	38,493,247
Southeast Financial Services (Australia) Pty Ltd	Subsidiary company	Share capital	-	-	-	25,063,712
Southeast Exchange Company (South Africa) Pty Ltd	Subsidiary company	Share capital	-	-	44,211,055	50,103,110

71.3.2 Loans and advances to directors and their related concern

Name of party	Name of the director	Related by	Nature of transaction	Amount in Taka	Status
Monorom Traders	Mr. Azim Uddin Ahmed	Director	Bank Guarantee	4,783,061	Regular
	Mrs. Duluma Ahmed				
Mrs. Duluma Ahmed	Mrs. Duluma Ahmed	Director	Credit Card	82,964	Regular
Mr. M. A. Kashem	Mr. M. A. Kashem	Director	Credit Card	4,000	Regular
Mr. Azim Uddin Ahmed	Mr. Azim Uddin Ahmed	Director	Credit Card	10,994	Regular
Mrs. Rehana Rahman	Mrs. Rehana Rahman	Director	Credit Card	78,625	Regular
Mr. Akikur Rahman	Mr. Akikur Rahman	Director	Credit Card	31,171	Regular
Ms. Sultana Kashem	Mr. M. A. Kashem	Director's daughter	Credit Card	30,001	Regular
Ms. Farzana Azim	Mr. Azim Uddin Ahmed	Director's daughter	Credit Card	552,670	Regular
Mr. Mamun Azim	Mr. Azim Uddin Ahmed	Director's son	Credit Card	6,931	Regular

The Bank complies with the requirements of the section 26 (c) of the Banking Companies Act 1991 (amended upto 2018) in connection to the transactions executed with persons related to the Banks.

71.4 Events after the reporting period

As per IAS - 10 "Events after the Reporting Period" events after the 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 authorized for issue. Two types of event can be identified:

- (a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- (b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period are as follows:

A. On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organization, and Bangladesh Government has taken restrictive measures including declared general public holidays to contain its further spread affecting free movement of people and goods. As consequence, the COVID-19 outbreak has brought about additional challenges in the Bank's operating environment and has impacted the Bank's operations in Bangladesh. Essentially Bangladesh Bank is governing the operational model which is a limited scale operation supporting cash and international trade transactions at branches while on-line supports continue as usual.

The Bank is closely monitoring the impact of the developments on the Bank's businesses. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.

B. The Board of Directors in its 604th meeting held on 30 June 2020 has recommended 10% dividend (Cash dividend: 7.5% and stock dividend: 2.5%) subject to the approval of the shareholders at the next Annual General Meeting.



71.5 Number of employees

The number of employees engaged for the whole year or part thereof in 2019 who received a total yearly remuneration of Tk 36,000 or above were 2885. The total number of employees were 2797 in 2018.

71.6 Share trading

The Bank started trading its ordinary shares in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) through CDBL from 16 May 2004. The closing market price of the share as on 31 December 2019 was Tk.13.40 (2018: Tk.15.60) for each Tk.10 per value of share at DSE and Tk 13.20 (2018: Tk.15.70) for each Tk.10 per value of share at CSE.

71.7 Pattern of Shareholding

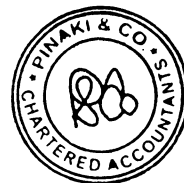
Breakup of shareholding pattern as per clause 1.5 (xxi) of Securities and Exchange Commission notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under Section 2CC of the Securities and Exchange Ordinance, 1969, is as follows:

a) Parent/Subsidiary/Associated companies and other related parties (name wise details):

Sl. no.	Name of the Company	Shareholding Structure
1	Southeast Bank Capital Services Limited	99.816909% owned by Southeast Bank Limited
2	Southeast Bank Financial Services (UK) Ltd	100% owned by Southeast Bank Limited
3	Southeast Exchange Company (South Africa) Pty Ltd	100% owned by Southeast Bank Limited

71.8 Highlights on the overall activities of the Bank

Highlights on the overall activities of the Bank have been furnished in Annexure-A.



Annexure-A

Southeast Bank Limited
Highlights on the overall activities
As at and for the year ended 31 December 2019

Sl. no.	Particulars	Currency	2019	2018
1	Paid-up capital	Taka	11,599,419,720	10,544,927,020
2	Total capital	Taka	35,993,857,662	38,755,804,649
3	Capital surplus	Taka	(2,752,647,928)	1,843,633,684
4	Total assets	Taka	422,430,591,050	381,094,921,027
5	Total deposits	Taka	329,797,460,573	298,320,586,377
6	Total loans and advances/investments	Taka	295,015,113,320	265,204,210,559
7	Total contingent liabilities and commitments	Taka	123,149,020,703	145,504,926,144
8	Credit deposit ratio		81.63%	81.55%
9	Percentage of classified loans/investments against total loans and advances/investments		4.87%	5.87%
10	Profit after tax and provision	Taka	2,520,786,210	2,455,767,824
11	Amount of classified loans/investments	Taka	14,375,292,023	15,558,851,040
12	Provisions kept against classified loans/investments	Taka	18,243,627,000	9,961,900,000
13	Provision surplus/(deficit) against classified loans/investments	Taka	9,660,369,231	4,043,815,452
14	Cost of fund		8.08%	7.81%
15	Interest earning assets	Taka	368,651,558,326	329,182,199,588
16	Non-interest earning assets	Taka	53,779,032,724	51,912,721,439
17	Return on investment (ROI)		0.69%	0.74%
18	Return on assets (ROA) [PAT/ Average assets]		0.63%	0.68%
19	Income from investment	Taka	5,251,583,015	5,062,022,727
20	Capital adequacy		11.61%	12.47%
21	Dividends			
	a) Stock dividends		2.50%	10%
	b) Cash dividends		7.50%	-
22	Earnings per share (restate-2018)	Taka	2.17	2.12
23	Net income per share (restate-2018)	Taka	2.17	2.12
24	Price earning ratio (restate-2018)	Times	6.12	7.39



Southeast Bank Limited and its Subsidiaries
Consolidated Liquidity Statement
(Assets and Liabilities Maturity Analysis)
As at 31 December 2019

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand	3,664,880,130	-	-	-	-	3,664,880,130
Balance with other banks and financial institutions	5,487,297,834	1,685,000,000	300,000,000	-	18,954,911,247	26,427,209,081
Money at call and on short notice	4,739,531,100	-	-	-	-	4,739,531,100
Investments	3,458,973,879	6,230,500,000	18,230,498,779	20,549,900,000	28,840,169,912	77,310,042,570
Loans and advances/investments	70,450,900,000	47,521,100,000	79,967,800,000	57,748,700,000	41,064,463,275	296,752,963,275
Fixed assets including premises, furniture and fixtures	-	-	-	1,553,035,274	7,780,622,741	9,333,658,015
Other assets	1,563,924,635	476,193,410	40,140,155	1,791,653,985	212,518,637	4,084,430,822
Non banking assets	-	-	-	-	-	-
Total assets (A)	89,365,507,579	55,912,793,410	98,538,438,934	81,643,289,259	96,852,685,813	422,312,714,993
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	424,800,000	1,359,200,000	10,696,000,000	10,421,399,879	1,000,000,000	23,901,399,879
Deposits	51,456,813,368	54,891,700,000	101,015,700,000	102,836,600,000	19,049,460,573	329,250,273,941
Provision and other liabilities	5,770,048,602	-	28,067,297,050	4,814,160,997	-	38,651,506,648
Total liabilities (B)	57,651,661,970	56,250,900,000	139,778,997,050	118,072,160,876	20,049,460,573	391,803,180,468
Net liquidity gap (A - B)	31,713,845,609	(338,106,590)	(41,240,558,116)	(36,428,871,617)	76,803,225,240	30,509,534,525



Southeast Bank Limited
Liquidity Statement
(Assets and Liabilities Maturity Analysis)
As at 31 December 2019

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand	3,664,640,436	-	-	-	-	3,664,640,436
Balance with other banks and financial institutions	5,346,583,975	1,685,000,000	300,000,000	-	18,954,911,247	26,286,495,222
Money at call and on short notice	4,739,531,100	-	-	-	-	4,739,531,100
Investments	805,921,400	6,230,500,000	18,230,498,779	20,549,900,000	28,667,569,912	74,484,390,091
Loans and advances/investments	70,450,900,000	47,521,100,000	79,967,800,000	57,748,700,000	39,326,613,320	295,015,113,320
Fixed assets including premises, furniture and fixtures	-	-	-	1,553,035,274	7,201,920,124	8,754,955,398
Other assets	1,563,924,635	345,090,104	40,140,155	1,791,653,985	5,744,656,604	9,485,465,483
Non banking assets	-	-	-	-	-	-
Total assets (A)	86,571,501,546	55,781,690,104	98,538,438,934	81,643,289,259	99,895,671,207	422,430,591,050
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	424,800,000	1,359,200,000	10,696,000,000	10,421,399,879	1,000,000,000	23,901,399,879
Deposits	52,004,000,000	54,891,700,000	101,015,700,000	102,836,600,000	19,049,460,573	329,797,460,573
Provision and other liabilities	5,431,434,736	-	28,067,297,050	4,814,160,997	-	38,312,892,783
Total liabilities (B)	57,860,234,736	56,250,900,000	139,778,997,050	118,072,160,876	20,049,460,573	392,011,753,235
Net liquidity gap (A - B)	28,711,266,810	(469,209,896)	(41,240,558,116)	(36,428,871,617)	79,846,210,634	30,418,837,815



Southeast Bank Limited
Balance with other banks-Outside Bangladesh (Nostro Account)
As at 31 December 2019

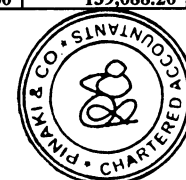
Name of the Bank	2019				2018			
	Currency Type	FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka	
Interest bearing:								
Standard Chartered Bank, New York, USA	USD	1,765,597	84.90	149,899,156	4,101,815	83.90	344,142,271	
AB Bank Ltd., Mumbai, India	ACUD	138,951	84.90	11,796,933	540,044	83.90	45,309,651	
Citibank AG, Frankfurt, Germany	EUR	36,536	95.10	3,474,431	708,978	95.52	67,721,709	
Citibank, N.A., New York, USA	USD	519,950	84.90	44,143,750	1,642,071	83.90	137,769,758	
Habib American Bank, New York, USA	USD	2,925,707	84.90	248,392,506	6,383,537	83.90	535,578,787	
ICICI Bank Ltd., Mumbai, India	ACUD	214,953	84.90	18,249,482	595,859	83.90	49,992,604	
JP Morgan Chase Bank N.A., New York, USA	USD	640,466	84.90	54,375,563	1,518,336	83.90	127,388,420	
Standard Chartered Bank, Kolkata, India	ACUD	369,244	84.90	31,348,847	304,328	83.90	25,533,159	
Standard Chartered Bank, London, UK	GBP	4,033	111.40	449,276	54,543	106.23	5,793,834	
Standard Chartered Bank, New York OBU	USD	1,717,390	84.90	145,806,434	962,295	83.90	80,736,585	
Wells Fargo Bank, N.A., New York, USA	USD	1,090,517	84.90	92,584,903	54,690	83.90	4,588,519	
Mashreq Bank PSC, New York, USA	USD	832,853	84.90	70,709,236	3,678,510	83.90	308,627,026	
Mashreq Bank, Mumbai, India	ACUD	569,119	84.90	48,318,227	358,655	83.90	30,091,175	
Mashreq Bank, Mumbai, India	ACUEUR	15,551	95.10	1,478,825	15,551	95.52	1,485,413	
Sub Total		10,840,867		921,027,569	20,919,214		1,764,758,909	
Non-interest bearing:								
Bank of Bhutan, Pheunsholing, Bhutan	ACUD	202,531	84.90	17,194,896	199,183	83.90	16,711,425	
Bank of Sydney Ltd., Sydney	AUD	102,996	59.35	6,113,182	84,828	59.24	5,025,363	
Banque Saudi Fransi, Riyadh	SAR	1,443,540	22.62	32,653,875	185,336	22.36	4,144,044	
Commerz Bank AG, Frankfurt, Germany	EUR	13,302	95.10	1,264,967	6,316	95.52	603,335	
Commerz Bank AG, Frankfurt, Germany	USD	1,212,285	84.90	102,923,021	2,094,142	83.90	175,698,521	
Habib Metropolitan Bank Ltd., Karachi, Pakistan	ACUD	172,053	84.90	14,607,335	170,403	83.90	14,296,848	
HDFC Bank, Mumbai, India	ACUD	99,149	84.90	8,417,708	923,869	83.90	77,512,594	
Mashreq Bank PSC, Dubai, UAE	AED	20,755,751	23.11	479,696,009	3,028,213	83.90	69,162,123	
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	ACUD	593,685	84.90	50,403,858	332,540	83.90	27,900,081	
Standard Chartered Bank, Colombo, Sri Lanka	ACUD	459,896	84.90	39,045,170	355,904	83.90	29,860,364	
Standard Chartered Bank, Mumbai (AEB), India	ACUD	-	-	-	25,255	83.90	2,118,895	
Bank of Tokyo-Mitsubishi, JPY	YEN	79,974,090	0.78	62,206,141	105,221,058	0.76	79,567,794	
United Bank Limited, Karachi, Pakistan	ACUD	65,251	84.90	5,539,844	44,033	83.90	3,694,384	
Zuercher Kantonal Bank, Zurich, Switzerland	CHF	227,937	87.27	19,892,956	21,921	84.53	1,852,844	
Abu Dhabi Commercial Bank PJSC (ADCB), Abu Dhabi, UAE	AED	86,650	23.11	2,002,608	-	-	-	
Sub Total		105,409,117		841,961,570	112,693,000		508,148,614	
Grand Total		116,249,984		1,762,989,139	133,612,215		2,272,907,523	

Southeast Bank Limited
Details of Large Loan
As at 31 December 2019

	2019	2018
Number of clients	33	34
Amount of outstanding advances (Amount in million Taka)	133,009.10	139,088.20
Amount of classified advances (Amount in million Taka)	Nil	NIL
Measures taken for recovery (Taka)	Nil	NIL

Client-wise break up is as follows:

(Amount in million Taka)							
Sl. no.	Name of clients	Outstanding as at 31 December 2019			Outstanding as at 31 December 2018		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Abul Khair Group	161.90	747.40	909.30	563.10	5,432.10	5,995.20
2	ACS Textiles (Bangladesh) Limited and its related concern	2,337.50	997.90	3,335.40	2,088.90	1,998.50	4,087.40
3	Bashundhara Group	3,768.40	714.10	4,482.50	4,976.00	4,693.30	9,669.30
4	Bengal Group	2,781.60	1,156.90	3,938.50	2,315.00	1,201.90	3,516.90
5	Capital Banani One Ltd. and its related concern	4,240.00	1.40	4,241.40	4,222.90	1.40	4,224.30
6	Cassiopea Fashion Ltd. and its related concerns	820.70	1,960.80	2,781.50	997.00	2,979.70	3,976.70
7	Sparrow Apparels Ltd. and its related concerns	1,407.70	6,237.20	7,644.90	1,521.30	6,572.50	8,093.80
8	Deshbandhu Group	7,498.30	503.40	8,001.70	6,156.60	1,272.70	7,429.30
9	Grameen Phone Limited	-	1,495.80	1,495.80	-	1,956.40	1,956.40
10	Irish Fabrics Limited and its related concerns	-	-	-	526.20	2,188.30	2,714.50
11	KDS Group	254.50	1,443.50	1,698.00	672.70	1,373.50	2,046.20
12	Keya Group	6,248.30	3,138.50	9,386.80	5,077.20	4,634.40	9,711.60
13	Aaron Denim Limited and its related concerns	3,111.40	1,005.50	4,116.90	2,719.00	851.70	3,570.70
14	Maksons Spinning Mills Ltd.	1,963.90	2,504.00	4,467.90	1,389.10	3,118.30	4,507.40
15	Meghna Group	-	8,133.80	8,133.80	0.90	7,215.50	7,216.40
16	Mother Steel Ltd. and its related concerns	406.20	20.20	426.40	339.70	20.20	359.90
17	N. R. Group	1,256.90	2,462.10	3,719.00	1,009.70	3,091.40	4,101.10
18	Partex Group	4,524.30	1,995.10	6,519.40	2,181.40	2,424.90	4,606.30
19	S. Alam Group	4,247.60	-	4,247.60	4,108.70	-	4,108.70
20	Yunusco (BD) Limited and its related concerns	1,476.30	1,707.90	3,184.20	1,015.80	1,444.50	2,460.30
21	T. K. Group	-	4,159.00	4,159.00	0.20	4,767.90	4,768.10
22	Rupayan Housing Estate Limited and its related concerns	5,434.40	30.00	5,464.40	5,082.90	-	5,082.90
23	Chittagong Asian Apparels Ltd. and its related concerns	1,120.50	883.90	2,004.40	1,275.60	1,496.40	2,772.00
24	Snowtex Outerwear Limited and its related concerns	3,819.40	2,869.10	6,688.50	2,754.70	2,422.60	5,177.30
25	Generation Next Fashions Limited	2,230.00	1,734.80	3,964.80	1,756.60	1,683.20	3,439.80
26	Designtex Fashions Limited and its related concerns	4,368.40	1,902.60	6,271.00	2,059.50	1,486.40	3,545.90
27	Navana Group	4,352.40	17.80	4,370.20	4,187.40	44.80	4,232.20
28	City Group	-	1,090.90	1,090.90	-	1,716.00	1,716.00
29	Bashundhara Oil and Gas Company Limited	47.70	4,256.40	4,304.10	-	915.90	915.90
30	KSRM Steel Plant Ltd. and its related concerns	1,381.80	2,211.40	3,593.20	1,536.40	1,088.50	2,624.90
31	Vertex Group	384.70	270.50	655.20	304.10	335.30	639.40
32	Shanin Group	1,574.90	2,141.10	3,716.00	1,437.70	2,363.60	3,801.30
33	Masuma Khatun Textile Industries Ltd.	-	-	-	2,576.50	769.90	3,346.40
34	Bashundhara Trading Company Ltd. and its related concerns	1,702.20	285.30	1,987.50	1,431.80	1,241.90	2,673.70
35	Envoy Textiles Limited	1,696.90	312.00	2,008.90	-	-	-
Total		74,618.80	58,390.30	133,009.10	66,284.60	72,803.60	139,088.20



Southeast Bank Limited
Schedule of fixed assets including premises, furniture and fixtures
As at 31 December 2019

Particulars	Cost/Revaluation					Depreciation					Written down value as at 31 Dec 2019
	Balance as at 1 Jan 2019	Additions during the Period	Revalued during the year	Disposal during the period	Balance as at 31 Dec 2019	Rate of dep.	Balance as at 1 Jan 2019	Charged during the period	Adjustment for disposal during the period	Balance as at 31 Dec 2019	

A. Own assets

Office:

Land	5,797,250,693	175,314			5,797,426,007	-	-			-	5,797,426,007
Building	1,989,262,277	624,686			1,989,886,963	4%	526,877,198	58,515,648	-	585,392,846	1,404,494,117
Furniture and fixtures	1,220,680,784	91,966,865		(3,960,780)	1,308,686,869	10%	532,920,600	73,938,906	(2,051,614)	604,807,892	703,878,977
Office Appliances	15,282,870	1,167,150		(892,731)	15,557,289	20%	10,185,235	941,920	(137,482)	10,989,673	4,567,616
Computer	272,016,322	37,451,956		(327,102)	309,141,176	20%	128,482,224	31,201,120	1,399,782	161,083,126	148,058,051
Electrical Appliances	1,366,783,609	71,946,209		(21,142,681)	1,417,587,137	20%	845,711,103	106,953,765	(9,197,799)	943,467,069	474,120,068
ATM Booth	252,882,264	72,222,042		(967,000)	324,137,305	20%	130,074,144	33,988,946	1,993,438	166,056,528	158,080,777
Motor vehicles	77,594,917	37,593,572		(6,562,000)	108,626,489	20%	48,863,442	16,373,477	(6,381,502)	58,855,417	49,771,072
TOTAL	10,991,753,737	313,147,794	-	(33,852,295)	11,271,049,235		2,223,113,946	321,913,782	(14,375,177)	2,530,652,551	8,740,396,685

Residence of executives:

Furniture and fixtures	5,204,290	1,625,000		(325,000)	6,504,290	10%	1,711,812	418,184	(175,220)	1,954,776	4,549,514
Electrical Appliances	20,386,680	2,700,000		(2,100,000)	20,986,680	20%	11,342,863	1,963,486	(1,386,577)	11,719,772	9,266,908
	25,590,970	4,325,000	-	(2,425,000)	27,490,970		13,054,674	2,381,670	(1,761,797)	13,674,547	13,816,422
	11,017,344,707	317,472,794	-	(36,277,295)	11,298,540,205		2,236,168,621	324,295,452	(16,136,974)	2,544,327,099	8,754,213,107

B. Right of Use Assets (PPE)

Furniture and fixtures	106,026,227	-	-	-	106,026,227	10%	106,026,227	-	-	106,026,227	-
Motor vehicles	53,412,615	-	-	(9,557,915)	43,854,700	20%	52,224,955	445,368	(9,557,915)	43,112,408	742,292
	159,438,842	-	-	(9,557,915)	149,880,927		158,251,182	445,368	(9,557,915)	149,138,635	742,292
Balance as at 31 December '2019	11,176,783,549	317,472,794	-	(45,835,210)	11,448,421,132		2,394,419,803	324,740,820	(25,694,889)	2,693,465,734	8,754,955,398
Balance as at 31 December '2018	10,801,983,699	431,778,262	-	(56,978,412)	11,176,783,549		2,093,414,432	329,860,908	(28,855,537)	2,394,419,803	8,782,363,746

Right of Use Assets

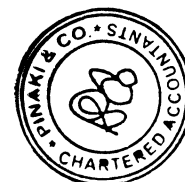
Right of use assets	-	271,190,059	-	-	271,190,059	-	-	63,595,041	-	63,595,041	207,595,018
	-	271,190,059	-	-	271,190,059	-	-	63,595,041	-	63,595,041	207,595,018

Annexure-E.1



Southeast Bank Limited
Names of Directors and their interest in different entities

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/ director/ managing agent/ guarantor/ employee/ partner, etc.	Position	% of Shareholdings
1	Mr. Alamgir Kabir, FCA	Chairman	-	-	Nil
2	Mrs. Duluma Ahmed	Vice Chairperson	Mutual Food Products Limited Mutual Milk Products Limited Mutual Trading Co. Limited	Chairman " Director	31.78% 16.00% 12.96%
3	Mr. M. A. Kashem	Director	Rose Corner (Pvt.) Limited	Chairman	50.00%
4	Mr. Azim Uddin Ahmed	Director	Mutual Food Products Limited Mutual Milk Products Limited Mutual Trading Co. Limited AD Holdings Limited	Managing Director " Chairman & MD Chairman	44.78% 52.00% 71.30% 0.50%
5	Mrs. Jusna Ara Kashem	Director	Rose Corner (Pvt) Limited	Director	20.00%
6	Mrs. Rehana Rahman	Director	Bengal Tradeways Limited CHB Building Technologies Limited	Managing Director Director	74.61% 25.00%
7	Mr. Md. Akikur Rahman	Director	-	-	Nil
8	Mr. Syed Sajedul Kairm	Independent Director	-	-	Nil
9	Dr. Quazi Mesbahuddin Ahmed	Independent Director	-	-	Nil
10	Mr. Mohammad Delwar Husain	Independent Director	-	-	Nil
11	Mr. M. Kamal Hossain	Managing Director	-	-	Nil



Southeast Bank Limited
Islamic Banking Branches
Balance Sheet
As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	<i>1</i>		
In hand (including foreign currencies)		263,677,174	150,219,956
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		1,398,163,335	1,063,945,753
		1,661,840,509	1,214,165,709
Balance with other banks and financial institutions	<i>2</i>		
In Bangladesh		1,008,357,038	1,005,380,998
Outside Bangladesh		-	-
		1,008,357,038	1,005,380,998
Money at call and on short notice			
Investments in shares and securities	<i>3</i>		
Government		950,000,000	970,000,000
Others		1,734,772,344	3,244,853,863
		2,684,772,344	4,214,853,863
Investments	<i>4</i>		
General Investments etc.		17,598,332,455	15,327,613,616
Bills purchased and discounted		361,459,608	357,093,888
		17,959,792,063	15,684,707,504
Fixed assets including premises, furniture and fixtures	<i>5</i>	24,709,206	25,338,771
Other assets	<i>6</i>	1,568,842,060	33,958,174
Non - banking assets		-	-
Total assets		24,908,313,220	22,178,405,018
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	<i>7</i>	1,001,916,667	-
Deposits and other accounts	<i>8</i>		
Current/Aj-wadeeah current accounts and other accounts		1,817,736,376	2,050,246,536
Bills payable		107,742,717	82,297,718
Savings bank/Mudaraba savings bank deposits		2,165,717,779	2,007,450,494
Fixed deposits/Mudaraba fixed deposits		17,600,583,206	15,861,886,841
		21,691,780,078	20,001,881,588
Other liabilities	<i>9</i>	2,214,616,475	2,176,523,430
Total liabilities		24,908,313,220	22,178,405,018
<u>OFF-BALANCE SHEET ITEMS</u>			
Contingent liabilities			
Acceptances and endorsements	<i>10.1</i>	1,019,395,407	1,706,182,184
Letters of guarantee	<i>10.2</i>	1,039,498,731	1,846,759,405
Irrevocable letters of credit	<i>10.3</i>	989,534,786	2,285,549,994
Bills for collection	<i>10.4</i>	1,652,806,086	1,267,760,650
Other contingent liabilities		-	-
Total contingent liabilities		4,701,235,009	7,106,252,233
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total off-balance sheet items including contingent liabilities		4,701,235,009	7,106,252,233



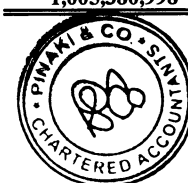
Southeast Bank Limited
Islamic Banking Branches
Profit and Loss Account
For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
Profit on investments	11	2,196,460,816	1,998,658,866
Profit shared on deposits and borrowings etc.	12	(1,572,208,021)	(1,289,447,769)
Net profit on investments		624,252,794	709,211,098
Commission, exchange and brokerage	13	164,595,346	143,377,657
Other operating income	14	30,823,172	32,545,319
		195,418,517	175,922,976
Total operating income (A)		819,671,311	885,134,073
Salaries and allowances	15	79,167,097	75,385,417
Rent, taxes, insurance, electricity etc.	16	53,195,625	45,010,784
Legal expenses		19,500	-
Postage, stamp, telecommunication etc.	17	9,387,814	8,186,790
Stationery, printing, advertisements etc.	18	5,384,739	4,555,279
Depreciation and repair of bank's assets	19	7,169,372	7,413,100
Other expenses	20	27,784,283	30,769,313
Total operating expenses (B)		182,108,430	171,320,683
Profit before provision (C=A-B)		637,562,881	713,813,390
Provision for investments	9.1		
General provision		18,896,392	3,444,675
Specific provision		(21,752,232)	(948,089,521)
		(2,855,840)	(944,644,846)
Provision for off-balance sheet items	9.2	(27,900,626)	4,352,235
Provision for diminution in value of investments	9.3	164,297,424	54,619,407
Total provision (D)		133,540,958	(885,673,204)
Total profit before tax (C-D)		504,021,923	1,599,486,594



Southeast Bank Limited
Islamic Banking Branches
Notes to the Financial Statements
As at and for the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
1 Cash			
In hand:			
Local currency		263,591,679.61	148,326,584
Foreign currencies		85,494	1,893,371
		263,677,174	150,219,956
Balance with Bangladesh Bank:			
Local currency		1,398,101,826	1,058,360,221
Foreign currencies		-	-
		1,398,101,826	1,058,360,221
Balance with Sonali Bank Limited (as agent of Bangladesh Bank):			
Local currency		61,509	5,585,532
		1,398,163,335	1,063,945,753
		1,661,840,509	1,214,165,709
1.1 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act 1991, MPD Circular nos. 4 and 5 dated 1 December 2010 and MPD Circular no. 1 and 2 dated 23 June 2014 and 10 December 2013 and DOS Circular No. 1 dated 19 January 2014 and MPD Circulars No. 1 dated 03 April 2018 and DOS Circular no 26 dated 19 August 2019.			
The statutory Cash Reserve Ratio on the Shariah-based Islamic Bank's demand and time liabilities at the rate of minimum 5.0% on daily basis and 5.50% on bi-weekly basis been calculated and maintained with Bangladesh Bank in current account and 5.50% Statutory Liquidity Ratio on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including excess cash reserve balance with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:			
1.1.1 a) Cash Reserve Ratio (CRR) for Islamic Banking			
Required reserve (5.50% of average Demand and Time Liabilities)		1,155,277,695	1,007,891,950
Actual reserve held (Average daily on bi-weekly basis):		1,398,101,826	1,058,360,221
Surplus		242,824,131	50,468,271
b) Statutory Liquidity Ratio (SLR) for Islamic Banking			
Required reserve (5.50 % of average Demand and Time Liabilities)		1,155,277,695	1,007,891,950
Actual reserve held		1,457,367,131	1,176,260,271
Surplus		302,089,436	168,368,321
Held for Statutory Liquidity Ratio of Islamic Banking:			
Cash in hand		264,507,000	150,220,000
Balance with agent bank (Sonali Bank Ltd.) as per statement		36,000	5,572,000
Excess cash reserve		242,824,131	50,468,271
Government Securities (HTM)		950,000,000	970,000,000
		1,457,367,131	1,176,260,271
2 Balance with other banks and financial institutions			
In Bangladesh	2.1	1,008,357,038	1,005,380,998
Outside Bangladesh		-	-
		1,008,357,038	1,005,380,998



Particulars	Note	2019 Taka	2018 Taka
2.1 In Bangladesh			
Current account with: Sonali Bank Limited		740 740	740 740
Short term deposits account with: Sonali Bank Limited EXIM Bank Limited		1,134 8,355,164 8,356,298	1,134 505,379,124 505,380,258
Fixed deposits with other banks: Social Islamic Bank Limited		1,000,000,000 1,000,000,000 1,008,357,038	500,000,000 500,000,000 1,005,380,998
3 Investments in shares and securities			
Bangladesh Government Islamic Bond		950,000,000	970,000,000
Others	3.1	1,734,772,344 2,684,772,344	3,244,853,863 4,214,853,863
3.1 Others			
Shares in listed companies		1,734,772,344	3,244,853,863
Shares in un-listed companies		-	-
Provision for diminution in the market value of shares		1,734,772,344 (785,507,639) 949,264,705	3,244,853,863 (621,210,215) 2,623,643,648
3.2 Investments classified as per Bangladesh Bank Circular			
Held to maturity (HTM)		950,000,000	970,000,000
Other securities		1,734,772,344 2,684,772,344	3,244,853,863 4,214,853,863
3.3 Cost and market value of investments			
3.3.1 Government securities			
	2019	2018	
	<u>Cost price</u>	<u>Market price</u>	<u>Market price</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Bangladesh Government Islamic Bond	950,000,000	950,000,000 950,000,000	970,000,000 970,000,000
3.3.2 Others (Investment in shares)			
	2019	2018	
	<u>Market price</u>	<u>Cost price</u>	<u>Cost price</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Shares in listed companies	949,264,706	1,734,772,344	3,244,853,863
Shares in un-listed companies	-	-	-
	949,264,706	1,734,772,344	3,244,853,863



Particulars	Note	2019 Taka	2018 Taka
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3.4 Market price, cost price and related provision of investments as on 31 December 2019

SL No.	Name of the Company	2019	Differences (Provision to be Required)
		Market price Taka	Cost price Taka
1	ACME Laboratories Limited	177,681,840	162,952,332
2	AFC Agro Biotech Limited	17,161,580	36,946,327
3	Aftab Automobiles Limited	45,547,895	145,359,192
4	AMAN Feed Limited	8,281,015	17,633,331
5	Apex Food Ltd	5,426,268	9,581,913
6	Argon Denim Ltd	11,476,051	22,675,929
7	Bangladesh Building Systems Ltd	14,558,848	30,991,307
8	Bangladesh Shipping Corporation Limited	10,469,250	13,090,872
9	Barka Power Ltd	53,299,214	80,616,388
10	Bashundara Paper Mills Limited	4,140,000	11,647,591
11	BBS Cables Ltd	3,234,000	5,515,678
12	BD COM Ltd	15,561,347	23,932,942
13	Bangladesh Steel Re-Rolling Mills Limited	27,944,442	65,049,432
14	BSRM Steel Mills Limited	3,001,152	7,019,678
15	Confidence Cement Ltd	43,612,432	64,878,145
16	COPPERTECH LTD	116,984	47,410
17	Doreen Power Ltd	14,788,965	23,687,937
18	Dragon Sweater & Spinning Ltd	222,000	455,786
19	Esquire Knit Composite Ltd	732,687	1,165,050
20	EXIM Bank Ltd	164,585,570	370,656,919
21	Genex Infosys Ltd	26,390	3,406
22	Global Heavy Chemicals Limited	15,789,619	34,247,190
23	Golden Harvest Agro industries Ltd	17,534,550	22,470,307
24	GPH Ispat Limited	29,792,884	39,630,146
25	INTRACO Refueling Station Limited	158,017	452,419
26	Kattali Textile Limited	1,112	-
27	Khulna Power Company Limited	21,293,005	48,063,646
28	Lafarge Holcim Bangladesh Limited	40,320,000	97,436,822
29	Matin Spinning Limited	9,415,520	14,044,434
30	Meghna Petroleum Limited	4,203,763	5,791,363
31	MJL Bangladesh Ltd	11,299,050	21,016,635
32	Mozaffar Hossain Spinning Mills Limited	39,848	95,116
33	NEWLINE Clothing Limited	63,372	40,023
34	Oimex Electrode Limited	140,019	153,620
35	OLYMPIC Limited	12,375,000	19,767,327
36	Orion Pharma Ltd	32,384,399	61,952,895
37	Padma Oil Company Limited	9,556,184	12,487,427
38	Paramount Textile Limited	671,110	652,135
39	Premier Cement Ltd	24,105,663	57,393,541
40	RSRM STEEL Limited	25,681,082	75,212,724
41	Runner automobiles Ltd	450,195	540,450
42	Saif Power Tec Limited	376,018	784,502
43	S.Alam Cold Rolled Steels Ltd	16,687,000	31,969,454
44	Sumit Alliance Port Ltd	392,078	993,547
45	Sea Pearl Beach Resort & Spa limited	161,751	37,300
46	Shahjibazar Power Company Ltd	45,360,000	82,144,854
47	Shasha Denim Limited	446,556	1,117,951
48	Silco Pharmaceutical Ltd	243,076	72,930
49	SS Steel Ltd	7,589	3,066
50	Summit Power Ltd	3,813,315	4,622,232
51	Titas Gas Transmission & Distribution Company Ltd	4,635,000	7,670,726
		949,264,706	1,734,772,344
Actual provision			785,507,639
Surplus/(deficit)			-

Actual provision
Surplus/(deficit)



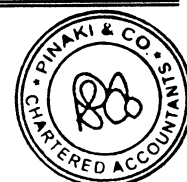
Particulars	Note	2019 Taka	2018 Taka
4 Investments			
Investments	4.1	17,598,332,455	15,327,613,616
Bills purchased and discounted	4.2	361,459,608	357,093,888
		17,959,792,063	15,684,707,504
4.1 Investments			
In Bangladesh			
Demand Investment		888,481,948	528,987,815
Bai-Muajjal (Time) Investment		392,827,368	195,402,971
Bai-Muajjal Time under CCS		82,921,352	79,622,265
Bai-Murabaha-BLC		22,294	-
Bai-Murabaha-LTR		1,057,138,547	1,193,826,782
Bai-Salam (PACKING CREDIT)		82,261,921	149,133,314
Staff House Building Investment		13,548,440	16,635,522
Export Development Fund (EDF) against LC		674,178,978	773,063,701
Investment against Cash Incentive		-	17,131,016
Bai-Muajjal - Investment		3,371,439,522	3,833,616,144
Murabaha - Investment		110,999,291	617,028,554
Hire purchase - Investment		10,924,512,794	7,923,165,532
		17,598,332,455	15,327,613,616
Outside Bangladesh		-	-
		17,598,332,455	15,327,613,616
4.2 Bills purchased and discounted			
In Bangladesh		361,459,608	357,093,888
Outside Bangladesh		-	-
		361,459,608	357,093,888
5 Fixed assets including premises, furniture and fixtures			
Cost:			
Furniture and fixture		28,029,981	25,664,381
Office Appliances		81,620	81,620
Electrical Appliances		30,626,923	29,402,923
Motor Vehicles		2,620,000	2,620,000
ATM Booth		7,029,226	6,925,030
		68,387,750	64,693,954
Less: Accumulated depreciation			
Furniture and fixture		15,011,205	13,662,545
Office Appliances		81,619	81,618
Electrical Appliances		23,328,010	21,886,863
Motor Vehicles		2,183,342	1,659,346
ATM Booth		3,074,368	2,064,811
		43,678,544	39,355,183
Written down value as at 31 December		24,709,206	25,338,771
6 Classification of other assets			
i) Stationery, stamps, printing materials, etc.		576,770	496,036
ii) Advance rent and advertisement		25,203,392	15,535,825
iii) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables		9,008,686	631,241
iv) Security deposits		69,460	69,460
v) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses		8,778,327	12,859,073
vii) Suspense account		1,755,520	1,676,660
viii) Silver		-	-
ix) Head office general account		1,519,984,111	-
X) Others		3,465,794	2,689,880
		1,568,842,060	33,958,174



Particulars	Note	2019 Taka	2018 Taka
7 Borrowing from other banks, financial institutions and agents			
In Bangladesh	7.1	1,001,916,667	-
Outside Bangladesh		-	-
		<u>1,001,916,667</u>	<u>-</u>
7.1 In Bangladesh			
Secured			
Borrowing against securities from Bangladesh Bank		1,001,916,667	-
		<u>1,001,916,667</u>	<u>-</u>
Unsecured			
		<u>-</u>	<u>-</u>
		<u>1,001,916,667</u>	<u>-</u>
8 Deposits and other accounts			
Al-wadeeah current accounts and other accounts			
Al-wadeeah current deposits		585,002,713	480,070,113
Foreign currency deposits		234,596,835	168,005,202
Sundry deposits		998,136,827	1,402,171,221
		<u>1,817,736,376</u>	<u>2,050,246,536</u>
Bills payable			
Payment order issued		107,609,251	82,164,252
T.T. payable		80,630	80,630
Demand draft		52,836	52,836
		<u>107,742,717</u>	<u>82,297,718</u>
Mudaraba savings bank deposits		<u>2,165,717,779</u>	<u>2,007,450,494</u>
Mudaraba fixed deposits			
Mudaraba fixed deposits		14,295,762,127	14,112,403,140
Mudaraba Special notice deposits		1,396,932,809	519,691,322
Scheme deposits		1,574,720,000	1,005,212,686
Interest Payable on FDR/Scheme		333,168,270	224,579,694
		<u>17,600,583,206</u>	<u>15,861,886,841</u>
		<u>21,691,780,078</u>	<u>20,001,881,588</u>
9 Other liabilities			
Provision for investments	9.1	413,433,462	367,401,062
Provision for off-balance sheet exposures	9.2	30,484,290	58,384,916
Profit suspense account		587,803,023	120,629,304
Accrued expenses		862,722	70,443
Accounts payable - Bangladesh Bank		3,726	5,955
Accounts payable - others		4,205,700	1,774,777
Provision for diminution in the market value of share	9.3	785,507,639	621,210,215
Unearned income		334,006,098	380,676,896
Head office general Account		-	561,325,472
Withholding tax		58,309,815	65,044,390
		<u>2,214,616,475</u>	<u>2,176,523,430</u>
9.1 A. General provision for investments			
Balance as at 1 January		112,678,750	109,234,075
Provision made during the year		18,896,392	3,444,675
		<u>131,575,141</u>	<u>112,678,750</u>
Adjustments made during the year		<u>-</u>	<u>-</u>
Balance as at 31 December		<u>131,575,141</u>	<u>112,678,750</u>



Particulars	Note	2019 Taka	2018 Taka
B. Specific provision for investments			
Balance as at 1 January		254,722,312	1,163,547,260
Recoveries of amounts previously written off		48,888,241	39,264,573
Provision made during the year		-	-
		303,610,553	1,202,811,833
Adjustments made during the year		(21,752,232)	(948,089,521)
Balance as at 31 December		281,858,320	254,722,312
C. Total provision on investments (C=A+B)		413,433,462	367,401,062
9.2 Provision for off-balance sheet exposures			
Balance as at 1 January		58,384,916	54,032,681
Provision made during the year		-	4,352,235
		58,384,916	58,384,916
Adjustments made during the year		(27,900,626)	-
Balance as at 31 December		30,484,290	58,384,916
9.3 Provision for diminution in the market value of share			
Balance as at 1 January		621,210,215	566,590,808
Provision made during the year		164,297,424	54,619,407
		785,507,639	621,210,215
Adjustments made during the year		-	-
Balance as at 31 December		785,507,639	621,210,215
10 Contingent liabilities			
10.1 Acceptances and endorsements			
Acceptance under Letters of credit - Import		429,264,253	626,409,221
Acceptance under Letters of credit - Export		590,131,154	1,079,772,962
		1,019,395,407	1,706,182,184
10.2 Letters of guarantee			
Local		904,402,731	1,507,850,405
Foreign		135,096,000	338,909,000
		1,039,498,731	1,846,759,405
10.2.1 Balance for which the Bank is contingently liable in respect of guarantee issued favouring:			
Directors or officers		-	-
Government		-	-
Banks and other financial institutions		-	-
Others		1,039,498,731	1,846,759,405
		1,039,498,731	1,846,759,405
10.3 Irrevocable letters of credit (L/C)			
Back to back L/C		427,231,858	991,945,659
Others		562,302,927	1,293,604,336
		989,534,786	2,285,549,994
10.4 Bills for collection			
Local		642,129,455	637,248,073
Foreign		1,010,676,631	630,512,576
		1,652,806,086	1,267,760,650



Particulars	Note	2019 Taka	2018 Taka
11. Profit on investment			
Demand investment		43,040,783	23,067,695
Bai-Muajjal (Time) investment		114,298,087	36,337,316
Bai-Muajjal time under CCS		10,032,773	8,590,851
Bai-Murabaha-BLC		1,460,707	4,818,214
Bai-Murabaha-LTR		156,847,090	129,255,381
Bai-Salam (PACKING CREDIT)		7,396,112	9,020,244
Staff house building investment		166,230	-
Investment against cash incentive		2,046,929	1,948,784
Bai-Muajjal - Investment		321,282,687	339,377,788
Murabaha - Investment		12,071,830	26,208,793
Hire purchase - Investment		823,906,796	857,945,183
Profit on special term deposit STD		3,476,405	68,783
Bills purchased and discounted		48,771,798	44,359,133
Interest on FDR		57,816,611	-
Interest Income Form NOSTRO ACCOUNTS (USD)		350	-
Inter branch profit income		593,845,625	517,660,703
		2,196,460,816	1,998,658,866
12. Profit shared on deposits and borrowings etc.			
Profit shared on deposits (Islamic Banking Branch):			
Mudaraba Savings Deposits (MSB)		280,283,575	272,778,245
Mudaraba Short Term Deposits (MSTD)		41,775,746	35,504,446
Mudaraba Fixed Term Deposits (MFDR)		1,102,246,206	896,801,767
Profit on foreign bank accounts		3,938,989	1,897,963
Profit on Re-finance borrowings		31,587,899	82,465,347
		1,572,208,021	1,289,447,769
13. Commission, exchange and brokerage			
Commission and brokerage		136,412,367	119,684,128
Exchange gain		28,182,978	23,693,530
		164,595,346	143,377,657
14. Other operating income			
Remittance fees		47,318	9,845
Service and incidental charges		5,997,988	6,833,387
Other fees-telephone and postage		3,000,463	3,051,706
Income from retail banking		20,909	73,000
Other fees - SWIFT		13,074,012	13,844,029
Miscellaneous income		8,682,482	8,733,352
		30,823,172	32,545,319
15. Salaries and allowances			
Basic salary		42,292,688	40,988,179
Allowances		26,790,382	24,305,639
Bonus		6,400,767	6,456,643
Provident fund		3,683,260	3,634,956
		79,167,097	75,385,417
16. Rent, taxes, insurance, electricity etc.			
Rent, rates and taxes		34,253,316	28,776,589
Insurance		14,837,843	11,837,732
Electricity and lighting		4,104,466	4,396,463
		53,195,625	45,010,784

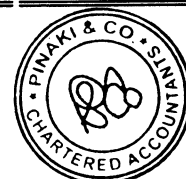


Particulars	Note	2019 Taka	2018 Taka
17 Postage, stamp, telecommunication etc.			
Postage		3,664,865	3,202,018
Telephone /Telex		258,226	265,864
VSAT on-line		1,700,220	1,994,914
SWIFT services		3,764,503	2,723,994
		9,387,814	8,186,790
18 Stationery, printing, advertisements etc.			
General office stationery		4,356,439	3,252,261
Printing and security stationery		1,018,300	1,297,330
Publicity and advertisement		10,000	5,688
		5,384,739	4,555,279
Figures of previous year have been rearranged to conform the current year's presentation			
19 Depreciation and repair of bank's assets			
Depreciation:			
Furniture and fixtures		1,348,659	1,272,551
Electrical appliances		1,602,590	1,712,714
Motor vehicles		523,996	524,004
ATM Booth		1,087,923	1,005,873
		4,563,169	4,515,142
Repair:			
Furniture and fixtures		488,715	497,864
Office and electrical appliance		788,790	1,198,035
Motor vehicles		239,189	277,694
Repair, maintenance and utilities		1,089,510	924,365
		2,606,204	2,897,958
		7,169,372	7,413,100
20 Other expenses			
Security and cleaning		8,186,069	8,913,162
Entertainment		1,932,018	1,466,620
Car expenses		6,235,940	6,398,613
Books and periodicals		42,880	36,820
Donation Including CSR		89,050	55,905
Travelling expenses		166,963	326,568
Conveyance		287,994	347,421
Petrol,oil and lubricant		312,575	246,328
Uniforms and apparels		101,673	104,398
Loss on sale of fixed assets		-	14,551
Expenses relating ATM services		380,035	328,713
Expenses for CIB report		-	5,920
Expenses regarding retail banking		758,293	951,157
IT enabled services		316,174	474,279
Gratuity and others		8,720,251	8,961,162
Others operating expenses		254,368	2,137,696
		27,784,283	30,769,313



Southeast Bank Limited
Off-Shore Banking Unit, Bangladesh
Balance Sheet
As at 31 December 2019

Particulars	Note	2019 USD	2019 Taka	2018 Taka
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		-	-	-
Balances with other banks and financial institutions	3			
In Bangladesh		6,574,878	558,207,179	110,004,898
Outside Bangladesh		1,717,390	145,806,434	80,736,585
		8,292,269	704,013,613	190,741,482
Money at Call and on short notice		10,000,000	849,000,000	839,000,000
Investments				
Government		-	-	-
Others		-	-	-
Loans and advances	4			
Loans, cash credit & overdrafts etc.		64,404,550	5,467,946,281	5,225,441,312
Bills purchased and discounted		153,958,866	13,071,107,690	6,518,827,903
		218,363,415	18,539,053,971	11,744,269,214
Fixed assets including premises, furniture and fixtures	5	13,847	1,175,649	1,299,197
Other assets	6	214,103	18,177,339	16,325,091
Non-banking assets		-	-	-
Total assets		236,883,635	20,111,420,572	12,791,634,985
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	7	211,900,000	17,990,310,000	11,955,750,000
Deposits and other accounts	8			
Current accounts and other accounts		10,709,718	909,255,020	6,538,058
Bills payable		-	-	-
Savings bank deposits		-	-	-
Fixed deposits		485,082	41,183,492	34,093,601
		11,194,800	950,438,512	40,631,659
Other liabilities	9	5,688,731	476,701,201	265,977,326
Total liabilities		228,783,531	19,417,449,713	12,262,358,985
Capital/shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Other reserves		-	-	-
Foreign currency losses		-	-	-
Retained earnings	10	8,100,104	693,970,859	529,276,000
Total shareholders' equity		8,100,104	693,970,859	529,276,000
Total liabilities and shareholders' equity		236,883,635	20,111,420,572	12,791,634,985
OFF-BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances and endorsements		-	-	-
Letters of guarantee		-	-	-
Irrevocable letters of credit		-	-	-
Bills for collection		33,985,976	2,885,409,358	176,671,092
Other contingent liabilities		-	-	-
total contingent liabilities		33,985,976	2,885,409,358	176,671,092
Other commitments				
Documentary credits and short term trade-related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-
Total other commitments		-	-	-
Total off-balance sheet items including contingent liabilities		33,985,976	2,885,409,358	176,671,092



Southeast Bank Limited
Off-Shore Banking Unit, Bangladesh

Profit and Loss account
For the year ended 31 December 2019

Particulars	Note	2019 USD	2019 Taka	2018 Taka
Interest income	11	9,338,728	788,928,271	673,202,880
Interest paid on deposits and borrowings etc.	12	(7,156,899)	(604,609,082)	(499,561,684)
Net interest income		2,181,829	184,319,189	173,641,196
Commission, exchange & brokerage	13	479,436	40,502,351	33,434,928
Other operating income	13.1	135,882	11,479,210	11,833,382
		615,318	51,981,561	45,268,310
Total operating income (A)		2,797,147	236,300,750	218,909,506
Salaries and allowances	14	55,533	4,691,388	4,441,390
Rent, taxes, insurance, electricity etc.	15	11,662	985,212	1,059,615
Legal expenses		-	-	-
Postage, stamp, telecommunication	16	16,036	1,354,717	1,105,281
Stationery, printing, advertisements etc.	17	2,390	201,882	128,332
Depreciation and repair of bank's assets	18	2,898	244,816	263,905
Other expenses	19	59,553	5,030,966	4,622,300
Total operating expenses (B)		148,072	12,508,981	11,620,824
Operating profit (C=A-B)		2,649,075	223,791,769	207,288,683
Provision for loans and advances				
General provision	9.1	800,247	67,941,000	36,200,000
Specific provision		-	-	-
		800,247	67,941,000	36,200,000
Other provisions	9.2	-	-	(235,284)
Total provision (D)		800,247	67,941,000	35,964,716
Total profit before tax (C-D)		1,848,828	155,850,769	171,323,967



Southeast Bank Limited
Off-Shore Banking Unit, Bangladesh
Notes to the Financial Statements
As at and for the year ended 31 December 2019

1 Status of the unit

Off-shore Banking Unit (OBU) is a separate business unit of Southeast Bank Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained permission to operate OBU vide Letter No. BRPD(P-3)744(98)/2008-2213 dated June 24, 2008. In the mean time as per BRPD circular # 2, dated 25 February 2019 we have already applied to Bangladesh Bank for conducting Off-shore banking in Bangladesh on 10 July 2019. Presently the Bank has 2 (2018: 2) off-shore banking units - one at Dhaka Export Processing Zone and the other at Chittagong Export Processing Zone.

OBU boosts up foreign trade by extending finance to industrial units inside and outside the Export Processing Zone (EPZ) area. OBU is free to make loans/advances to persons/institutions not resident in Bangladesh and to make loans/advances to Type-A (wholly foreign owned) units in the EPZs in Bangladesh. Industrial units outside the EPZs and Type-B and Type-C industrial units within the EPZs in Bangladesh may avail term loans in foreign currencies from OBU subject to compliance with the guidelines issued by the Board of Investment for borrowing abroad by industrial units Bangladesh.

2 Significant accounting policies and basis of preparations**2.1 Basis of preparation**

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the OBU. The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated June 25, 2003, other Bangladesh Bank Circulars and International Financial Reporting Standards (IFRS).

2.2 Foreign currency

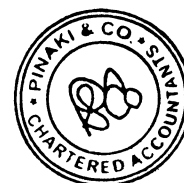
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates, i.e., the functional currency. The financial statements are presented in Taka which is the Bank's functional and presentation currency. Figures appearing in the financial statements have been rounded off to the nearest Taka. Assets & liabilities and income & expenses have been converted into Taka currency @ US\$1 = Tk. 84.9000 (closing rate as at 31 December 2019) and Tk.84.4792 (average rate which represents the year end) respectively.

2.3 Basis of Accounting

OBU maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act, 1991, Bangladesh Financial Reporting Standards and other applicable directives issues by Bangladesh Bank.

2.4 Functional and presentation currency

The Financial Statements of OBU are presented in both USD and Bangladesh Taka (Taka/Tk.) except as otherwise indicated. Financial information presented in Taka and USD has been rounded off to the nearest integer. and financial information presented in USD has been rounded into two decimal points.



Particulars	Note	2019 USD	2019 Taka	2018 Taka
3 Balance with other banks and financial institutions				
In Bangladesh	3.1	6,574,878	558,207,179	110,004,898
Outside Bangladesh	3.2	1,717,390	145,806,434	80,736,585
		<u>8,292,269</u>	<u>704,013,613</u>	<u>190,741,483</u>
3.1 In Bangladesh				
Southeast Bank Limited		6,574,878	558,207,179	110,004,898
Other commercial bank		-	-	-
		<u>6,574,878</u>	<u>558,207,179</u>	<u>110,004,898</u>
3.2 Outside Bangladesh (current account)				
Standard Chartered Bank, New York		<u>1,717,390</u>	<u>145,806,434</u>	<u>80,736,585</u>
Money at call and on short notice				
In bank;				
Placement SEBL Head Office		-	-	839,000,000
Modhumoti Bank Limited		2,000,000	169,800,000	-
BRAC Bank Limited		5,000,000	424,500,000	-
Jamuna Bank Limited		3,000,000	254,700,000	-
		<u>10,000,000</u>	<u>849,000,000</u>	<u>839,000,000</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc.	4.1	64,404,550	5,467,946,281	5,225,441,312
Bills purchased and discounted	4.2	153,958,866	13,071,107,690	6,518,827,903
		<u>218,363,415</u>	<u>18,539,053,971</u>	<u>11,744,269,214</u>
4.1 Loans, cash credit, overdrafts etc.				
In Bangladesh		-	-	-
Outside Bangladesh	4.1.1	64,404,550	5,467,946,281	5,225,441,312
		<u>64,404,550</u>	<u>5,467,946,281</u>	<u>5,225,441,312</u>
4.1.1 Outside Bangladesh				
Time loan		37,305,242	3,167,215,087	2,479,755,489
Term loan		25,492,124	2,164,281,315	2,546,545,580
Advance-LTR		538,316	45,703,062	80,110,992
Loan against foreign bill		1,068,867	90,746,817	119,029,250
		<u>64,404,550</u>	<u>5,467,946,281</u>	<u>5,225,441,312</u>
4.2 Bills purchased and discounted				
In Bangladesh		-	-	-
Outside Bangladesh		153,958,866	13,071,107,690	6,518,827,903
		<u>153,958,866</u>	<u>13,071,107,690</u>	<u>6,518,827,903</u>
5 Fixed assets including premises, furniture and fixtures				
Cost:				
Furniture and fixtures		40,730	3,457,980	3,417,250
Electrical appliances		23,327	1,980,458	1,851,389
		<u>64,057</u>	<u>5,438,438</u>	<u>5,268,639</u>
Less: Accumulated depreciation				
Furniture and fixtures		29,572	2,510,672	2,273,891
Electrical appliances		20,637	1,752,116	1,695,551
		<u>50,210</u>	<u>4,262,788</u>	<u>3,969,442</u>
Written down value as at 31 December		<u>13,847</u>	<u>1,175,649</u>	<u>1,299,197</u>



6 Other assets

Interest on calls and placements(USD)
Prepaid management fee GCPF
Interest Receive Bills purchase/Discount
Insurance
Advance office rent
others

20,582	1,747,406	4,870,862
105,336	8,943,000	11,254,793
85,652	7,271,885	-
96	8,154	7,443
2,397	203,542	180,270
39	3,352	11,723
214,103	18,177,339	16,325,091

7 Borrowing from other banks, financial institutions and agents

Borrowings from CBQ
Borrowings from GCPF
Borrowings from RAK Bank ,UAE
Borrowings from FGB, UAE
Borrowings from ADB
Borrowings from NBM Bank, Nepal
Borrowings from SCB, Singapore
Borrowings from EIB, UAE
Borrowings from FM HDFC Bank,Hong Kong
Borrowings from ADCB, UAE
Borrowings from DBS BANK LTD.
Borrowings from NOOR BANK UAE
Borrowings from Head Office

17,500,000	1,485,750,000	1,678,000,000
20,000,000	1,698,000,000	1,678,000,000
10,000,000	849,000,000	1,384,350,000
6,500,000	551,850,000	1,258,500,000
-	-	839,000,000
10,000,000	849,000,000	419,500,000
26,500,000	2,249,850,000	2,097,500,000
8,500,000	721,650,000	1,342,400,000
15,000,000	1,273,500,000	-
8,000,000	679,200,000	-
13,500,000	1,146,150,000	-
6,800,000	577,320,000	-
69,600,000	5,909,040,000	1,258,500,000
211,900,000	17,990,310,000	11,955,750,000

8 Deposit accounts

Current accounts
Fixed deposits

10,709,718	909,255,020	6,538,058
485,082	41,183,492	34,093,601
11,194,800	950,438,512	40,631,659

8.1 Current deposits

Current accounts
Current A/C USD-Resident
FDD Payable
Sundry creditors

84	7,149	4,954,608
4,134,755	351,040,692	-
6,574,878	558,207,179	-
-	-	1,583,450
10,709,718	909,255,020	6,538,058

9 Other liabilities

Accrued interest on borrowing others bank
Interest payable-CBQ Loan
Accrued interest on borrowing from NBM Bank, Nepal
Interest payable on RAK Bank, UAE
Interest payable on FGB, UAE
Interest payable on ADB
Accrued interest on borrowing from EIB, UAE
Accrued interest on borrowing from SCB, Singapore
Accrued interest on borrowing FM-HDFC Bank, Hong Kong
Accrued interest on borrowing from ADCB, UAE
Accrued interest on borrowing from DBS BANK LTD
Accrued interest on borrowing from NOOR BANK UAE
Accrued interest on FDR
Interest Suspense
Provision for unclassified loans and advances
Provision for off-balance sheet exposures

917,526	77,897,989	19,640,758
107,922	9,162,576	12,556,060
69,840	5,929,440	4,551,575
76,121	6,462,631	8,834,995
1,326	112,554	14,994,897
-	-	9,968,047
247,659	21,026,265	16,110,291
483,494	41,048,677	27,293,236
104,271	8,852,594	-
365,452	31,026,848	-
106,064	9,004,848	-
5,471	464,486	-
1	81	-
925,260	78,554,500	32,810,757
2,257,033	185,391,000	117,450,000
21,291	1,766,711	1,766,711
5,688,731	476,701,201	265,977,326

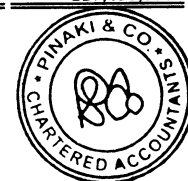
9.1 Provision for unclassified loans and advances

Balance as at 1 January
Provision made during the year

1,456,785	117,450,000	81,250,000
800,247	67,941,000	36,200,000
2,257,033	185,391,000	117,450,000

Adjustments made during the year
Balance as at 31 December

-	-	-
2,257,033	185,391,000	117,450,000



9.2 Other provisions

Provision for off-balance sheet exposures

Balance as at 1 January	21,291	1,766,711	2,001,995
Add: Provision made during the year	-	-	-
	21,291	1,766,711	2,001,995
Less: Adjustments made during the year	-	-	(235,284)
Balance as at 31 December	21,291	1,766,711	1,766,711

10 Retained earnings

Balance as at 1 January	6,251,276	529,276,000	350,687,705
Add/less: foreign currency translation gain/(loss) for last year	-	8,844,089	7,264,328
	6,251,276	538,120,089	357,952,033
Addition during the year	1,848,828	155,850,769	171,323,967
	8,100,104	693,970,859	529,276,000

11 Interest income on investment

Interest income from loans and advances	3,000,290	253,462,121	220,267,367
Interest on overdraft	18	1,548	9,829
Interest income from bill purchased and discounted	5,956,872	503,231,744	431,026,422
Interest income calls & placement (FCY)	381,548	32,232,859	21,899,262
	9,338,728	788,928,271	673,202,880

12 Interest paid on deposits and borrowings etc.

Interest on FDR	43	3,591	2,898
Interest expense on mashreq bank loan	-	-	14,288,517
Interest expenses -GCPE loan	1,285,440	108,592,919	99,164,755
Interest on IFC loan	-	-	38,666,637
Interest on CBQ loan	681,343	57,559,324	60,252,403
Interest expenses -ICIC bank	-	-	12,954,324
Interest expenses -RAK bank,UAE	455,569	38,486,128	76,779,269
Interest expenses -Bank Muscat, Oman	-	-	8,480,808
Interest expenses FGB, UAE	386,394	32,642,218	22,044,233
Interest expenses ADB	179,191	15,137,946	30,096,860
Interest expense on -HDFC BANK, HONG	440,493	37,212,501	699,421
Interest expense on -SCB, Singapore	1,223,178	103,333,101	54,429,512
Interest expense on -EIB, UAE	501,368	42,355,163	28,447,807
Interest expense on -NMB Bank	251,319	21,231,266	4,530,423
Interest expense on -NOOR BANK UAE	5,471	462,184	-
Interest expense on -ADCB, UAE	496,612	41,953,358	-
Interest expense on - DBS BANK LTD	106,064	8,960,216	-
Interest on calls and placement	1,144,414	96,679,167	48,723,817
	7,156,899	604,609,082	499,561,684

13 Commission, exchange & brokerage

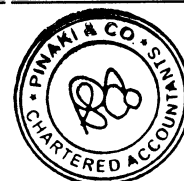
Commission and other charges	479,436	40,502,351	33,434,928
	479,436	40,502,351	33,434,928

13.1 Other operating income

Other income- SWIFT	22,768	1,923,425	2,323,251
Miscellaneous income	4,234	357,690	2,208,008
Rebate from trade payments	108,880	9,198,095	7,302,123
	135,882	11,479,210	11,833,382

14 Salaries and allowances

Basic salary	26,448	2,234,271	2,102,214
Allowances	22,041	1,862,036	1,796,939
Provident fund contribution	2,590	218,816	202,822
Bonus	4,454	376,265	339,415
	55,533	4,691,388	4,441,390



15 Rent, taxes, insurance, electricity etc.

Rent, rates and taxes
Insurance
Electricity and lighting

9,597	810,776	896,478
164	13,855	18,531
1,901	160,581	144,606
11,662	985,212	1,059,615

16 Postage, stamp, telecommunication etc.

Postage
Internet service
SWIFT charges
FC Nostro charges
Telephone

3,057	258,262	16,684
2,995	253,045	260,078
5,680	479,851	547,280
3,909	330,229	247,190
395	33,330	34,050
16,036	1,354,717	1,105,281

17 Stationery, printing, advertisements etc.

Office and printing stationery

2,390	201,882	128,332
2,390	201,882	128,332

18 Depreciation and repair of bank's assets

Depreciation on own assets:
Furniture and fixtures
Electrical appliances

2,470	208,640	215,907
428	36,176	47,998
2,898	244,816	263,905

19 Other expenses

Entertainment
Management fee GCPF
Pay Protection
Travelling expenses and allowance
House maintenance (Executive)
Repair, maintenance and utilities
Books and periodicals
Conveyance
Miscellaneous

583	49,289	56,095
28,810	2,433,815	2,386,283
-	-	16,090
159	13,430	4,111
2,976	251,443	190,472
842	71,130	61,120
64	5,380	5,949
478	40,346	46,805
25,641	2,166,133	1,855,374
59,553	5,030,966	4,622,300



Southeast Bank Limited and its subsidiaries
Geographical and Business Segment

I) Geographical Segment

Particulars	Inside Bangladesh			Outside Bangladesh		Total
	SEBL (Conventional & Islamic Banking)	Off Shore Banking Unit	SEBL Capital Services Limited	Southeast Financial Services (UK) Ltd	Southeast Exchange Company (South Africa) Pty Ltd	
	Taka	Taka	Taka	Taka	Taka	Taka
Income	13,939,349,509	236,300,750	112,631,136	5,066,499	97,372,988	14,390,720,882
Less: Inter segmental income/expense	(21,755,928)		21,755,928			-
Total Income	13,961,105,437	236,300,750	90,875,208	5,066,499	97,372,988	14,390,720,882
Operating profit (profit before unallocated expenses and tax)	13,961,105,437	236,300,750	90,875,208	5,066,499	97,372,988	14,390,720,882
Allocated expenses	(5,243,472,012)	(12,508,981)	(86,202,269)	(20,702,975)	(44,853,336)	(5,407,741,573)
Provision against loans & advances and others	(4,510,812,727)	(67,941,000)	-	-	-	(4,578,753,727)
Profit (loss) before tax	4,206,820,698	155,850,769	4,672,939	(15,636,476)	52,517,652	4,404,225,582
Provision for tax including deferred tax	(1,855,614,000)		(25,279,358)		(14,775,675)	(1,895,669,033)
Net profit	2,351,206,698	155,850,769	(20,606,419)	(15,636,476)	37,741,977	2,508,556,549
Segment assets	396,157,406,593	20,111,420,572	5,883,350,743	223,145	160,313,940	422,312,714,993
Segment liabilities	396,157,406,593	20,111,420,572	5,883,350,743	223,145	160,313,940	422,312,714,993

II) Business Segment

Particulars	Inside Bangladesh			Outside Bangladesh		Total
	Conventional Banking including OBU	Islamic Banking	SEBL Capital Services Limited	Southeast Financial Services (UK) Ltd	Southeast Exchange Company (South Africa) Pty Ltd	
	Taka	Taka	Taka	Taka	Taka	Taka
Income	13,355,978,948	819,671,311	112,631,136	5,066,499	97,372,988	14,390,720,882
Less: Inter segmental income	(21,755,928)	-	21,755,928	-	-	-
Total Income	13,377,734,876	819,671,311	90,875,208	5,066,499	97,372,988	14,390,720,882
Operating profit (profit before unallocated expenses and tax)	13,377,734,876	819,671,311	90,875,208	5,066,499	97,372,988	14,390,720,882
Allocated expenses	(5,073,872,563)	(182,108,430)	(86,202,269)	(20,702,975)	(44,853,336)	(5,407,741,573)
Provision against loans & advances and others	(4,445,212,769)	(133,540,958)	-	-	-	(4,578,753,727)
Profit (loss) before tax	3,858,649,544	504,021,923	4,672,939	(15,636,476)	52,517,652	4,404,225,582
Provision for tax including deferred tax	(1,855,614,000)	-	(25,279,358)	-	(14,775,675)	(1,895,669,033)
Net profit	2,003,035,544	504,021,923	(20,606,419)	(15,636,476)	37,741,977	2,508,556,549
Segment assets	391,360,513,945	24,908,313,220	5,883,350,743	223,145	160,313,940	422,312,714,993
Segment liabilities	391,360,513,945	24,908,313,220	5,883,350,743	223,145	160,313,940	422,312,714,993



Southeast Bank Limited
Reconciliation of net profit with cash flows from operating activities
For the year ended 31 December 2019

Particulars	2019 Taka	2018 Taka
Profit before tax as per profit and loss accounts	4,376,400,210	4,620,767,824
Adjustment for non-cash items		
Provision for loans and advances/investments	4,583,253,727	4,855,075,924
Provision for diminution in value of investments	319,600,000	413,060,983
Provision for off- balance sheet items	(389,100,000)	(223,800,000)
Provision for others assets	65,000,000	70,000,000
Depreciation of property plant and equipment	324,740,820	324,740,820
Recoveries on Loans previously written-off	917,012,200	404,812,584
Foreign exchange gain/(Loss)	8,844,087	7,264,394
Sale proceeds of the fixed assets	17,150,306	3,776,352
Increase/decrease in operating assets & liabilities:		
Loans and advances to customers	(29,602,357,424)	(35,928,867,124)
Other operating assets	222,071,583	(188,674,412)
Deposits from other banks	2,543,908,363	975,842,788
Deposits from customers	30,034,109,209	27,211,136,730
Others operating liabilities	2,183,211,214	3,134,690,045
Income tax paid	(2,074,350,417)	(2,172,386,062)
Cash flows from operating activities as per cash flow statement	13,529,493,878	3,507,440,847

