

**Southeast Bank Limited**

**Report and Consolidated & Separate  
Financial Statements  
as at and for the year ended 31 December 2016**



## **Rahman Rahman Huq**

**Chartered Accountants**

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### **Independent auditor's report to the shareholders of Southeast Bank Limited**

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#### **Report on the financial statements**

We have audited the accompanying 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 balance sheet and the separate balance sheet as at 31 December 2016, 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 a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements and internal controls**

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.

**Report on other legal and regulatory requirements**

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) 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 anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
  - i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Notes 2.2 (i, ii, and iii) of the financial statements appeared to be materially adequate; and
  - ii) 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 Bank and its related entities other than matters disclosed in these financial statements;
- c) financial statements of all subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;
- d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- f) the expenditure incurred was for the purposes of the Bank's business;
- g) 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 with related guidance issued by Bangladesh Bank;
- h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- j) the information and explanation required by us have been received and found satisfactory;
- k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 5,200 person hours for the audit of the books and accounts of the Bank; and

**Other matter**

The consolidated financial statements of the Group and also separate financial statements of the Bank as at and for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 2 March 2016.

Rahman Rahman Huq  
Dhaka,

08 APR 2017

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# Southeast Bank Limited and its subsidiaries

## Consolidated Balance Sheet As at 31 December 2016

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b><u>PROPERTY AND ASSETS</u></b>			
<b>Cash</b>	4		
In hand (including foreign currencies)		2,432,620,307	1,903,292,780
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		15,402,827,761	14,093,697,688
		17,835,448,068	15,996,990,468
<b>Balance with other banks and financial institutions</b>	5		
In Bangladesh		2,860,092,475	2,187,972,750
Outside Bangladesh		1,185,128,939	1,203,350,315
		4,045,221,414	3,391,323,065
<b>Money at call and on short notice</b>	7	4,271,344,100	923,451,500
<b>Investments</b>	8		
Government		54,299,803,894	52,620,785,540
Others		7,431,830,566	6,208,480,661
		61,731,634,460	58,829,266,201
<b>Loans and advances/investments</b>	10		
Loans, cash credit, overdrafts etc./investments		182,661,818,983	161,556,322,321
Bills purchased and discounted		9,203,770,254	7,322,136,224
		191,865,589,237	168,878,458,545
<b>Fixed assets including premises, furniture and fixtures</b>	12	8,947,162,556	7,885,226,411
<b>Other assets</b>	14	3,101,610,244	4,813,314,263
<b>Non-banking assets</b>		-	-
<b>Total assets</b>		<u>291,798,010,079</u>	<u>260,718,030,453</u>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	16		
Subordinated bond		8,000,000,000	3,000,000,000
Other borrowings		7,371,635,082	4,556,919,852
		15,371,635,082	7,556,919,852
<b>Deposits and other accounts</b>	18		
Current/Al-wadeeah current accounts and other accounts		30,285,059,627	23,179,887,835
Bills payable		6,548,856,941	2,127,206,788
Savings bank/Mudaraba savings bank deposits		19,700,582,409	18,419,861,332
Fixed deposits/Mudaraba fixed deposits		173,438,929,873	166,704,137,174
		229,973,428,850	210,431,093,129
<b>Other liabilities</b>	20	19,919,384,323	15,513,931,810
<b>Total liabilities</b>		<u>265,264,448,255</u>	<u>233,501,944,791</u>
<b>Capital/shareholders' equity</b>			
Paid up capital	22.2	9,169,501,760	9,169,501,760
Statutory reserve	23	9,170,000,000	8,897,307,905
Revaluation reserve	24	4,763,888,676	5,968,128,051
Other reserves	25	247,650,000	247,650,000
Foreign currency translation reserve	26	(24,449,246)	(27,870,748)
Retained earnings	27	3,196,967,474	2,951,940,410
<b>Total shareholders' equity</b>		26,523,558,664	27,206,657,378
<b>Non-controlling interest</b>	29	10,003,160	9,428,284
<b>Total liabilities and shareholders' equity</b>		<u>291,798,010,079</u>	<u>260,718,030,453</u>



**Southeast Bank Limited and its subsidiaries**

**Consolidated Balance Sheet  
As at 31 December 2016**

<b>OFF-BALANCE SHEET ITEMS</b>	<b>Note</b>	<b>2016 Taka</b>	<b>2015 Taka</b>
<b>Contingent liabilities</b>			
Acceptances and endorsements	30.1	43,813,553,641	36,223,420,210
Letters of guarantee	30.2	15,154,116,600	13,395,240,916
Irrevocable letters of credit	30.3	32,881,303,677	24,992,379,957
Bills for collection	30.4	17,830,304,866	12,812,744,729
Other contingent liabilities	30.5	1,474,684,000	1,098,459,000
<b>Total contingent liabilities</b>		<b>111,153,962,784</b>	<b>88,522,244,812</b>
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		2,756,664,000	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total other commitments</b>		<b>2,756,664,000</b>	<b>-</b>
<b>Total off-balance sheet items including contingent liabilities</b>		<b>113,910,626,784</b>	<b>88,522,244,812</b>

The annexed notes 1 to 69 form an integral part of these financial statements.

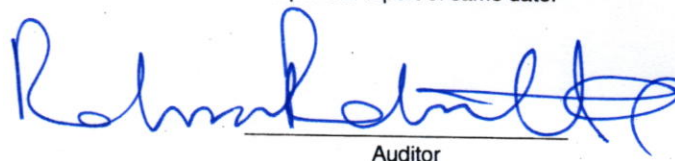
  
Chairman

  
Director

  
Director

  
Managing Director

As per our report of same date.



Auditor

Dhaka, 08 APR 2017



**Rahman Rahman Huq**  
Chartered Accountants

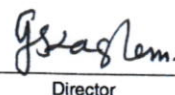
**Southeast Bank Limited and its subsidiaries**

**Consolidated Profit and Loss Account  
For the year ended 31 December 2016**

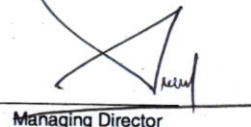
	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
Interest income/profit on investments	32	16,972,326,566	17,794,795,961
Interest paid/profit shared on deposits and borrowings etc.	34	(12,765,116,463)	(14,656,338,002)
<b>Net interest income/net profit on investments</b>		<b>4,207,210,103</b>	<b>3,138,457,959</b>
Investment income	36	5,079,606,748	5,158,537,123
Commission, exchange and brokerage	38	2,903,034,957	2,759,457,588
Other operating income	40	662,602,892	547,933,577
<b>Total operating income (A)</b>		<b>8,645,244,597</b>	<b>8,465,928,288</b>
		<b>12,852,454,700</b>	<b>11,604,386,247</b>
Salaries and allowances	42	1,741,464,516	1,423,681,923
Rent, taxes, insurance, electricity, etc.	44	801,036,278	658,260,750
Legal expenses		599,813	1,491,730
Postage, stamp, telecommunication, etc.	46	166,450,976	147,329,178
Stationery, printing, advertisements, etc.	48	132,234,398	112,623,969
Managing Director's salary and fees	50	11,975,000	9,450,000
Directors' fees	51	2,912,276	2,650,734
Auditors' fees	53	1,599,917	1,040,000
Depreciation and repair	54	403,602,733	339,176,671
Other expenses	56	1,087,356,457	874,406,519
<b>Total operating expenses (B)</b>		<b>4,349,232,364</b>	<b>3,570,111,474</b>
<b>Profit before provision (C=A-B)</b>		<b>8,503,222,336</b>	<b>8,034,274,773</b>
Provision for loans and advances/investments	21.1		
General provision		890,000,000	205,278,770
Specific provision		2,360,990,098	2,039,766,952
Provision for diminution in value of investments	58	3,250,990,098	2,245,045,722
Other provisions	21.5	(403,600,751)	269,481,899
<b>Total provision (D)</b>		<b>365,235,000</b>	<b>2,263,106</b>
<b>Total profit before taxation (E=C-D)</b>		<b>3,212,624,347</b>	<b>2,516,790,727</b>
Provision for taxation	60	5,290,597,989	5,517,484,046
Current		2,790,553,126	2,308,068,504
Deferred		64,971,265	140,000,000
<b>Net profit after taxation</b>		<b>2,855,524,391</b>	<b>2,448,068,504</b>
		<b>2,435,073,598</b>	<b>3,069,415,542</b>
<b>Net profit after taxation attributable to:</b>			
Equity holders' of the Bank		2,434,965,442	3,070,132,933
Non-controlling interest		108,156	(717,391)
<b>Net profit after taxation</b>		<b>2,435,073,598</b>	<b>3,069,415,542</b>
<b>Appropriations</b>			
Statutory reserve	23	272,692,095	1,104,495,904
<b>Retained surplus during the year</b>		<b>272,692,095</b>	<b>1,104,495,904</b>
		<b>2,162,381,503</b>	<b>1,964,919,638</b>
<b>Earnings per share (par value Taka 10)</b>	66	<b>2.66</b>	<b>3.35</b>

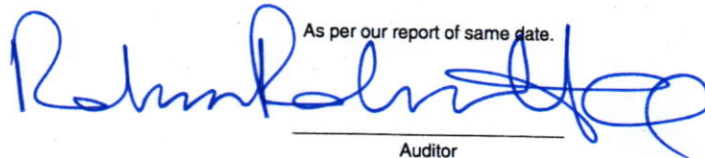
The annexed notes 1 to 69 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Managing Director

  
As per our report of same date.

Dhaka, 08 APR 2017



**Rahman Rahman Huq**  
Chartered Accountants

**Southeast Bank Limited and its subsidiaries**

**Consolidated Cash Flow Statement  
For the year ended 31 December 2016**

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>A. Cash flows from operating activities:</b>			
Interest receipts in cash		21,465,956,048	22,649,008,849
Interest payments		(13,436,169,366)	(15,065,727,470)
Dividend receipts		206,501,017	169,586,070
Fees and commission receipts in cash	38	2,903,034,957	2,759,457,588
Recoveries on loans previously written-off		72,709,902	174,604,278
Cash payments to employees		(1,753,439,516)	(1,433,131,923)
Cash payments to suppliers		(680,680,071)	(410,177,004)
Income taxes paid		(1,857,082,933)	(2,544,706,496)
Receipts from other operating activities	62	658,098,860	547,079,920
Payments for other operating activities	64	(2,171,105,188)	(1,847,880,920)
<b>Operating profit before changes in operating assets and liabilities (i)</b>		<b>5,407,823,710</b>	<b>4,998,112,892</b>
<b>Increase (decrease) in operating assets and liabilities</b>			
Sale of trading securities		1,890,405,541	705,788,371
Purchase of trading securities		(3,044,094,011)	(420,588,600)
Loans and advances to customers		(24,196,787,280)	(21,807,652,336)
Other assets		2,181,098,442	(1,779,218,427)
Deposits from other banks		7,814,715,230	(258,998,658)
Deposits from customers		20,213,388,624	21,367,938,895
Other liabilities		1,261,627,976	729,018,180
<b>Cash generated from (used in) operating assets and liabilities (ii)</b>		<b>6,120,354,522</b>	<b>(1,463,712,575)</b>
<b>Net cash from operating activities (A=i+ii)</b>		<b>11,528,178,232</b>	<b>3,534,400,317</b>
<b>B. Cash flows from investing activities:</b>			
Proceeds from sale of securities		53,629,810,359	51,230,852,388
Payments for purchase of securities		(56,304,115,364)	(57,543,612,089)
Purchase of fixed assets		(1,359,221,862)	(245,198,107)
Sale of fixed assets		5,141,124	2,516,411
<b>Net cash used in investing activities (B)</b>		<b>(4,028,385,743)</b>	<b>(6,555,441,397)</b>
<b>C. Cash flows from financing activities:</b>			
Dividends paid		(1,375,425,264)	(1,375,425,264)
Payment against lease obligation		(8,388,117)	(15,486,885)
<b>Net cash used in financing activities (C)</b>		<b>(1,383,813,381)</b>	<b>(1,390,912,149)</b>
<b>D. Net increase (decrease) in cash and cash equivalents (A+B+C)</b>		<b>6,115,979,108</b>	<b>(4,411,953,229)</b>
<b>E. Effects of exchange rate changes on cash and cash equivalents</b>		<b>25,257,242</b>	<b>979,724</b>
<b>F. Cash and cash equivalents at beginning of the period</b>		<b>21,006,750,533</b>	<b>25,417,724,038</b>
<b>G. Cash and cash equivalents at end of the period (D+E+F)</b>		<b>27,147,986,883</b>	<b>21,006,750,533</b>
<b>Cash and cash equivalents at end of the period represents</b>			
Cash in hand (including foreign currencies)	4	2,432,620,307	1,903,292,780
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4	15,402,827,761	14,093,697,688
Balance with other banks and financial institutions	5	4,045,221,414	3,391,323,065
Money at call and on short notice	7	4,271,344,100	923,451,500
Treasury bills	9.1.1	991,930,001	689,598,000
Prize bond	9.1.1	4,043,300	5,387,500
		<b>27,147,986,883</b>	<b>21,006,750,533</b>

**Southeast Bank Limited and its subsidiaries**

**Consolidated Statement of Changes in Equity  
For the year ended 31 December 2016**

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
<b>Balance as at 1 January 2016</b>	<b>9,169,501,760</b>	<b>8,897,307,905</b>	<b>5,968,128,051</b>	<b>247,650,000</b>	<b>(27,870,748)</b>	<b>2,951,940,410</b>	<b>27,206,657,378</b>	<b>9,428,284</b>	<b>27,216,085,662</b>
Changes in accounting policy/ Prior year adjustments	-	-	-	-	-	(2,662,876)	(2,662,876)	466,720	(2,196,156)
<b>Restated balance</b>	<b>9,169,501,760</b>	<b>8,897,307,905</b>	<b>5,968,128,051</b>	<b>247,650,000</b>	<b>(27,870,748)</b>	<b>2,949,277,534</b>	<b>27,203,994,502</b>	<b>9,895,004</b>	<b>27,213,889,506</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	(1,204,239,375)	-	-	-	(1,204,239,375)	-	(1,204,239,375)
Currency translation differences	-	-	-	-	3,421,502	841,857	4,263,359	-	4,263,359
<b>Net gains and losses not recognized in the income statement</b>	<b>-</b>	<b>-</b>	<b>(1,204,239,375)</b>	<b>-</b>	<b>3,421,502</b>	<b>841,857</b>	<b>(1,199,976,016)</b>	<b>-</b>	<b>(1,199,976,016)</b>
Net profit for the year	-	-	-	-	-	2,434,965,442	2,434,965,442	108,156	2,435,073,598
Cash dividend	-	-	-	-	-	(1,375,425,264)	(1,375,425,264)	-	(1,375,425,264)
Issue of share capital/ Bonus share	-	-	-	-	-	-	-	-	-
<b>Appropriation made during the year</b>									
Statutory reserve	-	272,692,095	-	-	-	(272,692,095)	-	-	-
Transfer to SEBL Foundation	-	-	-	-	-	(300,000,000)	(300,000,000)	-	(300,000,000)
Transfer to Employees Welfare Fund	-	-	-	-	-	(200,000,000)	(200,000,000)	-	(200,000,000)
Transfer to Green Award Trust	-	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)
<b>Balance as at 31 December 2016</b>	<b>9,169,501,760</b>	<b>9,170,000,000</b>	<b>4,763,888,676</b>	<b>247,650,000</b>	<b>(24,449,246)</b>	<b>3,196,967,474</b>	<b>26,523,558,664</b>	<b>10,003,160</b>	<b>26,533,561,824</b>
<b>Balance as at 31 December 2015</b>	<b>9,169,501,760</b>	<b>8,897,307,905</b>	<b>5,968,128,051</b>	<b>247,650,000</b>	<b>(27,870,748)</b>	<b>2,951,940,410</b>	<b>27,206,657,378</b>	<b>9,428,284</b>	<b>27,216,085,662</b>



# Southeast Bank Limited

## Balance Sheet As at 31 December 2016

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b><u>PROPERTY AND ASSETS</u></b>			
<b>Cash</b>	4.1		
In hand (including foreign currencies)		2,428,412,898	1,903,292,780
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		15,402,827,761	14,093,697,688
		17,831,240,659	15,996,990,468
<b>Balance with other banks and financial institutions</b>	6		
In Bangladesh		2,860,092,475	2,187,972,750
Outside Bangladesh		1,118,618,354	1,149,021,361
		3,978,710,829	3,336,994,111
<b>Money at call and on short notice</b>	7	4,271,344,100	923,451,500
<b>Investments</b>	9		
Government		54,299,803,894	52,620,785,540
Others		5,155,205,613	4,267,629,032
		59,455,009,507	56,888,414,572
<b>Loans and advances/investments</b>	11		
Loans, cash credit, overdrafts etc./investments		180,161,187,214	162,056,722,487
Bills purchased and discounted		9,203,770,254	7,322,136,224
		189,364,957,468	169,378,858,711
<b>Fixed assets including premises, furniture and fixtures</b>	13	8,613,686,700	7,751,078,875
<b>Other assets</b>	15	8,478,052,796	5,977,253,927
<b>Non - banking assets</b>		-	-
<b>Total assets</b>		<u>291,993,002,059</u>	<u>260,253,042,164</u>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	17		
Subordinated bond		8,000,000,000	3,000,000,000
Other borrowings		7,363,947,263	4,519,780,424
		15,363,947,263	7,519,780,424
<b>Deposits and other accounts</b>	19		
Current/AI-wadeeah current accounts and other accounts		30,845,332,890	23,184,569,410
Bills payable		6,548,856,941	2,127,206,788
Savings bank/Mudaraba savings bank deposits		19,700,582,409	18,419,861,332
Fixed deposits/Mudaraba fixed deposits		173,438,929,873	166,704,137,174
		230,533,702,113	210,435,774,704
<b>Other liabilities</b>	21	19,572,488,052	15,072,571,985
<b>Total liabilities</b>		<u>265,470,137,428</u>	<u>233,028,127,113</u>
<b>Capital/shareholders' equity</b>			
Paid up capital	22	9,169,501,760	9,169,501,760
Statutory reserve	23	9,170,000,000	8,897,307,905
Revaluation reserve	24	4,763,888,676	5,968,128,051
Other reserve	25	247,650,000	247,650,000
Retained earnings	28	3,171,824,195	2,942,327,335
<b>Total shareholders' equity</b>		<u>26,522,864,631</u>	<u>27,224,915,051</u>
<b>Total liabilities and shareholders' equity</b>		<u>291,993,002,059</u>	<u>260,253,042,164</u>

**Southeast Bank Limited**

**Balance Sheet  
As at 31 December 2016**

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b><u>OFF-BALANCE SHEET ITEMS</u></b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	30.1	43,813,553,641	36,223,420,210
Letters of guarantee	30.2	15,154,116,600	13,395,240,916
Irrevocable letters of credit	30.3	32,881,303,677	24,992,379,957
Bills for collection	30.4	17,830,304,866	12,812,744,729
Other contingent liabilities	30.5	1,474,684,000	1,098,459,000
<b>Total contingent liabilities</b>		<b>111,153,962,784</b>	<b>88,522,244,812</b>
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		2,756,664,000	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total other commitments</b>		<b>2,756,664,000</b>	<b>-</b>
<b>Total off-balance sheet items including contingent liabilities</b>		<b>113,910,626,784</b>	<b>88,522,244,812</b>

The annexed notes 1 to 69 form an integral part of these financial statements.



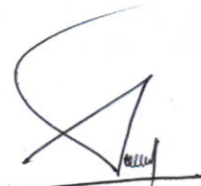
Chairman



Director

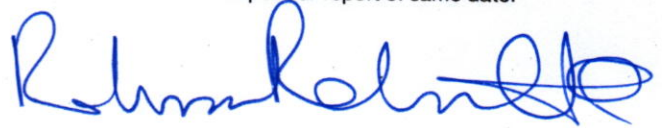


Director



Managing Director

As per our report of same date.



Auditor

**Rahman Rahman Huq**  
Chartered Accountants

Dhaka, **08 APR 2017**



**Southeast Bank Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2016**

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
Interest income/profit on investments	33	16,988,878,395	17,918,296,225
Interest paid/profit shared on deposits and borrowings etc.	35	(12,785,664,559)	(14,652,724,337)
<b>Net interest income/net profit on investments</b>		<b>4,203,213,836</b>	<b>3,265,571,888</b>
Investment income	37	5,014,416,110	5,125,174,462
Commission, exchange and brokerage	39	2,847,697,916	2,724,003,399
Other operating income	41	630,611,620	518,566,500
<b>Total operating income (A)</b>		<b>12,695,939,482</b>	<b>11,633,316,249</b>
Salaries and allowances	43	1,720,787,663	1,399,383,806
Rent, taxes, insurance, electricity, etc.	45	781,507,962	644,286,649
Legal expenses		583,977	1,283,794
Postage, stamp, telecommunication, etc.	47	165,740,473	146,538,853
Stationery, printing, advertisements, etc.	49	130,657,839	111,489,118
Managing Director's salary and fees	50	11,975,000	9,450,000
Directors' fees	52	2,697,276	2,610,734
Auditors' fees		1,000,000	1,000,000
Depreciation and repair of bank's assets	55	372,736,739	321,444,898
Other expenses	57	1,010,435,457	951,884,557
<b>Total operating expenses (B)</b>		<b>4,198,122,386</b>	<b>3,589,372,409</b>
<b>Profit before provision (C=A-B)</b>		<b>8,497,817,096</b>	<b>8,043,943,840</b>
Provision for loans and advances/investments	21.1		
General provision		890,000,000	205,278,770
Specific provision		2,360,990,098	2,039,766,952
		<b>3,250,990,098</b>	<b>2,245,045,722</b>
Provision for diminution in value of investments	59	(364,779,225)	274,155,492
Other provisions	21.5	365,235,000	2,263,106
<b>Total provision (D)</b>		<b>3,251,445,873</b>	<b>2,521,464,320</b>
<b>Total profit before taxation (C-D)</b>		<b>5,246,371,223</b>	<b>5,522,479,520</b>
Provision for taxation	61		
Current		2,765,000,000	2,300,000,000
Deferred		65,000,000	140,000,000
		<b>2,830,000,000</b>	<b>2,440,000,000</b>
<b>Net profit after taxation</b>		<b>2,416,371,223</b>	<b>3,082,479,520</b>
<b>Appropriations</b>			
Statutory reserve	23	272,692,095	1,104,495,904
		<b>272,692,095</b>	<b>1,104,495,904</b>
<b>Retained surplus during the year</b>		<b>2,143,679,128</b>	<b>1,977,983,616</b>
<b>Earnings per share (par value Taka 10)</b>	67	<b>2.64</b>	<b>3.36</b>

The annexed notes 1 to 69 form an integral part of these financial statements.


  
Chairman

  
Director

  
Director

  
Managing Director

As per our report of same date.



Auditor

Dhaka, 08 APR 2017



**Rahman Rahman Huq**  
Chartered Accountants

**Southeast Bank Limited**  
**Cash Flow Statement**  
**For the year ended 31 December 2016**

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>A. Cash flows from operating activities:</b>			
Interest receipts in cash		21,482,507,877	22,772,509,113
Interest payment		(13,377,940,965)	(15,062,113,805)
Dividend receipts		171,780,691	131,633,489
Fees and commission receipts in cash	39	2,847,697,916	2,724,003,399
Recoveries on Loans previously written-off		72,709,902	174,604,278
Cash payments to employees		(1,732,762,663)	(1,408,833,806)
Cash payments to suppliers		(679,103,512)	(408,742,152)
Income taxes paid		(1,847,199,924)	(2,535,875,626)
Receipts from other operating activities	63	626,107,588	517,712,843
Payments for other operating activities	65	(2,134,111,013)	(1,820,501,267)
<b>Operating profit before changes in operating assets and liabilities (i)</b>		<b>5,429,685,897</b>	<b>5,084,396,466</b>
<b>Increase (decrease) in operating assets and liabilities</b>			
Sale of trading securities		1,717,610,078	265,378,290
Purchase of trading securities		(2,542,420,203)	(322,445,392)
Loans and advances to customers		(21,195,755,345)	(21,422,307,226)
Other assets		(1,971,677,448)	(1,798,912,238)
Deposits from other banks		7,844,166,839	(231,521,530)
Deposits from customers		20,768,980,312	21,372,903,220
Other liabilities		1,256,507,386	580,771,990
<b>Cash generated from (used in) operating assets and liabilities (ii)</b>		<b>5,877,411,619</b>	<b>(1,556,132,886)</b>
<b>Net cash from operating activities (A=i+ii)</b>		<b>11,307,097,516</b>	<b>3,528,263,580</b>
<b>B. Cash flows from investing activities:</b>			
Proceeds from sale of securities		53,629,810,359	51,230,852,388
Payments for purchase of securities		(56,304,115,364)	(57,543,612,089)
Purchase of fixed assets		(1,129,882,695)	(246,747,420)
Sale of fixed assets		4,942,879	2,516,411
<b>Net cash used in investing activities (B)</b>		<b>(3,799,244,821)</b>	<b>(6,556,990,710)</b>
<b>C. Cash flows from financing activities:</b>			
Dividends paid		(1,375,425,264)	(1,375,425,264)
Payment against lease obligation		(8,388,117)	(15,486,885)
<b>Net cash used in financing activities (C)</b>		<b>(1,383,813,381)</b>	<b>(1,390,912,149)</b>
<b>D. Net increase (decrease) in cash and cash equivalents (A+B+C)</b>		<b>6,124,039,314</b>	<b>(4,419,639,279)</b>
<b>E. Effects of exchange rate changes on cash and cash equivalents</b>		<b>807,996</b>	<b>945,864</b>
<b>F. Cash and cash equivalents at beginning of the period</b>		<b>20,952,421,579</b>	<b>25,371,114,994</b>
<b>G. Cash and cash equivalents at end of the period (D+E+F)</b>		<b>27,077,268,889</b>	<b>20,952,421,579</b>
<b>Cash and cash equivalents at end of the period represents</b>			
Cash in hand (including foreign currencies)	4.1	2,428,412,898	1,903,292,780
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4.1	15,402,827,761	14,093,697,688
Balance with other banks and financial institutions	6	3,978,710,829	3,336,994,111
Money at call and on short notice	7	4,271,344,100	923,451,500
Treasury bills	9.1.1	991,930,001	689,598,000
Prize bond	9.1.1	4,043,300	5,387,500
		<b>27,077,268,889</b>	<b>20,952,421,579</b>



**Southeast Bank Limited**

**Statement of Changes in Equity  
For the year ended 31 December 2016**

Particulars	Paid up capital	Statutory reserve	Revaluation reserve	Other reserves	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Balance as at 1 January 2016</b>	<b>9,169,501,760</b>	<b>8,897,307,905</b>	<b>5,968,128,051</b>	<b>247,650,000</b>	<b>2,942,327,335</b>	<b>27,224,915,051</b>
Changes in accounting policy/ prior year adjustments	-	-	-	-	435,000	435,000
<b>Restated balance</b>	<b>9,169,501,760</b>	<b>8,897,307,905</b>	<b>5,968,128,051</b>	<b>247,650,000</b>	<b>2,942,762,335</b>	<b>27,225,350,051</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	(1,204,239,375)	-	-	(1,204,239,375)
Currency translation differences	-	-	-	-	807,996	807,996
<b>Net gains and losses not recognized in the income statement</b>	<b>-</b>	<b>-</b>	<b>(1,204,239,375)</b>	<b>-</b>	<b>807,996</b>	<b>(1,203,431,379)</b>
Net profit for the year	-	-	-	-	2,416,371,223	2,416,371,223
Cash dividend	-	-	-	-	(1,375,425,264)	(1,375,425,264)
Issue of share capital/ Bonus share	-	-	-	-	-	-
<b>Appropriation made during the year</b>						
Statutory reserve	-	272,692,095	-	-	(272,692,095)	-
Transfer to SEBL Foundation	-	-	-	-	(300,000,000)	(300,000,000)
Transfer to Employees Welfare Fund	-	-	-	-	(200,000,000)	(200,000,000)
Transfer to Green Award Trust	-	-	-	-	(40,000,000)	(40,000,000)
<b>Balance as at 31 December 2016</b>	<b>9,169,501,760</b>	<b>9,170,000,000</b>	<b>4,763,888,676</b>	<b>247,650,000</b>	<b>3,171,824,195</b>	<b>26,522,864,631</b>
<b>Balance as at 31 December 2015</b>	<b>9,169,501,760</b>	<b>8,897,307,905</b>	<b>5,968,128,051</b>	<b>247,650,000</b>	<b>2,942,327,335</b>	<b>27,224,915,051</b>

**Southeast Bank Limited and its subsidiaries**  
**Notes to the Financial Statements**  
**as at and for the year ended 31 December 2016**

**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 2016 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 128 (2015:122) branches, with no overseas branch as on 31 December 2016. Out of 128 branches 5 (2015:5) branches of Islamic banking, the rest 123 (2015:117) branches run on commercial conventional basis, of which 15 (2015:15) 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 four subsidiaries, one for its merchant banking operation (for details see note 1.5) and another three for its remittance business of which one in the United Kingdom (for details see note 1.6), one in Australia (for details see note 1.7) and other one in South Africa (for details see note 1.8).

**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 2013), BFRSs 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. Presently the Bank has 2 (2015: 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. Separate financial statements of Off- Shore Banking Units are shown in **Annexure-H, H.1 and H.2**.

### **1.5 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**.

### **1.6 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 is attached in **Appendix - B**.

### **1.7 Southeast Financial Services (Australia) Pty Ltd**

Southeast Financial Services (Australia) Pty Limited (the "Company") was incorporated as a private limited company with Australian Business Register (ABR) under registration no. 40160673165 on 08 October 2012. The Company is a wholly owned subsidiary of Southeast Bank Limited.

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 Australia. Audit of financial statements of this subsidiary is not required as per the Corporations Act 2001 of Australia. The Financial Statements of the Company is certified by SolTax Pty Ltd. The financial statements including accountant's report of this subsidiary is attached in **Appendix - C**.

### **1.8 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.

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 H Tayob and Co. The audited financial statements of this Company is attached in **Appendix - D**.

## 2 Basis of preparation

### 2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA) has been enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. Section 38 of the Bank Company Act, 1991 (amended up to 2013) has been replaced in 2015 by two new sub-sections to require banks to prepare their financial statements under such financial reporting standards.

The FRC is yet to be formed and as such no financial reporting standards have been issued as per the provisions of the FRA. Hence, the consolidated financial statements of the Bank and its subsidiaries and the separate financial statements of the Bank as at and for the year ended 31 December 2016 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the requirements of the Bank Company Act, 1991, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act, 1994, the Securities and Exchange Rules, 1987. In case any requirement of the Bank Company Act, 1991 and provisions and circulars issued by BB differ with those of BFRSs, the requirements of the Bank Company Act, 1991 and provisions and circulars issued by BB shall prevail. Material departures from the requirements of BFRSs are as follows:

#### i) Investment in shares and Securities

**BFRS:** As per requirements of BAS 39 investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment.

#### ii) Revaluation gain (loss) on Government securities

**BFRS:** As per requirement of BAS 39 where securities; i.e. T-Bills and T-Bonds will fall under the category of Held for Trading (HFT), any change in the fair value of HFT assets is recognized through profit and loss account.

Securities; i.e. T-bills designated as Held to Maturity (HTM) are measured at amortized cost method and interest income is recognized through the profit and loss account.

**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 .

#### iii) Provision on loans and advances

**BFRS:** As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013 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 provision for sub-standard loans, doubtful loans and bad/losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD Circular No.10 dated 18 September 2007 and BRPD Circular No. 14 dated September 23, 2012, the Bank is required to maintain provision @ 1% against Off-Balance Sheet Exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

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.



**iv) Recognition of interest in suspense**

**BFRS:** Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans 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.

**v) Other comprehensive income**

**BFRS:** As per BAS 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.

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

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.

**vii) Repo transactions**

**BFRS:** When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

**Bangladesh Bank:** As per 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.

**viii) Financial guarantees**

**BFRS:** As per BAS 39, 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 terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD 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.

**ix) Cash and cash equivalents**

**BFRS:** Cash and cash equivalent items should be reported as cash item as per BAS 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.

**x) Non-banking assets**

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

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

**xi) Cash flow statement**

**BFRS:** 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.

**xii) Balance with Bangladesh Bank: (Cash reserve ratio)**

**BFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.

**xiii) Presentation of intangible asset**

**BFRS:** Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

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

**xiv) Off-balance sheet items**

**BFRS:** There is no concept of off-balance sheet items in any BFRS; 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.

**xv) Disclosure of appropriation of profit**

**BFRS:** 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.

**xvi) Loans and advance net of provision**

**BFRS:** Loans and advances should be presented net of provisions.

**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.

**xvii) Recovery of written off loans**

**BFRS:** As per BAS 1, an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by any BFRS. Again recovery of written off loans should be charged to profit & loss account as per BAS 18.

**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 BFRSs)

## **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 risk 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, every 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.

Reports on Risk Management (RRM) 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 RRM.

### **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 the 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 2016, 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 amortisation concept
- Investment in shares of listed companies
- Land and buildings are measured at fair value

### **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 BFRSs 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 recognised 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 ending 31 December 2017 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 deferred tax
- d) Note 24 : Assets revaluation reserve

### **2.6 Reporting period**

These financial statements cover one calendar year from 1 January 2016 to 31 December 2016.



## **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 which has been given in the statement.

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 four subsidiaries Southeast Bank Capital Services Limited, Southeast Financial Services (UK) Ltd, Southeast Financial Services (Australia) Pty Ltd and Southeast Exchange Company (South Africa) Pty Ltd made up to the end of the financial year.

#### **3.1.1 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 recognised 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 recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised 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.

### **3.1.2 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.

### **3.1.3 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.

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:

Government Treasury Bills and Bonds (HFT)	At present value (using marking to market concept)
Government Treasury Bills and Bonds (HTM)	At present value (using amortisation concept)
Re-measured Government Treasury Bonds	At present value (using amortisation concept)
Bangladesh Government Islamic Bond	At cost
Prize Bonds	At cost
Unquoted shares	At cost or net book value of the last audited balance sheet whichever is lower
Quoted shares	At cost or market value whichever is lower at balance sheet date

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.
- Provision for loans and advances is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank BRPD Circular Nos. 14 and 15 of 23 September 2012, BRPD Circular No. 19 of 27 December 2012, BRPD Circular No. 05 of 29 May 2013 and BRPD circular No. 16 of 18 November 2014. The rates of provision for different classifications are given below:

<b>Particulars</b>	<b>Rate</b>
<b>General provision on:</b>	
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	2%
Consumer financing	5%
Loan to Brokerage Houses (BHs)/Merchant Banks (MBs)/ Sponsor Directors (SDs) against shares	2%
Special mention account (SMA)	0.25%-5%
<b>Specific provision on:</b>	
Substandard loans and advances/investments	20%
Doubtful loans and advances/investments	50%
Bad/loss loans and advances/investments	100%
<b>Provisions for Short term Agricultural and Micro-Credits</b>	
All credits except 'Bad/Loss' (i.e. Doubtful, Substandard, irregular and regular credit)	2.5%-5%
Bad/Loss	100%

- c) Loans and advances are written off to the extent that
- i) there is no realistic prospect of recovery, and
  - ii) 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.

- d) 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 Leased assets – lessee**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's Balance Sheet.

## **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 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.

### **3.4.3 Other liabilities**

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

## **3.5 Capital/Shareholders' equity**

### **3.5.1 Authorised capital**

Authorised capital is the maximum amount of share capital that the Bank is authorised 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 recognised in the financial statements as per BAS 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 recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

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

### **3.7 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 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 recognised 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 recognised when it is realised.

#### **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 recognised on a realisation 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 recognised on accrual basis.

### **3.9 Profit shared on deposits (Islamic Banking)**

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

### **3.10 Dividends**

Dividend income is recognised 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 Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **3.12 Employee benefits**

#### **3.12.1 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.

#### **3.12.2 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 recognised 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.

#### **3.12.3 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 recognised 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.

#### **3.12.4 Workers' Profit Participation Fund (WPPF)**

As per Bangladesh Labour Act 2006 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 in 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 in 2013)". Consistent with the industry practice and in accordance with the legal opinion and the Bank Company Act, 1991 (amended in 2013), no provision has been made for WPPF.

### **3.13 Provisions and accrued expenses**

In compliance with BAS-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.

### **3.14 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, the Bank is required to maintain provision @ 1% against off-balance sheet exposures. Details are shown in note 21.5.1 (C).

### **3.15 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.

### **3.16 Tax expense**

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

#### **3.16.1 Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Details are shown in note 21.3.1.

#### **3.16.2 Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the 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 realised simultaneously.

A deferred tax asset is recognised 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 utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

### **3.16.3 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.

### **3.17 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 recognised 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 recognised in profit or loss. Impairment losses recognised 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 recognised 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 amortisation, if no impairment loss had been recognised.

### **3.18 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 66 and 67.

### **3.19 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.

### **3.20 Risk management**

In the context of Banking and Finance 'Risk' has always been at the heart of banking. As a consequence, it has become more important for banks to manage effectively the various types of risk they confront, including market, credit, liquidity, operations, and information technology risk.

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 the 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.

### **3.20.1 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 sanction of 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.

### **3.20.2 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 policies 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 counterparts; the treasury back office is engaged in transfer of funds and passing of the transaction entries in the books of accounts, and the mid office is responsible for verification of the deals. All foreign exchange transactions 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.

### **3.20.3 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 of these risks is 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.

### **3.20.4 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. Money laundering plays a fundamental role in facilitating the ambitions of the drug trafficker, the terrorist, the organized criminal, the insider dealer, the tax evader as well as many others who need to avoid the attention from the authorities that sudden wealth brings from illegal activities. 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.

### **3.20.5 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.



### 3.20.6 Information and communication technology

The Bank has Centralized Core Banking Software (CBS) and providing online banking services to its clients through 128 Branches across the country. The Core Banking Software (CBS) has further been upgraded to its latest release to enhance existing features and functionalities and secure online banking transaction. The Bank is offering 24/7 banking services through establishing country wide alternate delivery channels, like ATM and Mobile Financial Service (MFS). It has also introduced Internet Banking service. For customer convenience, the Bank is collecting utility bills of DPDC, DESCO, WASA, Titas Gas and BTCL, PDB and Student Tuition Fees of North-South, BRAC and Asia Pacific University through its alternate delivery channels other than over the counter of its online Branches. Two Factor Authentication System (2-FA) has been introduced for doing inter-bank fund transfer or to pay utility bills/student tuition fees through Internet Banking system. 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. Data replication and synchronization between DC (Data Center) and DRS (Disaster Recovery Site) has been established through two dark fiber optic cables to ensure availability of data / information. The Bank has also deployed Web Gateway and Web Application Firewall to further strengthen its system infrastructure. This will secure its internal network and server system by way of giving protection of information that flows to and from the internet.

The Bank has reviewed and taken instant steps to procure and deploy industry leading IT security solutions to plug off security gaps. Bank's ICT Security Policy has been revised according to the guideline on ICT Security for Banks and NBFIs of Bangladesh Bank which was published in October 2015 to cope with evolving changes in the ICT environment. The Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) and ICT Risk Management Policy have also been revised. Gradual implementation of the different policies is being carried out. The network connectivity of the SWIFT payment channel has been reviewed and restructured to ensure security and minimize operational risks. As part of building awareness on ICT Security and Risk among the employees of the Bank, regular training program is being arranged.

### 3.20.7 Environmental Risk Management (ERM)

Environmental Risk is a facilitating element of credit risk arising from environmental issues and applicable across all financing transactions undertaken by the Bank. The responsibilities of Credit Risk Management functions are: i) to be aware of environmental issues confronting the various sectors, ii) to review the completed due-diligence checklist and the environmental risk rating, iii) to integrate environmental risk considerations into the credit risk assessment and iv) to specify financing conditions/covenants, if any, are required.

Environmental risk is assessed by Environmental Due Diligence (EDD) Checklists. It is a set of questionnaire provided by Bangladesh Bank. There are eleven checklists, one for general purpose and ten others for ten specific sectors for environmental risk rating. For a specific sector both General EDD and Specific EDD checklists are applicable and for other than these specific sectors only General EDD checklist is applicable to determine the environmental risk rating (EnvRR). The EnvRR can be High, Moderate or Low depending on the borrower's business activity and the vulnerability of the location of the business activity.

### 3.21 Compliance of Bangladesh Financial Reporting Standards (BFRSs)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	Not applicable
Share-based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Applied
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	* Applied
Operating Segments	BFRS-8	** Applied
Consolidated Financial Statements	BFRS-10	Applied
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in other Entities	BFRS-12	Applied
Fair Value Measurement	BFRS-13	* Applied
Regulatory Deferral Accounts	BFRS-14	Not applicable
Presentation of Financial Statements	BAS-1	* Applied
Inventories	BAS-2	Not Applicable
Statement of Cash Flows	BAS-7	* Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied

Name of the standards	Ref.	Status
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Not Applicable
Separate Financial Statements	BAS-27	Applied
Investments in Associates	BAS-28	Not Applicable
Interests in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	* Applied
Earnings per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	* Applied
Intangible Assets	BAS-38	* Applied
Financial Instruments: Recognition and Measurement	BAS-39	* Applied
Investment property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable

\* Subject to departure described in note 2.1

\*\* Subject to departure described in note 3.25

#### New standards:

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards during the year 2015-2016. All previously adopted reporting standards are consistently applied by the Bank to the extent relevant for the Bank.

New standards	Summary of the requirements	Possible impact on financial
BFRS 9 Financial Instruments	BFRS 9 replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 15 Revenue from Contracts with Customers	BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 15.

### 3.22 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 (CRISL) based on the audited financial statements dated 31 December 2015.

Particulars	Date of Rating	Long term	Short term
Surveillance Rating	23-Jun-16	AA	ST-2
		Double A (High quality and High Safety)	(High Grade)
Outlook		Stable	

### 3.23 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.

### 3.24 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 recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

### 3.25 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 BFRS 8. However, geographical and business segments wise limited disclosures are furnished in **Annexure-I**.

### 3.26 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. 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.

### 3.27 Approval of financial statements

The financial statements were approved by the board of directors on 8 April 2017.

### 3.28 General

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

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>4 Consolidated cash</b>			
In hand (including foreign currencies):			
Southeast Bank Limited	4.1	2,428,412,898	1,903,292,780
Southeast Exchange Company (South Africa) Pty Ltd		4,164,053	-
Southeast Financial Services (Australia) Pty Ltd		43,356	-
		<u>2,432,620,307</u>	<u>1,903,292,780</u>
Balance with Bangladesh Bank and its agent banks (including foreign currencies):			
Southeast Bank Limited	4.1	15,402,827,761	14,093,697,688
		<u>17,835,448,068</u>	<u>15,996,990,468</u>

#### 4.1 Cash

In hand:			
Local currency		2,381,811,031	1,850,553,332
Foreign currencies		46,601,867	52,739,448
		<u>2,428,412,898</u>	<u>1,903,292,780</u>
Balance with Bangladesh Bank:			
Local currency		14,733,980,769	13,333,892,854
Foreign currencies		378,978,102	586,094,753
		<u>15,112,958,871</u>	<u>13,919,987,607</u>
Balance with Sonali Bank Limited (as agent of Bangladesh Bank):			
Local currency		289,868,890	173,710,081
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		<u>15,402,827,761</u>	<u>14,093,697,688</u>
		<u>17,831,240,659</u>	<u>15,996,990,468</u>

- 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.

The statutory Cash Reserve Ratio on the Bank's demand and time liabilities at the rate of minimum 6.0% on daily basis and 6.50% 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

6.50% of average Demand and Time Liabilities:

Required reserve (Average daily on bi-weekly basis)	14,028,676,662	12,257,453,364
Actual reserve held	14,188,314,690	12,559,045,682
Surplus	<u>159,638,028</u>	<u>301,592,318</u>

##### b) Cash Reserve Ratio (CRR) for Islamic Banking

6.50% of average Demand and Time Liabilities:

Required reserve (Average daily on bi-weekly basis)	815,652,913	783,041,796
Actual reserve held	870,294,183	834,839,164
Surplus	<u>54,641,270</u>	<u>51,797,368</u>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>4.2.2 a) Statutory Liquidity Ratio (SLR) for Conventional Banking</b>			
Required reserve (13% of average Demand and Time Liabilities)		<b>28,057,353,324</b>	24,514,906,728
Actual reserve held		<b>56,373,180,749</b>	54,255,264,173
Surplus		<b>28,315,827,425</b>	29,740,357,445
Held for Statutory Liquidity Ratio of Conventional Banking:			
Cash in hand		<b>2,289,521,421</b>	1,817,641,355
Balance with agent bank (Sonali Bank Limited) as per statement		<b>274,217,000</b>	155,245,000
Excess cash reserve		<b>159,638,028</b>	301,592,318
Government Securities (HFT)		<b>21,205,497,000</b>	21,864,407,000
Government Securities (HTM)		<b>32,440,264,000</b>	30,110,991,000
Other eligible securities/ Prize Bond		<b>4,043,300</b>	5,387,500
		<b>56,373,180,749</b>	54,255,264,173
<b>b) Statutory Liquidity Ratio (SLR) for Islamic Banking</b>			
Required reserve (5.50 % of average Demand and Time Liabilities)		<b>690,167,850</b>	662,573,830
Actual reserve held		<b>859,075,747</b>	777,844,023
Surplus		<b>168,907,897</b>	115,270,193
Held for Statutory Liquidity Ratio of Islamic Banking:			
Cash in hand		<b>138,891,477</b>	85,651,425
Balance with agent bank (Sonali Bank Limited) as per statement		<b>15,543,000</b>	395,230
Excess cash reserve		<b>54,641,270</b>	51,797,368
Government Securities (HTM)		<b>650,000,000</b>	640,000,000
		<b>859,075,747</b>	777,844,023
<b>5 Consolidated balance with other banks and financial institutions</b>			
In Bangladesh:			
Southeast Bank Limited	6	<b>2,860,092,475</b>	2,187,972,750
Southeast Bank Capital Services Limited		<b>581,276,914</b>	21,374,639
		<b>3,441,369,389</b>	2,209,347,389
Less: Inter company balance eliminated		<b>581,276,914</b>	21,374,639
		<b>2,860,092,475</b>	2,187,972,750
Outside Bangladesh:			
Southeast Bank Limited	6	<b>1,118,618,354</b>	1,149,021,361
Southeast Financial Services (UK) Ltd		<b>2,542,480</b>	3,473,088
Southeast Financial Services (Australia) Pty Ltd		<b>177,967</b>	2,268,786
Southeast Exchange Company (South Africa) Pty Ltd		<b>63,790,138</b>	48,587,080
		<b>1,185,128,939</b>	1,203,350,315
		<b>4,045,221,414</b>	3,391,323,065
<b>6 Balance with other banks and financial institutions</b>			
In Bangladesh	6.1	<b>2,860,092,475</b>	2,187,972,750
Outside Bangladesh	6.2	<b>1,118,618,354</b>	1,149,021,361
		<b>3,978,710,829</b>	3,336,994,111

Also refer to note 6.3 for maturity wise grouping

## 6.1 In Bangladesh

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
Current account with:		
Agrani Bank Limited	575,850	575,850
Al Arafah Islami Bank Limited	14,894,941	14,011,899
BRAC Bank Limited	5,001	1,774,610
BRAC Bank Limited (El Dorado Network)	543,506	3,964,484
Commercial Bank of Ceylon PLC	13,337	13,337
EXIM Bank Limited	8,758,775	7,120,339
The Farmers Bank Limited	6,614,752	2,553,122
Jamuna Bank Limited	34,804,125	27,253,637
Meghna Bank Limited	3,129,809	2,316,169
Mercantile Bank Limited	5,538,588	5,410,710
Modumoti Bank Limited	2,301,653	2,569,738
Mutual Trust Bank Limited	13,832,137	17,869,673
National Bank Limited	19,074	12,210
One Bank Limited	1,742,091	3,735,933
Prime Bank Limited	2,008	3,158
Sonali Bank Limited	(326,533)	2,589,257
Shahjalal Islami Bank Limited	550,000	550,000
Trust Bank Limited	3,160,509	3,160,509
Union Bank Limited	14,251,563	6,194,312
United Commercial Bank Limited	16,782,341	5,345,854
NRB Commercial Bank Limited	100,000	100,000
South Bangla Agriculture & Commerce Bank Limited	491,452	1,611,292
	<b>127,784,979</b>	<b>108,736,093</b>
Savings deposits account with:		
EXIM Bank Limited	-	110,557
Social Islami Bank Limited	-	108,679
	-	219,236
Short term deposits account with:		
AB Bank Limited	28,005	28,004
The City Bank Limited	1,106,755	1,106,755
Eastern Bank Limited	29,556	29,556
EXIM Bank Limited	120,792	184,254
Standard Chartered Bank	4,232,231	2,430,368
Sonali Bank Limited	26,789,812	25,238,139
Uttara Bank Limited	345	345
	<b>32,307,496</b>	<b>29,017,421</b>
Fixed deposits with other banks:		
The Farmers Bank Limited	-	50,000,000
NRB Global Bank Limited	250,000,000	-
One Bank Limited	500,000,000	-
Social Islami Bank Limited	300,000,000	-
The ICB Islamic Bank Limited	-	1,000,000,000
	<b>1,050,000,000</b>	<b>1,050,000,000</b>
Fixed deposits with financial institutions:		
Bay Leasing and Investment Limited	500,000,000	450,000,000
Fareast Finance and Investment Limited	-	100,000,000
Industrial and Infrastructure Development Finance Company Limited	100,000,000	-
IPDC Finance Limited	200,000,000	-
International Leasing and Financial Services Limited	100,000,000	200,000,000
Union Capital Limited	100,000,000	-
Bangladesh Industrial Finance Company Limited	150,000,000	50,000,000
GSP Finance Company (Bangladesh) Limited	-	200,000,000
Investment Corporation of Bangladesh	500,000,000	-
	<b>1,650,000,000</b>	<b>1,000,000,000</b>
	<b>2,860,092,475</b>	<b>2,187,972,750</b>

## 6.2 Outside Bangladesh

### Current account

#### Interest bearing:

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
Standard Chartered Bank, New York, USA	79,939,791	162,867,320
Standard Chartered Bank, New York OBU	2,502,922	25,993,493
Citibank N.A, New York, USA	12,320,169	6,230,285
Standard Chartered Bank, London, UK	35,706,219	10,421,686
Mashreq Bank PSC, New York, USA	378,944,176	536,105,342
Wells Fargo Bank, N.A., New York, USA	43,158,173	17,096,588
Citibank AG, Frankfurt, Germany	2,966,473	(4,849,259)
Standard Chartered Bank, Calcutta, India	5,150,727	16,498,010
AB Bank Ltd., Mumbai, India	34,012,582	15,948,685
ICICI Bank Ltd., Mumbai, India	3,331,684	3,140,691
JP Morgan Chase Bank N.A., New York, USA	144,963,770	42,798,605
Habib American Bank, New York, USA	54,519,931	15,442,516
Mashreq Bank, Mumbai, India	13,876,284	16,181,958
Mashreq Bank, Mumbai, India	1,278,977	6,467,370
Sonali Bank (UK) Ltd. USD	54,288,239	102,989,122
Sonali Bank (UK) Ltd. GBP	16,012,568	8,114,118
Sonali Bank (UK) Ltd. EURO	2,442,370	4,772,406
	<b>885,415,055</b>	<b>986,218,936</b>

#### Non-interest bearing:

Bank of Nova Scotia, Toronto, Canada	-	2,517,501
United Bank Limited, Karachi, Pakistan	12,773,370	289,179
Standard Chartered Bank, Colombo, Sri Lanka	15,961,921	9,240,541
Standard Chartered Bank, Mumbai (AEB), India	1,987,849	1,982,525
Habib Allied Intl Bank, UK EUR	6,024,463	-
Bank of Tokyo, Mitsubishi, JPY	1,258,241	-
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	3,789,947	2,357,015
Bank of Bhutan, Pheuntsholing, Bhutan	6,233,334	2,994,202
Commerz Bank AG, Frankfurt, Germany EURO	4,947,574	598,944
Commerz Bank AG, Frankfurt, Germany USD	39,325,786	41,682,998
U.B.A.F., Tokyo, Japan	-	5,482,794
Zuercher Kantonal Bank, Zurich, Switzerland	10,784,568	10,945,034
National Australia Bank Ltd., Melbourne, Australia	7,725,805	21,916,941
HDFC Bank, Mumbai, India	83,931,106	54,238,086
Habib Bank AG Zurich, Zurich, Switzerland	1,830,346	1,951,850
Mashreq Bank PSC, Dubai, UAE	2,229,915	144,445
Habib Metropolitan Bank Ltd., Karachi, Pakistan	28,769,758	4,408,327
Al Rajhi Bank, Saudi Arabia	5,629,316	2,052,043
	<b>233,203,299</b>	<b>162,802,425</b>
	<b>1,118,618,354</b>	<b>1,149,021,361</b>

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	1,246,403,333	1,094,955,029
Not more than three months	2,632,307,496	2,042,039,082
More than three months but not more than six months	100,000,000	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	-	-
	<b>3,978,710,829</b>	<b>3,336,994,111</b>



	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>7 Money at call and on short notice</b>			
In bank:			
The ICB Islamic Bank Limited		11,300,000	15,300,000
NRB Commercial Bank Limited		-	220,000,000
NRB Bank Limited		-	40,000,000
Bank Al Falah Ltd.		-	100,000,000
Habib Bank Limited, Dhaka		-	150,000,000
Midland Bank Limited		200,000,000	-
Modhumoti Bank Limited		200,000,000	-
BRAC Bank Limited		230,000,000	-
NCC Bank Limited		800,000,000	-
		<u>1,441,300,000</u>	<u>525,300,000</u>
In non-banking financial institutions (public and private):			
Phoenix Finance and Investment Limited		190,000,000	-
IPDC Finance Limited		100,000,000	-
LankaBangla Finance Ltd.		100,000,000	-
		<u>390,000,000</u>	<u>-</u>
In foreign currency:			
AB Bank Limited		708,399,900	398,151,500
BRAC Bank Limited		314,844,400	-
Premier Bank Limited		314,844,400	-
NCC Bank Limited		236,133,300	-
Social Islami Bank Limited		157,422,200	-
Commercial Bank of Ceylon PLC		236,133,300	-
Mutual Trust Bank Limited		78,711,100	-
Eastern Bank Limited		393,555,500	-
		<u>2,440,044,100</u>	<u>398,151,500</u>
		<u>4,271,344,100</u>	<u>923,451,500</u>
<b>8 Consolidated Investments</b>			
Government securities:			
Southeast Bank Limited	9	<u>54,299,803,894</u>	<u>52,620,785,540</u>
		<u>54,299,803,894</u>	<u>52,620,785,540</u>
Others:			
Southeast Bank Limited	9	<u>5,155,205,613</u>	<u>4,267,629,032</u>
Southeast Bank Capital Services Limited		<u>2,276,624,953</u>	<u>1,940,851,629</u>
		<u>7,431,830,566</u>	<u>6,208,480,661</u>
		<u>61,731,634,460</u>	<u>58,829,266,201</u>
<b>9 Investments</b>			
Government securities:			
Conventional Banking	9.1.1	<u>53,649,803,894</u>	<u>51,980,785,540</u>
Islamic Banking	9.2.1	<u>650,000,000</u>	<u>640,000,000</u>
		<u>54,299,803,894</u>	<u>52,620,785,540</u>
Others:			
Conventional Banking	9.1.2	<u>2,267,841,260</u>	<u>1,093,455,544</u>
Islamic Banking	9.2.2	<u>2,887,364,353</u>	<u>3,174,173,488</u>
		<u>5,155,205,613</u>	<u>4,267,629,032</u>
		<u>59,455,009,507</u>	<u>56,888,414,572</u>

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

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>9.1 Conventional Banking</b>		
<b>9.1.1 Government Securities</b>		
<b>Treasury Bills</b>		
364 days Treasury Bills	991,930,001	985,535,100
	991,930,001	985,535,100
Assured Repo with Bangladesh Bank/ Others (at book value)	-	(295,937,100)
	991,930,001	689,598,000
<b>Prize Bonds</b>	4,043,300	5,387,500
<b>Bangladesh Bank Bills</b>	-	-
	4,043,300	5,387,500
<b>Government Bonds</b>		
2 Years BGTB HTM	1,324,190,350	172,000,000
5 Years BGTB HTM	5,059,213,001	4,095,252,659
10 Years BGTB HTM	13,114,179,977	12,226,663,613
15 Years BGTB HTM	6,496,362,680	4,664,118,802
20 Years BGTB HTM	5,484,568,752	3,890,282,974
Remeasured 5 years BGTB HTM	-	4,102,785,342
Remeasured 10 years BGTB HTM	961,749,167	959,887,889
2 Years BGTB HFT	3,197,926,886	5,866,512,662
5 Years BGTB HFT	9,452,112,789	8,647,430,447
10 Years BGTB HFT	7,184,666,536	5,254,892,396
15 Years BGTB HFT	167,447,843	1,155,363,067
20 Years BGTB HFT	211,412,612	250,610,189
	52,653,830,593	51,285,800,040
	53,649,803,894	51,980,785,540
<b>9.1.2 Others</b>		
Shares in listed companies	1,006,352,650	878,467,734
Shares in un-listed companies	61,488,610	214,987,810
Bonds	1,200,000,000	-
	2,267,841,260	1,093,455,544
<b>9.2 Islamic banking</b>		
<b>9.2.1 Government securities</b>		
Bangladesh Government Islamic bond	650,000,000	640,000,000
	650,000,000	640,000,000
<b>9.2.2 Others</b>		
Shares in listed companies	2,887,364,353	3,174,173,488
	2,887,364,353	3,174,173,488
<b>9.3 Investments classified as per Bangladesh Bank Circular</b>		
Held for trading (HFT)	21,209,539,967	21,869,794,261
Held to maturity (HTM)	33,090,263,927	30,750,991,279
Other securities	5,155,205,613	4,267,629,032
	59,455,009,507	56,888,414,572
<b>9.4 Maturity-wise grouping of investment</b>		
On demand	4,043,300	5,387,500
Not more than three months	2,343,870,935	3,965,660,049
More than three months but not more than one year	7,032,299,074	9,737,790,409
More than one year but not more than five years	25,889,694,776	22,646,851,734
Above five years	24,185,101,422	20,532,724,880
	59,455,009,507	56,888,414,572

## 9.5 Cost and market value of investments

### 9.5.1 Government securities

	2016		2015
	<u>Cost price</u>	<u>Market price</u>	<u>Market price</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b>Conventional Banking</b>			
Treasury Bills	991,337,930	991,930,001	689,598,000
Bangladesh Government Treasury Bond	52,958,226,446	52,653,830,593	51,285,800,040
Prize Bonds	4,043,300	4,043,300	5,387,500
	<u>53,953,607,676</u>	<u>53,649,803,894</u>	<u>51,980,785,540</u>
<b>Islamic Banking</b>			
Bangladesh Government Islamic Bond	650,000,000	650,000,000	640,000,000
	<u>54,603,607,676</u>	<u>54,299,803,894</u>	<u>52,620,785,540</u>

### 9.5.2 Others (Investment in Shares)

	2016		2015
	<u>Market price</u>	<u>Cost price</u>	<u>Cost price</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b>Conventional Banking</b>			
Shares in listed companies	816,353,273	1,006,352,650	878,467,734
Shares in un-listed companies	61,488,610	61,488,610	214,987,810
	<u>877,841,883</u>	<u>1,067,841,260</u>	<u>1,093,455,544</u>
<b>Islamic Banking</b>			
Shares in listed companies	2,162,953,949	2,887,364,353	3,174,173,488
	<u>2,162,953,949</u>	<u>2,887,364,353</u>	<u>3,174,173,488</u>

#### 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.

## 9.6 Sector wise investment of shares

	2016		2015
	<u>Market price</u>	<u>Cost price</u>	<u>Cost price</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b><u>Shares in listed companies (A)</u></b>			
Banks and NBFI	1,102,737,124	2,055,989,695	2,610,329,218
Insurance Companies	552,623,098	573,997,079	523,211,903
Fuel and Power Companies	138,175,934	151,199,550	25,531,440
Mutual Fund	438,541,544	365,642,276	401,538,326
Manufacturing & Other	747,229,522	746,888,403	492,030,335
	<u>2,979,307,222</u>	<u>3,893,717,003</u>	<u>4,052,641,222</u>
	2016		2015
	<u>Net book value</u>	<u>Cost price</u>	<u>Cost price</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b><u>Shares in un-listed companies (B)</u></b>			
Banks and NBFI	166,935,993	54,183,820	57,683,820
Manufacturing	-	-	149,999,200
Others	33,830,764	7,304,790	7,304,790
	<u>200,766,757</u>	<u>61,488,610</u>	<u>214,987,810</u>
<b>Total investment of shares (C=A+B)</b>		<u>3,955,205,613</u>	<u>4,267,629,032</u>

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 December 2016

SL. no.	Name of the Company	2016		Differences (Provision to be required)
		Market price	Cost price	
		Taka	Taka	Taka
1	Asia Insurance Limited	40,720,872	76,805,098	(36,084,226)
2	Bay Leasing & Investment Limited	306,804,802	643,319,328	(336,514,526)
3	EXIM Bank 1st Mutual Fund	91,050,036	93,296,119	-
4	EXIM Bank Limited	338,449,996	696,815,163	(358,365,167)
5	IFIC Bank 1st Mutual Fund	7,867,060	11,905,461	-
6	Islami Bank Limited	15,992,708	16,412,876	(420,168)
7	Lafarge Surma Cement Limited	131,028,398	155,264,542	(24,236,144)
8	National Life Insurance Co. Limited	456,695,360	397,735,353	58,960,007
9	Prime Bank Limited	242,721,782	433,586,851	(190,865,069)
10	Rupali Bank Limited	2,172,142	9,074,723	(6,902,581)
11	Standard Bank Limited	15,241,258	15,940,654	(699,396)
12	Titas Gas Trans. Co. Ltd.	89,160,973	92,298,169	(3,137,196)
13	SEBL MF	335,500,000	250,000,000	85,500,000
14	Trust Bank 1st Mutual Fund	4,124,448	10,440,696	(3,896,572)
15	Trust Bank Limited	1,190,000	1,189,740	260
16	NCC Bank Limited	36,887,183	49,228,082	(12,340,899)
17	One Bank Limited	32,585,297	35,307,295	(2,721,998)
18	Eastern Bank Limited	37,511,413	52,068,101	(14,556,688)
19	RN Spinning	3,446,079	4,459,649	(1,013,570)
20	Premier Cement Mills Limited	40,032,240	48,428,204	(8,395,964)
21	Prime Finance Limited	7,884,394	26,958,933	(19,074,539)
22	Premier Leasing & Finance Limited	18,234,930	26,902,718	(8,667,788)
23	Generation Next Fashion Limited	37,121,088	65,982,996	(28,861,908)
24	Union Capital Limited	12,218,995	14,012,426	(1,793,431)
25	Bangladesh LAMPS LTD	12,740,943	16,791,948	(4,051,005)
26	Bangladesh Submarine Cable Co. Ltd.	31,913,837	46,266,367	(14,352,530)
27	Delta Life Insurance Limited	55,206,866	99,456,628	(44,249,762)
28	Aftab Automobiles Limited	61,249,892	94,751,115	(33,501,223)
29	Global Heavy Chemicals Limited	24,917,993	34,247,190	(9,329,197)
30	Fuwang Food	160,000	125,956	34,044
31	Delta Spinners Limited	2,577,850	3,719,475	(1,141,625)
32	Envoy Textile Mills Ltd.	839,244	1,157,799	(318,555)
33	Meghna Petroleum Limited	11,955,946	16,651,636	(4,695,690)
34	ACME Laboratories Limited	285,575,400	151,004,255	134,571,145
35	Matin Spinning Mills Limited	11,400,720	14,044,434	(2,643,714)
36	Ifad Autos	400,800	324,726	76,074
37	Aman Feed Ltd.	13,708,853	14,321,866	(613,013)
38	Orion Pharma	8,257,915	8,110,242	147,673
39	Olympic Accessories Ltd	2,165,027	1,947,978	217,049
40	ACI Formulation	11,109,984	11,887,880	(777,896)
41	BRAC Bank Limited	9,666,665	9,935,565	(268,900)
42	Apolo Ispat	205,000	148,688	56,312
43	IPDC Finance Limited	6,998,445	7,044,521	(46,076)
44	Phoenix Finance & Investment Ltd.	6,160,100	6,268,931	(108,831)
45	BSC	4,702,000	4,699,724	2,276
46	Fuwang Ceramic	1,829,100	1,592,344	236,756
47	Emerald Oil	591,000	461,698	129,302
48	S ALAM	3,730,000	4,004,908	(274,908)
49	LankaBangla Finance Limited	8,799,563	8,579,814	219,749
50	Saif Power Tec Ltd.	34,991,612	35,704,991	(713,379)
51	ICB	3,217,451	3,343,974	(126,523)
52	Khan Brothers	1,477,688	1,471,488	6,200
53	BSRM Limited	12,760,000	17,059,559	(4,299,559)
54	Yeakin Polymer	69,385	20,749	48,636
55	Fortune Shoes Ltd..	511,200	432,229	78,971
56	ShahjiBazar Power Company Ltd.	27,097,510	32,184,686	(5,087,176)
57	Baraka Power	9,961,505	10,065,059	(103,554)
58	GQ Ballpen	2,148,274	2,308,967	(160,693)
59	BSRM Steel Mills Ltd.	5,568,000	6,146,439	(578,439)
		<b>2,979,307,222</b>	<b>3,893,717,006</b>	<b>(905,705,624)</b>
	Actual provision			<b>905,705,624</b>
	Surplus/(deficit)			<b>-</b>

As at 31 December 2016, the value of investment cell which includes all investment in shares, corporate bond, debenture, mutual fund and total market value of other capital certificates and loan facilities given to own subsidiary company or companies directly or indirectly involved in capital market affairs stood at Tk 2,100.91 (2015: 1,960.08) crores which is 21.53% (2015: 36.37%) of total sum of paid up capital, statutory reserve and retained earnings of the bank.

#### 9.8 Transactions of Repo and Reverse-repo during the year

	<u>Minimum outstanding Taka</u>	<u>Maximum outstanding Taka</u>	<u>Daily average outstanding Taka</u>
<b><u>2016</u></b>			
<b>Securities sold under repo</b>			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	102,379,665	1,922,396,270	297,493,731
<b>Securities purchased under reverse repo</b>			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	148,297,350	1,275,868,120	23,960,609
<b><u>2015</u></b>			
<b>Securities sold under repo</b>			
i) With Bangladesh Bank	294,950,000	3,590,955,000	230,726,383
ii) With other Banks & FIs	2,477,729,244	244,107,750	449,183,076
<b>Securities purchased under reverse repo</b>			
i) With Bangladesh Bank	300,000,000	2,350,000,000	36,843,779
ii) With other Banks & FIs	15,166,352	1,108,374,030	94,121,541

	<u>Note</u>	<u>2016 Taka</u>	<u>2015 Taka</u>
<b>10 Consolidated loans and advances/investments</b>			
Loans, cash credit, overdrafts etc./investments:			
Southeast Bank Limited	11	180,161,187,214	162,056,722,487
Southeast Bank Capital Services Limited		2,500,642,443	2,363,503,025
		182,661,829,657	164,420,225,512
Less: Inter company balance eliminated		10,674	2,863,903,191
		182,661,818,983	161,556,322,321
Bills purchased and discounted:			
Southeast Bank Limited	11	9,203,770,254	7,322,136,224
		9,203,770,254	7,322,136,224
		191,865,589,237	168,878,458,545
<b>11 Loans and advances/investments</b>			
Loans, cash credit, overdrafts etc./investments	11.1	180,161,187,214	162,056,722,487
Bills purchased and discounted	11.14	9,203,770,254	7,322,136,224
		189,364,957,468	169,378,858,711

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>11.1 Loans, cash credit, overdrafts etc./Investments</b>		
<b>In Bangladesh:</b>		
<b>Conventional Banking</b>		
Demand loan	5,025,639,557	4,551,141,658
Time loan	20,064,629,716	16,711,508,514
Term loan	69,051,082,952	60,080,906,138
Agricultural credit-Term	933,182,554	535,330,860
Agricultural credit-Time	1,105,435,895	964,023,377
Agricultural credit-OD	94,413,590	39,729,457
Consumer credit scheme	4,924,067	7,544,224
Car loan	73,227,474	51,040,857
Personal loan	373,219,780	367,078,166
Home loan	515,726,845	265,658,130
Cash credit and overdrafts	45,296,952,050	38,617,922,709
Bills Against Letter of Credit (BLC)	294,075,920	212,508,158
Loan re-finance housing sector	20,349,457	21,447,159
Loan against Trust Receipt (LTR)	13,378,652,768	17,067,432,717
Advances-packing credit (PC)	2,397,107,920	2,084,196,551
House building loan-staff	188,907,457	180,324,168
Digital device	185,449	403,990
Export Development Fund (EDF)	11,112,134,762	7,058,645,348
Loan against cash incentive	130,507,407	123,693,689
Loan-credit card	1,135,680,036	904,417,015
	<b>171,196,035,656</b>	<b>149,844,952,885</b>
<b>Islamic Banking</b>		
Demand investment	242,699,956	39,653,688
Bai-Muajjal (Time) investment	310,841,197	259,042,064
Bai-Muajjal Time under CCS	55,960,365	43,418,633
Bai-Murabaha-BLC	32,499,080	6,738,157
Bai-Murabaha-LTR	476,095,001	1,199,083,998
Bai-Salam	84,436,201	73,641,541
Staff house building investment	8,362,607	8,648,005
Investment against cash incentive	17,327,114	9,932,898
Export Development Fund (EDF)	633,716,266	394,527,668
Bai-Muajjal-investment	3,269,956,321	6,350,895,335
Murabaha-investment	624,262,832	562,799,707
Hire purchase-investment	3,208,994,618	3,263,282,206
Quard against MTDR	-	105,702
	<b>8,965,151,558</b>	<b>12,211,769,602</b>
	<b>180,161,187,214</b>	<b>162,056,722,487</b>
<b>Outside Bangladesh</b>	-	-
	<b>180,161,187,214</b>	<b>162,056,722,487</b>
<b>11.2 Performing loans and advances/investments</b>		
Gross loans and advances/investments	189,364,957,468	169,378,858,711
Non-performing loans and advances/investments	(9,257,788,205)	(7,193,823,963)
	<b>180,107,169,263</b>	<b>162,185,034,748</b>
<b>11.3 Maturity-wise grouping of loans and advances/investments</b>		
On demand	43,794,108,537	39,477,070,239
Less than three months	24,803,469,746	20,774,326,085
More than three months but less than one year	50,941,232,848	48,736,933,155
More than one year but less than five years	47,341,367,857	37,652,834,591
More than five years	22,484,778,480	22,737,694,641
	<b>189,364,957,468</b>	<b>169,378,858,711</b>

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>11.4 Concentration of loans and advances/investments</b>		
Advances to allied concerns of directors	-	-
Advances to chief executive and other senior executives	72,967,000	66,078,000
Advances to customers' group:		
Advances to large and medium industries	83,239,207,953	74,011,200,000
Advances to small and cottage industries	1,875,500,000	1,082,000,000
Commercial lending	39,031,160,279	41,015,100,000
Export financing	14,375,200,000	9,744,600,000
Real estate	14,994,200,000	13,046,400,000
Consumer credit scheme	60,884,432	50,962,857
Other loans and advances	35,715,837,804	30,362,517,854
	<u>189,364,957,468</u>	<u>169,378,858,711</u>

**Details of large loan/investments**

As at 31 December 2016 there were 25 (2015:28) 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 34,021.14 million as at 31 December 2016 (Tk. 28,490.49 million as at 31 December 2015).

The Bank complies with the requirements of the section 26 (b) of the Bank Companies Act 1991 as amended in 2013 in connection with the general limitations of credit line.

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

**11.5 Sector-wise allocation of loans and advances**

	<u>2016</u>		<u>2015</u>	
	<u>% of total loan</u>	<u>Taka</u>	<u>% of total loan</u>	<u>Taka</u>
Agriculture	1.29%	2,438,900,000	0.92%	1,554,400,000
Industry (other than working capital)	23.10%	43,734,198,080	22.86%	38,720,100,000
Working capital financing	20.86%	39,505,009,874	20.84%	35,291,100,000
Export credit	7.59%	14,375,200,000	5.75%	9,744,600,000
Commercial credit	20.61%	39,031,160,279	24.22%	41,015,100,000
Small and cottage industries	0.99%	1,875,500,000	0.64%	1,082,000,000
Others:				
a) Finance to NBFIs	0.64%	1,213,000,000	0.60%	1,018,800,000
b) Real Estate	7.92%	14,994,200,000	7.70%	13,046,400,000
c) Transport & communication	0.76%	1,446,700,000	0.78%	1,325,200,000
d) Small Enterprise financing	11.21%	21,231,811,601	11.16%	18,896,200,000
e) Miscellaneous	5.03%	9,519,277,634	4.54%	7,684,958,711
	<u>100.00%</u>	<u>189,364,957,468</u>	<u>100.00%</u>	<u>169,378,858,711</u>

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>11.6 Industry-wise loans and advances (Industrial Loan)</b>		
Textile and garments industries including spinning industries	48,935,900,000	38,256,800,000
Food and allied industries	6,149,345,353	5,580,700,000
Pharmaceutical industries	747,703,027	718,400,000
Chemical, fertilizer, etc.	78,410,637	150,900,000
Cement and ceramic industries	3,455,073,480	3,381,900,000
Service industries	2,724,598,492	2,221,200,000
Other industries	21,148,176,964	23,701,300,000
	<u>83,239,207,953</u>	<u>74,011,200,000</u>

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

Service sector	10,190,100,000	4,862,854,509
Trading sector	25,062,000,000	21,869,170,231
Industrial sector	6,035,000,000	7,782,155,638
	<u>41,287,100,000</u>	<u>34,514,180,378</u>



## 11.8 Geographical location-wise allocations of loans and advances

	2016		2015	
	% of total loan	Taka	% of total loan	Taka
Urban:				
Dhaka region	69.96%	132,470,612,723	69.77%	118,174,627,186
Chittagong region	18.10%	34,265,791,215	21.02%	35,604,749,224
Rajshahi region	2.07%	3,918,908,039	1.35%	2,293,150,022
Sylhet region	1.76%	3,334,117,812	2.08%	3,527,342,515
Khulna region	0.64%	1,203,827,539	0.88%	1,495,952,883
Rangpur region	0.48%	901,462,668	0.44%	750,949,679
Barisal region	0.08%	158,019,720	0.05%	90,222,155
Mymensingh region	0.28%	524,914,224	0.05%	79,589,318
	<b>93.35%</b>	<b>176,777,653,940</b>	<b>95.65%</b>	<b>162,016,582,982</b>
Rural:				
Dhaka region	3.17%	6,002,966,153	2.74%	4,639,965,758
Chittagong region	1.85%	3,504,951,864	1.44%	2,433,193,648
Sylhet region	0.81%	1,540,320,041	0.14%	232,130,495
Rajshahi region	0.25%	478,849,898	0.03%	56,985,828
Khulna region	0.56%	1,060,215,572	0.00%	-
	<b>6.65%</b>	<b>12,587,303,528</b>	<b>4.35%</b>	<b>7,362,275,729</b>
	<b>100.00%</b>	<b>189,364,957,468</b>	<b>100.00%</b>	<b>169,378,858,711</b>

## 11.9 Classification of loans and advances

	2016		2015	
	% of total loan	Taka	% of total loan	Taka
Unclassified:				
Standard including staff loan	90.47%	171,314,821,176	91.70%	155,315,330,299
Special Mention Account (SMA)	4.63%	8,792,348,087	4.06%	6,869,704,449
	<b>95.11%</b>	<b>180,107,169,263</b>	<b>95.75%</b>	<b>162,185,034,748</b>
Classified:				
Sub-standard	0.83%	1,567,127,630	0.90%	1,517,889,736
Doubtful	0.31%	587,799,462	0.73%	1,240,806,394
Bad/loss	3.75%	7,102,861,113	2.62%	4,435,127,833
	<b>4.89%</b>	<b>9,257,788,205</b>	<b>4.25%</b>	<b>7,193,823,963</b>
	<b>100.00%</b>	<b>189,364,957,468</b>	<b>100.00%</b>	<b>169,378,858,711</b>

The amount reported above under standard category includes certain non-performing loan accounts with an aggregate outstanding amount of Tk.14,037.6 million at 31 December 2016 which have not been reported as classified loans at year-end on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. The amount of interest suspense and eligible securities available against these loans as at 31 December 2016 were Tk.1,323 million and Tk. 2,310.4 million respectively. As at 31 December 2016, an aggregate amount of Tk.138.3 million has been kept as general provision applicable for loans under standard category.

In connection with these loans Bangladesh Bank suggested vide letter reference no. DBI-1/78/2017-1206 dated 27 March 2017 to maintain additional provision of Tk. 767.6 million in 2016. The Bank has provided such additional provision in the financial statements of 2016.

	<b><u>2016</u></b> <b><u>Taka</u></b>	<b><u>2015</u></b> <b><u>Taka</u></b>
<b>11.10 Particulars of loans and advances</b>		
i) Debts considered good in respect of which the bank is fully secured;	<b>155,162,481,958</b>	131,029,202,890
ii) Debts considered good for which the bank holds no other security than the debtors' personal security;	<b>12,149,368,473</b>	14,387,425,624
iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors;	<b>22,053,107,036</b>	23,962,230,197
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;	<b>197,859,451</b>	189,805,585
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;	<b>197,859,451</b>	189,805,585
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)	<b>1,404,996,225</b>	(350,206,903)
Amount of debts written off	<b>1,012,890,775</b>	2,452,261,045
Amount realised against the debts previously written off	<b>72,709,902</b>	174,604,278
(b) Provision against the debt classified as bad/loss at the date of balance sheet	<b>2,956,142,427</b>	1,707,744,942
(c) Amount of interest charged in suspense account	<b>3,549,523,832</b>	2,832,654,051
xi) Loans written off:		
- Current year	<b>1,130,516,095</b>	2,963,802,165
Cumulative to-date	<b>9,076,603,000</b>	8,050,306,676
- The amount of written off loans for which lawsuit filed	<b>9,076,603,000</b>	8,050,306,676

# 11.11 Particulars of required provision for loans and advances/investments

Status	2016			2015	
	Outstanding as at 31 Dec 2016 Taka	Base for provision Taka	% of required provision	Required provision Taka	Required provision Taka
<b>For loans and advances/ Investments:</b>					
<b>Unclassified-general provision</b>					
All unclassified loans (other than small enterprises, housing finance, Loan to MBs loans for professional, consumer financing and special mention account)	130,240,699,926	130,240,699,926	1%	1,302,407,000	1,178,158,981
Small and medium enterprise financing	35,940,138,752	35,940,138,752	0.25%	89,850,351	75,775,474
Loan to BHs/MBs/SDs against shares	1,418,736,083	1,418,736,083	2%	28,374,722	82,317,321
Housing and loan for professional	631,759,684	631,759,684	2%	12,635,194	7,980,279
Consumer finance	1,458,331,315	1,458,331,315	5%	72,916,567	62,066,145
Agriculture finance	1,427,885,352	1,427,885,352	2.50%	35,697,134	31,101,800
Staff loan	197,270,064	197,270,064	1%	1,972,701	1,889,723
Special Mention Account (SMA)	8,792,348,087	8,705,458,297	0.25%-5%	117,685,493	98,500,037
				1,661,539,162	1,537,789,760
<b>Classified-specific provision:</b>					
Sub-standard	1,567,127,630	576,068,882	5%-20%	114,289,342	128,161,657
Doubtful	587,799,462	228,127,330	50%	113,835,313	279,926,029
Bad/loss	7,102,861,113	2,956,142,427	100%	2,956,142,427	1,707,744,942
	189,364,957,468	183,780,618,112		3,184,267,082	2,115,832,628
Required provision for loans and advances (A)				4,845,806,244	3,653,622,388
Total provision maintained (B)				6,158,284,306	3,863,288,081
Excess provision as at 31 December (C=B-A)				1,312,478,062	209,665,693

\* Provision for loans and advances has been kept as per Bangladesh Bank letter reference no: DBI-1/78/2017-1206 dated 27 March 2017.

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>11.12 Suits filed by the Bank (Branch wise details)</b>		
Aganagar Branch	24,601,270	57,354,953
Agargaon Branch	46,495,055	32,208,767
Agrabad Branch	3,400,105,252	1,694,861,880
Banani Branch	478,744,788	478,377,367
Bandar Bazar Branch	33,472,439	31,862,743
Bangshal Branch	756,783,708	302,426,168
Bogra Branch	102,439,383	95,118,164
CDA Avenue Branch	1,001,878,996	568,628,205
Chapainawabgonj Branch	6,670,345	-
Chouhatta Branch	32,123,958	31,481,125
Corporate Branch	56,546,456	58,392,487
Cox's Bazar Branch	67,768,272	59,302,319
Dhanmondi Branch	1,828,021,588	1,816,479,159
Gulshan Branch	119,890,152	255,942,698
Halishahar Branch	1,824,036,037	1,824,036,037
Imamgonj Branch	298,675,545	304,124,658
Jubilee Road Branch	40,036,273	39,543,618
Kakrail Branch	41,352,380	41,352,380
Kawranbazar Branch	98,482,809	4,437,057
Khatungonj Branch	859,750,230	859,750,230
Khulna Branch	98,484,842	98,088,592
Konabari Branch	1,862,261	1,862,261
Kotowali Branch	74,826,552	74,826,552
Kulaura Branch	9,078,456	9,078,456
Laldighirpar Branch	113,465,769	107,401,973
Madambibirhat Branch	27,584,384	27,584,384
Mohammadpur Branch	10,406,570	10,406,570
Momin Road Branch	109,818,537	109,818,537
Mouchak Branch	79,543,346	79,543,346
Moulvibazar Branch	171,254,940	157,084,193
Naogaon Branch	7,375,594	7,375,594
Narayangonj Branch	54,511,315	57,204,744
New Elephant Road Branch	127,592,586	127,592,586
New Eskaton Branch	171,552,903	171,552,903
Pahartoli Branch	826,535,766	814,940,063
Principal Branch	5,515,730,861	5,615,943,766
Progoti Soroni Branch	61,593,200	61,593,200
Rupnagar Branch	5,582,437	-
Shahjalal Uposhahar Branch	138,193,352	128,539,223
Sir Iqbal Road Branch	14,315,940	-
Uttara Branch	270,340,241	270,340,241
	<b>19,007,524,788</b>	<b>16,486,457,199</b>

### 11.13 Listing of assets pledged as security/collaterals

#### Nature of the secured assets

Shares & Securities	1,295,544,654	779,939,729
Merchandise	2,956,323,198	5,316,351,142
Machinery with other fixed asset and financial obligation	7,794,104,888	8,002,585,325
Real estate with financial obligation	140,515,613,690	125,630,176,235
Financial obligation only	10,714,696,416	5,310,266,244
(Insurance policies, savings certificates, bank deposit etc)		
Miscellaneous-		
i) Crops/stock of crops hypothecation	2,058,718,058	3,424,026,215
ii) Guarantee of individuals/institutions	20,977,372,216	18,318,775,687
ii) Others	3,052,584,348	2,596,738,134
	<b>189,364,957,468</b>	<b>169,378,858,711</b>

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>11.14 Bills purchased and discounted</b>		
<b>Conventional Banking</b>		
In Bangladesh	2,632,005,815	2,099,077,877
Outside Bangladesh	6,245,714,954	5,064,117,418
	<b>8,877,720,769</b>	7,163,195,295
<b>Islamic Banking</b>		
In Bangladesh	248,139,426	140,539,240
Outside Bangladesh	77,910,059	18,401,689
	<b>326,049,485</b>	158,940,929
	<b>9,203,770,254</b>	7,322,136,224

**11.15 Maturity grouping of bills discounted and purchased**

Within one month	3,311,763,128	2,230,552,240
More than one month but less than three months	2,758,723,516	2,755,870,023
More than three months but less than six months	1,928,586,180	1,782,847,068
More than six months	1,204,697,430	552,866,893
	<b>9,203,770,254</b>	7,322,136,224

**11.16 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. 3,117.60 million as on 31 December 2016) 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	10,406,610,372	9,276,727,677
Southeast Bank Capital Services Limited	405,480,073	176,908,853
Southeast Financial Services (UK) Ltd	8,456,935	9,989,882
Southeast Financial Services (Australia) Pty Ltd	2,422,206	2,440,636
Southeast Exchange Company (South Africa) Pty Ltd	5,022,585	4,259,695
	<b>10,827,992,171</b>	9,470,326,743

**Less: Accumulated depreciation**

Southeast Bank Limited	1,792,923,672	1,525,648,802
Southeast Bank Capital Services Limited	77,764,768	50,574,583
Southeast Financial Services (UK) Ltd	6,323,279	6,594,017
Southeast Financial Services (Australia) Pty Ltd	1,596,346	1,465,330
Southeast Exchange Company (South Africa) Pty Ltd	2,221,550	817,600
	<b>1,880,829,615</b>	1,585,100,332

Written down value at the end of the year	<b>8,947,162,556</b>	7,885,226,411
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There were no capitalized borrowing cost related to the acquisition of fixed assets during the year (2015: nil).

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

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>13 Fixed assets including premises, furniture and fixtures</b>			
<b>Cost:</b>			
Land		5,775,037,313	5,348,446,725
Buildings		1,898,987,918	1,524,312,748
Furniture and fixtures		1,124,644,629	993,739,499
Office appliances		14,193,473	12,142,094
Computer		180,392,040	113,605,311
Electrical appliances		1,108,311,271	1,004,834,193
ATM Booth		174,746,153	158,100,064
Motor vehicles		130,297,575	121,547,043
		<b>10,406,610,372</b>	<b>9,276,727,677</b>
<b>Less: Accumulated depreciation</b>			
Buildings		410,635,626	357,278,241
Furniture and fixtures		509,258,430	447,598,059
Office appliances		8,854,864	7,660,051
Computer		62,231,950	40,537,969
Electrical appliances		640,516,858	537,942,747
ATM Booth		80,142,933	59,176,131
Motor vehicles		81,283,011	75,455,604
		<b>1,792,923,672</b>	<b>1,525,648,802</b>
Written down value at the end of the year		<b>8,613,686,700</b>	<b>7,751,078,875</b>
Details are shown in <b>Annexure-E</b> .			
<b>14 Consolidated other assets</b>			
Southeast Bank Limited	15	8,478,052,796	5,977,253,927
Southeast Bank Capital Services Limited		115,351,911	269,542,908
Southeast Financial Services (UK) Ltd		25,059,186	24,153,678
Southeast Financial Services (Australia) Pty Ltd		1,923,109	1,807,474
Southeast Exchange Company (South Africa) Pty Ltd		980,261	550,000
		<b>8,621,367,263</b>	<b>6,273,307,987</b>
<b>Less:</b>			
Investment in subsidiary:			
In Bangladesh		5,452,930,000	1,394,930,000
Outside Bangladesh		65,100,021	65,063,724
		<b>5,518,030,021</b>	<b>1,459,993,724</b>
Intercompany balance		1,726,998	-
		<b>3,101,610,244</b>	<b>4,813,314,263</b>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>15 Other assets</b>		<b>8,478,052,796</b>	<b>5,977,253,927</b>
<b>15.1 Classification of other assets</b>			
i) Investment in shares of subsidiary companies:			
- In Bangladesh	15.3	5,452,930,000	1,394,930,000
- Outside Bangladesh	15.4	65,100,021	65,063,724
ii) Stationery, stamps, printing materials, etc.		54,324,003	48,134,002
iii) Advance rent and advertisement		421,683,670	336,304,591
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables		1,403,482,450	1,025,207,893
v) Security deposits		2,282,039	2,275,239
vi) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses		489,509,292	1,156,827,743
vii) Branch adjustment	15.5	-	1,328,252,847
viii) Suspense account		153,037,756	200,451,481
ix) Others		435,703,565	419,806,407
		<b>8,478,052,796</b>	<b>5,977,253,927</b>
<b>15.2 Non-income generating other assets</b>			
i) Stationery, stamps, printing materials, etc.		54,324,003	48,134,002
ii) Advance rent and advertisement		421,683,670	336,304,591
iii) Branch adjustment	15.5	-	1,328,252,847
iv) Suspense account		153,037,756	200,451,481
v) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses		489,509,292	1,156,827,743
		<b>1,118,554,721</b>	<b>3,069,970,664</b>
<b>15.3 Investment in shares of subsidiary company in Bangladesh</b>			
Cost		5,489,930,000	1,489,930,000
Provision for impairment loss		(37,000,000)	(95,000,000)
		<b>5,452,930,000</b>	<b>1,394,930,000</b>
<b>15.4 Investment in shares of subsidiary companies outside Bangladesh</b>			
Cost		113,660,069	113,623,772
Provision for impairment loss		(48,560,048)	(48,560,048)
		<b>65,100,021</b>	<b>65,063,724</b>
<b>15.5 Branch adjustment (Debit)</b>			
General accounts debit		-	3,221,095,847
General accounts credit		-	1,892,843,000
		-	<b>1,328,252,847</b>
<b>15.6 Particulars of required provision for other assets</b>			
	<b>Base for provision</b>	<b>Rate (%)</b>	<b>Taka</b>
<b>2016</b>			
Legal expenses for defaulting borrowings	6,602,196	50%	3,301,098
Legal expenses for defaulting borrowings	59,465,461	100%	59,465,461
Others	97,209,000	50%	48,604,500
Others	48,782,784	100%	48,782,784
Protested bills	3,581,157	100%	3,581,157
Nostro account balance	-	100%	-
Required provision on other assets			163,735,000
Total provision maintained			<b>163,735,000</b>
Excess provision			<b>-</b>

		<b>Base for provision</b>	<b>Rate (%)</b>	<b>Taka</b>
<b>2015</b>				
Legal expenses for defaulting borrowings		5,832,404	50%	2,916,202
Legal expenses for defaulting borrowings		46,091,888	100%	46,091,888
Protested bills		3,615,397	100%	3,615,397
Nostro account balance		-	100%	-
Required provision on other assets				52,623,487
Total provision maintained				71,000,000
Excess provision				18,376,513
		<b>Note</b>	<b>2016 Taka</b>	<b>2015 Taka</b>
<b>16 Consolidated borrowings from other banks, financial institutions and agents</b>				
<b>Subordinated bond:</b>				
Southeast Bank Limited	17	8,000,000,000	3,000,000,000	
		8,000,000,000	3,000,000,000	
<b>Other borrowings:</b>				
Southeast Bank Limited	17	7,363,947,263	4,519,780,424	
Southeast Bank Capital Services Limited		7,698,493	2,901,042,619	
		7,371,645,756	7,420,823,043	
		10,674	2,863,903,191	
Less: Inter company balance eliminated		7,371,635,082	4,556,919,852	
		15,371,635,082	7,556,919,852	
<b>17 Borrowings from other banks, financial institutions and agents</b>				
Subordinated Bond	17.2.ii	8,000,000,000	3,000,000,000	
Other borrowings	17.2.i + 17.3	7,363,947,263	4,519,780,424	
		15,363,947,263	7,519,780,424	
<b>17.1 Borrowing from other banks, financial institutions and agents</b>				
In Bangladesh	17.2	9,625,908,073	3,163,013,774	
Outside Bangladesh	17.3	5,738,039,190	4,356,766,650	
		15,363,947,263	7,519,780,424	
<b>17.2 In Bangladesh</b>				
<b>i. Secured:</b>				
Refinance against agro-based credit from Bangladesh Bank		8,784,992	12,919,537	
Refinance for housing sector from Bangladesh Bank		30,013,624	21,755,851	
Refinance against SME loan from Bangladesh Bank		7,850,000	9,853,571	
Refinance against Solar energy, Bio Gas & ETP Scheme from Bangladesh Bank		3,866,844	7,508,176	
Refinance against RPGCL		75,392,613	110,976,639	
Bangladesh Bank Islamic Bond		1,500,000,000	-	
		1,625,908,073	163,013,774	



	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>ii. Unsecured:</b>		
<b>Subordinated Bond</b>		
Rupali Bank Limited	1,250,000,000	1,000,000,000
Sonali Bank Limited	1,750,000,000	750,000,000
Agrani Bank Limited	950,000,000	500,000,000
Pubali Bank Limited	1,300,000,000	300,000,000
Mercantile Bank Limited	250,000,000	250,000,000
Saudi-Bangladesh Industrial and Agricultural Investment Company Ltd.	200,000,000	200,000,000
Sadharan Bima Corporation	100,000,000	-
Uttara Bank Limited	200,000,000	-
Dhaka Bank Limited	750,000,000	-
National Life Insurance Limited	750,000,000	-
Janata Bank Limited	500,000,000	-
<b>Total (iii=i+ii)</b>	<b>8,000,000,000</b>	<b>3,000,000,000</b>
	<b>9,625,908,073</b>	<b>3,163,013,774</b>
<b>17.3 Outside Bangladesh</b>		
<b>Secured</b>		
Borrowing from International Finance Corporation (IFC)	1,180,666,500	1,177,504,500
Borrowing from MASHREQ BANK PSC-USD	393,555,500	-
Borrowing from Commercial Bank of Qatar	-	1,491,505,700
Borrowing from Global Climate Partnership Fund S.A.	787,111,000	392,501,500
Borrowing from ICICI Bank, Hongkong	-	549,502,100
Borrowing from RAK BANK, UAE	1,416,799,800	745,752,850
Borrowing from Bank Muscat, Oman	393,555,500	-
Borrowing from FGB, UAE	1,180,666,500	-
Borrowing from ADB	385,684,390	-
	5,738,039,190	4,356,766,650
<b>Unsecured</b>	-	-
	<b>5,738,039,190</b>	<b>4,356,766,650</b>
<b>17.4 Maturity grouping of borrowings</b>		
Repayable on demand	-	52,037,135
Repayable within one month	1,393,555,500	110,976,639
Over one month but within six months	3,530,377,350	2,786,760,650
Over six months but within one year	1,526,995,340	1,177,504,500
Over one year	8,913,019,073	3,392,501,500
	<b>15,363,947,263</b>	<b>7,519,780,424</b>
<b>18 Consolidated deposits and other accounts</b>		
<b>Current/AI-wadeeah current accounts and     other accounts</b>		
Southeast Bank Limited	30,845,332,890	23,184,569,410
Southeast Bank Capital Services Limited	21,003,651	16,693,064
	30,866,336,541	23,201,262,474
Less: Inter company balance eliminated	581,276,914	21,374,639
	<b>30,285,059,627</b>	<b>23,179,887,835</b>
<b>Bills payable</b>		
Southeast Bank Limited	6,548,856,941	2,127,206,788
Southeast Bank Capital Services Limited	-	-
	<b>6,548,856,941</b>	<b>2,127,206,788</b>
<b>Savings bank/Mudaraba savings bank deposits</b>		
Southeast Bank Limited	19,700,582,409	18,419,861,332
Southeast Bank Capital Services Limited	-	-
	<b>19,700,582,409</b>	<b>18,419,861,332</b>
<b>Fixed deposits/Mudaraba fixed deposits</b>		
Southeast Bank Limited	173,438,929,873	166,704,137,174
Southeast Bank Capital Services Limited	-	-
	<b>173,438,929,873</b>	<b>166,704,137,174</b>
	<b>229,973,428,850</b>	<b>210,431,093,129</b>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>19 Deposits and other accounts</b>			
<b>Current/Al-wadeeah current accounts and other accounts</b>			
Current/Al-wadeeah current deposits		10,325,582,928	8,580,318,120
Foreign currency deposits		955,223,540	822,460,651
Sundry deposits	19.1	19,564,526,422	13,781,790,639
		<u>30,845,332,890</u>	<u>23,184,569,410</u>
<b>Bills payable</b>			
Payment order issued		6,544,011,764	2,116,401,698
Demand draft		4,845,177	10,805,090
		<u>6,548,856,941</u>	<u>2,127,206,788</u>
<b>Savings bank/Mudaraba savings bank deposits</b>		19,700,582,409	18,419,861,332
<b>Fixed deposits/Mudaraba fixed deposits</b>			
Fixed deposits/Mudaraba fixed deposits		114,612,212,666	128,735,942,147
Special notice/Mudaraba special notice deposits		25,012,168,173	23,325,303,495
Scheme deposits		31,923,436,868	12,080,726,463
Interest payable on FDR/Scheme		1,891,112,166	2,562,165,069
		<u>173,438,929,873</u>	<u>166,704,137,174</u>
		<u>230,533,702,113</u>	<u>210,435,774,704</u>
<b>19.1 Sundry deposits</b>			
Margin under letter of credit		2,371,615,981	2,579,058,314
Margin against IBP		436,626	388,943
Margin against FBP		61,007,589	106,298,525
Margin under letter of guarantee		959,140,248	753,822,647
Margin under export proceeds		4,336,873	-
Margin against time loan to issue pay order		61,704,891	25,614,612
Deposit held against FDBP/IDBP, export bills etc.		19,456,399	66,253,425
FC held against EDF L/C		10,935,473,081	6,438,473,901
Accounts payable		168,310	58,492
Telegraphic transfer		911,042	975,934
Margin on acceptance		4,955,318,557	3,705,283,123
Remittance awaiting disposal		35,073,275	4,034,291
Others		159,883,550	101,528,432
		<u>19,564,526,422</u>	<u>13,781,790,639</u>
<b>19.2 Deposits from banks and others</b>			
Inter-bank deposits	19.3	5,583,333,738	11,701,953,424
Other deposits		224,950,368,375	198,733,821,280
		<u>230,533,702,113</u>	<u>210,435,774,704</u>
<b>19.3 Inter-bank deposits</b>			
EXIM Bank Limited		6,461,754	3,963,579,057
Mercantile Bank Limited		239,288	235,417
AB Bank Limited		2,488,046	6,673,675
Social Islami Bank Limited		4,230,200	244,853,611
BRAC Bank Limited		45,769	45,842
Shahjalal Islami Bank Limited		433,626	218,522,464
Al-Arafa Islami Bank Limited		565,983,998	1,110,397,115
Commercial Bank of Ceylon Plc.		390,000,000	-
Islami Bank Bangladesh Limited		3,208,051,238	4,007,008,533
First Security Islami Bank Limited		7,077,931	8,953,756
Dhaka Bank Limited		213,089	214,739
IFIC Bank Limited		255,406	250,687
United Commercial Bank Limited		500,000,000	1,000,000,000
The City Bank Limited		9,810,644	9,504,551
Citibank N.A.		185,520,586	129,366,266
The Trust Bank Limited		4,963	5,947
NRB Commercial Bank Limited		747,504	710,017
Mutual Trust Bank Limited		781,492	1,153,135
Meghna Bank Limited		988,204	478,612
NCC Bank Limited		-	500,000,000
Prime Bank Limited		700,000,000	500,000,000
		<u>5,583,333,738</u>	<u>11,701,953,424</u>
		<u>2016</u>	<u>2015</u>

	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
<b>19.4 Sector-wise deposits</b>			
Government		5,415,989,663	4,339,796,234
Deposit money banks		5,583,333,738	11,701,953,422
Other public		22,754,898,930	19,408,302,537
Foreign currency		975,352,673	889,386,816
Private		195,804,127,109	174,096,335,695
		<u>230,533,702,113</u>	<u>210,435,774,704</u>
<b>19.5 Unclaimed Deposits and valuables</b>			
Payment Order		482,443	81,351
		<u>482,443</u>	<u>81,351</u>
<b>19.6 Analysis of residual maturity grouping of deposits</b>			
<b>Inter-bank deposits:</b>			
Payable on demand		191,014,838	3,900,228,399
Within one month		1,692,318,900	5,801,725,025
More than one month but less than six months		3,700,000,000	2,000,000,000
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		-	-
		<u>5,583,333,738</u>	<u>11,701,953,424</u>
<b>Other Deposits:</b>			
Payable on demand		3,862,485,162	9,281,332,483
Within one month		45,180,881,100	21,091,924,267
More than one month but less than six months		38,086,500,000	82,224,903,770
More than six months but less than one year		79,864,100,000	27,302,161,680
More than one year but less than five years		41,774,400,000	44,624,741,090
More than five years but less than ten years		16,182,002,113	14,208,757,990
		<u>224,950,368,375</u>	<u>198,733,821,280</u>
		<u>230,533,702,113</u>	<u>210,435,774,704</u>
<b>20 Consolidated other liabilities</b>			
Southeast Bank Limited	21	19,572,488,052	15,072,571,985
Southeast Bank Capital Services Limited		309,418,341	399,452,170
Southeast Financial Services (UK) Ltd		18,831,655	19,009,233
Southeast Financial Services (Australia) Pty Ltd		1,881,449	4,328,367
Southeast Exchange Company (South Africa) Pty Ltd		18,491,824	18,570,055
		<u>19,921,111,321</u>	<u>15,513,931,810</u>
Less: Inter company balance eliminated		<u>1,726,998</u>	<u>-</u>
		<u>19,919,384,323</u>	<u>15,513,931,810</u>
<b>21 Other liabilities</b>			
Provision for loans and advances/investments	21.1	6,158,284,306	3,863,288,081
Interest suspense account	21.2	3,549,523,832	2,832,654,051
Provision for taxation	21.3	4,998,658,798	3,654,456,280
Obligation under finance lease	21.4	10,265,943	18,654,060
Accrued expenses		11,784,329	9,866,847
Interest payable on borrowings		93,508,887	14,732,390
Accounts payable-Bangladesh Bank		53,746,147	45,147,874
Accounts payable-others		587,702,202	399,098,655
Provision for diminution in the market value of share	59	905,705,624	1,725,241,065
Other provisions	21.5.1	1,326,235,000	972,878,000
Unearned income		388,476,342	680,406,920
Branch adjustment	21.6	592,435,184	-
Withholding tax		895,161,458	855,147,762
Provision for audit fees		1,000,000	1,000,000
		<u>19,572,488,052</u>	<u>15,072,571,985</u>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>21.1 Provision for loans and advances/investments</b>			
A. General			
Balance as at 1 January		1,540,000,000	1,334,721,230
Add: Provision made during the year			
On standard loans and advances/investments etc. *		870,814,544	139,033,953
On Special Mention Account (SMA)		19,185,456	66,244,817
		890,000,000	205,278,770
Less: Provision no longer required		-	-
Balance as at 31 December		2,430,000,000	1,540,000,000
B. Specific			
Balance as at 1 January		2,323,288,081	2,673,494,984
Less: Fully provided debt write off during the year		(1,012,890,775)	(2,452,261,045)
Add: Recoveries of amounts previously written off		72,709,902	174,604,278
Add: Specific provision for the year *		2,360,990,098	2,039,766,952
Less: Recoveries and provisions no longer required		-	-
Less: Interest waiver during the year		(15,813,000)	(112,317,088)
Net charge to Profit & Loss A/C		1,404,996,225	(350,206,903)
Balance as at 31 December		3,728,284,306	2,323,288,081
C. Total provision on loans and advances/investments (A+B)		6,158,284,306	3,863,288,081

\* Provision for loans and advances has been kept as per Bangladesh Bank letter reference no: DBI 1/78/2017-1206 dated 27 March 2017.

## 21.2 Interest suspense account

Balance as at 1 January	2,832,654,051	2,365,612,512
Add: Amount transferred to "interest suspense" account during the year	1,790,397,963	1,868,832,473
	4,623,052,014	4,234,444,985
Less: Amount of interest suspense recovered during the year	892,575,369	869,905,545
Amount written off during the year	117,625,320	511,541,120
Interest waiver during the year	63,327,493	20,344,269
	1,073,528,182	1,401,790,934
Balance as at 31 December	3,549,523,832	2,832,654,051

## 21.3 Provision for taxation

Provision for current tax	21.3.1	3,607,144,155	2,689,344,079
Deferred tax liabilities	21.3.2	1,391,514,643	965,112,201
		4,998,658,798	3,654,456,280

### 21.3.1 Provision for current tax

<b>Provision</b>			
Balance as at 1 January		10,966,854,123	11,846,498,876
Provision made during the year		2,765,000,000	2,300,000,000
		13,731,854,123	14,146,498,876
Adjustments made during the year		-	(3,179,644,753)
Balance as at 31 December		13,731,854,123	10,966,854,123
<b>Advance tax</b>			
Balance as at 1 January		8,277,510,044	8,940,257,721
Paid during the year		1,847,199,924	2,535,875,626
		10,124,709,968	11,476,133,347
Adjustments made during the year		-	(3,198,623,303)
Balance as at 31 December		10,124,709,968	8,277,510,044
Net balance as at 31 December		3,607,144,155	2,689,344,079

Provision for current tax of Tk. 2,765,000,000 has been made @ 40.00% as prescribed by Finance Act 2016 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per the Income Tax Ordinance and Rules 1984 and in compliance of para 46 of BAS 12 "Income Tax".

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>21.3.2 Deferred tax liabilities</b>			
Deferred tax liabilities are attributable to the following:			
Revaluation reserve of land		<b>615,761,213</b>	615,761,213
Revaluation reserve of buildings		<b>125,911,051</b>	125,911,051
Fixed assets- except land and revaluation reserve of buildings	21.3.3.1	<b>275,536,360</b>	210,536,360
Revaluation reserve of HTM securities	21.3.3.2	<b>4,060,523</b>	12,903,577
Revaluation reserve of HFT securities	21.3.3.3	<b>370,245,496</b>	-
		<b>1,391,514,643</b>	<b>965,112,201</b>

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised 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 recognised by the Bank as a temporary difference with expected time of realisation.

#### 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 recognises 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.

#### Revaluation reserves of HTM and HFT securities

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

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>21.3.3 Movement of deferred tax liabilities</b>			
Balance as at 1 January		<b>965,112,201</b>	839,075,601
Provision made for deferred tax liabilities			
Charged to profit and loss account		<b>65,000,000</b>	140,000,000
Charged to revaluation reserve		<b>371,434,778</b>	4,768,630
		<b>436,434,778</b>	144,768,630
		<b>1,401,546,979</b>	983,844,231
Adjustment made during the year for revaluation reserve		<b>(10,032,336)</b>	(18,732,030)
Balance as at 31 December		<b>1,391,514,643</b>	<b>965,112,201</b>

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

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
Balance as at 1 January	210,536,360	70,536,360
Charge to profit and loss account	65,000,000	140,000,000
Balance as at 31 December	<u>275,536,360</u>	<u>210,536,360</u>

### 21.3.3.2 Deferred tax on revaluation reserve of HTM securities

Balance as at 1 January	12,903,577	26,866,977
Charge to revaluation reserves	1,189,282	4,768,630
Adjustment during the year	(10,032,336)	(18,732,030)
Balance as at 31 December	<u>4,060,523</u>	<u>12,903,577</u>

### 21.3.3.3 Deferred tax on revaluation reserve of HFT securities

Balance as at 1 January	-	-
Charge to revaluation reserves	370,245,496	-
Adjustment during the year	-	-
Balance as at 31 December	<u>370,245,496</u>	<u>-</u>

### 21.4 Obligation under finance lease

Balance as at 1 January	18,654,060	34,140,945
Addition during the year	-	-
	18,654,060	34,140,945
Adjustment during the year	(8,388,117)	(15,486,885)
Balance as at 31 December	<u>10,265,943</u>	<u>18,654,060</u>

### 21.4.1 Aging analysis of liabilities under finance lease

	<u>Minimum lease payment Taka</u>	<u>Financial charge for future periods Taka</u>	<u>Principal outstanding Taka</u>
<b>2016</b>			
Payable within 1 year	9,258,860	1,108,945	8,149,915
Payable more than 1 year but less than 2 years	2,318,297	202,269	2,116,028
Payable more than 2 years but less than 5 years	-	-	-
	<u>11,577,157</u>	<u>1,311,214</u>	<u>10,265,943</u>
<b>2015</b>			
Payable within 1 year	11,148,047	2,656,495	8,491,552
Payable more than 1 year but less than 2 years	9,258,860	1,108,945	8,149,915
Payable more than 2 years but less than 5 years	2,214,862	202,269	2,012,593
	<u>22,621,769</u>	<u>3,967,709</u>	<u>18,654,060</u>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>21.5 Other provisions charged to profit and loss</b>			
Provision for other assets	21.5.1 (A)	92,735,000	10,035,106
Provision for good borrowers	21.5.1 (B)	23,000,000	11,878,000
Provision for off-balance sheet exposures	21.5.1 (C)	249,500,000	(19,650,000)
		<u>365,235,000</u>	<u>2,263,106</u>

#### 21.5.1 Other Provisions

A) Provision for other assets			
Balance as at 1 January		71,000,000	60,964,894
Addition during the year		92,735,000	10,035,106
		<u>163,735,000</u>	<u>71,000,000</u>
Adjustment during the year		-	-
Balance as at 31 December		<u>163,735,000</u>	<u>71,000,000</u>
B) Provision for good borrowers			
Balance as at 1 January		11,878,000	-
Addition during the year		23,000,000	11,878,000
		<u>34,878,000</u>	<u>11,878,000</u>
Adjustment during the year		(11,878,000)	-
Balance as at 31 December		<u>23,000,000</u>	<u>11,878,000</u>
C) Provision for off-balance sheet exposures			
Balance as at 1 January		890,000,000	909,650,000
Provision made during the year		249,500,000	-
		<u>1,139,500,000</u>	<u>909,650,000</u>
Adjustments made during the year		-	(19,650,000)
Balance as at 31 December		<u>1,139,500,000</u>	<u>890,000,000</u>
D) Total other provisions (A+B+C)		<u>1,326,235,000</u>	<u>972,878,000</u>

#### 21.6 Branch adjustment (credit)

General accounts debit	928,625,816	-
General accounts credit	1,521,061,000	-
	<u>592,435,184</u>	<u>-</u>

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 December 2016 are given below:

	<u>No. of unrespondent entries</u>		<u>Unrespondent entries (Taka)</u>	
	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
Upto 3 months	594	1,526	928,625,816	1,521,061,000
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	<u>594</u>	<u>1,526</u>	<u>928,625,816</u>	<u>1,521,061,000</u>

		<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>22</b>	<b>Share Capital</b>		
<b>22.1</b>	<b>Authorised</b>		
	<u>1,500,000,000</u> Ordinary shares of Tk 10 each	<u>15,000,000,000</u>	<u>15,000,000,000</u>
<b>22.2</b>	<b>Issued, subscribed and paid up</b>		
	378,164,970 ordinary shares of Tk 10 each issued for cash	<b>3,781,649,700</b>	3,781,649,700
	<u>538,785,206</u> ordinary shares of Tk 10 each issued as bonus shares	<u>5,387,852,060</u>	5,387,852,060
	<u>916,950,176</u>	<u>9,169,501,760</u>	<u>9,169,501,760</u>

### 22.3 Dividends

The following dividends were declared and paid by the Bank for the year ended 31 December.

1.50 Taka per ordinary share for 2015 (1.50 Taka per ordinary share for 2014)	<u>1,375,425,264</u>	<u>1,375,425,264</u>
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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.

2.00 Taka per ordinary share for 2016 and 1.50 Taka per ordinary share for 2015	<u>1,833,900,352</u>	<u>1,375,425,264</u>
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### 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
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



## 22.5 Classification of shareholders by holding

	Number of holders		% of total holding	
	2016	2015	2016	2015
Less than 500 shares	12,031	14,760	0.22	0.26
501 to 5,000 shares	21,160	24,891	3.91	4.58
5,001 to 10,000 shares	2,744	3,149	2.10	2.40
10,001 to 20,000 shares	1,521	1,791	2.31	2.71
20,001 to 30,000 shares	471	538	1.27	1.45
30,001 to 40,000 shares	217	252	0.82	0.95
40,001 to 50,000 shares	121	141	0.60	0.70
50,001 to 1,00,000 shares	309	327	2.45	2.56
1,00,001 to 10,00,000 shares	311	311	9.63	9.91
Over 10,00,000 shares	124	125	76.69	74.48
	<b>39,009</b>	<b>46,285</b>	<b>100.00</b>	<b>100.00</b>

## 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 2016

Sl. no.	Name of the directors	Status	As at 1 January 2016	As at 31 December 2016
1	Mr. Alamgir Kabir, FCA	Chairman	19,694,672	19,944,672
2	Mr. Ragib Ali (Ceased to be Director on and from March 8, 2017)	Vice Chairman	28,026,291	28,026,291
3	Mr. M. A. Kashem	Director	20,307,060	20,307,060
4	Mr. Azim Uddin Ahmed	Director	25,490,735	25,490,735
5	Mrs. Duluma Ahmed	Director	19,082,742	19,082,742
6	Mrs. Jusna Ara Kashem	Director	18,339,525	18,339,525
7	Mr. Md. Akikur Rahman	Director	18,443,731	18,443,731
8	Mrs. Rehana Rahman	Director	18,344,145	18,844,145
9	Mrs. Sirat Monira	Director	120,547	120,547
10	Mr. Abdul Hye (Representing Karnafuli Tea Co. Limited) (Ceased to be Director on and from March 8, 2017)	Director	162,420	162,420
11	Mr. A. H. M. Moazzem Hossain	Independent Director	-	-
12	Dr. Quazi Mesbahuddin Ahmed	Independent Director	-	-
13	Mr. M. Kamal Hossain	Managing Director (Current Charge)	-	-
			<b>168,011,868</b>	<b>168,761,868</b>

## 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.

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>Common equity Tier-1 capital (Going Concern Capital)</b>			
Paid up capital		9,169,501,760	9,169,501,760
Share premium		-	-
Statutory reserve	23	9,170,000,000	8,897,307,905
General reserve	25	247,650,000	247,650,000
Retained earnings	28	3,171,824,195	2,942,327,335
		<b>21,758,975,955</b>	<b>21,256,787,000</b>
Add: Additional Tier 1 capital		-	-
Less: Regulatory adjustments		<b>108,599,195</b>	<b>64,641,458</b>
<b>A) Total common equity Tier 1 capital</b>		<b>21,650,376,760</b>	<b>21,192,145,542</b>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>Tier 2 Capital (Gone -Concern Capital)</b>			
Subordinated bond		7,400,000,000	3,000,000,000
General provision maintained against unclassified loan/investments		2,430,000,000	1,540,000,000
General provision on off-balance sheet items		1,139,500,000	890,000,000
Asset revaluation reserve		2,101,404,750	2,101,404,750
Revaluation reserve of Government securities		234,027,984	234,027,984
		13,304,932,734	7,765,432,734
Less: Regulatory adjustments		934,173,094	467,086,547
Total Tier 2 capital		12,370,759,640	7,298,346,187
<b>B) Total capital</b>		<b>34,021,136,400</b>	<b>28,490,491,729</b>
<b>C) Risk Weighted Assets (RWA)</b>			
Credit Risk			
On-balance sheet		197,023,731,313	171,797,949,395
Off-balance sheet		52,501,153,245	47,096,419,890
		249,524,884,558	218,894,369,285
Market risk		10,687,308,524	9,476,714,296
Operational risk		19,045,800,808	17,229,996,177
Total RWA		279,257,993,890	245,601,079,758
<b>D) Required common equity Tier 1 Capital</b>		<b>12,566,609,725</b>	<b>11,052,048,589</b>
Required Tier 1 Capital (5.5% of RWA)		15,359,189,664	13,508,059,387
<b>E) Required total capital 10.625% of RWA (2015: 10%)</b>		<b>29,671,161,851</b>	<b>24,560,107,976</b>
<b>F) Surplus common equity Tier 1 Capital(A-D)</b>		<b>9,083,767,035</b>	<b>10,140,096,953</b>
<b>G) Surplus total capital (B-E)</b>		<b>4,349,974,549</b>	<b>3,930,383,753</b>
<b>Capital to risk-weighted assets ratio:</b>		<b>2016</b>	<b>2015</b>
On common equity Tier 1 capital against standard of minimum 4.5%		7.75%	8.63%
On Tier 1 capital - against standard of minimum 5.5%		7.75%	8.63%
On total capital - against standard of minimum 10.625% (2015:10%)		12.18%	11.60%
		<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>22.9 Leverage Ratio of the Bank</b>			
A) Tier 1 capital considering all regulatory adjustments		21,650,376,760	21,192,145,542
B) On-balance sheet exposure		288,205,418,780	257,929,754,083
C) Off-balance sheet exposure		65,343,127,141	53,959,699,503
D) Deduction from on and off balance sheet exposure /Regulatory adjustment		108,599,195	64,641,458
E) Total exposure (B+C-D)		353,439,946,726	311,824,812,128
<b>Leverage ratio (A/E)</b>		<b>6.13%</b>	<b>6.80%</b>
<b>Liquidity coverage ratio</b>		<b>118.50%</b>	<b>140.77%</b>
<b>Net stable funding ratio</b>		<b>109.53%</b>	<b>107.60%</b>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>22.10 Capital to Risk weighted Asset Ratio (CRAR) of the Group</b>			
<b>Common Equity Tier 1 Capital</b>			
Paid up capital		9,169,501,760	9,169,501,760
Share premium		-	-
Statutory reserve	23	9,170,000,000	8,897,307,905
General reserve	25	247,650,000	247,650,000
Non- controlling interest	29	10,003,160	9,428,284
Retained earnings	27	3,196,967,474	2,951,940,410
		21,794,122,394	21,275,828,359
Add: Additional Tier 1 capital		-	-
Less: Regulatory adjustments		108,599,195	64,641,458
<b>A) Total common equity Tier 1 capital</b>		<b>21,685,523,199</b>	<b>21,211,186,901</b>
<b>Tier 2 capital (Gone- Concern Capital)</b>			
Subordinated bond		7,400,000,000	3,000,000,000
General provision maintained against unclassified loan/investments		2,430,000,000	1,540,000,000
General provision on off-balance sheet items		1,139,500,000	890,000,000
Asset revaluation reserve		2,101,404,750	2,101,404,750
Revaluation reserve of Government securities		234,027,984	234,027,984
		13,304,932,734	7,765,432,734
Less: Regulatory adjustments		934,173,094	467,086,547
<b>Total Tier 2 capital</b>		<b>12,370,759,640</b>	<b>7,298,346,187</b>
<b>B) Total capital</b>		<b>34,056,282,839</b>	<b>28,509,533,088</b>
<b>C) Risk weighted assets (RWA)</b>			
Credit risk			
On-balance sheet		193,740,348,940	169,788,524,420
Off-balance sheet		52,501,153,245	47,096,419,890
		246,241,502,185	216,884,944,310
Market risk		15,004,950,584	13,052,166,626
Operational risk		19,155,835,724	17,313,773,484
<b>Total RWA</b>		<b>280,402,288,493</b>	<b>247,250,884,420</b>
<b>D) Required common equity Tier 1 capital</b>		<b>12,618,102,982</b>	<b>11,126,289,799</b>
<b>Required Tier 1 capital (5.5% of RWA)</b>		<b>15,422,125,867</b>	<b>13,598,798,643</b>
<b>E) Required total capital 10.625% of RWA (2015: 10%)</b>		<b>29,792,743,152</b>	<b>24,725,088,442</b>
<b>F) Surplus common equity Tier 1 capital (A-D)</b>		<b>9,067,420,217</b>	<b>10,084,897,102</b>
<b>G) Surplus total capital (B-E)</b>		<b>4,263,539,686</b>	<b>3,784,444,646</b>
		<b>2016</b>	<b>2015</b>
<b>Capital to risk- weighted asset ratio:</b>			
On common equity Tier 1 capital - against standard of minimum 4.5%		7.73%	8.57%
On Tier 1 capital - against standard of minimum 5.5%		7.73%	8.57%
On total capital-against standard of minimum 10.625% of RWA (2015:10%)		12.15%	11.52%

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>22.11 Leverage ratio of the Group</b>		
A) Tier 1 capital considering all regulatory adjustments	21,685,523,199	21,183,282,293
B) On-balance sheet exposure	288,083,485,568	258,394,742,372
C) Off-balance sheet exposure	65,343,127,141	53,959,699,503
D) Deduction from on and off balance sheet exposure /Regulatory adjustment	108,599,195	64,641,458
E) Total exposure (B+C-D)	353,318,013,514	312,289,800,417
<b>Leverage ratio (A/E)</b>	6.14%	6.78%
<b>Liquidity coverage ratio</b>	118.50%	140.77%
<b>Net stable funding ratio</b>	109.53%	107.60%
	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>23 Statutory reserve</b>		
Balance as at 1 January	8,897,307,905	7,792,812,001
Addition during the year	272,692,095	1,104,495,904
Balance as at 31 December	9,170,000,000	8,897,307,905
<b>24 Revaluation reserve</b>		
<b>Revaluation reserve of land and buildings:</b>		
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
<b>Revaluation reserve on HTM securities:</b>		
Balance as at 1 January	31,062,627	71,177,255
Addition during the year	2,973,204	12,198,938
	34,035,831	83,376,193
Adjustment during the year	(24,264,378)	(52,313,566)
	9,771,453	31,062,627
Deferred tax liabilities	(4,060,523)	(12,903,577)
Balance as at 31 December	5,710,930	18,159,050
<b>Revaluation reserve on HFT securities:</b>		
Balance as at 1 January	1,747,159,502	427,129,047
Addition during the year	1,437,433,310	2,942,233,152
	3,184,592,812	3,369,362,199
Adjustment during the year	(2,258,979,069)	(1,622,202,697)
	925,613,743	1,747,159,502
Deferred tax liabilities	(370,245,496)	-
Balance as at 31 December	555,368,247	1,747,159,502
	4,763,888,676	5,968,128,051
<b>25 Other reserves</b>		
<b>General reserve:</b>		
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

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>26 Foreign currency translation reserve</b>		
Balance as at 1 January	27,870,748	243,022
(Adjustments)/addition during the year	(3,421,502)	27,627,726
Balance as at 31 December	<u>24,449,246</u>	<u>27,870,748</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	3,171,824,195	2,942,327,335
Southeast Bank Capital Services Limited		(36,442,114)	(94,939,716)
Southeast Financial Services (UK) Ltd		(21,927,930)	(22,785,689)
Southeast Financial Services (Australia) Pty Ltd		(16,753,827)	(17,223,301)
Southeast Exchange Company (South Africa) Pty Ltd*		14,707,102	1,001,733
Less: Elimination for impairment of investment in subsidiary		85,560,048	143,560,048
		<u>3,196,967,474</u>	<u>2,951,940,410</u>

\* Opening retained earnings of Southeast Exchange Company (South Africa) Pty Ltd has been adjusted to conform with its audited financial statements.

## 28 Retained earnings

<b>Balance as at 1 January</b>	2,942,327,335	2,638,523,119
Currency translation differences	807,996	945,864
Prior year adjustment	435,000	300,000
	<u>2,943,570,331</u>	<u>2,639,768,983</u>
Retained surplus for the year	2,143,679,128	1,977,983,616
	<u>5,087,249,459</u>	<u>4,617,752,599</u>
<b>Less:</b>		
Transfer to SEBL Foundation*	300,000,000	300,000,000
Transfer to Employees Welfare Fund*	200,000,000	-
Transfer to Green Award Trust*	40,000,000	-
Cash dividend paid	1,375,425,264	1,375,425,264
	<u>1,915,425,264</u>	<u>1,675,425,264</u>
<b>Retained earnings carried forward</b>	<u>3,171,824,195</u>	<u>2,942,327,335</u>

\* The Board of Directors in its 504th meeting held on 29 December 2016 has decided to transfer Tk. 30 crore to SEBL Foundation, Tk. 20 crore to Staff Welfare Fund and Tk. 4 crore to Southeast Bank Green Award Trust from retained earnings of the Bank.

## 29 Non-controlling interest

Paid up capital	5,500,000,000	1,500,000,000
Retained earnings	(36,508,959)	(95,581,382)
Total net assets	<u>5,463,491,041</u>	<u>1,404,418,618</u>
Non-controlling interest 0.183091% (2015: 0.67133%) of net assets	<u>10,003,160</u>	<u>9,428,284</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	28,774,137,644	23,373,332,515
Acceptance under Letters of Credit -back to back	15,039,415,997	12,850,087,695
	<u>43,813,553,641</u>	<u>36,223,420,210</u>

	<b><u>2016</u></b> <b><u>Taka</u></b>	<b><u>2015</u></b> <b><u>Taka</u></b>
<b>30.2 Letters of guarantee</b>		
Local	<b>12,150,518,547</b>	10,266,430,750
Foreign	<b>3,003,598,053</b>	3,128,810,166
	<b><u>15,154,116,600</u></b>	<b><u>13,395,240,916</u></b>
<b>30.2.1 Balance for which the Bank is contingently liable in respect of guarantee issued favouring:</b>		
Directors or officers	<b>4,857,301</b>	4,783,060
Government	-	-
Banks and other financial institutions	<b>51,189,342</b>	81,078,227
Others	<b>15,098,069,957</b>	13,309,379,629
	<b><u>15,154,116,600</u></b>	<b><u>13,395,240,916</u></b>
<b>30.3 Irrevocable Letters of Credit (L/C)</b>		
Back to back L/C	<b>13,920,027,996</b>	11,323,226,669
Others	<b>18,961,275,681</b>	13,669,153,288
	<b><u>32,881,303,677</u></b>	<b><u>24,992,379,957</u></b>
<b>30.4 Bills for collection</b>		
Local	<b>8,626,271,866</b>	5,856,105,661
Foreign	<b>9,204,033,000</b>	6,956,639,068
	<b><u>17,830,304,866</u></b>	<b><u>12,812,744,729</u></b>
<b>30.5 Other contingent liabilities</b>		
Value of Bangladesh Sanchaypatra & others	<b><u>1,474,684,000</u></b>	<b><u>1,098,459,000</u></b>
<b>31 Income statement</b>		
<b>Income:</b>		
Interest, discount and similar income	<b>21,860,782,434</b>	22,691,325,422
Dividend income	<b>171,780,691</b>	131,633,489
Fees, commission and brokerage	<b>1,716,151,498</b>	1,713,156,821
Gains less losses arising from dealing securities	<b>(92,035,077)</b>	204,718,261
Gains less losses arising from investment securities	<b>62,766,457</b>	15,793,515
Gains less losses arising from dealing in foreign currencies	<b>1,131,546,418</b>	1,010,846,578
Other operating income	<b>630,611,620</b>	518,566,500
	<b><u>25,481,604,041</u></b>	<b><u>26,286,040,586</u></b>
<b>Expenses:</b>		
Interest, fees and commission	<b>12,785,664,559</b>	14,652,724,337
Administrative expenses	<b>2,907,702,764</b>	2,372,891,418
Other operating expenses	<b>1,011,019,434</b>	953,168,351
Depreciation on banking assets	<b>279,400,188</b>	263,312,640
	<b><u>16,983,786,945</u></b>	<b><u>18,242,096,746</u></b>
Income over expenses	<b><u>8,497,817,096</u></b>	<b><u>8,043,943,840</u></b>
<b>32 Consolidated interest income/profit on investments</b>		
Southeast Bank Limited	<b>16,988,878,395</b>	17,918,296,225
Southeast Bank Capital Services Limited	<b>98,716,858</b>	125,781,000
Southeast Financial Services (Australia) Pty Ltd	-	23,843
Southeast Exchange Company (South Africa) Pty Ltd	<b>3,159,897</b>	2,839,532
	<b><u>17,090,755,150</u></b>	<b><u>18,046,940,600</u></b>
Less: Inter company balance eliminated	<b><u>118,428,584</u></b>	<b><u>252,144,639</u></b>
	<b><u>16,972,326,566</u></b>	<b><u>17,794,795,961</u></b>

			<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>33</b>	<b>Interest income/profit on investments</b>	<b>Note</b>		
	<b>Interest on loans and advances (Conventional Banking):</b>			
	Interest on loans and advances		15,723,721,273	16,574,625,488
	Interest on placement with other banks and financial institutions		235,799,541	276,652,770
	Interest on foreign currency balances		41,032,156	15,215,538
			<u>16,000,552,970</u>	<u>16,866,493,796</u>
	<b>Profit on investment (Islamic Banking):</b>			
	Profit on investments		960,821,860	965,947,429
	Profit on placement with other banks		27,503,565	85,855,000
			<u>988,325,425</u>	<u>1,051,802,429</u>
			<u>16,988,878,395</u>	<u>17,918,296,225</u>
<b>34</b>	<b>Consolidated interest paid/profit shared on deposits and borrowings etc.</b>			
	Southeast Bank Limited	35	12,785,664,559	14,652,724,337
	Southeast Bank Capital Services Limited		97,880,488	255,758,304
			<u>12,883,545,047</u>	<u>14,908,482,641</u>
	Less: Inter company balance eliminated		118,428,584	252,144,639
			<u>12,765,116,463</u>	<u>14,656,338,002</u>
<b>35</b>	<b>Interest paid/profit shared on deposits and borrowings etc.</b>			
	<b>Interest paid on deposits (Conventional Banking):</b>			
	Interest on deposits		11,055,657,345	12,622,563,921
	Interest on borrowings		632,784,047	542,801,433
	Interest on repurchase agreement (repo)		17,128,657	72,434,392
	Interest on refinance		6,122,088	10,285,260
	Interest on foreign bank accounts		688,517	194,742
			<u>11,712,380,654</u>	<u>13,248,279,748</u>
	<b>Profit shared on deposits (Islamic Banking):</b>			
	Profit paid on deposits		1,033,652,397	1,343,581,570
	Profit on refinance borrowings		39,631,508	60,863,019
			<u>1,073,283,905</u>	<u>1,404,444,589</u>
			<u>12,785,664,559</u>	<u>14,652,724,337</u>
<b>36</b>	<b>Consolidated investment income</b>			
	Southeast Bank Limited	37	5,014,416,110	5,125,174,462
	Southeast Bank Capital Services Limited		65,190,638	33,362,661
			<u>5,079,606,748</u>	<u>5,158,537,123</u>
<b>37</b>	<b>Investment income</b>			
	Interest income from Government securities	37.1	4,850,203,187	4,773,029,197
	Capital gain on Government securities	37.2	165,315,064	719,429,991
	Revaluation gain (loss) on Government securities	37.3	(257,350,141)	(514,711,730)
	Dividend on investment in shares		171,780,691	131,633,489
	Gain on sale of investment in shares		62,766,457	15,793,515
	Interest income from investment in bonds		21,700,852	-
			<u>5,014,416,110</u>	<u>5,125,174,462</u>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>37.1 Interest income from Government securities</b>			
Interest on treasury bills		50,888,907	239,535,791
Interest on treasury bonds/T&T bonds		5,212,036,586	4,835,121,203
Interest on Bangladesh Bank bills		12,775,336	6,711,914
		<u>5,275,700,829</u>	<u>5,081,368,908</u>
Interest expenses on treasury bills		-	-
Interest expenses on treasury bonds		(425,497,642)	(308,339,711)
		<u>(425,497,642)</u>	<u>(308,339,711)</u>
Net interest income from Government securities		<u>4,850,203,187</u>	<u>4,773,029,197</u>
<b>37.2 Capital gain on Government securities</b>			
Capital gain on treasury bills		33,613,398	98,425,984
Capital gain on treasury bonds/T&T bonds		470,308,910	731,661,716
		<u>503,922,308</u>	<u>830,087,700</u>
Capital loss on treasury bills		(10,522,317)	(8,331,996)
Capital loss on treasury bonds/T&T bonds		(328,084,927)	(102,325,713)
		<u>(338,607,244)</u>	<u>(110,657,709)</u>
Net capital gain on Government securities		<u>165,315,064</u>	<u>719,429,991</u>
<b>37.3 Revaluation gain (loss) on Government securities</b>			
Revaluation gain on treasury bills		34,853,444	25,849,050
Revaluation gain on treasury bonds		1,123,041,580	449,723,766
Revaluation gain on Bangladesh Bank bills		331,058	19,708
		<u>1,158,226,082</u>	<u>475,592,524</u>
Revaluation loss on treasury bills		(36,796,312)	(22,675,968)
Revaluation loss on treasury bonds		(1,378,764,241)	(967,628,286)
Revaluation loss on Bangladesh Bank bills		(15,670)	-
		<u>(1,415,576,223)</u>	<u>(990,304,254)</u>
Net revaluation gain (loss) on Government securities		<u>(257,350,141)</u>	<u>(514,711,730)</u>
<b>38 Consolidated commission, exchange and brokerage</b>			
Southeast Bank Limited	39	2,847,697,916	2,724,003,399
Southeast Bank Capital Services Limited		442,368	154,998
Southeast Financial Services (UK) Ltd		17,672,592	19,999,820
Southeast Financial Services (Australia) Pty Ltd		283,051	715,009
Southeast Exchange Company (South Africa) Pty Ltd		36,939,030	14,584,362
		<u>2,903,034,957</u>	<u>2,759,457,588</u>
<b>39 Commission, exchange and brokerage</b>			
Commission and brokerage		1,716,151,498	1,713,156,821
Exchange gain	39.1	1,131,546,418	1,010,846,578
		<u>2,847,697,916</u>	<u>2,724,003,399</u>
<b>39.1 Exchange gain</b>			
Exchange gain from revaluation/trade of foreign currency		1,084,482,265	979,255,985
Exchange gain from credit card		47,064,153	31,590,593
		<u>1,131,546,418</u>	<u>1,010,846,578</u>



			<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>40</b>	<b>Consolidated other operating income</b>	<b>Note</b>		
	Southeast Bank Limited	41	630,611,620	518,566,500
	Southeast Bank Capital Services Limited		33,385,795	31,107,205
	Southeast Financial Services (UK) Ltd		956,063	1,503,333
	Southeast Financial Services (Australia) Pty Ltd		994,837	5,243
	Southeast Exchange Company (South Africa) Pty Ltd		241,617	109,376
			666,189,932	551,291,657
	Less: Inter company balance eliminated		3,587,040	3,358,080
			<u>662,602,892</u>	<u>547,933,577</u>
<b>41</b>	<b>Other operating income</b>			
	Remittance fees		383,507	232,871
	Service and incidental charges		75,606,799	68,803,075
	Other fees - telephone and postage		48,779,453	41,362,545
	Income from ATM services		23,717,399	14,540,945
	Income from credit card		84,365,797	69,282,425
	Income from retail banking		6,203,956	4,377,757
	Other Fees - SWIFT and others		187,078,571	164,828,036
	Gain on sale of fixed assets	41.1	4,504,032	853,657
	Income from telecash		1,544,548	432,573
	Miscellaneous income		198,427,558	153,852,616
			<u>630,611,620</u>	<u>518,566,500</u>
<b>41.1</b>	<b>Gain on sale of fixed assets</b>			
	<b>Cost:</b>			
	Motor vehicles		1,950,826	2,956,000
	Furniture and fixtures		-	116,769
	Office appliances		43,200	-
	Electrical appliances		1,725,338	1,504,190
			<u>3,719,364</u>	<u>4,576,959</u>
	<b>Accumulated depreciation:</b>			
	Motor vehicles		1,882,200	1,675,067
	Furniture and fixtures		-	41,123
	Office appliances		43,200	-
	Electrical appliances		1,355,117	1,198,015
			<u>3,280,517</u>	<u>2,914,205</u>
	<b>Written down value</b>		<u>438,847</u>	<u>1,662,754</u>
	Sale proceeds of the above fixed assets		4,942,879	2,516,411
	<b>Gain on sale of fixed assets</b>		<u>4,504,032</u>	<u>853,657</u>
<b>42</b>	<b>Consolidated salaries and allowances</b>			
	Southeast Bank Limited	43	1,720,787,663	1,399,383,806
	Southeast Bank Capital Services Limited		8,625,400	11,696,995
	Southeast Financial Services (UK) Ltd		7,711,740	7,853,081
	Southeast Financial Services (Australia) Pty Ltd		333,190	2,039,009
	Southeast Exchange Company (South Africa) Pty Ltd		4,006,523	2,709,032
			<u>1,741,464,516</u>	<u>1,423,681,923</u>
<b>43</b>	<b>Salaries and allowances</b>			
	Basic salary		859,905,510	654,328,225
	Allowances		528,545,144	459,126,067
	Bonus		259,398,089	228,817,202
	Provident fund		72,938,920	57,112,312
			<u>1,720,787,663</u>	<u>1,399,383,806</u>

			<u>2016</u>	<u>2015</u>
		<u>Note</u>	<u>Taka</u>	<u>Taka</u>
<b>44</b>	<b>Consolidated rent, taxes, insurance, electricity etc.</b>			
	Southeast Bank Limited	45	781,507,962	644,286,649
	Southeast Bank Capital Services Limited		16,836,502	8,242,562
	Southeast Financial Services (UK) Ltd		3,811,899	4,140,741
	Southeast Financial Services (Australia) Pty Ltd		377,117	2,938,733
	Southeast Exchange Company (South Africa) Pty Ltd		2,089,838	2,010,145
			804,623,318	661,618,830
	Less: Inter company balance eliminated		3,587,040	3,358,080
			<u>801,036,278</u>	<u>658,260,750</u>
<b>45</b>	<b>Rent, taxes, insurance, electricity etc.</b>			
	Rent, rates and taxes		506,634,063	391,707,570
	Insurance		175,031,301	164,455,956
	Electricity and lighting		99,842,598	88,123,123
			<u>781,507,962</u>	<u>644,286,649</u>
<b>46</b>	<b>Consolidated postage, stamp, telecommunication etc.</b>			
	Southeast Bank Limited	47	165,740,473	146,538,853
	Southeast Bank Capital Services Limited		128,918	142,424
	Southeast Financial Services (UK) Ltd		183,062	310,829
	Southeast Financial Services (Australia) Pty Ltd		21,703	103,425
	Southeast Exchange Company (South Africa) Pty Ltd		376,820	233,647
			<u>166,450,976</u>	<u>147,329,178</u>
<b>47</b>	<b>Postage, stamp, telecommunication etc.</b>			
	Postage		44,488,954	37,338,508
	Telephone /Telex		14,263,286	12,711,247
	Electronic banking service		3,461	125,000
	FC Charge (Nostro)		5,409,679	2,605,770
	VSAT on-line		45,683,245	42,060,483
	Reuters services		1,962,811	1,879,528
	Other Fees - SWIFT and others		53,929,037	49,818,317
			<u>165,740,473</u>	<u>146,538,853</u>
<b>48</b>	<b>Consolidated stationery, printing, advertisements etc.</b>			
	Southeast Bank Limited	49	130,657,839	111,489,118
	Southeast Bank Capital Services Limited		202,117	200,311
	Southeast Financial Services (UK) Ltd		607,780	346,291
	Southeast Financial Services (Australia) Pty Ltd		-	16,844
	Southeast Exchange Company (South Africa) Pty Ltd		766,662	571,405
			<u>132,234,398</u>	<u>112,623,969</u>
<b>49</b>	<b>Stationery, printing, advertisements etc.</b>			
	Office stationery		21,152,613	18,314,078
	Printing stationery		41,971,518	31,346,737
	Security stationery		22,542,957	17,357,258
	Computer stationery		12,055,150	12,003,521
	Publicity and advertisement		32,935,601	32,467,524
			<u>130,657,839</u>	<u>111,489,118</u>

			<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>50</b>	<b>Managing Director's salary and fees</b>			
	Basic salary		4,793,333	3,900,000
	House rent		1,497,500	1,200,000
	House maintenance		895,833	600,000
	Leave fare concession		1,497,500	1,200,000
	Utility		595,000	-
	Special allowance		895,834	900,000
	Bonus		1,800,000	1,650,000
			<u>11,975,000</u>	<u>9,450,000</u>
<b>51</b>	<b>Consolidated directors' fees</b>			
	Southeast Bank Limited	52	2,697,276	2,610,734
	Southeast Bank Capital Services Limited		215,000	40,000
			<u>2,912,276</u>	<u>2,650,734</u>
<b>52</b>	<b>Directors' fees</b>			
	Directors' fees		2,344,000	1,649,000
	Directors' haltage and travelling		353,276	961,734
			<u>2,697,276</u>	<u>2,610,734</u>
Each Director is paid TK. 8,000/-from 15 October 2015 per meeting per attendance.				
<b>53</b>	<b>Consolidated auditors' fees</b>			
	Southeast Bank Limited		1,000,000	1,000,000
	Southeast Bank Capital Services Limited		40,000	40,000
	Southeast Exchange Company (South Africa) Pty Ltd		559,917	-
			<u>1,599,917</u>	<u>1,040,000</u>
<b>54</b>	<b>Consolidated depreciation and repair</b>			
	Depreciation:			
	Southeast Bank Limited	55	279,400,188	263,312,640
	Southeast Bank Capital Services Limited		27,190,185	14,093,586
	Southeast Financial Services (UK) Ltd		888,708	1,091,829
	Southeast Financial Services (Australia) Pty Ltd		152,406	497,887
	Southeast Exchange Company (South Africa) Pty Ltd		1,039,886	981,349
			<u>308,671,373</u>	<u>279,977,291</u>
	Repair:			
	Southeast Bank Limited	55	93,336,551	58,132,258
	Southeast Bank Capital Services Limited		1,255,742	673,000
	Southeast Financial Services (UK) Ltd		100,822	161,603
	Southeast Financial Services (Australia) Pty Ltd		-	10,893
	Southeast Exchange Company (South Africa) Pty Ltd		238,245	221,626
			<u>94,931,360</u>	<u>59,199,380</u>
			<u>403,602,733</u>	<u>339,176,671</u>
<b>55</b>	<b>Depreciation and repair of bank's assets</b>			
	A. Depreciation:			
	Buildings		53,357,385	48,619,767
	Furniture and fixtures		61,317,791	56,984,104
	Professional and reference books		-	95,360
	Office appliances		1,238,052	1,062,247
	Computer		19,968,426	13,529,237
	Electrical appliances		107,395,523	100,824,170
	ATM Booth		20,857,361	21,141,517
	Motor vehicles		15,265,650	21,056,238
			<u>279,400,188</u>	<u>263,312,640</u>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
B. Repair:			
Furniture and fixtures		35,969,647	5,754,714
Office and electrical appliances		23,976,704	21,824,795
Motor vehicles		4,258,022	3,640,520
Repair, maintenance and utilities		29,132,178	26,912,229
		93,336,551	58,132,258
<b>Total (C=A+B)</b>		<b>372,736,739</b>	<b>321,444,898</b>
<b>56 Consolidated other expenses</b>			
Southeast Bank Limited	57	1,010,435,457	951,884,557
Southeast Bank Capital Services Limited		5,369,534	3,462,957
Southeast Financial Services (UK) Ltd		4,359,925	3,423,049
Southeast Financial Services (Australia) Pty Ltd		12,489	89,168
Southeast Exchange Company (South Africa) Pty Ltd		9,179,052	10,546,788
Adjustment for impairment loss of investment in subsidiary		58,000,000	(95,000,000)
		1,087,356,457	874,406,519
<b>57 Other expenses</b>			
Security and cleaning		148,841,877	127,232,340
Entertainment		116,860,733	46,674,147
Car expenses		164,676,795	130,489,223
Books and periodicals		898,728	976,679
Subscription and donation		115,669,497	60,498,693
Travelling expenses		11,164,330	9,859,639
Finance charge on leased assets		3,035,011	4,944,097
Conveyance		12,223,285	11,633,629
Fuel		8,897,361	8,397,740
Training/seminar		5,739,140	3,448,952
Uniforms and apparels		5,307,757	4,007,760
Medical expenses		104,721	74,702
Gratuity		45,000,000	62,000,000
Professional expenses		6,360,999	6,839,375
Expenses for CIB report		714,180	544,370
Expenses regarding credit card		38,096,943	50,265,397
Expenses regarding retail banking & agriculture		72,976,339	60,970,927
Expenses regarding call centre		1,281,797	937,221
Expenses relating to ATM services		14,747,512	3,788,855
Expenses regarding mobile banking services-Telecash		8,001,219	2,926,838
Impairment loss from investment in subsidiary		(58,000,000)	95,000,000
Miscellaneous		287,837,233	260,373,973
		1,010,435,457	951,884,557
<b>58 Consolidated provision for diminution in value of investments</b>			
Southeast Bank Limited	59	(364,779,225)	274,155,492
Southeast Bank Capital Services Limited		(38,821,526)	(4,673,593)
		(403,600,751)	269,481,899
<b>59 Provision for diminution in value of investments</b>			
Dealing securities- Quoted			
Required provision for the year	9.7	905,705,624	1,725,241,065
Provision has already been maintained last year		(1,725,241,065)	(1,457,858,600)
Provision released for disposal of shares during the year		454,756,216	6,773,027
Provision maintained during the year		(364,779,225)	274,155,492

			<u>2016</u>	<u>2015</u>
		<u>Note</u>	<u>Taka</u>	<u>Taka</u>
<b>60</b>	<b>Consolidated provision for taxation</b>			
Current tax:				
Southeast Bank Limited	61		2,765,000,000	2,300,000,000
Southeast Bank Capital Services Limited			19,740,876	7,590,516
Southeast Exchange Company (South Africa) Pty Ltd			5,812,250	477,988
			<u>2,790,553,126</u>	<u>2,308,068,504</u>
Deferred tax:				
Southeast Bank Limited	61		65,000,000	140,000,000
Southeast Exchange Company (South Africa) Pty Ltd			(28,735)	-
			<u>64,971,265</u>	<u>140,000,000</u>
			<u>2,855,524,391</u>	<u>2,448,068,504</u>
<b>61</b>	<b>Provision for taxation</b>			
Current tax			2,765,000,000	2,300,000,000
Deferred tax			65,000,000	140,000,000
			<u>2,830,000,000</u>	<u>2,440,000,000</u>
<b>62</b>	<b>Consolidated cash received from other operating activities</b>			
Southeast Bank Limited	63		626,107,588	517,712,843
Southeast Bank Capital Services Limited			29,798,755	27,749,126
Southeast Financial Services (UK) Ltd			956,063	1,503,333
Southeast Financial Services (Australia) Pty Ltd			994,837	5,243
Southeast Exchange Company (South Africa) Pty Ltd			241,617	109,375
			<u>658,098,860</u>	<u>547,079,920</u>
<b>63</b>	<b>Cash received from other operating activities</b>			
Remittance fees			383,507	232,871
Service and incidental charges			75,606,799	68,803,075
Other Fees-Telephone and Postage			48,779,453	41,362,545
Income from ATM services			23,717,399	14,540,945
Income from Credit Card			84,365,797	69,282,425
Other Fees - SWIFT and others			187,078,571	164,828,036
Income from Retail Banking			6,203,956	4,377,757
Income from Telecash			1,544,548	432,573
Miscellaneous income			198,427,558	153,852,616
			<u>626,107,588</u>	<u>517,712,843</u>
<b>64</b>	<b>Consolidated payments for other operating activities</b>			
Southeast Bank Limited	65		2,134,111,013	1,820,501,267
Southeast Bank Capital Services Limited			24,047,813	12,801,254
Southeast Financial Services (UK) Ltd			9,063,488	8,382,513
Southeast Financial Services (Australia) Pty Ltd			411,309	3,159,063
Southeast Exchange Company (South Africa) Pty Ltd			3,471,565	3,036,823
			<u>2,171,105,188</u>	<u>1,847,880,920</u>

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>65</b>	<b>Payments for other operating activities</b>		
Rent rates and taxes		864,196,369	754,051,071
Postage		165,740,473	146,538,853
Directors' fees		2,697,276	2,610,734
Repairs		93,336,551	58,132,258
Legal expense		583,977	1,283,794
Audit fees		1,000,000	1,000,000
Other expenses		1,006,556,367	856,884,557
		<u>2,134,111,013</u>	<u>1,820,501,267</u>
		<u>2016</u>	<u>2015</u>
<b>66</b>	<b>Consolidated earnings per share</b>		
Net profit after tax for the year ended 31 December (Taka)		2,434,965,442	3,070,132,933
Number of ordinary shares outstanding		916,950,176	916,950,176
Earnings per share (EPS) (Taka)		2.66	3.35
<b>67</b>	<b>Earnings per share</b>		
Net profit after tax for the year ended 31 December (Taka)		2,416,371,223	3,082,479,520
Number of ordinary shares outstanding		916,950,176	916,950,176
Earnings per share (EPS) (Taka)		2.64	3.36

**68 Group entities**

Name of subsidiary	Country of incorporation	Ownership interest %	
		2016	2015
Southeast Bank Capital Services Limited	Bangladesh	99.816909	99.32867
Southeast Financial Services (UK) Ltd	England and Wales	100	100
Southeast Financial Services (Australia) Pty Ltd	Australia	100	100
Southeast Exchange Company (South Africa) Pty Ltd	South Africa	100	100

**69 General**

**69.1 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 lastly re-constituted by the Board of Directors in its 486th meeting held on 11 April 2016. The membership and attendance of the members of the Audit Committee are given below:

Sl. no.	Name	Position	Meetings held	Attendance	Remarks
1	Mr. A.H.M. Moazzem Hossain (Independent Director)	Chairman	5	5	a) The Members who could not attend any meeting were granted leave of absence.
2	Mrs. Duluma Ahmed	Member	5	4	b) Ms. Rehana Rahman was appointed as member of the Audit Committee on 11-04-2016.
3	Mrs. Jusna Ara Kashem	Member	5	5	c) Ms. Sirat Monira ceased to be member of the Audit Committee on 11-04-2016.
4	Mrs. Rehana Rahman	Member	5	4	d) Dr. Quazi Mesbahuddin Ahmed was appointed as member of the Audit Committee on 11-04-2016.
5	Mrs. Sirat Monira	Member	5	1	
6	Dr. Quazi Mesbahuddin Ahmed (Independent Director)	Member	5	3	

On invitation, Senior Executives of the Bank including the Managing Director, Chief Financial Officer (CFO), Head of Internal Control and Compliance and Head of Bank's 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 with the committee	Educational Qualification
1	Mr. A.H.M. Moazzem Hossain	Chairman	MA in Economics
2	Mrs. Duluma Ahmed	Member	Graduate
3	Mrs. Jusna Ara Kashem	Member	HSC
4	Mrs. Rehana Rahman	Member	Graduate
5	Mrs. Sirat Monira	Member	MSS
6	Dr. Quazi Mesbahuddin Ahmed	Member	B.A (Hons), M.A., MEC, MSC., Ph. D. in Economics

### Terms of reference of the Audit Committee

- i) Mr. A.H.M. Moazzem Hossain, in his capacity as the Independent Director, shall be the Chairman of the Audit Committee.
- ii) Presence of 03 (three) members shall form quorum.
- iii) The tenure of office of the Audit Committee shall be for 3 years.
- iv) The Company Secretary shall act as Secretary to the Audit Committee.
- v) 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.SEC/CMRRCD/2006-158/134/Admin 144 dated 07 August, 2012 of Bangladesh Securities and Exchange Commission (BSEC).
- vi) 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 of rules of both the Bank and its regulators.

### 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 company.
- 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, corporate governance, internal control, green banking, and environmental and climate change risks. The added roles of the Audit Committee are to:

- i) Overseeing the financial reporting process.
- ii) Monitoring choice of accounting policies and principles.
- iii) Monitoring Internal Control Risk management process.
- iv) Overseeing hiring and performance of external auditors.
- v) Review the annual financial statements before submission to the Board for approval.
- vi) Reviewing the quarterly and half yearly financial statements before submission to the Board for approval.
- vii) Reviewing the adequacy of internal audit functions.
- viii) Reviewing statement of significant related party transactions submitted by the management.
- ix) Reviewing Management Letters/ Letter of internal control weakness issued by external auditors.
- x) Reviewing the raising of fund through repeat public offering/ rights issue and its use and application.
- xi) Monitoring internal control process.
- xii) Maintaining oversight regulatory compliance, ethics and whistleblower hotlines.
- xiii) Reviewing Audit Committee's own terms of reference.

## 69.2 Risk Management Committee of the Board of Directors of the Bank

The Bank Company (Amendment) Act-2013, inter alia, provided for constitution of a Risk Management Committee of the Board of Directors of every Bank. Bangladesh Bank issued BRPD Circular No.11 dated October 27, 2013 delineating, among other things, the composition and functions of the Risk Management Committee especially in the areas of Bank's core risk-related issues.

### Feature and composition

The Board of Directors of the Bank in its 486th meeting held on April 11, 2016 re-constituted the Risk Management Committee comprising the following Directors of the Bank. One Independent Director was included in the Committee. The membership of the Risk Management Committee of the Board of Directors of the Bank and members' attendance in its meetings in 2016 are 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. Ragib Ali (Ceased to be Director on and from March 8, 2017)	Member	4	3	
3	Mr. M. A. Kashem	Member	4	4	
4	Mr. Azim Uddin Ahmed	Member	4	4	
5	Mr. A. H. M. Moazzem Hossain (Independent Director)	Member	4	4	



### Structure of the Risk Management Committee (RMC)

- i) The Chairman of the Board of Directors of the Bank shall be the chairman of the RMC.
- ii) Presence of 3 (three) members in a meeting of the Committee shall form quorum.
- iii) The Company Secretary of the Bank shall act as the Secretary to the RMC.

### Functions of the Risk Management Committee

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

- i) Risk assessment and risk control strategy.
- ii) Review of risk policy and its approval.
- iii) Review of the information kept by the Management of the Bank and approval of reporting system.
- iv) Overseeing the overall implementation of Risk Management Policy of the Bank.
- v) Reporting its decisions and recommendations to the Board.
- vi) Overseeing the implementation of related guidelines issued by the regulatory bodies from time to time.

### 69.3 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 2016	% of shares as at 31 Dec 2015
1	Mr. Alamgir Kabir, FCA	Chairman	226, Dilu Road, New Eskaton, Dhaka	2.18%	2.15%
2	Mr. Ragib Ali (Ceased to be Director on and from March 8, 2017)	Vice Chairman	House No.06, Road No.76, Gulshan, Dhaka	3.06%	3.06%
3	Mr. M. A. Kashem	Director	73/C, Gulshan Avenue, 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. Duluma Ahmed	Director	Plot No.51, Road No.09, Block-F, Banani, Dhaka	2.08%	2.08%
6	Mrs. Jusna Ara Kashem	Director	73/C, Gulshan Avenue, Dhaka-1212	2.00%	2.00%
7	Mr. Md. Akikur Rahman	Director	Sonarpara, Nobarun-227, Sylhet	2.01%	2.01%
8	Mrs. Rehana Rahman	Director	House No.10, Road No.68, Gulshan, Dhaka	2.06%	2.00%
9	Mrs. Sirat Monira	Director	226, Dilu Road (Ground Floor), New Eskaton, Dhaka	0.01%	0.01%
10	Karnafuli Tea Company Limited (Represented by Mr. Abdul Hye) (Ceased to be Director on and from March 8, 2017)	Director	67, Motijheel C/A (2nd floor), Dhaka-1000	0.02%	0.02%
11	Mr. A. H. M. Moazzem Hossain	Independent Director	Apartment # A-16, Building # 03, Ramna Estate Complex, Bara Moghbazar, Dhaka-1217	-	-
12	Dr. Quazi Mesbahuddin Ahmed	Independent Director	Flat No.C/3, House No.01, Road No.36, Gulshan, Dhaka-1212	-	-
13	Mr. M. Kamal Hossain	Managing Director (Current Charge)	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". But Mrs. Sirat Monira and Mr. Abdul Hye holds 0.01% and 0.02% respectively of total outstanding share who became Director(s) from B Group i.e. public shareholders.

### 69.3.1 Related party transactions

During the year 2016, 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	
			2016	2015	2016	2015
			Taka	Taka	Taka	Taka
Asia Insurance Ltd.	Common Director	Insurance coverage	48,939,025	51,428,563	-	-
Southeast Bank Capital Services Limited	Subsidiary company	Share capital	4,000,000,000	500,000,000	5,489,930,000	1,489,930,000
		Interest	118,428,584	252,144,639	-	-
		Loan	-	-	10,674	2,863,903,191
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	36,297	-	25,063,712	25,027,415
Southeast Exchange Company (South Africa) Pty Ltd	Subsidiary company	Share capital	-	-	50,103,110	50,103,110

### 69.3.2 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				
Rajnagar Tea Company Ltd.	Mr. Ragib Ali	Director	Bank Guarantee	41,349	Regular
	Mr. Abdul Hye				
	(Both of them ceased to be Director on and from March 8, 2017)				
The Sylhet Tea Co. Ltd.	Mr. Ragib Ali	Director	Bank Guarantee	32,891	Regular
	Mr. Abdul Hye				
	(Both of them ceased to be Director on and from March 8, 2017)				
Mr. M.A. Kashem	Mr. M. A. Kashem	Director	Credit Card	93,329	Regular
Mr. Azim Uddin Ahmed	Mr. Azim Uddin Ahmed	Director	Credit Card	153,846	Regular
Mrs. Duluma Ahmed	Mrs. Duluma Ahmed	Director	Credit Card	46,948	Regular
Mrs. Suraiya Begum	Mr. Alamgir Kabir, FCA	Chairmans' wife	Credit Card	110,961	Regular
Ms. Sultana Kashem	Mr. M. A. Kashem	Directors' daughter	Credit Card	77,627	Regular
Ms. Farzana Azim	Mr. Azim Uddin Ahmed	Directors' daughter	Credit Card	106,676	Regular
Mr. Mamun Azim	Mr. Azim Uddin Ahmed	Directors' son	Credit Card	169,441	Regular

The Bank complies with the requirements of the section 26 (c) of the Banking Companies Act 1991 as amended in 2013 in connection to the transactions executed with persons related to the Banks.

### 69.4 Events after the reporting period

The Board of Directors in its 511 th meeting held on 8 April 2017 has recommended a cash dividend @ 20% subject to the approval of the shareholders at the next Annual General Meeting.

The Board of Directors also decided to issue Right Share at the rate of 1:2 (i.e. one Right Share for every two existing shares of Tk.10 each held by a shareholder) with a premium of Tk. 2.50 only for each new share (i.e. one Right Share price shall be Tk.12.50 only) subject to the approval of the regulatory authorities and the shareholders in the 8th Extra-Ordinary General Meeting scheduled to be held on 22 May 2017.

#### 69.5 Number of employees

The number of employees engaged for the whole year or part thereof in 2016 who received a total yearly remuneration of Tk 36,000 or above were 2,616. The total number of employees were 2,376 in 2015.

#### 69.6 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 2016 was Tk. 18.70 (2015: Tk.17.60) for each Tk.10 per value of share at DSE and Tk. 18.80 (2015: Tk.17.70) for each Tk.10 per value of share at CSE.

#### 69.7 Pattern of Shareholding

Breakup of shareholding pattern as per clause 1.5 (xxi) of Securities and Exchange Commission notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 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 Financial Services (Australia) Pty Ltd	100% owned by Southeast Bank Limited
4	Southeast Exchange Company (South Africa) Pty Ltd	100% owned by Southeast Bank Limited

#### 69.8 Highlights on the overall activities of the Bank

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

## Southeast Bank Limited

**Highlights on the overall activities  
as at and for the year ended 31 December 2016**

Sl. no.	Particulars		2016	2015
1	Paid-up capital	Taka	9,169,501,760	9,169,501,760
2	Total capital	Taka	34,021,136,400	28,490,491,729
3	Capital surplus	Taka	4,349,974,549	3,930,383,753
4	Total assets	Taka	291,993,002,059	260,253,042,164
5	Total deposits	Taka	230,533,702,113	210,435,774,704
6	Total loans and advances/investments	Taka	189,364,957,468	169,378,858,711
7	Total contingent liabilities and commitments	Taka	111,153,962,784	88,522,244,812
8	Credit deposit ratio		82.14%	80.49%
9	Percentage of classified loans/investments against total loans and advances/investments		4.89%	4.25%
10	Profit after tax and provision	Taka	2,416,371,223	3,082,479,520
11	Amount of classified loans/investments	Taka	9,257,788,205	7,193,823,963
12	Provisions kept against classified loans/investments	Taka	3,728,284,306	2,323,288,081
13	Provision surplus/(deficit) against classified loans/investments	Taka	1,312,478,062	209,665,693
14	Cost of fund		7.32%	8.81%
15	Interest earning assets	Taka	251,553,828,013	225,988,551,344
16	Non-interest earning assets	Taka	40,439,174,046	34,264,490,820
17	Return on investment (ROI)		0.93%	1.32%
18	Return on assets (ROA) [PAT/ Average assets]		0.88%	1.24%
19	Income from investment	Taka	5,014,416,110	5,125,174,462
20	Capital adequacy		12.18%	11.60%
21	Dividends			
	a) Stock dividends		0%	0%
	b) Cash dividends		20%	15%
22	Earnings per share	Taka	2.64	3.36
23	Net income per share	Taka	2.64	3.36
24	Price earning ratio	Times	7.12	5.25

**Southeast Bank Limited**  
**Consolidated Liquidity Statement**  
**(Assets and liabilities maturity analysis)**  
**as at 31 December 2016**

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets:</b>						
Cash in hand	2,982,948,068	-	-	-	14,852,500,000	17,835,448,068
Balance with other banks and financial institutions	1,410,277,967	1,416,332,618	1,218,610,829	-	-	4,045,221,414
Money at call and on short notice	4,271,344,100	-	-	-	-	4,271,344,100
Investments	7,292,224,953	9,127,300,000	4,816,887,000	19,382,607,972	21,112,614,535	61,731,634,460
Loans and advances/investments	46,034,740,306	24,223,469,746	54,241,232,848	44,881,367,857	22,484,778,480	191,865,589,237
Fixed assets including premises, furniture and fixtures	-	-	-	1,885,539,884	7,061,622,672	8,947,162,556
Other assets	1,403,482,450	617,595,142	153,037,756	925,212,857	2,282,039	3,101,610,244
Non banking assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>63,395,017,844</b>	<b>35,384,697,506</b>	<b>60,429,768,433</b>	<b>67,074,728,570</b>	<b>65,513,797,726</b>	<b>291,798,010,079</b>
<b>Liabilities:</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	892,887,819	1,254,200,000	3,530,377,350	1,526,995,340	8,167,174,573	15,371,635,082
Deposits	50,366,426,737	41,786,500,000	74,864,100,000	46,774,400,000	16,182,002,113	229,973,428,850
Provision and other liabilities	2,981,521,116	745,000,000	11,194,204,409	4,998,658,798	-	19,919,384,323
<b>Total liabilities (B)</b>	<b>54,240,835,672</b>	<b>43,785,700,000</b>	<b>89,588,681,759</b>	<b>53,300,054,138</b>	<b>24,349,176,686</b>	<b>265,264,448,255</b>
<b>Net liquidity gap (A - B)</b>	<b>9,154,182,172</b>	<b>(8,401,002,494)</b>	<b>(29,158,913,326)</b>	<b>13,774,674,432</b>	<b>41,164,621,040</b>	<b>26,533,561,824</b>

## Southeast Bank Limited

**Liquidity Statement**  
**(Assets and liabilities maturity analysis)**  
**as at 31 December 2016**

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets:</b>						
Cash in hand	2,978,740,659	-	-	-	14,852,500,000	17,831,240,659
Balance with other banks and financial institutions	1,410,100,000	1,350,000,000	1,218,610,829	-	-	3,978,710,829
Money at call and on short notice	4,271,344,100	-	-	-	-	4,271,344,100
Investments	5,015,600,000	9,127,300,000	4,816,887,000	19,382,607,972	21,112,614,535	59,455,009,507
Loans and advances/investments	43,534,108,537	24,223,469,746	54,241,232,848	44,881,367,857	22,484,778,480	189,364,957,468
Fixed assets including premises, furniture and fixtures	-	-	-	1,552,064,028	7,061,622,672	8,613,686,700
Other assets	1,403,482,450	476,007,673	153,037,756	925,212,857	5,520,312,060	8,478,052,796
Non banking assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>58,613,375,746</b>	<b>35,176,777,419</b>	<b>60,429,768,433</b>	<b>66,741,252,714</b>	<b>71,031,827,747</b>	<b>291,993,002,059</b>
<b>Liabilities:</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	885,200,000	1,254,200,000	3,530,377,350	1,526,995,340	8,167,174,573	15,363,947,263
Deposits	50,926,700,000	41,786,500,000	74,864,100,000	46,774,400,000	16,182,002,113	230,533,702,113
Provision and other liabilities	2,981,521,116	745,000,000	10,847,308,138	4,998,658,798	-	19,572,488,052
<b>Total liabilities (B)</b>	<b>54,793,421,116</b>	<b>43,785,700,000</b>	<b>89,241,785,488</b>	<b>53,300,054,138</b>	<b>24,349,176,686</b>	<b>265,470,137,428</b>
<b>Net liquidity gap (A - B)</b>	<b>3,819,954,630</b>	<b>(8,608,922,581)</b>	<b>(28,812,017,055)</b>	<b>13,441,198,576</b>	<b>46,682,651,061</b>	<b>26,522,864,631</b>

**Southeast Bank Limited**  
**Balance with other banks-Outside Bangladesh (Nostro Account)**  
**as at 31 December 2016**

Name of the Bank	2016				2015		
	Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
<b>Interest bearing:</b>							
Standard Chartered Bank, New York, USA	USD	1,015,610.14	78.71	79,939,791	2,074,735	78.50	162,867,320
Arab Bangladesh Bank Ltd., Mumbai, India	ACUD	432,119.26	78.71	34,012,582	203,167	78.50	15,948,685
Citibank AG, Frankfurt, Germany	EUR	36,068.63	82.25	2,966,473	(56,507)	85.82	(4,849,259)
Citibank, NA, New York, USA	USD	156,523.91	78.71	12,320,169	79,366	78.50	6,230,285
Habib American Bank, New York, USA	USD	692,658.73	78.71	54,519,931	196,719	78.50	15,442,516
ICICI Bank Ltd., Mumbai, India	ACUD	42,328.00	78.71	3,331,684	40,009	78.50	3,140,691
JP Morgan Chase Bank, New York, USA	USD	1,841,719.53	78.71	144,963,770	545,203	78.50	42,798,605
Sonali Bank (UK) Ltd.	USD	689,715.16	78.71	54,288,239	1,311,958	78.50	102,989,122
Sonali Bank (UK) Ltd.	GBP	166,028.47	96.44	16,012,566	69,718	116.38	8,114,118
Sonali Bank (UK) Ltd.	EUR	29,696.19	82.25	2,442,369	55,612	85.82	4,772,406
Standard Chartered Bank, Kolkata, India	ACUD	65,438.38	78.71	5,150,727	210,165	78.50	16,498,010
Standard Chartered Bank, London, UK	GBP	370,224.75	96.44	35,706,219	89,545	116.38	10,421,686
Standard Chartered Bank, New York OBU	USD	31,798.85	78.71	2,502,922	331,126	78.50	25,993,493
Wells Fargo Bank, N.A., New York, USA	USD	548,311.14	78.71	43,158,173	217,790	78.50	17,096,588
Mashreq Bank PSC, New York, USA	USD	4,814,367.68	78.71	378,944,176	6,829,341	78.50	536,105,342
Mashreq Bank, Mumbai, India	ACUD	176,293.87	78.71	13,876,284	206,139	78.50	16,181,958
Mashreq Bank, Mumbai, India	ACUEUR	15,550.78	82.25	1,278,977	75,363	85.82	6,467,370
		<b>11,124,453.47</b>		<b>885,415,055</b>	<b>12,479,450</b>		<b>986,218,936</b>
<b>Non-interest bearing:</b>							
Al Rajhi Bank, Saudi Arabia	SAR	268,459.79	20.97	5,629,316	98,145	20.91	2,052,043
Bank of Bhutan, Pheuntsholing, Bhutan	ACUD	79,192.56	78.71	6,233,334	38,143	78.50	2,994,202
Bank of Nova Scotia, Toronto, Canada	CAD	-	-	-	44,494	56.58	2,517,501
Commerz Bank AG, Frankfurt, Germany	EUR	60,156.37	82.25	4,947,574	6,979	85.82	598,944
Commerz Bank AG, Frankfurt, Germany	USD	499,621.86	78.71	39,325,786	530,992	78.50	41,682,998
Habib Bank AG Zurich, Zurich, Switzerland	CHF	23,870.21	76.68	1,830,346	24,593	79.37	1,951,850
Habib Metropolitan Bank Ltd., Karachi, Pakistan	ACUD	365,510.81	78.71	28,769,758	56,157	78.50	4,408,327
HDFC Bank, Mumbai, India	ACUD	1,066,318.55	78.71	83,931,106	690,928	78.50	54,238,086
Mashreq Bank PSC, Dubai, UAE	AED	104,068.79	21.43	2,229,915	6,758	21.37	144,445
National Australia Bank Ltd., Melbourne, Australia	AUD	136,211.42	56.72	7,725,805	382,355	57.32	21,916,941
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	ACUD	48,150.10	78.71	3,789,947	30,026	78.50	2,357,015
Standard Chartered Bank, Colombo, Sri Lanka	ACUD	202,791.23	78.71	15,961,921	117,713	78.50	9,240,541
Standard Chartered Bank, Mumbai (AEB), India	ACUD	25,255.00	78.71	1,987,849	25,255	78.50	1,982,525
Habib Allied Intl Bank, UK	EUR	73,250.00	82.25	6,024,463	-	-	-
Bank of Tokyo-Mitsubishi, JPY	YEN	1,863,915.73	0.68	1,258,241	-	-	-
U.B.A.F., Tokyo, Japan	YEN	-	-	-	8,409,247	0.65	5,482,794
United Bank Limited, Karachi, Pakistan	ACUD	162,281.68	78.71	12,773,370	3,684	78.50	289,179
Zuercher Kantonal Bank, Zurich, Switzerland	CHF	140,645.46	76.68	10,784,568	137,907	79.37	10,945,034
		<b>5,119,700</b>		<b>233,203,299</b>	<b>10,603,375</b>		<b>162,802,425</b>
		<b>16,244,153</b>		<b>1,118,618,354</b>	<b>23,082,824</b>		<b>1,149,021,361</b>

**Southeast Bank Limited**  
**Details of Large Loan**  
**as at 31 December 2016**

	<u>2016</u>	<u>2015</u>
Number of clients	<b>25</b>	28
Amount of outstanding advances (Amount in million Taka)	<b>86,912.40</b>	77,807.30
Amount of classified advances (Amount in million Taka)	<b>NIL</b>	NIL
Measures taken for recovery (Taka)	<b>NIL</b>	NIL

Client-wise break up is as follows:

Sl. no.	Name of clients	(Amount in million Taka)					
		Outstanding as at 31 December 2016			Outstanding as at 31 December 2015		
		Funded	Non funded	Total	Funded	Non funded	Total
1	Abul Khair Group	69.60	2,266.40	2,336.00	1,060.30	2,414.80	3,475.10
2	ACS Textiles (Bangladesh) Limited and its related concerns	2,128.50	1,207.50	3,336.00	2,236.90	1,701.10	3,938.00
3	Bashundhara Group	1,301.10	3,558.60	4,859.70	2,124.80	965.50	3,090.30
4	Designer Fashion Ltd. and its related concerns (Formerly named as Designer Jeans Ltd.)	799.00	521.30	1,320.30	838.50	616.00	1,454.50
5	Caixa Bank, S.A. LA Caixa	-	-	-	-	2,802.30	2,802.30
6	Capital Banani One Ltd. and its related concerns	4,872.80	-	4,872.80	4,347.40	-	4,347.40
7	Cassiopea Fashion Ltd. and its related concerns	488.60	1,591.20	2,079.80	446.90	1,139.80	1,586.70
8	Crown Wears (Pvt.) Ltd. and its related concerns	499.70	3,568.10	4,067.80	464.70	2,139.90	2,604.60
9	Deshbandhu Sugar Mills Ltd. and its related concerns	3,929.80	2,645.10	6,574.90	3,800.70	2,508.70	6,309.40
10	Grameen Phone Limited	-	1,146.60	1,146.60	-	893.70	893.70
11	Irish Design Limited and its related concerns	670.20	1,383.70	2,053.90	601.30	1,064.60	1,665.90
12	Jaj Bhuiyan Textiles mills and its related concerns	2,301.00	55.80	2,356.80	1,918.00	665.60	2,583.60
13	KDS Group	-	-	-	160.90	569.00	729.90
14	Keya Group	3,512.10	5,614.50	9,126.60	3,419.00	2,500.30	5,919.30
15	Aaron Denim Limited and its related concerns	2,261.80	890.20	3,152.00	2,007.70	544.00	2,551.70
16	Maksons Spinning Mills Ltd.	2,341.60	2,095.90	4,437.50	2,493.30	184.00	2,677.30
17	Meghna Group	-	6,778.50	6,778.50	277.60	3,483.00	3,760.60
18	Mother Steel Ltd. and its related concerns	701.30	452.90	1,154.20	486.20	20.10	506.30
19	N. R. Group	390.70	1,366.80	1,757.50	290.30	1,013.90	1,304.20
20	Partex Group	1,033.70	2,412.20	3,445.90	1,307.90	1,792.10	3,100.00
21	S. Alam Super Edible Oil Ltd.	-	-	-	179.60	3,975.80	4,155.40
22	Yunusco (BD) Limited and its related concerns (Formerly named as Shore to Shore (BD) Ltd.)	1,263.10	1,640.30	2,903.40	764.80	1,355.00	2,119.80
23	Southeast Bank Capital Services Ltd.	-	-	-	3,099.70	-	3,099.70
24	T. K. Group	-	3,182.20	3,182.20	-	2,936.80	2,936.80
25	Rupayan Housing Estate Limited and its related concerns	4,554.80	2.10	4,556.90	3,406.00	-	3,406.00
26	Chittagong Asian Apparels Ltd. and its related concerns	1,748.30	1,765.90	3,514.20	1,600.40	910.60	2,511.00
27	Snowtex Apparels Limited and its related concerns	1,897.90	1,427.50	3,325.40	1,047.40	1,053.10	2,100.50
28	Generation Next Fashions Limited	975.40	1,280.90	2,256.30	1,092.80	1,084.50	2,177.30
29	Designtex Fashions Limited and its related concerns	1,006.40	1,310.80	2,317.20	-	-	-
	<b>Total</b>	<b>38,747.40</b>	<b>48,165.00</b>	<b>86,912.40</b>	<b>39,473.10</b>	<b>38,334.20</b>	<b>77,807.30</b>



**Southeast Bank Limited**  
**Schedule of fixed assets including premises, furniture and fixtures**  
**as at 31 December 2016**

Particulars	Cost/Revaluation					Rate of dep. %	Depreciation				Written down value as at 31 December
	Balance as at 1 January	Additions during the year	Revalued during the year	Disposal during the year	Balance as at 31 December		Balance as at 1 January	Charged during the year	Adjustment for disposal during the year	Balance as at 31 December	
	Taka	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	
<b>Own assets</b>											
Office:											
Land	5,348,446,725	426,590,588	-	-	5,775,037,313	-	-	-	-	-	5,775,037,313
Buildings	1,524,312,748	374,675,170	-	-	1,898,987,918	4%	357,278,241	53,357,385	-	410,635,626	1,488,352,292
Furniture and fixtures	884,008,982	131,043,614	-	(688,484)	1,014,364,112	10%	340,229,712	61,052,193	388,407	401,670,312	612,693,800
Office appliances	12,142,094	2,094,619	-	(43,240)	14,193,473	20%	7,660,051	1,238,052	(43,239)	8,854,864	5,338,609
Computer	113,605,311	66,786,729	-	-	180,392,040	20%	40,537,969	19,968,426	1,725,555	62,231,950	118,160,090
Electrical appliances	987,214,210	106,702,539	-	(5,667,158)	1,088,249,591	20%	527,652,280	105,691,837	(4,162,526)	629,181,591	459,068,000
ATM Booth	158,100,064	20,880,439	-	(4,234,350)	174,746,153	20%	59,176,131	20,857,361	109,441	80,142,933	94,603,220
Professional and reference books	-	-	-	-	-	30%	-	-	-	-	-
Motor vehicles	45,215,426	18,257,400	-	(68,626)	63,404,200	20%	11,714,144	10,448,440	-	22,162,584	41,241,616
	<b>9,073,045,560</b>	<b>1,147,031,098</b>	<b>-</b>	<b>(10,701,858)</b>	<b>10,209,374,800</b>		<b>1,344,248,528</b>	<b>272,613,694</b>	<b>(1,982,362)</b>	<b>1,614,879,860</b>	<b>8,594,494,940</b>
<b>Residence of executives:</b>											
Furniture and fixtures	3,704,290	550,000	-	-	4,254,290	10%	1,342,120	265,597	(45,826)	1,561,891	2,692,399
Electrical Appliances	17,619,983	3,275,000	-	(833,303)	20,061,680	20%	10,290,466	1,703,686	(658,885)	11,335,267	8,726,413
	<b>21,324,273</b>	<b>3,825,000</b>	<b>-</b>	<b>(833,303)</b>	<b>24,315,970</b>		<b>11,632,586</b>	<b>1,969,283</b>	<b>(704,711)</b>	<b>12,897,158</b>	<b>11,418,812</b>
	<b>9,094,369,833</b>	<b>1,150,856,098</b>	<b>-</b>	<b>(11,535,161)</b>	<b>10,233,690,770</b>		<b>1,355,881,114</b>	<b>274,582,977</b>	<b>(2,687,073)</b>	<b>1,627,777,018</b>	<b>8,605,913,752</b>
<b>Leased assets</b>											
Furniture and fixtures	106,026,227	-	-	-	106,026,227	10%	106,026,227	-	-	106,026,227	-
Motor vehicles	76,331,617	-	-	(9,438,242)	66,893,375	20%	63,741,460	4,817,210	(9,438,243)	59,120,427	7,772,948
	<b>182,357,844</b>	<b>-</b>	<b>-</b>	<b>(9,438,242)</b>	<b>172,919,602</b>		<b>169,767,687</b>	<b>4,817,210</b>	<b>(9,438,243)</b>	<b>165,146,654</b>	<b>7,772,948</b>
Balance as at 31 December 2016	<b>9,276,727,677</b>	<b>1,150,856,098</b>	<b>-</b>	<b>(20,973,403)</b>	<b>10,406,610,372</b>		<b>1,525,648,801</b>	<b>279,400,187</b>	<b>(12,125,316)</b>	<b>1,792,923,672</b>	<b>8,613,686,700</b>
Balance as at 31 December 2015	9,029,980,257	273,691,222	-	(26,943,802)	9,276,727,677		1,268,806,637	263,312,640	(6,470,475)	1,525,648,802	7,751,078,875

**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	Asia Insurance Limited	Director	6.40%
			National Life Insurance Co. Ltd.	Independent Director	Nil
2	Mr. Ragib Ali (Ceased to be Director on and from March 8, 2017)	Vice Chairman	The Sylhet Tea Co. Limited	Managing Director	21.46%
			Rajnagar Tea Co. Limited	Do	41.66%
			Union Syndicate Limited	Do	22.55%
			Doloi Tea Co. Limited	Chairman	99.98%
			Panchaghar Tea Co. Limited	Do	25.76%
3	Mr. M. A. Kashem	Director	Rose Corner (Pvt.) Limited	Chairman	50.00%
4	Mr. Azim Uddin Ahmed	Director	Mutual Food Products Ltd.	Managing Director	44.78%
			Mutual Milk Products Ltd.	Do	52.00%
			Mutual Trading Co. Limited	Chairman & Managing Director	71.30%
5	Mrs. Duluma Ahmed	Director	Mutual Food Products Ltd.	Chairman	31.78%
			Mutual Milk Products Ltd.	Do	16.00%
			Mutual Trading Co. Limited	Director	12.96%
6	Mrs. Jusna Ara Kashem	Director	Rose Corner (Pvt) Ltd.	Director	20.00%
7	Mr. Md. Akikur Rahman	Director	-	-	Nil
8	Mrs. Rehana Rahman	Director	Bengal Tradeways Limited	Managing Director	74.61%
9	Mrs. Sirat Monira	Director	-	-	Nil
10	Karnafuli Tea Company Limited (Represented by Mr. Abdul Hye) (Ceased to be Director on and from March 8, 2017)	Director	-	-	Nil
11	Mr. A.H.M. Moazzem Hossain	Independent Director	International Publication Ltd. (Owning company of the Financial Express)	Director	1.33%
12	Dr. Quazi Mesbahuddin Ahmed	Independent Director	-	-	Nil
13	Mr. M. Kamal Hossain	Managing Director (Current Charge)	-	-	Nil

**Southeast Bank Limited**  
**Islamic Banking Branches**

**Balance Sheet**  
**As at 31 December 2016**

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b><u>PROPERTY AND ASSETS</u></b>			
<b>Cash</b>	1		
In hand (including foreign currencies)		138,891,477	85,651,425
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		885,846,050	835,234,394
		1,024,737,527	920,885,819
<b>Balance with other banks and financial institutions</b>	2		
In Bangladesh		300,122,666	221,110
Outside Bangladesh		-	-
		300,122,666	221,110
<b>Money at call and on short notice</b>		-	-
<b>Investments in shares and securities</b>	3		
Government		650,000,000	640,000,000
Others		2,887,364,353	3,174,173,488
		3,537,364,353	3,814,173,488
<b>Investments</b>	4		
General Investments etc.		8,965,151,558	12,211,769,601
Bills purchased and discounted		326,049,485	158,940,930
		9,291,201,043	12,370,710,531
<b>Fixed assets including premises, furniture and fixtures</b>	5	20,834,669	21,977,545
<b>Other assets</b>	6	6,431,807,594	7,756,135,005
<b>Non - banking assets</b>		-	-
<b>Total assets</b>		<u>20,606,067,852</u>	<u>24,884,103,498</u>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	7	1,500,000,000	-
<b>Deposits and other accounts</b>	8		
Current/AI-wadeeah current accounts and other accounts		1,308,121,942	1,030,499,965
Bills payable		333,143,196	105,260,070
Savings bank/Mudaraba savings bank deposits		1,663,579,436	5,130,145,722
Fixed deposits/Mudaraba fixed deposits		13,435,727,150	15,752,155,994
		16,740,571,724	22,018,061,751
<b>Other liabilities</b>	9	2,365,496,128	2,866,041,747
<b>Total liabilities</b>		<u>20,606,067,852</u>	<u>24,884,103,498</u>
<b><u>OFF-BALANCE SHEET ITEMS</u></b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	10.1	849,894,171	1,190,152,160
Letters of guarantee	10.2	908,652,217	711,261,320
Irrevocable letters of credit	10.3	727,081,836	674,363,740
Bills for collection	10.4	1,013,397,994	894,904,882
Other contingent liabilities		-	-
		<u>3,499,026,218</u>	<u>3,470,682,102</u>

**Southeast Bank Limited**  
**Islamic Banking Branches**

**Profit and Loss Account**  
**For the year ended 31 December 2016**

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
Profit on investments	11	1,871,410,563	2,301,101,633
Profit shared on deposits and borrowings etc.	12	(1,073,283,905)	(1,448,561,806)
<b>Net profit on investments</b>		<b>798,126,658</b>	<b>852,539,827</b>
Commission, exchange and brokerage	13	71,521,015	59,885,760
Other operating income	14	27,758,952	26,078,464
		<b>99,279,967</b>	<b>85,964,224</b>
<b>Total operating income (A)</b>		<b>897,406,625</b>	<b>938,504,051</b>
Salaries and allowances	15	78,885,814	65,896,637
Rent, taxes, insurance, electricity etc.	16	37,555,015	28,818,708
Legal expenses		36,500	16,450
Postage, stamp, telecommunication etc.	17	8,217,481	7,476,055
Stationery, printing, advertisements etc.	18	3,273,577	3,331,088
Depreciation and repair of bank's assets	19	7,415,589	6,063,055
Other expenses	20	26,177,936	23,641,527
<b>Total operating expenses (B)</b>		<b>161,561,912</b>	<b>135,243,520</b>
<b>Profit before provision (C=A-B)</b>		<b>735,844,713</b>	<b>803,260,531</b>
Provision for investments	9.1	(56,358,307)	66,516,369
General provision		440,905,620	(233,058,135)
Specific provision		384,547,313	(166,541,766)
Provision for off-balance sheet items	9.2	283,441	(399,591,185)
Provision for diminution in value of investments	9.3	(587,847,712)	722,967,262
<b>Total provision (D)</b>		<b>(203,016,958)</b>	<b>156,834,311</b>
<b>Total profit before tax (C-D)</b>		<b>938,861,671</b>	<b>646,426,220</b>

**Southeast Bank Limited**  
**Islamic Banking Branches**

**Notes to the Financial Statements**  
**as at and for the year ended 31 December 2016**

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>1 Cash</b>			
In hand:			
Local currency		138,859,993	85,572,925
Foreign currencies		31,484	78,500
		<b>138,891,477</b>	85,651,425
Balance with Bangladesh Bank:			
Local currency		870,294,183	834,839,164
Foreign currencies		-	-
		<b>870,294,183</b>	834,839,164
Balance with Sonali Bank Limited (as agent of Bangladesh Bank):			
Local currency		15,551,867	395,230
		<b>885,846,050</b>	835,234,394
		<b>1,024,737,527</b>	920,885,819

- 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.

The statutory Cash Reserve Ratio on the Shariah-based Islamic Bank's demand and time liabilities at the rate of minimum 6.0% on daily basis and 6.50% 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 (6.50% of average Demand and Time Liabilities)	815,652,913	783,041,796
Actual reserve held (Average daily on bi-weekly basis):	870,294,183	834,839,164
Surplus	54,641,270	51,797,368

**b) Statutory Liquidity Ratio (SLR) for Islamic Banking**

Required reserve (5.50 % of average Demand and Time Liabilities)	690,167,850	662,573,830
Actual reserve held	859,075,477	777,844,023
Surplus	168,907,627	115,270,193

Held for Statutory Liquidity Ratio of Islamic Banking:

Cash in hand	138,891,477	85,651,425
Balance with agent bank (Sonali Bank Ltd.) as per statement	15,543,000	395,230
Excess cash reserve	54,641,000	51,797,368
Government Securities (HTM)	650,000,000	640,000,000
	<b>859,075,477</b>	777,844,023

	<u>Note</u>	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>2 Balance with other banks and financial institutions</b>			
In Bangladesh	2.1	300,122,666	221,110
Outside Bangladesh		-	-
		<u>300,122,666</u>	<u>221,110</u>
<b>2.1 In Bangladesh</b>			
Current account with:			
Sonali Bank Limited		740	740
		<u>740</u>	<u>740</u>
Savings deposits account with:			
EXIM Bank Limited		-	110,557
Social Investment Bank Limited		-	108,679
		-	219,236
Short term deposits account with:			
Sonali Bank Limited		1,134	1,134
EXIM Bank Limited		120,792	-
		<u>121,926</u>	<u>1,134</u>
Fixed deposits with other banks:			
Social Islami Bank Limited		300,000,000	-
		<u>300,000,000</u>	<u>-</u>
		<u>300,122,666</u>	<u>221,110</u>
<b>3 Investments in shares and securities</b>			
Bangladesh Government Islamic Bond		650,000,000	640,000,000
Others	3.1	2,887,364,353	3,174,173,488
		<u>3,537,364,353</u>	<u>3,814,173,488</u>
<b>3.1 Others</b>			
Shares in listed companies		2,887,364,353	3,174,173,488
Shares in un-listed companies		-	-
		<u>2,887,364,353</u>	<u>3,174,173,488</u>
Provision for diminution in the market value of shares		(722,164,321)	(1,310,012,033)
		<u>2,165,200,032</u>	<u>1,864,161,456</u>
<b>3.2 Investments classified as per Bangladesh Bank Circular</b>			
Held to maturity (HTM)		650,000,000	640,000,000
Other securities		2,887,364,353	3,174,173,488
		<u>3,537,364,353</u>	<u>3,814,173,488</u>
<b>3.3 Cost and market value of investments</b>			
<b>3.3.1 Government securities</b>			
	<u>2016</u>	<u>2015</u>	
	<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	650,000,000	650,000,000	640,000,000
	<u>650,000,000</u>	<u>650,000,000</u>	<u>640,000,000</u>
<b>3.3.2 Others (Investment in shares)</b>			
	<u>2016</u>	<u>2015</u>	
	<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	2,162,953,949	2,887,364,353	3,174,173,488
Shares in un-listed companies	-	-	-
	<u>2,162,953,949</u>	<u>2,887,364,353</u>	<u>3,174,173,488</u>

### 3.4 Market price, cost price and related provision of investments as on 31 December 2016

Name of the Company	2016		Differences (Provision to be Required)
	Market price	Cost price	
	Taka	Taka	
1 Bay Leasing & Investment Limited	306,804,803	643,319,328	(336,514,525)
2 EXIM Bank 1st Mutual Fund	91,050,036	93,296,119	-
3 EXIM Bank Limited	338,449,996	696,815,163	(358,365,167)
4 Lafarge Surma Cement Ltd.	131,028,398	155,264,542	(24,236,144)
5 National Life Insurance Co. Limited	456,695,360	397,735,353	58,960,007
6 Titas Gas Trans. Co. Ltd.	89,160,973	92,298,169	(3,137,196)
7 RN Spinning	3,446,079	4,459,649	(1,013,570)
8 Premier Cement Mills Limited	40,032,240	48,428,204	(8,395,964)
9 Prime Finance Limited	7,884,394	26,958,933	(19,074,539)
10 Premier Leasing & Finance Limited	18,234,930	26,902,718	(8,667,788)
11 Generation Next Fashion Limited	37,121,088	65,982,996	(28,861,908)
12 Union Capital Limited	12,218,995	14,012,426	(1,793,431)
13 Bangladesh LAMPS LTD	12,740,943	16,791,948	(4,051,005)
14 Bangladesh Submarine Cable Co. Ltd.	31,913,837	46,266,367	(14,352,530)
15 Delta Life Insurance Limited	55,206,866	99,456,628	(44,249,762)
16 Aftab Automobiles Limited	61,249,892	94,751,115	(33,501,223)
17 Global Heavy Chemicals Limited	24,917,992	34,247,190	(9,329,198)
18 Fuwang Food	160,000	125,956	34,044
19 Delta Spinners Limited	2,577,850	3,719,475	(1,141,625)
20 Envoy Textile Mills Ltd.	839,244	1,157,799	(318,555)
21 Meghna Petroleum Limited	11,955,946	16,651,636	(4,695,690)
22 ACME Laboratories Limited	285,575,400	151,004,255	134,571,145
23 Matin Spinning Mills Limited	11,400,720	14,044,434	(2,643,714)
24 Ifad Autos	400,800	324,726	76,074
25 Aman Feed Ltd.	13,708,854	14,321,866	(613,012)
26 ACI Formulation	11,109,984	11,887,880	(777,896)
27 IPDC Finance Ltd.	6,998,445	7,044,521	(46,076)
28 Phoenix Finance & Investment Ltd.	6,160,100	6,268,931	(108,831)
29 BSC	4,702,000	4,699,724	2,276
30 Fuwang Ceramic	1,829,100	1,592,344	236,756
31 S ALAM	3,730,000	4,004,908	(274,908)
32 LankaBangla Finance Limited	8,799,562	8,579,814	219,748
33 Saif Power Tec Ltd.	34,991,612	35,704,991	(713,379)
34 BSRM Limited	12,760,000	17,059,559	(4,299,559)
35 ShahjiBazar Power Company Ltd.	27,097,510	32,184,686	(5,087,176)
	<b>2,162,953,949</b>	<b>2,887,364,353</b>	<b>(722,164,321)</b>
Actual provision			<b>722,164,321</b>
Surplus/(deficit)			<b>-</b>

### 4 Investments

Investments	4.1	<b>8,965,151,558</b>	12,211,769,601
Bills purchased and discounted	4.2	<b>326,049,485</b>	158,940,930
		<b>9,291,201,043</b>	<b>12,370,710,531</b>

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>4.1 Investments</b>		
In Bangladesh		
Demand Investment	242,699,956	39,653,688
Bai-Muajjal (Time) Investment	310,841,197	259,042,064
Bai-Muajjal Time under CCS	55,960,365	45,738,419
Bai-Murabaha-BLC	32,499,080	6,738,157
Bai-Murabaha-LTR	476,095,001	1,199,083,998
Bai-Salam (PACKING CREDIT)	84,436,201	73,641,542
Staff House Building Investment	8,362,607	6,328,219
Export Development Fund (EDF) against LC	633,716,266	394,527,668
Investment against Cash Incentive	17,327,114	9,932,898
Bai-Muajjal - Investment	3,269,956,321	6,350,895,335
Murabaha - Investment	624,262,832	562,799,707
Hire purchase - Investment	3,208,994,618	3,263,282,206
Izarah - Investment	-	105,700
	<b>8,965,151,558</b>	<b>12,211,769,601</b>
Outside Bangladesh	-	-
	<b>8,965,151,558</b>	<b>12,211,769,601</b>
<b>4.2 Bills purchased and discounted</b>		
In Bangladesh	248,139,426	140,539,241
Outside Bangladesh	77,910,059	18,401,689
	<b>326,049,485</b>	<b>158,940,930</b>
<b>5 Fixed assets including premises, furniture and fixtures</b>		
Cost:		
Furniture and fixture	20,161,166	18,414,466
Office Appliances	81,620	581,620
Electrical Appliances	26,276,457	24,355,701
Motor Vehicles	2,620,000	2,620,000
ATM Booth	3,915,270	4,820,105
	<b>53,054,513</b>	<b>50,791,892</b>
Less: Accumulated depreciation		
Furniture and fixture	11,270,813	9,812,806
Office Appliances	81,618	504,737
Electrical Appliances	18,515,303	16,642,945
Motor Vehicles	611,339	87,334
ATM Booth	1,740,771	1,766,525
	<b>32,219,844</b>	<b>28,814,347</b>
Written down value as at 31 December	<b>20,834,669</b>	<b>21,977,545</b>
<b>6 Classification of other assets</b>		
i) Stationery, stamps, printing materials, etc.	600,598	642,187
ii) Advance rent and advertisement	31,963,867	15,877,032
iii) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	5,791,241	131,241
iv) Security deposits	69,460	69,460
v) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses	4,154,592	3,335,680
vii) Suspense account	2,404,214	5,034,090
viii) Silver	-	-
ix) Head office general account	6,384,977,192	7,728,329,525
X) Others	1,846,430	2,715,790
	<b>6,431,807,594</b>	<b>7,756,135,005</b>



	<b>Note</b>	<b>2016 Taka</b>	<b>2015 Taka</b>
<b>7 Borrowing from other banks, financial institutions and agents</b>			
In Bangladesh	7.1	1,500,000,000	-
Outside Bangladesh		-	-
		<b>1,500,000,000</b>	<b>-</b>
<b>7.1 In Bangladesh</b>			
<b>Secured</b>			
Borrowing against securities from Bangladesh Bank		1,500,000,000	-
		<b>1,500,000,000</b>	<b>-</b>
<b>Unsecured</b>		-	-
		<b>1,500,000,000</b>	<b>-</b>
<b>8 Deposits and other accounts</b>			
<b>Al-wadeeah current accounts and other accounts</b>			
Al-wadeeah current deposits		386,612,640	365,847,770
Foreign currency deposits		25,072,729	26,757,443
Sundry deposits		896,436,573	637,894,752
		<b>1,308,121,942</b>	<b>1,030,499,965</b>
<b>Bills payable</b>			
Payment order issued		332,989,460	105,081,077
T.T. payable		100,700	125,707
Demand draft		53,036	53,286
		<b>333,143,196</b>	<b>105,260,070</b>
<b>Mudaraba savings bank deposits</b>		<b>1,663,579,436</b>	<b>5,130,145,722</b>
<b>Mudaraba fixed deposits</b>			
Mudaraba fixed deposits		11,682,637,461	13,951,911,085
Mudaraba Special notice deposits		675,707,267	625,271,927
Scheme deposits		981,521,681	1,015,417,570
Interest Payable on FDR/Scheme		95,860,741	159,555,412
		<b>13,435,727,150</b>	<b>15,752,155,994</b>
		<b>16,740,571,724</b>	<b>22,018,061,751</b>
<b>9 Other liabilities</b>			
Provision for investments	9.1	1,023,189,841	637,201,528
Provision for off-balance sheet exposures	9.2	34,990,262	34,706,821
Interest suspense account		123,540,202	135,050,659
Obligation under finance lease		-	-
Accrued expenses		1,003,044	85,000
Interest payable on borrowings		4,001,370	-
Accounts payable - Bangladesh Bank		-	-
Accounts payable - others		1,568,524	979,793
Provision for diminution in the market value of share	9.2	722,164,321	1,310,012,033
Provision for other assets		-	-
Unearned income		388,476,342	680,406,920
Withholding tax		66,562,222	67,598,993
		<b>2,365,496,128</b>	<b>2,866,041,747</b>
<b>9.1 A. General provision for investments</b>			
Balance as at 1 January		124,744,414	58,228,045
Provision made during the year		-	66,516,369
		<b>124,744,414</b>	<b>124,744,414</b>
Adjustments made during the year		(56,358,307)	-
Balance as at 31 December		<b>68,386,107</b>	<b>124,744,414</b>

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>B. Specific provision for investments</b>		
Balance as at 1 January	512,457,114	745,515,249
Recoveries of amounts previously written off	1,441,000	-
Provision made during the year	440,905,620	-
	954,803,734	745,515,249
Adjustments made during the year	-	(233,058,135)
Balance as at 31 December	954,803,734	512,457,114
<b>C. Total provision on investments (C=A+B)</b>	<b>1,023,189,841</b>	<b>637,201,528</b>
<b>9.2 Provision for off-balance sheet exposures</b>		
Balance as at 1 January	34,706,821	434,298,006
Provision made during the year	283,441	-
	34,990,262	434,298,006
Adjustments made during the year	-	(399,591,185)
Balance as at 31 December	34,990,262	34,706,821
<b>9.3 Provision for diminution in the market value of share</b>		
Balance as at 1 January	1,310,012,033	587,044,771
Provision made during the year	-	722,967,262
	1,310,012,033	1,310,012,033
Adjustments made during the year	(587,847,712)	-
Balance as at 31 December	722,164,321	1,310,012,033
<b>10 Contingent liabilities</b>		
<b>10.1 Acceptances and endorsements</b>		
Acceptance under Letters of credit - Import	267,075,882	654,937,680
Acceptance under Letters of credit - Export	582,818,289	535,214,480
	849,894,171	1,190,152,160
<b>10.2 Letters of guarantee</b>		
Local	790,957,217	692,391,320
Foreign	117,695,000	18,870,000
	908,652,217	711,261,320
<b>10.2.1 Balance for which the Bank is contingently liable in respect of guarantee issued favouring:</b>		
Directors or officers	-	-
Government	-	-
Banks and other financial institutions	-	-
Others	908,652,217	711,261,320
	908,652,217	711,261,320
<b>10.3 Irrevocable letters of credit (L/C)</b>		
Back to back L/C	328,505,407	375,225,832
Others	398,576,429	299,137,908
	727,081,836	674,363,740

	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>10.4 Bills for collection</b>		
Local	519,166,618	599,526,326
Foreign	494,231,376	295,378,556
	<u>1,013,397,994</u>	<u>894,904,882</u>
<b>11. Profit on investment</b>		
Demand investment	9,166,698	3,135,713
Bai-Muajjal (Time) investment	29,191,073	19,315,006
Bai-Muajjal time under CCS	6,076,491	5,678,947
Bai-Murabaha-BLC	7,132,582	5,038,070
Bai-Murabaha-LTR	78,329,760	164,424,716
Bai-Salam (PACKING CREDIT)	8,598,552	6,648,440
Staff house building investment	257,208	316,890
Staff car loan investment	166,130	464,143
Investment against cash incentive	1,707,058	994,744
Bai-Muajjal - Investment	403,072,130	453,633,383
Murabaha - Investment	56,450,361	63,004,321
Hire purchase - Investment	323,550,262	211,452,358
Izarah - Investment	-	54,106
Quard against MTDR	-	14,659
Interest on savings accounts	18,524	-
Interest on special term deposit STD	3,300,000	-
Bills purchased and discounted	37,123,554	31,771,932
Interest on placement with other banks	24,185,041	85,855,000
Interest branch interest income	883,085,139	1,249,299,205
	<u>1,871,410,563</u>	<u>2,301,101,633</u>
<b>12. Profit shared on deposits and borrowings etc.</b>		
Profit shared on deposits (Islamic Banking Branch):		
Mudaraba Savings Deposits (MSB)	80,923,783	187,470,478
Mudaraba Short Term Deposits (MSTD)	49,073,389	24,810,112
Mudaraba Fixed Term Deposits (MFDR)	903,655,225	1,131,300,980
Interest on Re-finance borrowings	39,631,508	60,869,206
Inter Branch interest expenses	-	44,111,030
	<u>1,073,283,905</u>	<u>1,448,561,806</u>
<b>13 Commission, exchange and brokerage</b>		
Commission and brokerage	60,283,607	52,899,859
Exchange gain	11,237,408	6,985,901
	<u>71,521,015</u>	<u>59,885,760</u>
<b>14 Other operating income</b>		
Remittance fees	351,761	201,481
Service and incidental charges	5,547,600	5,326,747
Other fees-telephone and postage	2,831,104	2,178,043
Income from retail banking	84,480	262,683
Other fees - SWIFT	8,362,968	7,483,894
Miscellaneous income	10,581,039	10,625,616
	<u>27,758,952</u>	<u>26,078,464</u>

		<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
<b>15</b>	<b>Salaries and allowances</b>		
	Basic salary	39,540,655	30,882,057
	Allowances	24,090,710	21,143,291
	Bonus	11,770,082	11,100,653
	Provident fund	3,484,367	2,770,636
		<u>78,885,814</u>	<u>65,896,637</u>
<b>16</b>	<b>Rent, taxes, insurance, electricity etc.</b>		
	Rent, rates and taxes	23,940,299	15,990,000
	Insurance	9,316,439	8,800,826
	Electricity and lighting	4,298,277	4,027,882
		<u>37,555,015</u>	<u>28,818,708</u>
<b>17</b>	<b>Postage, stamp, telecommunication etc.</b>		
	Postage	2,150,441	1,916,248
	Telephone /Telex	411,530	475,698
	VSAT on-line	2,241,596	2,199,119
	SWIFT services	3,413,914	2,884,990
		<u>8,217,481</u>	<u>7,476,055</u>
<b>18</b>	<b>Stationery, printing, advertisements etc.</b>		
	Office stationery	862,027	767,155
	Printing stationery	1,147,213	1,497,034
	Security stationery	1,001,573	785,199
	Computer stationery	250,094	278,842
	Publicity and advertisement	12,670	2,858
		<u>3,273,577</u>	<u>3,331,088</u>
<b>19</b>	<b>Depreciation and repair of bank's assets</b>		
	<b>Depreciation:</b>		
	Furniture and fixtures	873,253	1,003,308
	Office appliances	-	-
	Electrical appliances	1,712,153	2,104,553
	Motor vehicles	524,004	87,334
	ATM Booth	592,011	453,255
		<u>3,701,421</u>	<u>3,648,450</u>
	<b>Repair:</b>		
	Furniture and fixtures	318,002	368,175
	Office and electrical appliance	1,933,309	1,269,593
	Repair and maintenance computers	172,965	197,200
	Motor vehicles	106,130	98,040
	Repair, maintenance and utilities	1,183,762	481,597
		<u>3,714,168</u>	<u>2,414,605</u>
		<u>7,415,589</u>	<u>6,063,055</u>

	<b><u>2016</u></b> <b><u>Taka</u></b>	<b><u>2015</u></b> <b><u>Taka</u></b>
<b>20 Other expenses</b>		
Security and cleaning	<b>5,511,574</b>	4,793,648
Entertainment	<b>1,509,768</b>	1,296,432
Car expenses	<b>6,697,612</b>	5,961,640
Books and periodicals	<b>33,272</b>	35,426
Subscription and donation	<b>55,000</b>	3,000
Travelling expenses	<b>564,269</b>	389,550
Conveyance	<b>321,351</b>	264,590
Fuel	<b>187,131</b>	121,480
Uniforms and apparels	<b>187,949</b>	156,837
Loss on sale of fixed assets	<b>44,498</b>	-
Finance charge on leased assets	<b>-</b>	523,489
Expenses for CIB report	<b>6,370</b>	4,080
Expenses regarding retail banking	<b>18,800</b>	202,058
Miscellaneous	<b>11,040,342</b>	9,889,297
	<b><u>26,177,936</u></b>	<b><u>23,641,527</u></b>

**Southeast Bank Limited**  
**Off-Shore Banking Unit, Bangladesh**

**Balance Sheet**  
**As at 31 December 2016**

		2016		2015
	<u>Note</u>	<u>USD</u>	<u>Taka</u>	<u>Taka</u>
<b><u>PROPERTY AND ASSETS</u></b>				
<b>Cash</b>				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		-	-	-
		-	-	-
<b>Balances with other banks and financial institutions</b>	3			
In Bangladesh		393,079	30,939,647	25,288,318
Outside Bangladesh		31,799	2,502,922	25,993,493
		424,878	33,442,569	51,281,811
		-	-	-
<b>Money at Call and on short notice</b>				
<b>Investments</b>				
Government		-	-	-
Others		-	-	-
		-	-	-
<b>Loans and advances</b>	4			
Loans, cash credit & overdrafts etc.		22,435,600	1,765,930,769	1,254,004,353
Bills purchased and discounted		57,950,547	4,561,351,334	3,643,187,365
		80,386,147	6,327,282,103	4,897,191,718
<b>Fixed assets including premises, furniture and fixtures</b>	5	21,601	1,700,220	2,118,263
<b>Other assets</b>	6	159,516	12,555,735	14,505,983
<b>Non-banking assets</b>		-	-	-
<b>Total assets</b>		<u>80,992,142</u>	<u>6,374,980,627</u>	<u>4,965,097,775</u>
<b><u>LIABILITIES AND CAPITAL</u></b>				
<b>Liabilities</b>				
<b>Borrowings from other banks, financial institutions and agents</b>	7	77,405,000	6,092,632,695	4,795,975,829
<b>Deposits and other accounts</b>	8			
Current accounts and other accounts		66,230	5,213,018	8,845,370
Bills payable		-	-	-
Savings bank deposits		-	-	-
Fixed deposits		210,847	16,595,974	13,142,470
		277,077	21,808,992	21,987,840
<b>Other liabilities</b>	9	1,050,221	82,342,885	63,371,404
<b>Total liabilities</b>		<u>78,732,298</u>	<u>6,196,784,572</u>	<u>4,881,335,073</u>
<b>Capital/shareholders' equity</b>				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Other reserves		-	-	-
Foreign currency losses		-	-	-
Retained earnings	10	2,259,844	178,196,055	83,762,702
<b>Total shareholders' equity</b>		<u>2,259,844</u>	<u>178,196,055</u>	<u>83,762,702</u>
<b>Total liabilities and shareholders' equity</b>		<u>80,992,142</u>	<u>6,374,980,627</u>	<u>4,965,097,775</u>

**Southeast Bank Limited**  
**Off-Shore Banking Unit, Bangladesh**

**Balance Sheet**  
**As at 31 December 2016**

	<b>2016</b>		<b>2015</b>
<b><u>Note</u></b>	<b><u>USD</u></b>	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b><u>OFF-BALANCE SHEET ITEMS</u></b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	-	-	156,738,710
Letters of guarantee	-	-	-
Irrevocable letters of credit	115,439	9,086,309	33,235,820
Bills for collection	2,427,026	191,033,922	22,613,972
	<b>2,542,465</b>	<b>200,120,231</b>	<b>212,588,502</b>
	-	-	-
<b>Other commitments</b>			
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	-	-	-
Claims against the Bank not acknowledged as debt	-	-	-
	-	-	-
<b>Other memorandum items</b>			
Value of travelers' cheques on hand	-	-	-
Value of Bangladesh Sanchay Patra on hand	-	-	-
<b>Total off-balance sheet items including contingent liabilities</b>	<b>2,542,465</b>	<b>200,120,231</b>	<b>212,588,502</b>

**Southeast Bank Limited**  
**Off-Shore Banking Unit, Bangladesh**

**Profit and Loss account**  
**For the year ended 31 December 2016**

	<u>Note</u>	<u>2016</u>		<u>2015</u>
		<u>USD</u>	<u>Taka</u>	<u>Taka</u>
Interest income	11	4,046,078	317,159,565	219,271,868
Interest paid on deposits and borrowings etc.	12	(2,731,554)	(214,118,055)	(158,653,769)
<b>Net interest income</b>		<b>1,314,524</b>	<b>103,041,510</b>	60,618,099
Commission, exchange & brokerage	13	189,999	14,893,415	8,119,730
Other operating income	13.1	89,495	7,015,243	4,687,108
		<b>279,494</b>	<b>21,908,658</b>	12,806,838
<b>Total operating income (A)</b>		<b>1,594,018</b>	<b>124,950,168</b>	73,424,937
Salaries and allowances	14	45,786	3,589,013	3,258,804
Rent, taxes, insurance, electricity etc.	15	12,243	959,695	854,789
Legal expenses		44	3,449	699,603
Postage, stamp, telecommunication	16	15,003	1,176,104	1,076,393
Stationery, printing, advertisements etc.	17	1,610	126,208	114,076
Depreciation and repair of bank's assets	18	5,891	461,737	414,823
Other expenses	19	138,296	10,840,461	8,130,434
<b>Total operating expenses (B)</b>		<b>218,873</b>	<b>17,156,667</b>	14,548,922
<b>Operating profit (C=A-B)</b>		<b>1,375,145</b>	<b>107,793,501</b>	58,876,015
Provision for loans and advances				
General provision	9.1	182,337	14,292,821	30,569,299
Specific provision		-	-	-
		<b>182,337</b>	<b>14,292,821</b>	30,569,299
Provision for diminution in value of investments		-	-	-
Other provisions	9.2	(1,656)	(124,682)	186,385
<b>Total provision (D)</b>		<b>180,681</b>	<b>14,168,139</b>	30,755,684
<b>Total profit before tax (C-D)</b>		<b>1,194,464</b>	<b>93,625,362</b>	28,120,331



**Southeast Bank Limited**  
**Off-shore Banking Unit (OBU)**  
**Notes to the Financial Statements**  
**as at and for the year ended 31 December 2016**

**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. The Bank presently has 2 (two) OBUs – one at Export Processing Zone, Dhaka and the other at Export Processing Zone, Chittagong.

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 Bangladesh Financial Reporting Standards (BFRS).

**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. 78.7111 (closing rate as at 31 December 2016) and Tk. 78.3869 (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.

**3 Balance with other banks and financial institutions**

	<u>Note</u>	<u>2016</u>		<u>2015</u>
		<u>USD</u>	<u>Taka</u>	<u>Taka</u>
In Bangladesh	3.1	393,079	30,939,647	25,288,318
Outside Bangladesh	3.2	31,799	2,502,922	25,993,493
		<u>424,878</u>	<u>33,442,569</u>	<u>51,281,811</u>

	<u>Note</u>	<u>2016</u>		<u>2015</u>
		<u>USD</u>	<u>Taka</u>	<u>Taka</u>
<b>3.1 In Bangladesh</b>				
Southeast Bank Limited		393,079	30,939,647	25,288,318
Other commercial bank		-	-	-
		<u>393,079</u>	<u>30,939,647</u>	<u>25,288,318</u>
<b>3.2 Outside Bangladesh (current account)</b>				
Standard Chartered Bank, New York		31,799	2,502,922	25,993,493
<b>4 Loans and advances</b>				
Loans, cash credit, overdrafts etc.	4.1	22,435,600	1,765,930,769	1,254,004,353
Bills purchased and discounted	4.2	57,950,547	4,561,351,334	3,643,187,365
		<u>80,386,147</u>	<u>6,327,282,103</u>	<u>4,897,191,718</u>
<b>4.1 Loans, cash credit, overdrafts etc.</b>				
In Bangladesh		-	-	-
Outside Bangladesh	4.1.1	22,435,600	1,765,930,769	1,254,004,353
		<u>22,435,600</u>	<u>1,765,930,769</u>	<u>1,254,004,353</u>
<b>4.1.1 Outside Bangladesh</b>				
Time loan		5,341,060	420,400,688	541,122,980
Term loan		16,050,898	1,263,383,837	638,664,332
Overdraft		37,109	2,920,921	2,949,219
Advance-LTR		1,006,533	79,225,323	71,267,822
		<u>22,435,600</u>	<u>1,765,930,769</u>	<u>1,254,004,353</u>
<b>4.2 Bills purchased and discounted</b>				
In Bangladesh		-	-	-
Outside Bangladesh		57,950,547	4,561,351,334	3,643,187,365
		<u>57,950,547</u>	<u>4,561,351,334</u>	<u>3,643,187,365</u>
<b>5 Fixed assets including premises, furniture and fixtures</b>				
Cost:				
Furniture and fixtures		40,730	3,205,905	3,157,511
Electrical appliances		21,014	1,654,017	1,649,587
		61,744	4,859,922	4,807,098
Less: Accumulated depreciation				
Furniture and fixtures		21,803	1,716,144	1,490,283
Electrical appliances		18,340	1,443,558	1,198,552
		40,143	3,159,702	2,688,835
Written down value as at 31 December		<u>21,601</u>	<u>1,700,220</u>	<u>2,118,263</u>
<b>6 Other assets</b>				
Accrued interest on bill purchased and discounted		713	56,116	55,965
Prepaid interest expenses-ICICI		-	-	2,910,071
Prepaid management fee GCPF		84,591	6,658,410	3,528,428
Prepaid interest mashreq		65,167	5,129,340	-
Prepaid expense-IFC monitoring fee		5,750	452,590	7,817,321
Insurance		146	11,447	5,603
Advance office rent		2,149	169,121	168,668
Head office general account		1,000	78,711	-
Accounts receivable others		-	-	-
Others		-	-	19,927
		<u>159,516</u>	<u>12,555,735</u>	<u>14,505,983</u>

	<u>Note</u>	<u>2016</u>		<u>2015</u>
		<u>USD</u>	<u>Taka</u>	<u>Taka</u>
<b>7 Borrowing from other banks, financial institutions and agents</b>				
Borrowings from IFC		15,000,000	1,180,666,500	1,177,504,500
Borrowings from Mashreq bank PSC-USD		5,000,000	393,555,500	-
Borrowings from GCPF		10,000,000	787,111,000	392,501,500
Borrowings from ICIC		-	-	549,502,100
Borrowings from Bank Muscat, Oman		5,000,000	393,555,500	-
Borrowings from CBQ		-	-	1,491,505,700
Borrowings from ADB		4,900,000	385,684,390	-
Borrowings from FGB, UAE		15,000,000	1,180,666,500	-
Borrowings from RAK Bank ,UAE		18,000,000	1,416,799,800	745,752,850
Borrowings from Head Office		4,505,000	354,593,505	439,209,179
		<u>77,405,000</u>	<u>6,092,632,695</u>	<u>4,795,975,829</u>
<b>8 Deposit accounts</b>				
Current accounts	8.1	66,230	5,213,018	8,845,370
Fixed deposits		210,847	16,595,974	13,142,470
		<u>277,077</u>	<u>21,808,992</u>	<u>21,987,840</u>
<b>8.1 Current deposits</b>				
Current accounts		19,755	1,554,917	3,167,981
Margin against L/C		11,544	908,631	3,323,582
Sundry creditors		204	16,057	1,627,783
Sundry deposit FCY		34,727	2,733,413	726,024
		<u>66,230</u>	<u>5,213,018</u>	<u>8,845,370</u>
<b>9 Other liabilities</b>				
Interest payable on borrowings		17,576	1,383,457	10,007,761
Interest payable on FDR		1	61	59
Accrued expenses payable		1,562	122,964	27,244
Interest payable-IFC loan		31,620	2,488,845	2,230,455
Interest payable on RAK Bank, UAE		60,000	4,722,667	-
Interest payable on Bank Muscat, Oman		42,328	3,331,677	-
Interest payable on FGB, UAE		33,364	2,626,091	-
Interest payable on ADB		30,404	2,393,099	-
Interest payable-CBQ Loan		-	-	-
Provision for unclassified loans and advances	9.1	807,941	63,272,821	48,980,000
Provision for off-balance sheet exposures	9.2	25,425	2,001,203	2,125,885
Other provisions		-	-	-
		<u>1,050,221</u>	<u>82,342,885</u>	<u>63,371,404</u>
<b>9.1 Provision for unclassified loans and advances</b>				
Balance as at 1 January		625,604	48,980,000	18,410,701
Provision made during the year		182,337	14,292,821	30,569,299
		<u>807,941</u>	<u>63,272,821</u>	<u>48,980,000</u>
Adjustments made during the year		-	-	-
Balance as at 31 December		<u>807,941</u>	<u>63,272,821</u>	<u>48,980,000</u>
<b>9.2 Other provisions</b>				
<b>A. Provision for off-balance sheet exposures</b>				
Balance as at 1 January		27,081	2,125,885	1,939,500
Add: Provision made during the year		-	-	186,385
		<u>27,081</u>	<u>2,125,885</u>	<u>2,125,885</u>
Less: Adjustments made during the year		(1,656)	(124,682)	-
Balance as at 31 December		<u>25,425</u>	<u>2,001,203</u>	<u>2,125,885</u>

	2016		2015
	USD	Taka	Taka
<b>10 Retained earnings</b>			
Balance as at 1 January	1,065,380	83,762,702	54,696,491
Add/less: foreign currency translation gain for last year	-	807,991	945,880
	1,065,380	84,570,693	55,642,371
Addition during the year	1,194,464	93,625,362	28,120,331
	2,259,844	178,196,055	83,762,702
Add/less: foreign exchange gain (loss)	-	-	-
Balance as at 31 December	2,259,844	178,196,055	83,762,702
<b>11 Interest income on investment</b>			
Interest Income from loans and advances	959,475	75,210,306	48,268,010
Interest on overdraft	1,306	102,359	104,889
Interest income from bill purchased and discounted	3,085,297	241,846,900	170,898,969
	4,046,078	317,159,565	219,271,868
<b>12 Interest paid on deposits and borrowings etc.</b>			
Interest on IFC loan	662,347	51,919,334	14,472,797
Interest expense on mashreq bank loan	100,944	7,912,722	47,595,535
Interest on CBQ loan	456,651	35,795,422	50,649,008
Interest expenses -GCPE loan	360,612	28,267,290	13,125,581
Interest expenses -ICIC bank	93,275	7,311,538	10,545,132
Interest expenses -RAK bank,UAE	475,640	37,283,968	914,724
Interest expenses -Bank Muscat, Oman	204,341	16,017,653	-
Interest expenses FGB, UAE	115,999	9,092,776	-
Interest expenses ADB	30,404	2,383,242	-
Interest on FDR	19	1,483	884
Interest on calls and placement	231,322	18,132,627	21,350,108
	2,731,554	214,118,055	158,653,769
<b>13 Commission, exchange &amp; brokerage</b>			
Commission and other charges	189,999	14,893,415	8,119,730
	189,999	14,893,415	8,119,730
<b>13.1 Other operating income</b>			
Other income- SWIFT	7,783	610,087	429,521
Miscellaneous income	13,982	1,096,011	972,766
Rebate from trade payments	67,730	5,309,145	3,284,821
	89,495	7,015,243	4,687,108
<b>14 Salaries and allowances</b>			
Basic salary	21,663	1,698,081	2,009,151
Allowances	15,619	1,224,312	663,246
Provident fund contribution	1,927	151,046	126,848
Bonus	6,577	515,574	459,559
	45,786	3,589,013	3,258,804
<b>15 Rent, taxes, insurance, electricity etc.</b>			
Rent, rates and taxes	10,101	791,789	699,799
Insurance	217	17,001	22,315
Electricity and lighting	1,925	150,905	132,675
	12,243	959,695	854,789

	2016		2015
	USD	Taka	Taka
<b>16 Postage, stamp, telecommunication etc.</b>			
Postage	126	9,852	11,631
Expenses regarding On-line	-	-	-
Internet service	4,550	356,688	192,357
SWIFT charges	6,706	525,690	654,889
FC Nostro charges	3,086	241,906	171,023
Telephone	535	41,968	46,493
	<b>15,003</b>	<b>1,176,104</b>	<b>1,076,393</b>
<b>17 Stationery, printing, advertisements etc.</b>			
Office and printing stationery	1,610	126,208	114,076
	<b>1,610</b>	<b>126,208</b>	<b>114,076</b>
<b>18 Depreciation and repair of bank's assets</b>			
Depreciation on own assets:			
Furniture and fixtures	2,819	220,945	231,091
Electrical appliances	3,072	240,792	183,732
	<b>5,891</b>	<b>461,737</b>	<b>414,823</b>
<b>19 Other expenses</b>			
Entertainment	311	24,358	22,121
Management fee GCPF	10,355	811,691	393,808
Expense- IFC front-end fee	99,583	7,806,029	3,929,990
Expense-IFC commitment free	-	-	1,808,011
Expense-IFC portfolio monitoring expense	4,250	333,144	-
Travelling expenses and allowance	218	17,090	6,613
House maintenance (Executive )	2,272	178,082	168,004
Repair, maintenance and utilities	554	43,391	32,840
Books and periodicals	93	7,265	9,214
Conveyance	557	43,623	58,926
Miscellaneous	20,103	1,575,788	1,700,907
	<b>138,296</b>	<b>10,840,461</b>	<b>8,130,434</b>

## Southeast Bank Limited and its subsidiary

## 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 Financial Services (Australia) Pty Ltd	Southeast Exchange Company (South Africa) Pty Ltd	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Income	12,570,989,314	124,950,168	96,268,131	18,628,655	1,277,888	40,340,544	12,852,454,700
Less: Inter segmental income/expense	114,841,544	-	(114,841,544)	-	-	-	-
Total Income	12,456,147,770	124,950,168	211,109,675	18,628,655	1,277,888	40,340,544	12,852,454,700
Operating profit (profit before unallocated expenses and tax)	12,456,147,770	124,950,168	211,109,675	18,628,655	1,277,888	40,340,544	12,852,454,700
Allocated expenses	(4,235,378,679)	(17,156,667)	(59,863,398)	(17,679,772)	(896,905)	(18,256,943)	(4,349,232,364)
Provision against loans & advances and others	(3,237,277,734)	(14,168,139)	38,821,526	-	-	-	(3,212,624,347)
Profit (loss) before tax	4,983,491,357	93,625,362	190,067,803	948,883	380,983	22,083,601	5,290,597,989
Provision for tax including deferred tax	(2,830,000,000)	-	(19,740,876)	-	-	(5,783,515)	(2,855,524,391)
Net profit	2,153,491,357	93,625,362	170,326,927	948,883	380,983	16,300,086	2,435,073,598
Segment assets	280,102,471,822	6,374,980,627	5,220,323,938	29,735,322	2,926,936	67,571,434	291,798,010,079
Segment liabilities	280,102,471,822	6,374,980,627	5,220,323,938	29,735,322	2,926,936	67,571,434	291,798,010,079

## 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 Financial Services (Australia) Pty Ltd	Southeast Exchange Company (South Africa) Pty Ltd	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Income	11,798,532,857	897,406,625	96,268,131	18,628,655	1,277,888	40,340,544	12,852,454,700
Less: Inter segmental income	114,841,544	-	(114,841,544)	-	-	-	-
Total income	11,683,691,313	897,406,625	211,109,675	18,628,655	1,277,888	40,340,544	12,852,454,700
Operating profit (profit before unallocated expenses and tax)	11,683,691,313	897,406,625	211,109,675	18,628,655	1,277,888	40,340,544	12,852,454,700
Allocated expenses	(4,090,973,434)	(161,561,912)	(59,863,398)	(17,679,772)	(896,905)	(18,256,943)	(4,349,232,364)
Provision against loans & advances and others	(3,454,462,831)	203,016,958	38,821,526	-	-	-	(3,212,624,347)
Profit (loss) before tax	4,138,255,048	938,861,671	190,067,803	948,883	380,983	22,083,601	5,290,597,989
Provision for tax including deferred tax	(2,830,000,000)	-	(19,740,876)	-	-	(5,783,515)	(2,855,524,391)
Net profit	1,308,255,048	938,861,671	170,326,927	948,883	380,983	16,300,086	2,435,073,598
Segment assets	265,871,384,597	20,606,067,852	5,220,323,938	29,735,322	2,926,936	67,571,434	291,798,010,079
Segment liabilities	265,871,384,597	20,606,067,852	5,220,323,938	29,735,322	2,926,936	67,571,434	291,798,010,079

**Appendix - A**

**Audited financial statements  
of  
Southeast Bank Capital Services Limited**

**Appendix - B**

**Financial statements  
of  
Southeast Financial Services (UK) Ltd**



**Appendix - C**

**Financial statements  
of  
Southeast Financial Services (Australia) Pty Ltd**

**Appendix - D**

**Audited financial statements  
of  
Southeast Exchange Company (South Africa) Pty Ltd**