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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Southeast Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Southeast Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Southeast Bank Limited (the "Bank"), which comprise the consolidated and separate Balance Sheets as at 31 December 2020, and consolidated and separate Profit and Loss Accounts, consolidated and separate statement of Changes in Equity, and consolidated and separate Cash Flow Statements for the year then ended, and notes to consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in Note 2.1.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Measurement of provision for Loans and Advances	
See notes no. 10, 11 and 21.1 to the financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
<p>The process of estimating provision for loans and advances associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none"> • Future business performance of the borrower; • Key assumptions relating to the further business performance of the borrower; • The market value of the collateral; and • Ability to repossess the collateral; and • Recovery rates. <p>Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued from time to time.</p> <p>Due to the high level of judgment involved and using some manual process in estimating the provision for loans and advance, we considered this to be a key audit matter.</p> <p>Interest amounting to Taka 4,131.55 million were transferred to Income account with the approval of the Board based on the recommendations of the Board Audit Committee in compliance with BRPD Circular No. 56, dated December 10, 2020, and an additional 1% Special general provision COVID-19 has been maintained amounting to</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the credit monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; and • Reviewed the adequacy of transfer of interests to the Income account appropriate approvals in line with the Bangladesh Bank's guideline. <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions, and tested the completeness and accuracy of the underlying information; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and



<p>Taka 1,161.70 million in line with the direction of said circular.</p> <p>At the year end, the Group and the Bank reported total loans and advances of BDT 322,251 million (2019: BDT 296,752 million) and BDT 320,368 million (2019: BDT 295,015 million) respectively and the Bank reported provision for loans and advances of BDT 23,863 million (2019: BDT 18,773 million).</p>	<ul style="list-style-type: none"> Reviewed the grounds for recommendations for approvals in cases of transfer of interests to the Income account.
<p>2. Valuation of Treasury Bill and Treasury Bond</p>	
<p>See note no. 9 to the financial statements.</p>	
<p>The Key Audit Matter</p>	<p>How the matter was addressed in our audit</p>
<p>The classification and measurement of Treasury Bills and Treasury Bonds require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models.</p>	<p>We tested the operating effectiveness of key controls focusing on the classification and measurement of Treasury Bills and Treasury Bonds.</p> <p>We tested a sample of the valuation models and the inputs used in those models using a variety of techniques. Applied in the circumstances.</p> <p>Finally, we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p>3. Measurement of Deferred Tax Assets</p>	
<p>See note no. 21.3 to the financial statements.</p>	
<p>The Key Audit Matter</p>	<p>How the matter was addressed in our audit</p>
<p>The Bank has recognized deferred tax liabilities for deductible temporary differences that it believes are recoverable.</p> <p>The Bank has reported net deferred tax liabilities to a total of BDT 312 million (2019: BDT 403 million) as at 31 December 2020.</p> <p>Significant judgment is required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding of the Group and the Bank's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the Group and Bank's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p>

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	<p>We involved tax specialists to assess key assumptions, controls, recognition, and measurement of DTA's.</p> <p>Finally, we assessed the appropriateness and presentation of disclosures as per IAS 12 Income Tax.</p>
4. Legal and Regulatory matters	
The Key Audit Matter	How the matter was addressed in our audit
<p>We focused on legal and regulatory matters because the Group and the Bank operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions and other contingent liabilities.</p>	<p>We obtained an understanding of the Group and The Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsels.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provision, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>
5. IT Systems and Controls	
The Key Audit Matter	How the matter was addressed in our audit
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volumes of transactions processed in numerous locations daily and are reliance on automated and manual with automated (IT Dependent) controls.</p> <p>We have focused on Data management, user access management, and developer access to</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT General Controls (Logical Access, Changes in management, and aspects of IT Operational Controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p>

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<p>the production environment and changes to the IT environment. Among others, these are key to ensuring the operating effectiveness of manual with automated control and automated controls.</p> <p>We also concentrated on formal security administration policies and procedures to determine whether they are approved, comprehensive, up-to-date, and bank-wide communicated.</p>	<p>We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We performed the Tests of IT General Controls to evaluate the Application Development and Database, Hosting Platforms, and segregation of incompatible duties relevant to application and database change management.</p>
<p>6. Carrying value of Investments in Subsidiaries by the Bank</p>	
<p>See note no. 15.3 and 15.4 to the financial statements.</p>	
<p>The Key Audit Matter</p>	<p>How the matter was addressed in our audit</p>
<p>The Bank has invested in equity shares of its subsidiaries namely Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited. As of 31 December 2020, the carrying value of these investments are BDT 5,534 million (2019: BDT 5,532 million).</p> <p>At the time of conducting our audit of the separate financial statements of the Bank, we have considered the recoverable value of the Bank's investments in Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited stated at cost.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its subsidiary Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited in accordance with IAS 36.</p>	<p>We have reviewed management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36: Impairment of Assets.</p> <p>We have analyzed the appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p>
<p>7. Recognition of interest income from loans and advances</p>	
<p>See note no. 33 to the financial statements.</p>	
<p>Recognition of interest income has significant and wide influence on financial statements.</p>	<p>We tested the design and operating effectiveness of key controls over recognition</p>

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<p>Recognition and measurement of interest income has involvement of complex IT environment.</p> <p>We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations</p>	<p>and measurement of interest on loans and advances.</p> <p>We performed test of operating effectiveness on automated control in place to measure and recognize interest income.</p> <p>We have also performed substantive procedure to check whether interest income is recognized completely and accurately.</p> <p>We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.</p>
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Other Information

Management of the Bank is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the bank.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in Note 2.1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991 (as amended up to date), and the Bangladesh Bank Regulations require



the Management to ensure effective internal audit, internal control, and risk management functions of the Bank.

The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to Going Concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date

of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987, the Bank Companies Act 1991 (as amended up to date), the Financial Reporting Act 2015, and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control, and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;



- (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities.
- (iii) financial statements of two subsidiaries namely, Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Limited has been audited by Pinaki & Company, Chartered Accountants, and G. L. PALMER AND COMPANY respectively, and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations, and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery as explained in Note 21.1 and 21.5.1(A).
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the Risk-weighted Assets of the Bank and spent over 5,200 person hours; and
- (xii) Bank maintained Capital to Risk-weighted Asset Ratio (CRAR) as explained in note 22.8.

Howladar Yunus & Co.

Chartered Accountants
Firm Registration No: N/A

Sd/-|

Md. Jahidur Rahman FCA

Partner
Enrolment No: 860
DVC No:
Dated: Dhaka-

Southeast Bank Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2020

	2020	2019
Note	Taka	Taka
<u>PROPERTY AND ASSETS</u>		
Cash		
	4	
In hand (including foreign currencies)	3,474,367,542	3,664,880,130
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	17,956,897,600	18,954,911,247
	21,431,265,142	22,619,791,377
Balance with other banks and financial institutions		
	5	
In Bangladesh	2,108,724,666	5,568,594,836
Outside Bangladesh	2,550,530,377	1,903,702,998
	4,659,255,043	7,472,297,834
Money at call and on short notice		
	7	
	2,208,907,300	4,739,531,100
Investments		
	8	
Government	83,226,359,543	62,409,764,654
Others	13,847,533,919	14,900,277,916
	97,073,893,462	77,310,042,570
Loans and advances/investments		
	10	
Loans, cash credit, overdrafts etc./investments	307,752,518,862	278,757,951,276
Bills purchased and discounted	14,498,943,318	17,995,011,999
	322,251,462,180	296,752,963,275
Fixed assets including premises, furniture and fixtures		
	12	
	9,714,971,217	9,333,658,015
Other assets		
	14	
	7,953,654,253	4,084,430,822
Non-banking assets		
	-	-
Total assets	465,293,408,597	422,312,714,993
<u>LIABILITIES AND CAPITAL</u>		
Liabilities		
Borrowings from other banks, financial institutions and agents		
	16	
Subordinated bond	13,600,000,000	10,200,000,000
Other borrowings	18,897,676,319	13,701,399,879
	32,497,676,319	23,901,399,879
Deposits and other accounts		
	18	
Current/AI-wadeeah current accounts and other accounts	66,850,581,819	48,260,613,039
Bills payable	3,940,333,929	4,095,294,208
Savings bank/Mudaraba savings bank deposits	38,060,936,493	30,416,845,985
Fixed deposits/Mudaraba fixed deposits	250,684,079,440	246,477,520,709
	359,535,931,681	329,250,273,941
Other liabilities		
	20	
	43,545,833,362	38,651,506,648
Total liabilities	435,579,441,362	391,803,180,468
Capital/shareholders' equity		
	22.2	
Paid up capital	11,889,405,210	11,599,419,720
	23	
Statutory reserve	11,580,478,928	10,969,433,607
	24	
Revaluation reserve	4,672,526,139	4,248,271,218
	25	
Other reserve	247,650,000	247,650,000
	26	
Foreign currency translation reserve	(1,919,103)	(8,779,606)
	27	
Retained earnings	1,315,624,550	3,443,466,969
Total shareholders' equity	29,703,765,724	30,499,461,908
Non-controlling interest		
	29	
	10,201,511	10,072,617
Total liabilities and shareholders' equity	465,293,408,597	422,312,714,993

Southeast Bank Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2020

OFF-BALANCE SHEET ITEMS	Note	2020 Taka	2019 Taka
Contingent liabilities			
Acceptances and endorsements	30.1	51,087,802,689	48,407,681,253
Letters of guarantee	30.2	17,143,765,567	16,773,718,041
Irrevocable letters of credit	30.3	37,175,740,943	27,936,453,209
Bills for collection	30.4	31,398,294,693	28,576,944,200
Other contingent liabilities	30.5	1,931,650,000	1,454,224,000
Total contingent liabilities		138,737,253,892	123,149,020,703
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total off-balance sheet items including contingent liabilities		138,737,253,892	123,149,020,703

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

Sd/-

Chairman

Sd/-

Director

Sd/-

Director

Sd/-

Managing Director

Signed in terms of our separate report of even date

Sd/-

Md. Jahidur Rahman FCA, Partner, Enrolment No.: 860
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]

Dhaka, May 09, 2021

DVC No.:

Southeast Bank Limited and its Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2020

	2020	2019
Note	Taka	Taka
Interest income/profit on investments	32 22,250,494,583	26,258,882,397
Interest paid/profit shared on deposits and borrowings etc.	34 (19,769,075,898)	(22,001,885,612)
Net interest income/net profit on investments	2,481,418,685	4,256,996,785
Investment income	36 6,750,891,038	5,288,975,155
Commission, exchange and brokerage	38 3,536,221,661	3,859,609,254
Other operating income	40 1,002,030,956	985,139,688
	11,289,143,655	10,133,724,097
Total operating income (A)	13,770,562,340	14,390,720,882
Salaries and allowances	42 2,065,978,613	2,175,294,624
Rent, taxes, insurance, electricity, etc.	44 877,905,601	1,083,363,119
Legal expenses	1,592,300	1,998,326
Postage, stamp, telecommunication, etc.	46 164,212,014	174,546,805
Stationery, printing, advertisements, etc	48 157,197,505	165,746,039
Managing Director's salary and fees	50 10,407,000	11,072,000
Directors' fees	51 2,688,060	3,468,248
Auditors' fees	53 1,860,327	1,904,078
Depreciation and repair	54 786,680,346	534,629,560
Other expenses	56 1,437,484,585	1,255,718,774
Total operating expenses (B)	5,506,006,351	5,407,741,573
Profit before provision (C=A-B)	8,264,555,989	8,982,979,309
Provision for loans and advances/investments	21.1	
General provision	3,036,463,600	328,228,000
1% General provision for COVID-19	1,161,700,000	-
Specific provision	827,466,570	4,255,025,727
	5,025,630,170	4,583,253,727
Provision for diminution in value of investments	21.7 (117,063,786)	319,600,000
Other provisions	21.5 200,114,466	(324,100,000)
Total provision (D)	5,108,680,850	4,578,753,727
Total profit before taxation (E=C-D)	3,155,875,139	4,404,225,582
Provision for taxation	58	
Current	1,097,476,351	2,640,055,033
Deferred	(90,700,000)	(744,386,000)
	1,006,776,351	1,895,669,033
Net profit after taxation	2,149,098,788	2,508,556,549
Net profit after taxation attributable to:		
Equity holders' of the Bank	2,148,969,893	2,508,554,444
Non-controlling interest	128,895	2,105
Net profit after taxation	2,149,098,788	2,508,556,549
Appropriations		
Statutory reserve	23 611,045,321	875,280,042
	611,045,321	875,280,042
Retained surplus during the year	1,538,053,467	1,633,276,507
Earnings per share (par value Taka 10)	64 1.81	2.11

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

Sd/-
Chairman

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Signed in terms of our separate report of even date

Sd/-
Md. Jahidur Rahman FCA, Partner, Enrolment No.: 860
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]

Dhaka, May 09, 2021

DVC No.:

Southeast Bank Limited and its Subsidiaries

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	2020	2019
Note	Taka	Taka
A. Cash flows from operating activities:		
Interest receipts in cash	23,644,616,711	30,341,281,159
Interest payments	(21,368,661,048)	(20,768,783,904)
Dividend receipts	217,922,423	252,697,447
Fees and commission receipts in cash	3,536,221,661	3,859,609,254
Recoveries on loans previously written-off	472,250,468	917,012,200
Cash payments to employees	(2,076,385,613)	(2,186,366,624)
Cash payments to suppliers	(147,155,289)	(183,212,580)
Income taxes paid	(2,898,827,100)	(2,198,773,052)
Receipts from other operating activities	2,835,060,215	1,491,866,968
Payments for other operating activities	(2,508,769,642)	(2,649,462,049)
Operating profit before changes in operating assets and liabilities (i)	1,706,272,786	8,875,868,818
Increase (decrease) in operating assets and liabilities		
Sale of trading securities	1,703,677,101	932,751,633
Purchase of trading securities	(1,350,930,471)	(744,452,229)
Loans and advances to customers	(28,691,285,943)	(29,289,880,807)
Other assets	(1,544,473,813)	206,061,988
Deposits from other banks	5,196,276,440	2,489,699,536
Deposits from customers	31,847,082,912	29,472,714,367
Other liabilities	2,480,944,520	1,599,560,682
Cash generated from (used in) operating assets and liabilities (ii)	9,641,290,746	4,666,455,169
Net cash flows from operating activities (a=i+ii)	11,347,563,532	13,542,323,987
B. Cash flows from investing activities:		
Proceeds from sale of securities	43,189,016,529	96,834,627,415
Payments for purchase of securities	(60,046,683,607)	(96,739,944,762)
Purchase of fixed assets	(675,162,052)	(340,168,614)
Sale proceeds of fixed assets	4,074,615	17,150,306
Cash generated from (used in) investing activities (b)	(17,528,754,515)	(228,335,655)
C. Cash flows from financing activities:		
Receipts from issue of loan capital & debt security	5,000,000,000	-
Payments for redemption of loan capital & debt security	(1,600,000,000)	(1,600,000,000)
Dividends paid	(869,956,479)	-
Payment against lease obligation	(183,986,326)	(133,379,383)
Cash generated from (used in) financing activities (c)	2,346,057,195	(1,733,379,383)
D. Net increase (decrease) in cash and cash equivalents (a+b+c)	(3,835,133,788)	11,580,608,949
E. Effects of exchange rate changes on cash and cash equivalents	5,474,771	(11,294,912)
F. Cash and cash equivalents at beginning of the year	48,392,991,767	36,823,677,730
G. Cash and cash equivalents at end of the period (D+E+F)	44,563,332,749	48,392,991,767
Cash and cash equivalents at end of the year represents		
Cash in hand (including foreign currencies)	4 3,474,367,542	3,664,880,130
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4 17,956,897,600	18,954,911,247
Balance with other banks and financial institutions	5 4,659,255,043	7,472,297,834
Money at call and on short notice	7 2,208,907,300	4,739,531,100
Treasury bills	9.1.1 16,258,372,264	13,555,450,056
Prize bond	9.1.1 5,533,000	5,921,400
	44,563,332,749	48,392,991,767

Southeast Bank Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

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	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Balance as at 1 January 2020	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	(8,779,606)	3,443,466,969	30,499,461,908	10,072,617	30,509,534,525										
Changes in accounting policy/ Prior year adjustments	-	-	-	-	-	(2,487,616,855)	(2,487,616,855)	-	(2,487,616,855)										
Transfer to specific provision	-	-	-	-	-	955,850,114	28,011,845,053	10,072,617	28,021,917,670										
Restated balance	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	(8,779,606)	955,850,114	28,011,845,053	10,072,617	28,021,917,670										
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-										
Surplus/deficit on account of revaluation of investments	-	-	424,254,921	-	-	-	424,254,921	-	424,254,921										
Currency translation differences	-	-	-	-	6,860,503	(10,461,830)	(3,601,327)	-	(3,601,327)										
Southeast Financial Services (UK) Ltd	-	-	-	-	-	(7,746,336)	(7,746,336)	-	(7,746,336)										
Net gains and losses not recognized in the income statement	-	-	424,254,921	-	6,860,503	(18,208,166)	412,907,258	-	412,907,257										
Net profit for the year	-	-	-	-	-	2,148,969,893	2,148,969,893	128,895	2,149,098,787										
Cash dividend	-	-	-	-	-	(869,956,479)	(869,956,479)	-	(869,956,479)										
Issue of share capital/ Bonus share	289,985,490	-	-	-	-	(289,985,490)	-	-	-										
Transfer to Southeast Bank Staff Welfare Trust	-	-	-	-	-	-	-	-	-										
Appropriation made during the year	-	-	-	-	-	-	-	-	-										
Statutory reserve	-	611,045,321	-	-	-	(61,104,532)	-	-	-										
Balance as at 31 December 2020	11,889,405,210	11,580,478,928	4,672,526,139	247,650,000	(1,919,103)	1,315,624,550	29,703,765,724	10,201,511	29,713,967,235										
Balance as at 31 December 2019	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	(8,779,606)	3,443,466,969	30,499,461,908	10,072,617	30,509,534,525										

Southeast Bank Limited

Balance Sheet

As at 31 December 2020

	2020	2019
<i>Note</i>	Taka	Taka
<u>PROPERTY AND ASSETS</u>		
Cash		
In hand (including foreign currencies)	3,474,365,889	3,664,640,436
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	17,956,897,600	18,954,911,247
	21,431,263,489	22,619,551,683
Balance with other banks and financial institutions		
In Bangladesh	2,108,724,666	5,568,594,836
Outside Bangladesh	2,427,007,183	1,762,989,139
	4,535,731,849	7,331,583,975
Money at call and on short notice	2,208,907,300	4,739,531,100
Investments		
Government	83,226,359,543	62,409,764,654
Others	10,957,893,063	12,074,625,437
	94,184,252,606	74,484,390,091
Loans and advances/investments		
Loans, cash credit, overdrafts etc./investments	305,869,215,552	277,020,101,321
Bills purchased and discounted	14,498,943,318	17,995,011,999
	320,368,158,870	295,015,113,320
Fixed assets including premises, furniture and fixtures	9,182,672,927	8,754,955,398
Other assets	13,171,388,605	9,485,465,483
Non - banking assets	-	-
Total assets	465,082,375,646	422,430,591,050
<u>LIABILITIES AND CAPITAL</u>		
Liabilities		
Borrowings from other banks, financial institutions and agents		
Subordinated bond	13,600,000,000	10,200,000,000
Other borrowings	18,897,676,319	13,701,399,879
	32,497,676,319	23,901,399,879
Deposits and other accounts		
Current/Al-wadeeah current accounts and other accounts	66,764,534,952	48,807,799,671
Bills payable	3,940,333,929	4,095,294,208
Savings bank/Mudaraba savings bank deposits	38,060,936,493	30,416,845,985
Fixed deposits/Mudaraba fixed deposits	251,134,079,440	246,477,520,709
	359,899,884,814	329,797,460,573
Other liabilities	43,104,754,236	38,312,892,783
Total liabilities	435,502,315,369	392,011,753,235
Capital/shareholders' equity		
Paid up capital	11,889,405,210	11,599,419,720
Statutory reserve	11,580,478,928	10,969,433,607
Revaluation reserve	4,672,526,139	4,248,271,218
Other reserve	247,650,000	247,650,000
Retained earnings	1,190,000,000	3,354,063,270
Total shareholders' equity	29,580,060,277	30,418,837,815
Total liabilities and shareholders' equity	465,082,375,646	422,430,591,050

Southeast Bank Limited

Balance Sheet

As at 31 December 2020

	2020	2019
<i>Note</i>	Taka	Taka
<u>OFF-BALANCE SHEET ITEMS</u>		
Contingent liabilities		
Acceptances and endorsements	30.1 51,087,802,689	48,407,681,253
Letters of guarantee	30.2 17,143,765,567	16,773,718,041
Irrevocable letters of credit	30.3 37,175,740,943	27,936,453,209
Bills for collection	30.4 31,398,294,693	28,576,944,200
Other contingent liabilities	30.5 1,931,650,000	1,454,224,000
Total contingent liabilities	138,737,253,892	123,149,020,703
Other commitments		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total other commitments	-	-
Total off-balance sheet items including contingent liabilities	138,737,253,892	123,149,020,703

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

Sd/-
Chairman

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Signed in terms of our separate report of even date

Sd/-
Md. Jahidur Rahman FCA, Partner, Enrolment No.: 860
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]

Dhaka, May 09, 2021

DVC No.:

Southeast Bank Limited
Profit and Loss Account
For the year ended 31 December 2020

	2020	2019
Note	Taka	Taka
Interest income/profit on investments	22,219,789,107	26,242,459,146
Interest paid/profit shared on deposits and borrowings etc.	(19,810,562,829)	(22,026,807,868)
Net interest income/net profit on investments	2,409,226,278	4,215,651,278
Investment income	6,702,952,777	5,251,583,015
Commission, exchange and brokerage	3,450,713,908	3,764,992,196
Other operating income	988,848,766	978,908,443
Total operating income (A)	11,142,515,451	9,995,483,654
	13,551,741,729	14,211,134,932
Salaries and allowances	2,038,615,950	2,142,216,378
Rent, taxes, insurance, electricity, etc.	862,560,078	1,061,295,939
Legal expenses	1,592,300	1,863,455
Postage, stamp, telecommunication, etc.	163,733,970	173,691,923
Stationery, printing, advertisements, etc.	156,210,729	164,420,208
Managing Director's salary and fees	10,407,000	11,072,000
Directors' fees	2,568,060	3,292,248
Auditors' fees	1,000,000	1,000,000
Depreciation and repair of bank's assets	735,994,461	478,520,196
Other expenses	1,415,151,724	1,218,608,648
Total operating expenses (B)	5,387,834,272	5,255,980,995
Profit before provision (C=A-B)	8,163,907,457	8,955,153,937
Provision for loans and advances/investments	21.1	
General provision	3,036,463,600	328,228,000
1% General provision due to COVID-19	1,161,700,000	-
Specific provision	827,466,570	4,255,025,727
	5,025,630,170	4,583,253,727
Provision for diminution in value of investments	21.7.1	(117,063,786)
Other provisions	21.5	200,114,466
	5,108,680,850	4,578,753,727
Total provision (D)	3,055,226,607	4,376,400,210
Total profit before taxation (C-D)	5,108,680,850	4,578,753,727
Provision for taxation	59	
Current	1,050,000,000	2,600,000,000
Deferred	(90,700,000)	(744,386,000)
	959,300,000	1,855,614,000
Net profit after taxation	2,095,926,607	2,520,786,210
Appropriations		
Statutory reserve	23	611,045,321
		875,280,042
Retained surplus during the year		1,484,881,286
		1,645,506,168
Earnings per share (par value Taka 10)	65	1.76
		2.12

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

Sd/-
Chairman

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Signed in terms of our separate report of even date

Sd/-
Md. Jahidur Rahman FCA, Partner, Enrolment No.: 860
Howladar Yunus & Co., Chartered Accountants
Firm Registration Number: [N/A]

Dhaka, May 09, 2021

DVC No.:

Southeast Bank Limited
Cash Flow Statement
For the year ended 31 December 2020

	Note	2020	2019
		Taka	Taka
A. Cash flows from operating activities:			
Interest receipts in cash		23,613,911,235	30,324,857,908
Interest payment		(21,470,027,181)	(20,475,695,465)
Dividend receipts		158,163,234	189,895,835
Fees and commission receipts in cash	39	3,450,713,908	3,764,992,196
Recoveries on Loans previously written-off		472,250,468	917,012,200
Cash payments to employees		(2,049,022,950)	(2,153,288,378)
Cash payments to suppliers		(146,168,513)	(181,886,749)
Income taxes paid		(2,881,973,987)	(2,074,350,417)
Receipts from other operating activities	61	2,779,701,420	1,485,635,723
Payments for other operating activities	63	(2,479,508,845)	(2,604,170,083)
Operating profit before changes in operating assets and liabilities (i)		1,448,038,790	9,193,002,769
Increase (decrease) in operating assets and liabilities			
Sale of trading securities		1,703,677,101	932,751,633
Purchase of trading securities		(1,286,942,094)	(744,452,229)
Loans and advances to customers		(28,545,832,588)	(29,602,357,424)
Other assets		(891,378,600)	222,071,583
Deposits from other banks		5,196,276,440	2,543,908,363
Deposits from customers		31,663,849,413	30,034,109,210
Other liabilities		2,081,195,427	950,459,975
Cash generated from (used in) operating assets and liabilities (ii)		9,920,845,099	4,336,491,110
Net cash flows from operating activities (a=i+ii)		11,368,883,889	13,529,493,878
B. Cash flows from investing activities:			
Proceeds from sale of securities		43,189,016,529	96,794,627,414
Payments for purchase of securities		(60,046,683,607)	(96,739,944,762)
Purchase of fixed assets		(672,193,202)	(271,637,583)
Sale proceeds of fixed assets		4,074,615	17,150,306
Cash generated from (used in) investing activities (b)		(17,525,785,664)	(199,804,625)
C. Cash flows from financing activities:			
Receipts from issue of loan capital & debt security		5,000,000,000	-
Payments for redemption of loan capital & debt security		(1,600,000,000)	(1,600,000,000)
Dividends paid		(869,956,479)	-
Payment against lease obligation		(183,986,326)	(133,379,383)
Cash generated from (used in) financing activities (c)		2,346,057,195	(1,733,379,383)
D. Net increase (decrease) in cash and cash equivalents (a+b+c)		(3,810,844,580)	11,596,309,870
E. Effects of exchange rate changes on cash and cash equivalents		(1,385,732)	8,844,086
F. Cash and cash equivalents at beginning of the year		48,252,038,214	36,646,884,258
G. Cash and cash equivalents at end of the period (D+E+F)		44,439,807,902	48,252,038,214
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)	4.1	3,474,365,889	3,664,640,436
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4.1	17,956,897,600	18,954,911,247
Balance with other banks and financial institutions	6	4,535,731,849	7,331,583,975
Money at call and on short notice	7	2,208,907,300	4,739,531,100
Treasury bills	9.1.1	16,258,372,264	13,555,450,056
Prize bond	9.1.1	5,533,000	5,921,400
		44,439,807,902	48,252,038,214

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

Southeast Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Particulars	Paid up capital	Statutory reserve	Revaluation reserve	Other reserves	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2020	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	3,354,063,270	30,418,837,815
Changes in accounting policy/ prior year adjustments	-	-	-	-	(2,487,616,855)	(2,487,616,855)
Transfer to specific provision	-	-	-	-	866,446,415	866,446,415
Restated balance	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	866,446,415	27,931,220,960
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	424,254,921	-	-	424,254,921
Currency translation differences	-	-	-	-	(1,385,732)	(1,385,732)
Net gains and losses not recognized in the income statement	-	-	424,254,921	-	(1,385,732)	422,869,189
Net profit for the year	-	-	-	-	2,095,926,607	2,095,926,607
Cash dividend	-	-	-	-	(869,956,479)	(869,956,479)
Issue of share capital/ Bonus share	289,985,490	-	-	-	(289,985,490)	-
Transfer to Southeast Bank Staff Welfare Trust	-	-	-	-	-	-
Appropriation made during the year	-	611,045,321	-	-	(611,045,321)	-
Statutory reserve	-	-	-	-	-	-
Balance as at 31 December 2020	11,889,405,210	11,580,478,928	4,672,526,139	247,650,000	1,190,000,000	29,580,060,277
Balance as at 31 December 2019	11,599,419,720	10,969,433,607	4,248,271,218	247,650,000	3,354,063,270	30,418,837,815

Southeast Bank Limited and its Subsidiaries

Notes to the Financial Statements

As at and for the year ended 31 December 2020

Corporate profile and significant Accounting Policies

1 Reporting entity

1.1 Status of the Bank

Southeast Bank Limited (the “Bank”) is a scheduled commercial bank in the private sector established under the Bank Companies Act, 1991 and incorporated in Bangladesh on March 12, 1995 as a public limited company to carry out banking business in Bangladesh. The registered office of the Bank is located at Eunoos Trade Centre 52-53, Dilkusha Commercial Area (Level 2,3 &16), Dhaka-1000. The consolidated financial statements of the Bank as at and for the year ended 31 December 2020 comprise the Bank and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

1.2 Principal activities of the Bank

The Bank has 135 (2019:135) branches and 17 (2019: 12) sub-branches, with no overseas branch as on 31 December 2020. Out of 135 branches 5 (2019:5) branches run on Islamic banking and the rest 130 (2019:130) branches run on commercial conventional basis, of which 15 (2019:15) 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 two subsidiaries, one for its merchant banking operation (for details see note 1.5.1) and other one for its remittance business of which in South Africa (for details see note 1.5.2).

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.

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

A separate balance sheet and profit and loss account are shown in **Annexure-G, G.1 and G.2** and the figures appearing in the annexure have been converted into relevant heads of financial statements under conventional banking for consolidation and incorporation in these financial statements.

1.4 Off-Shore Banking

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

1.5 Subsidiaries of the Bank

The Bank has following subsidiaries :

Name of the Subsidiaries	Principal activities	Country of incorporation	Controlling interest of the Bank
Southeast Bank Capital Services Limited	Trading securities	Bangladesh	99.816909%
Southeast Exchange Company (South Africa) Pty Ltd	Financial services	South Africa	100%
Southeast Financial Services (UK) Ltd	Financial services	England and Wales	Discontinued in 2020

1.5.1 Southeast Bank Capital Services Limited

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

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

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

1.5.2 Southeast Exchange Company (South Africa) Pty Ltd

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

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

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

1.5.3 Southeast Financial Services (UK) Ltd

Southeast Bank Limited discontinue operation of Southeast Financial Services (UK) Ltd after obtaining permission from the Bangladesh Bank vide letter no. BRPD(AM) 204/13/2020-6109 dated 13 August 2020.

2 Basis of preparation

2.1 Statement of compliance

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

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

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

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

i) **Name of the financial statements**

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

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

ii) **Presentation of financial statements**

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

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

iii) **Investment in shares and Securities**

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

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

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

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

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

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

v) **Provision on loans and advances**

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

Bangladesh Bank: As per BRPD circular No. 56 dated 10 December 2020, BRPD circular No. 52 dated 20 October 2020, BRPD circular No. 16 dated 21 July 2020, BRPD circular No. 24 dated 17 November 2019, BRPD circular No. 6 dated 19 May 2019, BRPD circular No. 5 dated 16 May 2019, BRPD circular No. 3 dated 21 April 2019, BRPD circular No.15 dated 27 September 2017, BRPD circular No.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013 and BRPD circular No.1 dated 20 February 2018 a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5% to 20%, 20% to 50% and 100% respectively for loans and advances depending on time past due. Again, as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 07, dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). Such provision policies are not specifically in line with those prescribed by IFRS 9.

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

vi) **Recognition of interest in suspense**

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

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

vii) **Other comprehensive income**

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

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) statement. As such the Bank does not prepare the OCI statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

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

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

ix) **Repo and reverse repo transactions**

IFRS: As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per BRPD guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

- x) **Financial guarantees**
- IFRS:** As per IFRS 9 Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.
- Bangladesh Bank:** As per BRPD 14, financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin.
- xi) **Cash and cash equivalents**
- IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7.
- Bangladesh Bank:** Some cash and cash equivalent items such as 'money at call and on short notice', Treasury bills, Prize bonds are not shown as cash and cash equivalent. Money at call and on short notice presented on the face of the balance sheet, Treasury bills and Prize bonds are shown in Investments.
- xii) **Non-banking assets**
- IFRS:** No indication of non-banking asset is found in any IFRS.
- Bangladesh Bank:** As per BRPD 14, there must exist a face item named non-banking assets.
- xiii) **Cash flow statement**
- IFRS:** As per IAS 7 Statement of Cash Flows, Cash Flow Statement can be prepared using either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.
- Bangladesh Bank:** As per BRPD 14, cash flow is the mixture of direct and indirect method.
- xiv) **Balance with Bangladesh Bank: (Cash reserve ratio)**
- IFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.
- Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.
- xv) **Presentation of intangible asset**
- IFRS:** Intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38.
- Bangladesh Bank:** There is no requirement for regulation of intangible assets in BRPD 14.
- xvi) **Off-balance sheet items**
- IFRS:** There is no concept of off-balance sheet items in any IFRS; hence there is no requirement of disclosure of off-balance sheet items on the face of the balance sheet.
- Bangladesh Bank:** As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately in face of balance sheet.
- xvii) **Disclosure of appropriation of profit**
- IFRS:** There is no requirement to show appropriation of profit in the face of statement of comprehensive income.
- Bangladesh Bank:** As per BRPD 14, an appropriation of profit should be disclosed in the face of profit and loss account.
- xviii) **Loans and advance net of provision**
- IFRS:** As per IFRS 9, loans and advances/Investments should be presented net of provision.
- Bangladesh Bank:** As per BRPD 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.
- xix) **Recovery of written off loans**
- IFRS:** As per IAS 1, an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by any IFRS. Again recovery of written off loans should be charged to profit & loss account as per IFRS 15.

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

(Also refer to note 3.21 Compliance of IFRSs)

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

i) Internal control

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

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

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

ii) Risk management

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

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

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

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

iii) Internal audit

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

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

During the year 2020, Audit & Inspection Unit of ICCD conducted inspection on most of the branches and some of the important divisions of head office of the Bank as per plan and submitted reports presenting the findings of the audits/ inspections to the appropriate authorities. The bank conducted the risk grading of branches as per Bangladesh Bank guideline. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The key points of the Reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Controls & Compliance of the Bank.

iv) Fraud and forgeries

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

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

2.3 Basis of measurement

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

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

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

The preparation of these financial statements in conformity with Bangladesh Bank circulars and IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect in the year ended 31 December 2020 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 : Provision for current tax & deferred tax
- d) Note 24 : Assets revaluation reserve
- e) Note 21.4.1 : Lease liabilities
- f) Note 21.5.1 : Other provision

2.6 Reporting period

These financial statements cover one calendar year from 1 January 2020 to 31 December 2020.

2.7 Cash flow statement

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

2.8 Statement of changes in equity

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

2.9 Liquidity statements

The consolidated and separate liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as on 31 December, 2020 under the presented format of BRPD Circular # 14 dated 25 June 2003, SEBL has prepared its liquidity statement on following basis:

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

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

3 Significant accounting policies

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

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of Southeast Bank Limited and its two subsidiaries Southeast Bank Capital Services Limited and Southeast Exchange Company (South Africa) Pty Ltd made up to the end of the financial year as on 31 December, 2020. The Consolidated Financial Statements have been prepared in accordance with IFRS-10 “Consolidated Financial Statements”. Consolidated Financial Statements have been prepared by using uniform accounting policies for like transactions and other events in similar circumstances.

3.1.1 Subsidiaries

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

Particulars	Price	Southeast Exchange Company (South Africa) Pty Ltd
For Assets & Liabilities	Closing Price	ZAR1 = 5.7200 BDT
For Income & Expenses	Average Price	ZAR1 = 5.1142 BDT

3.1.2 Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

3.1.3 Non-controlling interest

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

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

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

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

3.1.4 Transactions eliminated on consolidation

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

3.2 Foreign currency

3.2.1 Foreign currency transactions

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

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

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

3.2.2 Foreign operations

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

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

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

3.3 Assets and basis of their valuation

3.3.1 Cash and cash equivalents

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

3.3.2 Investments

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

Held to Maturity

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

Held for Trading

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

Re-measured bond

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

Revaluation

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

Value of investments has been shown as under:

Name of the Investment	Initial recognition	Valuation Method	Recording of changes
Government Treasury Bills and Bonds (HFT)	Cost	Fair value (using marking to market concept)	Loss to profit and loss account, gain to revaluation reserve.
Government Treasury Bills and Bonds (HTM)	Cost	At present value (using amortisation concept)	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Re-measured Government Treasury Bonds	Cost	At present value (using amortisation concept)	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Bangladesh Government Islamic Bond	Cost	At cost	Not applicable.
Prize Bonds	Cost	At cost	Not applicable.
Shares (unquoted)*	Cost	At cost or net book value of the last audited balance sheet whichever is lower	Loss to profit and loss account but no unrealised gain booking.
Shares (quoted) *	Cost	At cost or market value whichever is lower at balance sheet date	Loss (net off gain) to profit and loss account but no unrealised gain booking.
Mutual fund (closed-end) *	Cost	Lower of cost and (higher of market value and 85% of NAV)	Loss (net) to profit and loss account but no unrealised gain booking.

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

Details are shown in notes 8 and 9.

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

- a) Loans and advances of conventional Banking/Investments of Islamic Banking branches are stated in the Balance Sheet on gross value.
- b) At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular No. 56 dated 10 December 2020, BRPD circular No. 52 dated 20 October 2020, BRPD circular No. 16 dated 21 July 2020, BRPD circular No. 24 dated 17 November 2019, BRPD circular No. 6 dated 19 May 2019, BRPD circular No. 5 dated 16 May 2019, BRPD circular No. 3 dated 21 April 2019, BRPD circular No.15 dated 27 September 2017, BRPD circular No.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013 and BRPD circular No.1 dated 20 February 2018 a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5% to 20%, 20% to 50% and 100% respectively for loans and advances depending on time past due. Again, as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 07, dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. BRPD circular No.14 dated 23 September 2012 as amended by BRPD circular No. 19 dated 27 December 2012 also provides scope for further provisioning based on qualitative judgments. The rates of provision for different classifications are given below:

<u>Particulars</u>	<u>Rate</u>
General provision on:	
All unclassified loans and advances/investments except followings	1%
Small and medium enterprise financing	0.25%
Housing finance (HF) and loans for professionals (LP) to set up business under consumer financing scheme	1%-2%
Consumer financing	2%-5%
Loan to Brokerage Houses (BHs)/Merchant Banks (MBs)/ Sponsor Directors (SDs) against shares	2%
Special mention account (SMA)	0.25%-5%
Specific provision on:	
Substandard loans and advances/investments	5% -20%
Doubtful loans and advances/investments	20% - 50%
Bad/loss loans and advances/investments	100%
Provisions for Short term Agricultural and Micro-Credits	
All credits except 'Bad/Loss' (i.e. Doubtful, Substandard, irregular and regular credit)	1%-5%
Bad/Loss	100%
c) Loans and advances are written off to the extent that	
i) i) Loans are normally written off, when there is no realistic prospect of recovery of these amounts and in accordance with BRPD circular No.01 (06 February 2019), BRPD circular No.13 (07 November 2013) and BRPD circular No.2 (13 January 2003), and	
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 IFRS 16: Lease and its relevant assumptions and disclosures

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

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

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

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

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

Lease liabilities

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

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

International Accounting Standard Board (IASB) has adopted IFRS 16 (replacing IAS 17) globally effective from 01 January 2019 and Bank has adopted IFRS 16 from the same date proposed by IASB. In Bangladesh Institute of Chartered Accountants of Bangladesh (ICAB) adopted IFRS 16 with same effective date. As Bangladesh Bank (BB) has no other alternative regulation or guidance regarding the same, the bank has adopted IFRS 16 from the same date in preparing solo financial statements as described in note no. 3.27.

Summary of IFRS 16:

Short-term leases and leases of low value assets

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

3.4 Liabilities and basis of their valuation

3.4.1 Borrowings from other banks, financial institutions and agents

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

3.4.2 Non-Convertible Subordinated Bond

The Bank has issued 7 (Seven) years term subordinated bond during the year 2014 for BDT 3,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following “Guideline on Risk Based Capital Adequacy” through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B (P)/ 2014-7629, dated 30 November 2014. The Bank has further issued 7 (Seven) years term 2nd subordinated bond during the year 2016 for BDT 5,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following “Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)” vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2016-6188 dated September 19,2016 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/DS-19/2014/462 dated August 02,2016. The Bank has further issued 7 (Seven) years term 3rd subordinated bond during the year 2018 for BDT 5,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following “Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)” vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2018-2144 dated March 27,2018 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/DS-19/2014/459 dated March 07,2018. The Bank has further issued 7 (Seven) years term 4th subordinated bond during the year 2020 for BDT 5,000,000,000 to raise subordinated debt as part of the Tier-II Regulatory Capital following “Guideline on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with BASEL III)” vide BRPD Circular No- 18 dated December 21, 2014 through Bangladesh Bank approval letter # BRPD (BFIS) 661/14B(P)/2020-2148 dated February 23, 2020 and Bangladesh Securities and Exchange Commission approval letter # BSEC/CI/DS-119/2020/197 dated September 10, 2020.

3.4.3 Deposits and other accounts

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

3.4.4 Other liabilities

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

3.5 Capital/Shareholders' equity

3.5.1 Authorized capital

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

Details are shown in note 22.1

3.5.2 Paid up capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders’ meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in note 22.2.

3.5.3 Statutory reserve

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

3.5.4 Revaluation reserve

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

When a fixed asset’s carrying amount is increase as a result of revaluation, the increased amount has been credited directly to equity under the head of revaluation reserve as per IAS 16 “Property, Plant and Equipment”. The whole amount of revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is retired or disposed of as per the para 41 of IAS 16.

Details are shown in note 24.

3.6 Contingent liabilities

A contingent liability is -

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

A present obligation that arises from past events but is not recognized because:

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

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

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

3.7 Revenue recognition

3.7.1 Interest income (Conventional Banking)

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

3.7.2 Profit on investment (Islamic Banking)

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

3.7.3 Investment income

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

3.7.4 Fees and commission income

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

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

Interest paid and other expenses are recognized on accrual basis.

3.9 Profit shared on deposits (Islamic Banking)

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

3.10 Dividends

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

3.11 Employee benefits

3.11.1 Provident Fund

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

3.11.2 Gratuity Fund

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

3.11.3 Short-term employee benefits

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

3.11.4 Workers' Profit Participation Fund (WPPF)

As per Bangladesh Labour Act 2006 (amended up to 2013) and SRO no. 336/Law/2010, all companies fall within the scope of WPPF are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. The Bank obtained opinion from its legal advisor regarding this issue. The legal advisor opined that, "Southeast Bank Limited being governed by Banking Companies Act, 1991 is obliged to follow the provisions of Banking Companies Act, 1991, and Banking Companies Act, 1991 being a special law, provisions of this Act shall prevail over Bangladesh Labour Laws, 2006 (amended up to 2013) which is a general law. Thus, we take the view that the Bank is not bound to form a WPPF under Bangladesh Labour Laws, 2006 (amended up to 2013)". Consistent with the industry practice and in accordance with the legal opinion and the Bank Company Act, 1991 (amended up to 2018), no provision has been made for WPPF.

3.12 Provisions and accrued expenses

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

3.13 Provision for Off-Balance Sheet Exposures

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

3.14 Provision for Nostro Accounts

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

3.15 Tax expense

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

3.15.1 Current tax

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

Details are shown in note 21.3.1.

3.15.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities (including lease:IFRS-16) in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

3.15.3 Tax exposures

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

3.16 Impairment of non-financial assets

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

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

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

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

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

3.17 Earnings per share

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

Details are shown in notes 64 and 65.

3.18 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as at the reporting date are not material.

3.19 Risk management

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

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

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

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

3.19.1 Credit risk

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

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

3.19.2 Foreign Exchange Risk

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

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

3.19.3 Asset Liability Management

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

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

3.19.4 Money Laundering Risk

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

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

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

3.19.5 Internal Control & Compliance Risk

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

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

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

3.19.6 Information and communication technology

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

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

3.19.7 Environmental Risk Management (ERM)

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

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

3.20 Compliance of International Financial Reporting Standards (IFRSs)

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

* Subject to departure described in note 2.1

** Subject to departure described in note 3.24

Standards issued but not yet effective

IFRS 17 Insurance Contracts

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

3.21 Credit Rating of the Bank

As per the BRPD circular No.6 dated 5 July 2006, the bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the audited financial statements dated 31 December 2019.

Particulars	Date of Rating	Long term	Short term
Surveillance Rating	29-Jul-20	AA	ST-2
		Double A (High quality and High Safety)	(High Grade)
Outlook		Stable	

3.22 Correspondence items

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

3.23 Offsetting

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

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

3.24 Operating segments

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

3.25 Going concern basis of accounting

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

3.26 Materiality and aggregation

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

3.27 Consistency

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

3.28 Approval of financial statements

The financial statements were approved by the board of directors on May 09, 2021.

3.29 General

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

	2020	2019
<i>Note</i>	Taka	Taka
4 Consolidated cash		
In hand (including foreign currencies):		
Southeast Bank Limited	3,474,365,889	3,664,640,436
Southeast Exchange Company (South Africa) Pty Ltd	1,653	239,694
	3,474,367,542	3,664,880,130
Balance with Bangladesh Bank and its agent banks (including foreign currencies):		
Southeast Bank Limited	17,956,897,600	18,954,911,247
	21,431,265,142	22,619,791,377

4.1 Cash

In hand:		
Local currency	3,416,744,106	3,605,548,057
Foreign currencies	57,621,784	59,092,379
	3,474,365,889	3,664,640,436
Balance with Bangladesh Bank:		
Local currency	14,058,719,811	18,229,852,932
Foreign currencies	3,368,838,231	291,691,563
	17,427,558,041	18,521,544,494
Balance with Sonali Bank Limited (as agent of Bangladesh Bank):		
Local currency	529,339,559	433,366,753
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	17,956,897,600	18,954,911,247
	21,431,263,489	22,619,551,683

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 2018), MPD Circular nos. 4 and 5 dated 1 December 2010 and MPD Circular no. 1 and 2 dated 23 June 2014 and 10 December 2013 respectively and DOS Circular no.1 dated 19 January 2014 and MPD Circular No.1 dated 03 April 2018 and DOS Circular no 26 dated 19 August 2019 and MPD circular No. 03 dated April 09 2020.

The Cash Reserve Ratio on the Bank's demand and time liabilities at the rate of minimum 3.50% on daily basis and 4.00% 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

4.00% (2019- 5.50%) of average Demand and Time Liabilities:

Required reserve (average daily on bi-weekly basis)	12,843,562,580	16,507,223,865
Actual reserve held	13,321,885,169	16,732,475,519
Surplus	478,322,589	225,251,654

b) Cash Reserve Ratio (CRR) for Islamic Banking

4.00% (2019 -5.50) of average Demand and Time Liabilities:

Required reserve (average daily on bi-weekly basis)	832,915,600	1,155,277,695
Actual reserve held	864,936,884	1,398,101,826
Surplus	32,021,284	242,824,131

	<u>2020</u>	<u>2019</u>
<i>Note</i>	<u>Taka</u>	<u>Taka</u>
4.2.2 a) Statutory Liquidity Ratio (SLR) for Conventional Banking		
Required reserve (13% of average Demand and Time Liabilities)	42,484,493,480	39,017,074,590
Actual reserve held	86,020,253,005	65,518,845,332
Surplus	43,535,759,525	26,501,770,742
Held for Statutory Liquidity Ratio of Conventional Banking:		
Cash in hand	3,278,653,055	3,400,969,000
Balance with agent bank (Sonali Bank Limited) as per statement	528,837,820	432,860,426
Excess cash reserve	478,322,589	225,251,654
Government Securities (HFT)	31,784,961,354	15,658,489,282
Government Securities (HTM)	49,943,945,187	45,795,353,970
Other eligible securities/ Prize Bond	5,533,000	5,921,000
	86,020,253,005	65,518,845,332
b) Statutory Liquidity Ratio (SLR) for Islamic Banking		
Required reserve (5.50 % of average Demand and Time Liabilities)	1,145,258,950	1,155,277,695
Actual reserve held	1,719,715,284	1,457,367,131
Surplus	574,456,334	302,089,436
Held for Statutory Liquidity Ratio of Islamic Banking:		
Cash in hand	195,712,834	264,507,000
Balance with agent bank (Sonali Bank Limited) as per statement	61,000	36,000.00
Excess cash reserve	32,021,284	242,824,131
Government Securities (HTM)	1,491,920,000	950,000,000
	1,719,715,118	1,457,367,131
5 Consolidated balance with other banks and financial institutions		
In Bangladesh:		
Southeast Bank Limited	6 2,108,724,666	5,568,594,836
Southeast Bank Capital Services Limited	474,214,410	622,941,348
	2,582,939,076	6,191,536,184
Less: Inter company balance eliminated	474,214,410	622,941,348
	2,108,724,666	5,568,594,836
Outside Bangladesh:		
Southeast Bank Limited	6 2,427,007,183	1,762,989,139
Southeast Financial Services (UK) Ltd	-	223,145
Southeast Exchange Company (South Africa) Pty Ltd	123,523,194	140,490,714
	2,550,530,377	1,903,702,998
	4,659,255,043	7,472,297,834
6 Balance with other banks and financial institutions		
In Bangladesh	6.1 2,108,724,666	5,568,594,836
Outside Bangladesh	6.2 2,427,007,183	1,762,989,139
	4,535,731,849	7,331,583,975

Also refer to note 6.3 for maturity wise grouping

	2020	2019
<i>Note</i>	Taka	Taka
6.1 In Bangladesh		
Current account with:		
Agrani Bank Limited	16,076,275	7,576,275
Al Arafah Islami Bank Limited	68,025,912	54,359,540
Bangladesh Krishi Bank	5,700	5,700
BRAC Bank Limited	5,001	5,001
BRAC Bank Limited (El Dorado Network)	310,818	310,818
The City Bank Limited	77,186,347	19,444,775
Commercial Bank of Ceylon PLC	-	13,577
EXIM Bank Limited	62,019,267	33,431,985
The Padma Bank Limited	2,910,485	1,012,476
Islami Bank Bangladesh Limited	5,501	5,501
Jamuna Bank Limited	38,703,502	21,491,284
Janata Bank Limited	14,626	10,494,634
Meghna Bank Limited	13,420,553	12,054,707
Mercantile Bank Limited	430,630	15,767,169
Modhumoti Bank Limited	5,322,683	2,804,587
Mutual Trust Bank Limited	12,043,347	18,863,525
National Bank Limited	9,011,345	16,880
NRB Bank Limited	1,823,226	-
One Bank Limited	49,570,551	45,192,739
Pubali Bank Limited	3,008,107	-
Rupali Bank Limited	-	7,011,700
Shahjalal Islami Bank Limited	550,000	550,000
Sonali Bank Limited	(5,395,879)	(9,313,930)
South Bangla Agriculture & Commerce Bank Limited	3,568,242	2,096,010
Union Bank Limited	70,986,661	25,384,311
United Commercial Bank Limited	50,160,589	25,585,450
	479,763,491	294,164,716
Short term deposits account with:		
AB Bank Limited	30,690	30,690
The City Bank Limited	1,148,058	1,148,058
Eastern Bank Limited	26,799	26,799
EXIM Bank Limited	8,602,114	8,355,164
Standard Chartered Bank	24,145,104	220,796,878
Sonali Bank Limited	30,008,411	29,072,531
	63,961,176	259,430,120
Fixed deposits with other banks:		
Jamuna Bank Limited	-	1,000,000,000
Mutual Trust Bank Limited	-	500,000,000
NCC Bank Limited	-	200,000,000
Social Islami Bank Limited	-	1,000,000,000
	-	2,700,000,000
Fixed deposits with financial institutions:		
Bay Leasing and Investment Limited	1,465,000,000	1,465,000,000
IDLC Finance Limited	-	250,000,000
Bangladesh Industrial Finance Company Limited	100,000,000	100,000,000
Investment Corporation of Bangladesh	-	500,000,000
	1,565,000,000	2,315,000,000
	2,108,724,666	5,568,594,836

6.2 Outside Bangladesh

Current account

Interest bearing:

	2020 Taka	2019 Taka
Standard Chartered Bank, New York, USA	681,848,854	149,899,156
Citibank N.A, New York, USA	151,133,051	44,143,750
Mashreq Bank PSC, New York, USA	49,426,229	70,709,236
Wells Fargo Bank, N.A., New York, USA	119,627,105	92,584,903
JP Morgan Chase Bank N.A., New York, USA	26,100,567	54,375,563
Habib American Bank, New York, USA	230,255,476	248,392,506
	1,258,391,281	660,105,115

Non-interest bearing:

Mashreq Bank, Mumbai, India	106,655,046	48,318,227
Mashreq Bank, Mumbai, India	1,620,829	1,478,825
Riyad Bank (SAR)	2,178,309	-
Standard Chartered Bank, New York (OBU)	11,649,764	145,806,434
Citibank AG, Frankfurt, Germany	38,656,167	3,474,431
Standard Chartered Bank, Kolkata, India	116,749,326	31,348,847
AB Bank Ltd., Mumbai, India	165,244,900	11,796,933
ICICI Bank Ltd., Mumbai, India	150,309,132	18,249,482
Standard Chartered Bank, London, UK	8,510,824	449,276
Bank of Sydney Ltd, Sydney	7,313,170	6,113,182
Banque Saudi Fransi, Riyadh	9,516,743	32,653,875
United Bank Limited, Karachi, Pakistan	19,448,121	5,539,844
Standard Chartered Bank, Colombo, Sri Lanka	15,364,064	39,045,170
Bank of Tokyo, Mitsubishi, JPY	96,854,282	62,206,141
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	58,281,536	50,403,858
Bank of Bhutan, Pheuntsholing, Bhutan	16,708,506	17,194,896
Commerz Bank AG, Frankfurt, Germany EURO	19,244,552	1,264,967
Commerz Bank AG, Frankfurt, Germany USD	103,477,516	102,923,021
Zuercher Kantonal Bank, Zurich, Switzerland	9,119,388	19,892,956
HDFC Bank, Mumbai, India	150,838,132	8,417,708
Abu Dhabi Commercial Bank.	1,493,346	2,002,608
Mashreq Bank PSC, Dubai, UAE	35,104,049	479,696,009
Habib Metropolitan Bank Ltd., Karachi, Pakistan	14,763,170	14,607,335
AXIS Bank Ltd, Kolkata	9,515,030	-
	1,168,615,902	1,102,884,024
	2,427,007,183	1,762,989,139

Details of Balance with other banks-Outside Bangladesh shown in **Annexure-C**.

6.3 Maturity grouping of balance with other banks and financial institutions

On demand	2,970,731,849	2,316,583,975
Not more than three months	1,095,000,000	4,715,000,000
More than three months but not more than six months	370,000,000	300,000,000
More than six months but not more than one year	-	-
More than one year but less than five years	-	-
Above five years	100,000,000	-
	4,535,731,849	7,331,583,975

		<u>2020</u>	<u>2019</u>
	<i>Note</i>	<u>Taka</u>	<u>Taka</u>
7 Money at call and on short notice			
In bank:			
Midland Bank Limited		-	200,000,000
NCC Bank Limited		-	300,000,000
The ICB Islamic Bank Limited		11,300,000	11,300,000
The City Bank Limited		-	400,000,000
		11,300,000	911,300,000
In non-banking financial institutions (public and private):			
Bay Leasing and Investment Limited		620,000,000	750,000,000
Delta BRAC Housing Finance Corporation Limited		-	180,000,000
Investment Corporation of Bangladesh		30,000,000	280,000,000
		650,000,000	1,210,000,000
In foreign currency:			
AB Bank Limited		169,600,800	169,800,000
Al Arafah Islami Bank Limited		-	254,700,000
BRAC Bank Limited		-	424,500,000
Agrani Bank Limited		-	849,000,000
Midland Bank Limited		21,200,100	241,031,100
Modhumoti Bank Limited		169,600,800	254,700,000
Islami Bank Bangladesh Limited		424,002,000	-
NCC Bank Limited		424,002,000	169,800,000
Jamuna Bank Limited		-	254,700,000
Shahjalal Islami Bank Limited		339,201,600	-
		1,547,607,300	2,618,231,100
		2,208,907,300	4,739,531,100
8 Consolidated Investments			
Government securities:			
Southeast Bank Limited	9	83,226,359,543	62,409,764,654
		83,226,359,543	62,409,764,654
Others:			
Southeast Bank Limited	9	10,957,893,063	12,074,625,437
Southeast Bank Capital Services Limited		2,889,640,856	2,825,652,479
		13,847,533,919	14,900,277,916
		97,073,893,462	77,310,042,570
9 Investments			
Government securities:			
Conventional Banking	9.1.1	81,734,439,543	61,459,764,654
Islamic Banking	9.2.1	1,491,920,000	950,000,000
		83,226,359,543	62,409,764,654
Others:			
Conventional Banking	9.1.2	10,283,132,489	10,339,853,093
Islamic Banking	9.2.2	674,760,574	1,734,772,344
		10,957,893,063	12,074,625,437
		94,184,252,606	74,484,390,091

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

	<i>Note</i>	2020	2019
		Taka	Taka
9.1 Conventional Banking			
9.1.1 Government Securities			
Treasury Bills			
91 days Treasury Bills HTM		-	498,337,813
364 days Treasury Bills HTM		-	1,883,582,793
91 days Treasury Bills HFT		-	2,334,936,450
182 days Treasury Bills HFT		5,052,769,456	5,893,904,000
364 days Treasury Bills HFT		12,590,916,009	2,462,939,000
		17,643,685,464	13,073,700,056
Add: Reverse repo with other banks (at book Value)		-	481,750,000
Less: Repo with other banks (at book Value)		1,385,313,200	-
Less: Assured Repo with Bangladesh Bank/ Others (at book value)		-	-
		16,258,372,264	13,555,450,056
Prize Bonds		5,533,000	5,921,400
Bangladesh Bank Bills		-	-
		5,533,000	5,921,400
Government Bonds			
2 Years BGTB HTM		535,288,396	535,622,350
5 Years BGTB HTM		6,335,068,544	9,321,865,808
10 Years BGTB HTM		22,133,179,111	15,533,082,040
15 Years BGTB HTM		9,494,158,959	8,341,430,864
20 Years BGTB HTM		10,661,463,640	8,712,742,194
Remeasured 10 years BGTB HTM		784,786,539	968,690,110
2 Years BGTB HFT		9,464,764,925	3,000,489,000
5 Years BGTB HFT		2,891,498,744	472,231,200
10 Years BGTB HFT		3,084,117,996	504,068,373
15 Years BGTB HFT		18,598,023	15,242,704
20 Years BGTB HFT		67,609,403	104,057,515
		65,470,534,279	47,509,522,158
Add: Reverse repo with other banks (at book value)		-	388,871,040
Less: Assured Repo with Bangladesh Bank/ Others (at book value)		-	-
		65,470,534,279	47,898,393,198
		81,734,439,543	61,459,764,654
9.1.2 Others			
Shares in listed companies		3,622,962,577	2,979,683,180
Shares in un-listed companies		610,169,912	610,169,912
Bonds		6,050,000,000	6,750,000,000
		10,283,132,489	10,339,853,093
9.2 Islamic banking			
9.2.1 Government securities			
Bangladesh Government Islamic bond		1,491,920,000	950,000,000
		1,491,920,000	950,000,000
9.2.2 Others			
Shares in listed companies		674,760,574	1,734,772,344
		674,760,574	1,734,772,344
9.3 Investments classified as per Bangladesh Bank Circular			
Held for trading (HFT)		31,790,494,354	15,664,410,682
Held to maturity (HTM)		51,435,865,189	46,745,353,972
Other securities		10,957,893,063	12,074,625,437
		94,184,252,606	74,484,390,091

<i>Note</i>	2020	2019
	Taka	Taka
9.4 Maturity-wise grouping of investments		
On demand	5,533,000	5,921,400
Not more than three months	21,615,967,000	7,030,500,000
More than three months but not more than one year	20,479,923,151	18,230,498,779
More than one year but not more than five years	25,029,200,000	20,549,900,000
Above five years	27,053,629,455	28,667,569,912
	94,184,252,606	74,484,390,091

9.5 Cost and market value of investments

9.5.1 Government securities

	2020		2019
	Cost price	Market price	Market price
	Taka	Taka	Taka
Conventional Banking			
Treasury Bills	16,157,460,074	16,258,372,264	13,555,450,056
Bangladesh Government Treasury Bond	65,976,320,907	65,470,534,279	47,898,393,198
Prize Bonds	5,533,000	5,533,000	5,921,400
	82,139,313,981	81,734,439,543	61,459,764,654
Islamic Banking			
Bangladesh Government Islamic Bond	1,491,920,000	1,491,920,000	950,000,000
	83,631,233,981	83,226,359,543	62,409,764,654

9.5.2 Others (Investment in Shares)

	2020		2019
	Market price	Cost price	Cost price
	Taka	Taka	Taka
Conventional Banking			
Shares in listed companies	4,054,870,764	3,622,962,577	2,979,683,181
Shares in un-listed companies	610,169,912	610,169,912	610,169,912
	4,665,040,676	4,233,132,489	3,589,853,093
Islamic Banking			
Shares in listed companies	376,072,066	674,760,574	1,734,772,344
	376,072,066	674,760,574	1,734,772,344
	5,041,112,742	4,907,893,063	5,324,625,437

9.6 Sector wise investment of shares

	2020		2019
	Market price	Cost price	Cost price
	Taka	Taka	Taka
Shares in listed companies (A)			
Banks and NBFIs	664,721,084	1,223,039,612	1,511,214,269
Insurance Companies	3,159,007,267	2,329,880,239	76,805,098
Fuel and Power Companies	52,106,650	91,622,259	286,553,627
Mutual Fund	324,500,000	250,000,000	293,475,095
Manufacturing & Other	230,607,828	403,181,041	2,546,407,435
	4,430,942,830	4,297,723,151	4,714,455,525

	2020		2019
	Net book value	Cost price	Cost price
	Taka	Taka	Taka
Shares in un-listed companies (B)			
Banks and NBFIs	54,183,820	54,183,820	54,183,820
Others	555,986,092	555,986,092	555,986,092
	610,169,912	610,169,912	610,169,912
Total investment of shares (C=A+B)		4,907,893,063	5,324,625,437

9.7 Market price and cost price of investments in ordinary shares as on 31 Dec 2020

SL. no.	Name of the Company	2020		Differences (Provision to be required)
		Market price	Cost price	
		Taka	Taka	Taka
1	Asia Insurance Limited	441,873,709	149,557,533	292,316,176
2	Bay Leasing and Investment Limited	318,081,616	653,582,763	(335,501,147)
3	EXIM Bank	93,357,588	179,957,274	(86,599,686)
4	LafargeHolcim Bangladesh Limited	58,825,548	98,541,933	(39,716,385)
5	Delta Life Insurance Company Limited	4,659,833	12,382,964	(7,723,131)
6	National Life Insurance Company Ltd.	2,712,473,725	2,167,939,742	544,533,983
7	Prime Bank Limited	233,837,524	361,894,155	(128,056,631)
8	Southeast Bank 1st Mutual Fund	324,500,000	250,000,000	74,500,000
9	AFC Agro Biotech Ltd	14,587,343	36,946,327	(22,358,984)
10	BSRM Steel Mills Limited	5,586,328	8,548,797	(2,962,469)
11	Confidence Cement Ltd	49,860,365	64,878,145	(15,017,780)
12	Golden Harvest Agro Industries Ltd	15,251,405	22,470,307	(7,218,901)
13	Global Heavy Chemicals Ltd.	11,325,265	17,966,918	(6,641,653)
14	Investment Corporation of Bangladesh	19,444,356	27,605,420	(8,161,064)
15	Khulna Power Company Ltd.	9,060,000	21,082,720	(12,022,720)
16	Matin Spinning Mills Ltd	10,323,040	14,044,434	(3,721,394)
17	MJL Bangladesh Limited	13,726,650	21,016,635	(7,289,985)
18	Premier Cement Mills Ltd	33,322,535	57,393,541	(24,071,007)
19	Ratanpur Steel Re-Rolling Mills Ltd.	26,883,175	75,212,724	(48,329,549)
20	Seaportal Beach Resort & Spa Ltd	147,601	17,769	129,831
21	Shahjibazar Power Co. Ltd	29,320,000	49,522,904	(20,202,904)
22	WATA Chemical Limited	4,495,224	7,160,147	(2,664,923)
		4,430,942,830	4,297,723,151	133,219,679

9.8 Transactions of Repo and Reverse-repo during the year

	Minimum outstanding	Maximum outstanding	Daily average outstanding
	Taka	Taka	Taka
2020			
Securities sold under repo			
i) With Bangladesh Bank	678,420,400	2,956,824,000.0	35,230,582.2
ii) With other Banks & FIs	247,479,500	4,246,048,400	961,590,984
Securities purchased under reverse repo			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	190,237,680	3,017,055,960	239,063,517
2019			
Securities sold under repo			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	444,229,650	1,495,833,500	42,820,865
Securities purchased under reverse repo			
i) With Bangladesh Bank	-	-	-
ii) With other Banks & FIs	149,747,280	3,295,576,303	545,786,635
	<i>Note</i>	2020	2019
		Taka	Taka
10 Consolidated loans and advances/investments			
Loans, cash credit, overdrafts etc./investments:			
Southeast Bank Limited	11	305,869,215,552	277,020,101,321
Southeast Bank Capital Services Limited		1,883,303,310	1,737,849,955
		307,752,518,862	278,757,951,276
Less: Inter company balance eliminated		-	-
		307,752,518,862	278,757,951,276
Bills purchased and discounted:			
Southeast Bank Limited	11	14,498,943,318	17,995,011,999
		14,498,943,318	17,995,011,999
		322,251,462,180	296,752,963,275

	<i>Note</i>	2020	2019
		Taka	Taka
11	Loans and advances/investments		
	Loans, cash credit, overdrafts etc./investments	305,869,215,552	277,020,101,321
	Bills purchased and discounted	14,498,943,318	17,995,011,999
		320,368,158,870	295,015,113,320
11.1	Loans, cash credit, overdrafts etc./Investments		
	In Bangladesh:		
	Conventional Banking		
	Demand loan	10,097,756,451	7,552,334,097
	Time loan	22,443,048,758	25,540,530,841
	Term loan	134,795,492,539	122,264,512,516
	Term loan-SREUP (BB Prefinance)	386,116,793	-
	Agricultural credit-Term	1,258,672,742	1,378,470,597
	Agricultural credit-Time	2,043,619,990	2,137,269,292
	Agricultural credit-OD	212,798,430	212,368,194
	Consumer credit scheme	659,186	2,499,669
	Car loan	117,512,495	128,130,055
	Personal loan	375,489,923	429,677,902
	Home loan	2,089,458,741	1,759,308,096
	Rural Home Loan	163,264,484	166,236,275
	Loan against - LTFF	358,051,598	266,398,553
	Loan against GTF	59,471,612	67,897,772
	Cash credit and overdrafts	52,536,496,200	59,487,080,257
	Bills Against Letter of Credit (BLC)	75,523,011	225,239,563
	Loan re-finance housing sector	12,371,131	13,599,386
	Loan against Trust Receipt (LTR)	10,033,953,523	13,402,596,278
	Advances-packing credit (PC)	1,826,804,451	2,639,826,146
	Loan against foreign bills	7,495,711	126,345,398
	House building loan-staff	333,686,011	375,527,605
	Term Loan-Express Cash	4,575,366	-
	Digital device	-	9,766
	Export Development Fund (EDF)	29,253,347,054	19,057,302,226
	Loan against cash incentive	116,853,027	30,545,174
	Loan-credit card	2,237,169,632	2,158,063,208
	Staff Loan - Car	293,249,641	-
	Usance Payable at Sight (UPAS)	3,753,240,723	-
	Loans and Advances against COVID-19 BB Stimulus package:		
	Term loan from NGO Refinance	2,072,129,569	-
	Term loan Agricultural	57,571,427	-
	Overdraft -WCSP Other then CMSME (BRPD-8)	1,452,289,136	-
	Overdraft CMSME (SMESPD-2)	3,762,183,076	-
	RMG Salary refinance	5,127,208,360	-
	Packing Credit: BB REFIN. (BRPD-9)	417,704,774	-
		287,775,265,564	259,421,768,866
	Islamic Banking		
	Demand investment	336,092,550	888,481,948
	Bai-Muajjal (Time) investment	344,922,440	392,827,368
	Bai-Muajjal Time under CCS	70,635,449	82,921,352
	Bai-Murabaha-BLC	6,299,491	22,294
	Bai-Murabaha-LTR	868,783,132	1,057,138,547
	Bai-Salam (advances-packing credit)	70,293,069	82,261,921
	Staff house building investment	9,672,346	13,548,440
	Export Development Fund (EDF)	760,722,200	674,178,978
	Bai-Muajjal-investment	3,109,336,413	3,371,439,522
	Murabaha-investment	136,935,362	110,999,291
	Staff car investment	12,951,127	-
	Hire purchase-investment	12,164,459,343	10,924,512,794
	Investment against COVID-19 BB Stimulus package:		
	Bai- Muajjal Term loan from NGO Refinance (COVID 19)	200,618,889	-
	Bai-Muajjal Term loan Agricultural (COVID 19)	2,228,178	-
		18,093,949,988	17,598,332,455
		305,869,215,552	277,020,101,321
	Outside Bangladesh	-	-
		305,869,215,552	277,020,101,321

11.2 Performing loans and advances/investments	Note	2020	2019
		Taka	Taka
Gross loans and advances/investments		320,368,158,870	295,015,113,320
Non-performing loans and advances/investments		(9,939,755,293)	(14,375,292,023)
		310,428,403,577	280,639,821,297

11.3 Maturity-wise grouping of loans and advances/investments

On demand	42,961,370,104	42,270,540,000
Less than three months	57,083,663,137	75,701,460,000
More than three months but less than one year	93,582,681,979	79,967,800,000
More than one year but less than five years	83,298,521,306	57,748,700,000
More than five years	43,441,922,343	39,326,613,320
	320,368,158,870	295,015,113,320

11.4 Concentration of loans and advances/investments

Advances to allied concerns of directors	-	-
Advances to chief executive and other senior executives	148,827,204	153,220,739
Advances to customers' group:		
Advances to large and medium industries	228,351,312,127	202,681,057,418
Advances to small and cottage industries	14,094,004,625	14,362,857,301
Commercial Loans	39,517,386,857	42,230,548,118
Consumer Credit	5,071,136,407	4,726,846,322
Off-shore Banking Loans	19,478,341,589	18,539,053,971
Other loans and advances	13,707,150,061	12,321,529,451
	320,368,158,870	295,015,113,320

Details of large loan/investments

As at 31 December 2020 there were 37 (2019:33) 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 40,236.71 million as at 31 December 2020 (Tk. 35,993.86 million as at 31 December 2019).

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

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

11.5 Sector-wise allocation of loans and advances

	2020		2019	
	% of total loan	Taka	% of total loan	Taka
Agriculture	1.20%	3,843,409,443	1.37%	4,033,802,812
Industrial (Manufacturing)	50.50%	161,770,004,160	50.62%	149,337,701,819
Industrial (Services)	14.38%	46,073,077,916	14.54%	42,881,572,826
Export Financing	10.80%	34,602,234,676	8.41%	24,824,640,074
Commercial Loans	12.33%	39,517,386,857	14.31%	42,230,548,118
Consumer Credit	1.58%	5,071,136,407	1.60%	4,726,846,322
Others:				
a) Off-shore Banking Loans	6.08%	19,478,341,589	6.28%	18,539,053,971
b) Finance to NBFIs	0.35%	1,113,249,140	0.46%	1,355,234,453
c) Loans to Capital Market	0.58%	1,863,905,128	0.58%	1,715,987,471
d) Miscellaneous	2.20%	7,035,413,554	1.82%	5,369,725,453
	100.00%	320,368,158,870	100.00%	295,015,113,320

11.6 Industry-wise loans and advances (Industrial Loan)	Note	2020	2019
		Taka	Taka
Ready Made Garment industries Loan (RMG)		72,696,885,226	61,487,892,563
Real Estate industries		21,606,831,526	19,751,975,037
Textile industries		19,660,231,806	16,615,783,585
Agro-Based Industries		15,493,461,576	15,545,115,456
Cement & Ceramics industries		7,663,691,539	6,474,774,052
Ship Breaking & Ship Building industries		5,174,195,826	5,693,618,007
Pharmaceuticals industries		1,721,848,237	1,755,866,651
Other Industries		98,428,171,015	89,718,889,369
		242,445,316,752	217,043,914,719

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

Service sector	19,536,064,638	20,289,091,212
Trading sector	27,410,027,421	27,285,989,052
Industrial sector	51,521,117,384	55,423,330,633
	98,467,209,444	102,998,410,897

11.8 Geographical location-wise allocations of loans and advances

	2020		2019	
	% of total loan	Taka	% of total loan	Taka
Urban:				
Dhaka region	76.96%	246,549,343,968	76.75%	226,421,370,679
Chittagong region	13.96%	44,717,035,885	13.94%	41,121,892,238
Rajshahi region	1.68%	5,373,025,866	1.83%	5,395,407,509
Sylhet region	1.04%	3,316,484,036	1.21%	3,576,063,473
Khulna region	0.50%	1,612,061,435	0.51%	1,499,150,540
Rangpur region	0.42%	1,356,283,882	0.28%	828,896,439
Barisal region	0.08%	260,537,093	0.08%	240,402,709
Mymensingh region	0.15%	492,138,511	0.14%	399,513,382
	94.79%	303,676,910,677	94.74%	279,482,696,969
Rural:				
Dhaka region	3.37%	10,809,670,326	3.27%	9,641,368,796
Chittagong region	1.43%	4,594,710,299	1.56%	4,597,897,002
Rajshahi region	0.01%	48,036,658	0.02%	61,396,883
Sylhet region	0.17%	533,208,038	0.17%	504,462,078
Khulna region	0.22%	705,622,872	0.25%	727,291,592
	5.21%	16,691,248,193	5.26%	15,532,416,351
	100.00%	320,368,158,870	100.00%	295,015,113,320

11.9 Classification of loans and advances

	2020		2019	
	% of total loan	Taka	% of total loan	Taka
Unclassified:				
Standard including staff loan	94.07%	301,368,798,084	92.28%	272,243,244,240
Special Mention Account (SMA)	2.83%	9,059,605,493	2.85%	8,396,577,057
	96.90%	310,428,403,577	95.13%	280,639,821,297
Classified:				
Sub-standard	0.10%	323,191,147	0.13%	375,565,881
Doubtful	0.11%	355,835,893	0.09%	270,814,840
Bad/loss	2.89%	9,260,728,254	4.65%	13,728,911,301
	3.10%	9,939,755,293	4.87%	14,375,292,023
	100.00%	320,368,158,870	100.00%	295,015,113,320

11.10 Particulars of loans and advances	2020	2019
	Taka	Taka
i) Debts considered good in respect of which the bank is fully secured;	266,641,789,276	241,985,581,080
ii) Debts considered good for which the bank holds no other security than the debtors' personal security;	18,194,426,708	10,912,630,334
iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors;	36,908,770,557	42,116,901,906
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;	648,756,013	387,917,332
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;	648,756,013	387,917,332
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)	1,983,146,600	8,281,727,000
Amount of debts written off (Principal amount)	2,504,385,038	10,310,926
Amount realised against the debts previously written off	472,250,468	917,012,200
(b) Provision against the debt classified as bad/loss at the date of balance sheet	4,689,667,262	6,862,579,457
(c) Amount of interest charged in suspense account	10,741,106,029	9,294,042,050
xi) Loans written off:		
- Current year	2,960,354,546	13,459,101
Cumulative to-date	13,420,758,231	12,230,294,841
Less: Amount realised against the debts previously written off	472,250,468	917,012,200
Less: Amount interest waiver during the year	229,878,371	852,878,956
Balance as at 31 December	<u>12,718,629,392</u>	<u>10,460,403,685</u>
- The amount of written off loans for which lawsuit filed	12,718,629,392	10,460,403,685

11.11 Particulars of required provision for loans and advances/investments

Status	2020			2019	
	Outstanding as at 31 December 2020	Base for provision	% of required provision	Required provision	Required provision
	Taka	Taka		Taka	Taka

For loans and advances/ Investments:
Unclassified-general provision

All unclassified loans

 (other than small enterprises,
housing finance, Loan to MBs
loans for professional, consumer
financing and special mention
account)

202,299,793,583	202,299,793,583	1%	2,021,080,225	1,725,104,445
88,200,959,789	88,200,959,789	0.25%	220,502,403	226,569,026
1,863,905,128	1,863,905,128	2%	37,278,103	34,319,749
2,376,921,556	2,376,921,556	2%	24,411,382	21,420,059
2,580,631,642	2,580,631,642	2%	51,612,636	67,751,293
3,398,083,096	3,398,083,096	1%-5%	33,980,831	23,731,410
648,503,290	648,503,290	1%	6,485,033	3,871,200
9,059,605,493	9,059,605,493	0.25%-5%	86,273,639	71,157,703
			2,481,624,252	2,173,924,885

Classified-specific provision:

323,191,147	86,399,067	5%-20%	8,412,855	18,461,143
355,835,893	113,537,958	5%-50%	24,115,222	57,920,285
9,260,728,254	4,689,667,262	100%	4,689,667,262	6,862,579,457
320,368,158,869	315,318,007,863		4,722,195,339	6,938,960,885

Required provision for loans and advances (A)

7,203,819,591

9,112,885,769

Total provision maintained (B)

23,862,771,455

18,773,255,000

Excess provision as at 31 December (C=B-A)

16,658,951,864

9,660,369,231

Note	2020 Taka	2019 Taka
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11.12 Listing of assets pledged as security/collaterals

Nature of the secured assets

Shares & Securities	1,356,423,781	1,689,122,454
Merchandise	3,796,029,023	857,232,999
Machinery with other fixed asset and financial obligation	5,747,670,965	4,167,920,849
Real estate with financial obligation	262,256,290,181	238,673,761,651
Financial obligation only	10,253,853,322	7,145,293,503
(Insurance policies, savings certificates, bank deposit etc)		
Miscellaneous-		
i) Crops/stock of crops hypothecation	154,619,808	250,625,273
ii) Guarantee of individuals/institutions	23,766,917,006	34,355,140,556
ii) Others	13,036,354,784	7,876,016,035
	320,368,158,870	295,015,113,320

11.13 Bills purchased and discounted

Conventional Banking

In Bangladesh	3,319,661,045	3,585,216,294
Outside Bangladesh	10,864,431,380	14,048,336,097
	14,184,092,425	17,633,552,391

Islamic Banking

In Bangladesh	297,970,077	337,062,325
Outside Bangladesh	16,880,817	24,397,284
	314,850,894	361,459,608
	14,498,943,318	17,995,011,999

11.14 Maturity grouping of bills discounted and purchased

Within one month	12,040,043,318	6,096,700,000
More than one month but less than three months	2,456,100,000	8,849,911,999
More than three months but less than six months	2,800,000	3,048,400,000
More than six months		-
	14,498,943,318	17,995,011,999

11.15 Information about restructured loan as per Bangladesh Bank's BRPD Circular no. 4 dated 29 January 2015.

Loans amounting to Tk. 3,103.80 million (outstanding Tk.2,522.30 million as on 31 December 2020) 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.

	Note	2020 Taka	2019 Taka
12 Consolidated fixed assets including premises, furniture and fixtures			
Cost:			
Southeast Bank Limited	13	12,120,614,334	11,448,421,132
Southeast Bank Capital Services Limited		817,942,354	816,073,827
Southeast Exchange Company (South Africa) Pty Ltd		16,416,583	15,316,260
		12,954,973,271	12,279,811,219
Less: Accumulated depreciation			
Southeast Bank Limited	13	2,937,941,407	2,693,465,734
Southeast Bank Capital Services Limited		293,688,455	246,002,900
Southeast Exchange Company (South Africa) Pty Ltd		8,372,192	6,684,570
		3,240,002,054	2,946,153,204
Written down value at the end of the year		9,714,971,217	9,333,658,015

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

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

13 Fixed assets including premises, furniture and fixtures

Cost:			
Land		5,797,426,007	5,797,426,007
Buildings		1,989,886,963	1,989,886,963
Furniture and fixtures		1,381,364,685	1,421,217,386
Office appliances		15,674,809	15,557,289
Computer		533,119,148	309,141,176
Electrical appliances		1,561,868,349	1,438,573,817
ATM Booth		665,452,937	324,137,305
Motor vehicles		175,821,436	152,481,189
		12,120,614,334	11,448,421,132
Less: Accumulated depreciation			
Buildings		641,572,118	585,392,846
Furniture and fixtures		675,761,738	712,788,895
Office appliances		11,854,565	10,989,673
Computer		216,695,538	161,083,126
Electrical appliances		1,045,404,854	955,186,841
ATM Booth		225,499,889	166,056,528
Motor vehicles		121,152,704	101,967,825
		2,937,941,407	2,693,465,734
Written down value at the end of the year		9,182,672,927	8,754,955,398

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

14 Consolidated other assets

Southeast Bank Limited	15	13,171,388,605	9,485,465,483
Southeast Bank Capital Services Limited		316,564,237	126,836,034
Southeast Exchange Company (South Africa) Pty Ltd		1,947,689	4,267,272
		13,489,900,531	9,616,568,789
Less:			
Investment in subsidiary:			
In Bangladesh		5,489,930,000	5,489,930,000
Outside Bangladesh		44,211,055	42,207,967
		5,534,141,055	5,532,137,967
Intercompany balance		2,105,223	-
		7,953,654,253	4,084,430,822

	Note	2020 Taka	2019 Taka
15 Other assets		13,171,388,605	9,485,465,483
15.1 Classification of other assets			
i) Investment in shares of subsidiary companies:			
- In Bangladesh	15.3	5,489,930,000	5,489,930,000
- Outside Bangladesh	15.4	44,211,055	42,207,967
ii) Stationery, stamps, printing materials, etc.		38,500,279	50,176,317
iii) Advance rent and advertisement		58,643,430	294,913,787
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables		4,565,919,217	1,563,924,636
v) Security deposits		5,004,494	4,923,619
vi) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses		814,629,677	953,725,582
vii) Suspense account		28,346,846	40,140,155
viii) Right to use (ROU) assets		979,340,395	207,595,018
ix) Others		1,146,863,212	837,928,403
		13,171,388,605	9,485,465,483
15.2 Non-income generating other assets			
i) Stationery, stamps, printing materials, etc.		38,500,279	50,176,317
ii) Advance rent and advertisement		58,643,430	294,913,787
iii) Suspense account		28,346,846	40,140,155
iv) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses		814,629,677	953,725,582
		940,120,232	1,338,955,841
15.3 Investment in shares of subsidiary company in Bangladesh			
Cost		5,489,930,000	5,489,930,000
Provision for impairment loss		-	-
		5,489,930,000	5,489,930,000
15.4 Investment in shares of subsidiary companies outside Bangladesh			
Cost		44,211,055	82,704,302
Provision for impairment loss		-	(40,496,336)
		44,211,055	42,207,967
15.5 Particulars of required provision for other assets			
	Base for provision	Rate (%)	Taka
2020			
Legal expenses for defaulting borrowings	10,186,097	50%	5,093,048
Legal expenses for defaulting borrowings	126,815,106	100%	126,815,106
Others	143,957,797	100%	143,957,797
Protested bills	11,124,435	100%	11,124,435
Required provision on other assets			286,990,387
Total provision maintained			288,796,914
Excess provision			1,806,527
	Base for provision	Rate (%)	Taka
2019			
Legal expenses for defaulting borrowings	21,555,745	50%	10,777,872
Legal expenses for defaulting borrowings	97,954,681	100%	97,954,681
Others	105,957,797	100%	105,957,797
Protested bills	5,987,140	100%	5,987,140
Required provision on other assets			220,677,490
Total provision maintained			228,796,914
Excess provision			8,119,424

16	Consolidated borrowings from other banks, financial institutions and agents	Note	2020	2019
			Taka	Taka
	Subordinated bond:			
	Southeast Bank Limited	17	13,600,000,000	10,200,000,000
			13,600,000,000	10,200,000,000
	Other borrowings:			
	Southeast Bank Limited	17	18,897,676,319	13,701,399,879
	Southeast Bank Capital Services Limited		-	-
			18,897,676,319	13,701,399,879
	Less: Inter company balance eliminated		-	-
			18,897,676,319	13,701,399,879
			32,497,676,319	23,901,399,879
17	Borrowings from other banks, financial institutions and agents			
	Subordinated Bond	17.2.ii	13,600,000,000	10,200,000,000
	Other borrowings	17.2.i + 17.3	18,897,676,319	13,701,399,879
			32,497,676,319	23,901,399,879
17.1	Borrowing from other banks, financial institutions and agents			
	In Bangladesh	17.2	21,465,144,279	11,820,129,879
	Outside Bangladesh	17.3	11,032,532,040	12,081,270,000
			32,497,676,319	23,901,399,879
17.2	In Bangladesh			
	i. Secured:			
	Refinance against agro-based credit from Bangladesh Bank		18,456	11,344,643
	Refinance for housing sector from Bangladesh Bank		185,569,746	60,380,122
	Refinance against SME loan from Bangladesh Bank		147,776,659	119,993,843
	Refinance against Solar energy, Bio Gas & ETP Scheme from Bangladesh Bank		555,556	3,888,884
	Refinance against RPGCL		2,000,000	-
	BD Pre-Finance Under Sreup		22,387	22,387
	Borrowing from Pubali Bank Limited		382,735,500	-
	Bangladesh Bank Islamic Bond		-	424,500,000
			-	1,000,000,000
	BB Refinance against COVID-19 Stimulus package:			
	COVID-19 Salary RMG		2,715,047,000	-
	COVID-19 Refinance:other than cmsme (BRPD-10)		3,362,801,095	-
	COVID-19 Refinance:packing credit (BRPD-09)		664,192,765	-
	COVID-19 Refinance:cmsme (SMESPD-02)		401,685,115	-
	COVID-19 Refinance:agriculture (ACD-01)		2,740,000	-
			7,865,144,279	1,620,129,879
	ii. Unsecured:			
	Subordinated Bond			
	Rupali Bank Limited		2,100,000,000	1,350,000,000
	Sonali Bank Limited		1,500,000,000	1,850,000,000
	Agrani Bank Limited		3,120,000,000	2,060,000,000
	Pubali Bank Limited		810,000,000	1,070,000,000
	Mercantile Bank Limited		800,000,000	100,000,000
	Saudi-Bangladesh Industrial and Agricultural Investment Company Ltd.		40,000,000	80,000,000
	Sadharan Bima Corporation		160,000,000	180,000,000
	Uttara Bank Limited		120,000,000	160,000,000
	Dhaka Bank Limited		450,000,000	600,000,000
	National Life Insurance Limited		1,450,000,000	1,100,000,000
	Janata Bank Limited		1,300,000,000	1,400,000,000
	Delta Life Insurance Co. Limited		250,000,000	250,000,000
	Eastern Bank Limited		1,000,000,000	-
	Square Pharmaceuticals Limited		500,000,000	-
			13,600,000,000	10,200,000,000
	Total (iii=i+ii)		21,465,144,279	11,820,129,879

17.3	Outside Bangladesh	Note	2020	2019
			Taka	Taka
	Secured			
	Borrowing from Commercial Bank of Qatar (CBQ)		254,401,200	1,485,750,000
	Borrowing from RAK BANK, UAE		958,244,520	849,000,000
	Borrowing FM SCB SINGAPORE		2,968,014,000	2,249,850,000
	Borrowing FM EIB, UAE		1,475,526,960	721,650,000
	Borrowing from ADCB,UAE		508,802,400	679,200,000
	Borrowing from DBS Bank Ltd		-	1,146,150,000
	Borrowing from Noor UAE		-	577,320,000
	Borrowing from FGB, UAE		466,402,200	551,850,000
	Borrowing FM NMB Bank, Nepal		-	849,000,000
	Borrowing from CAIXA Bank, s.a., Spain		678,403,200	-
	Borrowing from FM Habib Bank AG		373,121,760	-
	Borrowing from HDFC BANK, Hong Kong		424,002,000	1,273,500,000
			8,106,918,240	10,383,270,000
	Unsecured			
	Borrowing from Global Climate Partnership Fund S.A.		1,696,008,000	1,698,000,000
	Borrowing from ADB		1,229,605,800	-
			2,925,613,800	1,698,000,000
			11,032,532,040	12,081,270,000
17.4	Maturity grouping of borrowings			
	Repayable on demand		-	-
	Repayable within one month		-	424,800,000
	Over one month but within six months		5,650,967,418	9,259,600,000
	Over six months but within one year		24,846,708,901	2,795,600,000
	Over one year		2,000,000,000	11,421,399,879
			32,497,676,319	23,901,399,879
18	Consolidated deposits and other accounts			
	Current/Al-wadeeah current accounts and other accounts			
	Southeast Bank Limited		66,764,534,952	48,807,799,671
	Southeast Bank Capital Services Limited		110,261,276	75,754,716
			66,874,796,228	48,883,554,387
	Less: Inter company balance eliminated		24,214,410	622,941,348
			66,850,581,819	48,260,613,039
	Bills payable			
	Southeast Bank Limited		3,940,333,929	4,095,294,208
	Southeast Bank Capital Services Limited		-	-
			3,940,333,929	4,095,294,208
	Savings bank/Mudaraba savings bank deposits			
	Southeast Bank Limited		38,060,936,493	30,416,845,985
	Southeast Bank Capital Services Limited		-	-
			38,060,936,493	30,416,845,985
	Fixed deposits/Mudaraba fixed deposits			
	Southeast Bank Limited		251,134,079,440	246,477,520,709
	Southeast Bank Capital Services Limited		-	-
			251,134,079,440	246,477,520,709
	Less: Inter company balance eliminated		450,000,000	-
			250,684,079,440	246,477,520,709
			359,535,931,681	329,250,273,941
19	Deposits and other accounts			
	Current/Al-wadeeah current accounts and other accounts			
	Current/Al-wadeeah current deposits		14,631,129,902	12,879,444,883
	Foreign currency deposits		2,658,297,921	2,222,988,779
	Sundry deposits	19.1	49,475,107,129	33,705,366,009
			66,764,534,952	48,807,799,671
	Bills payable			
	Payment order issued		3,936,386,516	4,091,346,795
	Demand draft		3,947,413	3,947,413
			3,940,333,929	4,095,294,208
	Savings bank/Mudaraba savings bank deposits		38,060,936,493	30,416,845,985
	Fixed deposits/Mudaraba fixed deposits			
	Fixed deposits/Mudaraba fixed deposits		185,307,272,285	187,900,462,477
	Special notice/Mudaraba special notice deposits		42,280,757,873	34,377,295,823
	Scheme deposits		20,162,300,947	19,254,588,903
	Interest payable on FDR/Scheme		3,383,748,334	4,945,173,506
			251,134,079,440	246,477,520,709
			359,899,884,814	329,797,460,573

	<i>Note</i>	2020 Taka	2019 Taka
19.1 Sundry deposits			
Margin under letter of credit		3,771,935,431	2,690,660,855
Margin against IBP		58,638,498	817,604
Margin against FBP		104,093,699	78,719,028
Margin under letter of guarantee		1,460,567,929	1,423,074,985
Margin against time loan to issue pay order		65,571,214	94,034,584
Deposit held against FDBP/IDBP, export bills etc.		73,234,063	13,864,686
FC held against EDF L/C and LTFF/GTF		30,111,738,188	20,010,347,997
Accounts payable		1,017,058	569,107
Telegraphic transfer		913,716	983,716
Margin on acceptance		12,610,041,349	8,713,253,792
Export proceeds awaiting disposal		654,314,769	361,340,932
Remittance awaiting disposal		7,341,384.04	6,978,203
Others		555,699,831	310,720,520
		49,475,107,129	33,705,366,009
19.2 Deposits from banks and others			
Inter-bank deposits	19.3	9,683,266,276	6,169,084,156
Other deposits		350,216,618,538	323,628,376,417
		359,899,884,814	329,797,460,573
19.3 Inter-bank deposits			
AB Bank Limited		54,030	54,143
Agrani Bank Limited		-	500,000,000
Al-Arafa Islami Bank Limited		1,625,506,362	749,040,064
Bank Asia Limited		2,000,000,345	-
Citibank N.A.		39,861,604	455,863,053
Dutch Bangla Bank Limited		2,500,000,000	100,000,000
EXIM Bank Limited		483,513	5,191,092
First Security Islami Bank Limited		165,717	164,791
IFIC Bank Limited		273,191	268,662
Islami Bank Bangladesh Limited		8,769,024	8,607,582
Meghna Bank Limited		860	3,501,780
Mercantile Bank Limited		4,241,535	5,342,095
Mutual Trust Bank Limited		646,057	713,862
NCC Bank Limited		-	200,000,000
NRB Commercial Bank Limited		31,807,087	24,108,748
Prime Bank Limited		-	1,000,000,000
Pubali Bank Limited		750,000,000	-
State Bank of India		300,000,000	-
Sonali Bank Limited		-	3,000,000,000
Shahjalal Islami Bank Limited		7,465,982	105,431,394
Standard Chartered Bank		200,000,000	-
Social Islami Bank Limited		3,344,508	335,533
The City Bank Limited		10,646,463	10,461,357
United Commercial Bank Limited		1,000,000,000	-
Uttara Bank Limited		1,200,000,000	-
		9,683,266,276	6,169,084,156
19.4 Sector-wise deposits			
Government		10,099,476,538	10,307,116,456
Deposit money banks		9,683,266,276	6,169,084,156
Other public		21,535,957,358	25,926,853,338
Foreign currency		2,245,720,330	21,882,296,084
Private		316,335,464,312	265,512,110,538
		359,899,884,814	329,797,460,573
19.5 Unclaimed Deposits and valuables			
Payment Order		2,079,973	2,682,163
		2,079,973	2,682,163

		2020	2019
	Note	Taka	Taka
19.6	Analysis of residual maturity grouping of deposits		
Inter-bank deposits:			
Payable on demand		1,650,400,000	865,500,000
Within one month		6,700,000,000	300,000,000
More than one month but less than six months		1,332,866,276	5,003,584,156
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		-	-
		9,683,266,276	6,169,084,156
Other Deposits:			
Payable on demand		10,800,000,000	7,800,600,000
Within one month		46,054,200,000	44,203,400,000
More than one month but less than six months		81,140,853,724	79,027,325,844
More than six months but less than one year		85,516,880,000	70,710,990,000
More than one year but less than five years		107,702,800,000	102,836,600,000
More than five years but less than ten years		19,001,884,814	19,049,460,573
		350,216,618,538	323,628,376,417
		359,899,884,814	329,797,460,573
20	Consolidated other liabilities		
Southeast Bank Limited	21	43,104,754,236	38,312,892,783
Southeast Bank Capital Services Limited		405,889,783	306,169,676
Southeast Financial Services (UK) Ltd		-	323,309
Southeast Exchange Company (South Africa) Pty Ltd		37,294,566	32,120,880
		43,547,938,585	38,651,506,648
Less: Inter company balance eliminated		2,105,223	
		43,545,833,362	38,651,506,648
21	Other liabilities		
Provision for loans and advances/investments	21.1	23,862,771,455	18,773,255,000
Interest suspense account	21.2	10,741,106,029	9,294,042,050
Provision for taxation	21.3	2,891,305,423	4,814,160,997
Obligation under finance lease	21.4	-	868,030
Lease Liabilities (Right of Use Assets)	21.4.2	652,822,368	132,956,073
Accrued expenses		14,091,799	20,738,308
Interest payable on borrowings		403,740,977	501,780,157
Accounts payable-Bangladesh Bank		28,186,890	66,346,869
Accounts payable-others		1,214,240,145	1,209,485,335
Provision for diminution in the market value of share	21.7	126,200,000	684,270,141
Other provisions	21.5.1	1,263,023,180	1,062,908,714
Unearned income		228,560,194	334,006,098
Branch adjustment	21.6	513,771,775	393,145,849
Withholding tax		1,163,934,002	1,023,929,163
Provision for audit fees		1,000,000	1,000,000
		43,104,754,236	38,312,892,783
21.1	Provision for loans and advances/investments		
A. General			
Balance as at 1 January		529,628,000	3,321,400,000
Add: Provision made during the year			
On standard loans and advances/investments etc.		3,021,347,663	354,251,868
On Special Mention Account (SMA)		15,115,937	(26,023,868)
		3,036,463,600	328,228,000
Add: 1% General provision due to COVID-19		1,161,700,000	-
Add: Transfer from retained earnings		2,487,616,855	-
Less: Transfer to specific provision		(3,579,410,600)	(3,120,000,000)
Less: Provision no longer required		-	-
Balance as at 31 December		3,635,997,855	529,628,000
B. Specific			
Balance as at 1 January		18,243,627,000	9,961,900,000
Less: Fully provided debt write off during the year		(2,504,385,038)	(10,310,926)
Add: Recoveries of amounts previously written off		472,250,468	917,012,200
Add: Specific provision for the year		827,466,570	4,255,025,727
Add: Transfer from general provision		3,579,410,600	3,120,000,000
Add: Transfer from Interest Suspense		296,806,000	-
Less: Recoveries and provisions no longer required		-	-
Less: Interest waiver during the year		(688,402,000)	-
Net charge to Profit & Loss A/C		1,983,146,600	8,281,727,000
Balance as at 31 December		20,226,773,600	18,243,627,000
C. Total provision on loans and advances/investments (A+B)		23,862,771,455	18,773,255,000

	<i>Note</i>	2020 Taka	2019 Taka
21.2 Interest suspense account			
Balance as at 1 January		9,294,042,050	5,995,927,271
Add: Amount transferred to "interest suspense" account during the year		4,103,475,368	6,583,128,290
		13,397,517,418	12,579,055,561
Less: Amount of interest suspense recovered during the year		2,069,153,651	3,086,779,100
Amount written off during the year		455,969,508	3,148,175
Interest waiver during the year		131,288,230	195,086,236
		2,656,411,389	3,285,013,511
Balance as at 31 December		10,741,106,029	9,294,042,050
21.3 Provision for taxation			
Provision for current tax	21.3.1	2,579,162,503	4,411,136,490
Deferred tax liabilities	21.3.2	312,142,920	403,024,507
		2,891,305,423	4,814,160,997
21.3.1 Provision for current tax			
Provision			
Balance as at 1 January		13,985,654,808	14,079,760,869
Settlement/adjustments for previous years		-	(2,694,106,061)
Provision made for the current year	21.3.1.1	1,050,000,000	2,600,000,000
(A) Balance as at 31 December		15,035,654,808	13,985,654,808
Less: Advance tax			
Balance as at 1 January		9,574,518,318	10,194,273,962
Paid during the year		2,881,973,987	2,074,350,417
Settlement/adjustments for previous years		-	(2,694,106,061)
(B) Balance as at 31 December		12,456,492,305	9,574,518,318
(A-B) Net balance as at 31 December		2,579,162,503	4,411,136,490
21.3.1.1 Provision made for the current year			
Provision made during the year		1,050,000,000	2,600,000,000
Less: Excess provision adjustment for prior years		-	-
		1,050,000,000	2,600,000,000
21.3.2 Deferred tax liabilities			
Deferred tax liabilities are attributable to the following:			
Revaluation reserve of land		615,761,213	615,761,213
Revaluation reserve of buildings		125,911,051	125,911,051
Fixed assets- except land and revaluation reserve of buildings	21.3.3.1	(437,382,640)	(352,382,640)
Revaluation reserve of HTM securities	21.3.3.2	10,372,677	10,840,095
Revaluation reserve of HFT securities	21.3.3.3	4,647,619	4,361,789
Deferred tax on right of use assets	21.3.3.4	(7,167,000)	(1,467,000)
		312,142,920	403,024,507

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.

Right of use assets (IFRS-16)

The new lease (IFRS-16) accounting rules has significant impact on the balance sheet and income statements. As under IFRS 16 all leases apart from low value and short term leases are brought on balance. SEBL recognize a ROU asset which is depreciated in a straight line and a lease liability which is discounted under the effective interest method. Resulting in a depreciation and interest expense rather than a rent expense (unde IAS 17). This will typically result in higher lease expenses during the early years of the lease and causes the value of the ROU asset and lease obligation to diverge over the duration of the lease contract. The depreciation and interest expenses are not allowable in tax, other hand rent tax office will allow the rent expenses. Hence temporary differences arise and accordingly deferred tax has been recognized. However, the outstanding amount of deferred tax will be atomically released with the expiry of the lease term.

21.3.3 Movement of deferred tax liabilities

Balance as at 1 January	403,024,507	1,144,993,875
Provision made for deferred tax liabilities		
Charged to profit and loss account	(90,700,000)	(744,386,000)
Charged to revaluation reserve	4,031,290	3,177,347
	(86,668,710)	(741,208,653)
	316,355,797	403,785,222
Adjustment made during the year for revaluation reserve	(4,212,877)	(760,715)
Balance as at 31 December	312,142,920	403,024,507

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

Balance as at 1 January	(352,382,640)	390,536,360
Charge to profit and loss account	(85,000,000)	(742,919,000)
Balance as at 31 December	(437,382,640)	(352,382,640)

21.3.3.2 Deferred tax on revaluation reserve of HTM securities

Balance as at 1 January	10,840,095	7,662,748
Add: Charge to revaluation reserves	3,385,534	3,177,347
Less: Adjustment during the year	(3,852,951)	-
Balance as at 31 December	10,372,677	10,840,095

21.3.3.3 Deferred tax on revaluation reserve of HFT securities

Balance as at 1 January	4,361,789	5,122,503
Add: Charge to revaluation reserves	645,756	-
Less: Adjustment during the year	(359,925)	(760,714)
Balance as at 31 December	4,647,619	4,361,789

21.3.3.4 Deferred tax on right of use assets

Balance as at 1 January	(1,467,000)	-
Addition during the year	(5,700,000)	(1,467,000)
Adjustment during the year	-	-
Balance as at 31 December	(7,167,000)	(1,467,000)

21.4 Obligation under lease liabilities

Balance as at 1 January	868,030	1,291,340
Addition during the year	-	-
Interest charge during the year	-	-
	868,030	1,291,340
Adjustment during the year	(868,030)	(423,310)
Balance as at 31 December	-	868,030

21.4.1 Lease Liabilities Right of use (ROU) Assets

Balance as at 1 January	132,956,073	-
Addition during the year	665,527,166	169,602,073
Interest charge during the year	37,457,425	10,134,250
	835,940,664	179,736,323
Adjustment during the year	183,118,296	46,780,250
Balance as at 31 December	652,822,368	132,956,073

	<i>Note</i>	2020 Taka	2019 Taka
21.5 Other provisions charged to profit and loss			
Provision for other assets	21.5.1 (A)	60,000,000	65,000,000
Provision for good borrowers	21.5.1 (B)	-	-
Provision for off-balance sheet exposures	21.5.1 (C)	119,155,200	(389,100,000)
Start-up fund	21.5.1 (D)	20,959,266	-
		200,114,466	(324,100,000)

21.5.1 Other Provisions

A) Provision for other assets			
Balance as at 1 January		228,796,914	233,735,000
Addition during the year		60,000,000	65,000,000
		288,796,914	298,735,000
Adjustment during the year		-	(69,938,086)
Balance as at 31 December		288,796,914	228,796,914
B) Provision for good borrowers			
Balance as at 1 January		22,011,800	22,011,800
Addition during the year		-	-
		22,011,800	22,011,800
Adjustment during the year		-	-
Balance as at 31 December		22,011,800	22,011,800
C) Provision for off-balance sheet exposures			
Balance as at 1 January		812,100,000	1,201,200,000
Provision made during the year		119,155,200	-
		931,255,200	1,201,200,000
Adjustments made during the year		-	(389,100,000)
Balance as at 31 December		931,255,200	812,100,000
D) Start-up fund			
Balance as on 1 January		-	-
Addition during the year 1% of net profit		20,959,266	-
Balance as at 31 December		20,959,266	-
E) Total other provisions (A+B+C+D)		1,263,023,180	1,062,908,714

21.6 Branch adjustment (credit)

General accounts debit	602,839,225	1,345,879,151
General accounts credit	1,116,611,000	1,739,025,000
	513,771,775	393,145,849

Branch adjustment account represents outstanding interbranch and head office transactions (net) originated but yet to be responded at balance sheet date. However, the un-respondent entries of 31 Dec 2020 are given below:

	No. of unrespondent entries		Unrespondent entries (Taka)	
	Debit	Credit	Debit	Credit
Upto 3 months	646	1,297	602,839,225	1,116,611,000
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	646	1,297	602,839,225	1,116,611,000

	<i>Note</i>	2020 Taka	2019 Taka
21.7 Consolidated provision for diminution in value of investments			
Southeast Bank Limited	21.7.1	(117,063,786)	319,600,000
Southeast Bank Capital Services Limited		-	-
Balance as at 31 December		(117,063,786)	319,600,000
21.7.1 Provision for diminution in value of investments			
Balance as at 1 January		684,270,141	799,726,500
Adjustments made for loss of sales of shares during the year		(441,006,355)	(435,056,359)
Provision made during the year (Charge to the profit and loss)		(117,063,786)	319,600,000
Balance as at 31 December		126,200,000	684,270,141
22 Share Capital			
22.1 Authorised			
<u>1,500,000,000</u> Ordinary shares of Tk 10 each		15,000,000,000	15,000,000,000
22.2 Issued, subscribed and paid up			
378,164,970 ordinary shares of Tk 10 each issued for cash		3,781,649,700	3,781,649,700
810,775,551 ordinary shares of Tk 10 each issued as bonus shares		8,107,755,510	7,817,770,020
<u>1,188,940,521</u>		11,889,405,210	11,599,419,720
22.2.1 Reconciliation of number of shares			
Balance as at 1 January		1,159,941,972	1,054,492,702
Issue of bonus shares		28,998,549	105,449,270
Balance as at 31 December		1,188,940,521	1,159,941,972
22.3 Dividends			
The following dividends were declared and paid by the Bank for the year ended 31 December.			
1.0 Taka (Cash 0.75 and stock 0.25 dividend) per ordinary share for 2019 and 1.0 Taka per (Stock dividend) ordinary share for 2018		1,159,941,972	1,054,492,700
After the end of the reporting period, the following dividends were proposed by the directors. The dividends have not been provided for and no tax consequences.			
1.00 Taka cash dividend per ordinary share for 2020 and 1.00 Taka (Cash 0.75 and Stock 0.25 dividend) per ordinary share for 2019.		1,188,940,521	1,159,941,972
22.3.1 Summary of unclaimed dividends			
Unclaimed dividend as on 31 December 2020 was an amount of BDT 38,766,539.21 against 72,302 nos. of shareholders.			

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
2016	None	-	-	9,169,501,760
2017	15% Stock Dividend	137,542,526	1,375,425,260	10,544,927,020
2018	10% Stock Dividend	105,449,270	1,054,492,700	11,599,419,720
2019	2.5% Stock Dividend	28,998,549	289,985,490	11,889,405,210

22.5 Classification of shareholders by holding

	Number of holders		% of total holding	
	2020	2019	2020	2019
Less than 500 shares	8,578	8,404	0.12	0.13
501 to 5,000 shares	15,589	16,342	2.52	2.65
5,001 to 10,000 shares	3,182	3,322	1.88	1.97
10,001 to 20,000 shares	2,043	2,024	2.43	2.45
20,001 to 30,000 shares	727	674	1.50	1.42
30,001 to 40,000 shares	419	379	1.23	1.12
40,001 to 50,000 shares	236	181	0.90	0.70
50,001 to 1,00,000 shares	492	472	2.92	2.83
1,00,001 to 10,00,000 shares	482	472	10.90	11.02
Over 10,00,000 shares	133	146	75.60	75.72
	31,881	32,416	100.00	100.00

22.6 Initial public offer (IPO)

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

22.7 Name of the Directors and their shareholdings in the year 2020

Sl. No.	Name of the directors	Status	As at 1 January 2020	As at 31 December 2020
1	Mr. Alamgir Kabir, FCA	Chairman	26,057,759	26,709,202
2	Mrs. Duluma Ahmed	Vice Chairperson	24,139,668	24,743,159
3	Mr. M. A. Kashem	Director	25,688,430	26,330,640
4	Mr. Azim Uddin Ahmed	Director	32,245,779	33,051,923
5	Mrs. Jusna Ara Kashem	Director	23,199,498	23,779,485
6	Mrs. Rehana Rahman	Director	23,837,842	24,433,788
7	Mr. Md. Akikur Rahman	Director	23,551,319	31,764,465
8	Mr. Raiyan Kabir (Appointed on October 28, 2020)	Director	-	24,458,937
9	Bay Leasing & Investment Limited (Represented by Mr. M. Maniruz)	Director	-	27,950,000
10	Mr. Syed Sajedul Karim	Independent Director	-	-
11	Dr. Quazi Mesbahuddin Ahmed	Independent Director	-	-
12	Mr. Mohammad Delwar Husain	Independent Director	-	-
13	Mr. M. Kamal Hossain	Managing Director	-	-
			178,720,295	243,221,599

22.8 Capital to Risk weighted Assets 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.

	Note	2020 Taka	2019 Taka
Common equity Tier-1 capital (Going Concern Capital)			
Paid up capital	22.2	11,889,405,210	11,599,419,720
Share premium		-	-
Statutory reserve	23	11,580,478,928	10,969,433,607
Other reserve	25	247,650,000	247,650,000
Retained earnings	28	1,190,000,000	3,354,063,270
		24,907,534,138	26,170,566,597
Add: Additional Tier 1 capital		-	-
Less: Regulatory adjustments		238,082,042	118,436,936
A) Total common equity Tier 1 capital		24,669,452,096	26,052,129,662
Tier 2 Capital (Gone -Concern Capital)			
Subordinated bond		11,000,000,000	8,600,000,000
General provision maintained against unclassified loans/investments		3,635,997,855	529,628,000
General provision on off-balance sheet items		931,255,200	812,100,000
Asset revaluation reserve		-	2,101,404,750
Revaluation reserve of Government securities		-	22,730,860
		15,567,253,055	12,065,863,610
Less: Regulatory adjustments		-	2,124,135,610
Total Tier 2 capital		15,567,253,055	9,941,728,000
B) Total capital		40,236,705,151	35,993,857,662
C) Risk Weighted Assets (RWA)			
Credit Risk			
On-balance sheet		215,051,106,873	245,711,589,681
Off-balance sheet		24,525,321,227	30,245,839,839
		239,576,428,100	275,957,429,520
Market risk		13,061,256,153	9,837,819,829
Operational risk		24,412,432,152	24,176,795,376
Total RWA		277,050,116,404	309,972,044,725
D) Required common equity Tier 1 Capital		12,467,255,238	13,948,742,013
Required Tier 1 Capital 6% (2019: 6%) of RWA		16,623,006,984	18,598,322,683
E) Required total capital 12.50% (2019: 12.50%) of RWA		34,631,264,551	38,746,505,591
F) Surplus common equity Tier 1 Capital(A-D)		12,202,196,858	12,103,387,649
G) Surplus total capital (B-E)		5,605,440,600	(2,752,647,928)
Capital to risk-weighted assets ratio:			
On common equity Tier 1 capital against standard of minimum 4.5%		8.90%	8.40%
On Tier 1 capital - against standard of minimum 6%		8.90%	8.40%
On total capital - against standard of minimum 12.50% (2019:12.50%)		14.52%	11.61%
22.9 Leverage Ratio of the Bank			
A) Tier 1 capital considering all regulatory adjustments		24,669,452,096	26,052,129,662
B) On-balance sheet exposure		444,855,602,047	404,186,964,050
C) Off-balance sheet exposure		64,424,584,915	60,523,824,177
D) Deduction from on and off balance sheet exposure /Regulatory adjustment		238,082,042	118,436,936
E) Total exposure (B+C-D)		509,042,104,920	464,592,351,291
Leverage ratio (A/E)		4.85%	5.61%
Liquidity coverage ratio		116.37%	154.00%
Net stable funding ratio		106.51%	113.88%

	<i>Note</i>	2020 Taka	2019 Taka
22.10 Capital to Risk weighted Assets Ratio (CRAR) of the Group			
Common Equity Tier 1 Capital			
Paid up capital	22.2	11,889,405,210	11,599,419,720
Share premium		-	-
Statutory reserve	23	11,580,478,928	10,969,433,607
Other reserve	25	247,650,000	247,650,000
Non- controlling interest	29	10,201,511	10,072,617
Retained earnings	27	1,315,624,550	3,443,466,969
		25,043,360,199	26,270,042,913
Add: Additional Tier 1 capital		-	-
Less: Regulatory adjustments		238,082,042	118,436,936
A) Total common equity Tier 1 capital		24,805,278,157	26,151,605,977
Tier 2 capital (Gone- Concern Capital)			
Subordinated bond		11,000,000,000	8,600,000,000
General provision maintained against unclassified loans/investments		3,635,997,855	529,628,000
General provision on off-balance sheet items		931,255,200	812,100,000
Asset revaluation reserve		-	2,101,404,750
Revaluation reserve of Government securities		-	22,730,860
		15,567,253,055	12,065,863,610
Less: Regulatory adjustments		-	2,124,135,610
Total Tier 2 capital		15,567,253,055	9,941,728,000
B) Total capital		40,372,531,212	36,093,333,978
C) Risk weighted assets (RWA)			
Credit risk			
On-balance sheet		211,372,679,188	241,706,678,361
Off-balance sheet		24,525,321,227	30,245,839,839
		235,898,000,415	271,952,518,200
Market risk		20,764,051,363	16,849,259,139
Operational risk		24,730,786,751	24,515,099,512
Total RWA		281,392,838,529	313,316,876,851
D) Required common equity Tier 1 capital		12,662,677,734	14,099,259,458
Required Tier 1 capital 6% (2019: 6%) of RWA		16,883,570,312	18,799,012,611
E) Required total capital 12.50% (2019: 12.50%) of RWA		35,174,104,816	39,164,609,606
F) Surplus common equity Tier 1 capital (A-D)		12,142,600,423	12,052,346,519
G) Surplus total capital (B-E)		5,198,426,396	(3,071,275,629)
Capital to risk- weighted assets ratio:			
On common equity Tier 1 capital - against standard of minimum 4.5%		8.82%	8.35%
On Tier 1 capital - against standard of minimum 6%		8.82%	8.35%
On total capital - against standard of minimum 12.50% (2019:12.50%)		14.35%	11.52%

	<u>2020</u>	<u>2019</u>
<i>Note</i>	<u>Taka</u>	<u>Taka</u>
22.11 Leverage ratio of the Group		
A) Tier 1 capital considering all regulatory adjustments	24,805,278,157	26,151,605,977
B) On-balance sheet exposure	445,066,634,997	404,069,087,993
C) Off-balance sheet exposure	64,424,584,915	60,523,824,177
D) Deduction from on and off balance sheet exposure /Regulatory adjustment	238,082,042	118,436,936
E) Total exposure (B+C-D)	509,253,137,870	464,474,475,234
Leverage ratio (A/E)	4.87%	5.63%
Liquidity coverage ratio	116.37%	154.00%
Net stable funding ratio	106.51%	113.88%
23 Statutory reserve		
Balance as at 1 January	10,969,433,607	10,094,153,565
Addition during the year	611,045,321	875,280,042
Balance as at 31 December	11,580,478,928	10,969,433,607
24 Revaluation reserve		
Revaluation reserve of land and buildings:		
Balance as at 1 January	4,944,481,764	4,944,481,764
Addition during the year	-	-
	4,944,481,764	4,944,481,764
Deferred tax liabilities	(741,672,265)	(741,672,265)
Balance as at 31 December	4,202,809,499	4,202,809,499
Revaluation reserve on HTM securities:		
Balance as at 1 January	27,591,740	19,118,815
Addition during the year	10,750,106	8,472,925
	38,341,845	27,591,740
Adjustment during the year	(6,245,560)	-
	32,096,285	27,591,740
Deferred tax liabilities	(14,693,046)	(10,840,095)
Balance as at 31 December	17,403,239	16,751,645
Revaluation reserve on HFT securities:		
Balance as at 1 January	34,593,291	151,658,839
Addition during the year	2,730,442,921	333,754,704
	2,765,036,212	485,413,542
Adjustment during the year	(2,306,479,668)	(450,820,252)
	458,556,544	34,593,291
Deferred tax liabilities	(6,243,143)	(5,883,217)
Balance as at 31 December	452,313,401	28,710,074
	4,672,526,139	4,248,271,218
25 Other reserve		
General reserve:		
Balance as at 1 January	247,650,000	247,650,000
Addition during the year	-	-
Balance as at 31 December	247,650,000	247,650,000

	<i>Note</i>	2020 Taka	2019 Taka
26 Foreign currency translation reserve			
Balance as at 1 January		(8,779,606)	(28,918,605)
(Adjustments)/addition during the year		6,860,503	20,138,999
Balance as at 31 December		(1,919,103)	(8,779,606)
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	1,190,000,000	3,354,063,270
Southeast Bank Capital Services Limited		71,694,142	1,423,733
Southeast Financial Services (UK) Ltd		-	(32,750,000)
Southeast Exchange Company (South Africa) Pty Ltd		53,930,408	80,233,629
Less: Elimination for impairment of investment in subsidiary		-	40,496,336
		1,315,624,550	3,443,466,969
28 Retained earnings			
Balance as at 1 January		3,354,063,270	2,803,806,592
Currency translation differences		(1,385,732)	8,844,087
Prior year adjustment		-	100,399,123
Transfer to specific provision		(2,487,616,855)	-
		865,060,683	2,913,049,802
Retained surplus for the year		1,484,881,286	1,645,506,168
		2,349,941,969	4,558,555,970
Less:			
Transfer to Southeast Bank Staff Welfare Trust		-	150,000,000
Issue of bonus share		289,985,490	1,054,492,700
Cash dividend paid		869,956,479	-
		1,159,941,969	1,204,492,700
Retained earnings carried forward		1,190,000,000	3,354,063,270
29 Non-controlling interest			
Paid up capital		5,500,000,000	5,500,000,000
Retained earnings		71,825,648	1,426,344
Total net assets		5,571,825,648	5,501,426,344
Non-controlling interest 0.183091% (2019:0.183091%) of net assets		10,201,511	10,072,617
Non-controlling interest arises only for Southeast Bank Capital Services Limited, the another subsidiary is 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		35,151,633,948	31,298,942,846
Acceptance under Letters of Credit -back to back		15,936,168,741	17,108,738,407
		51,087,802,689	48,407,681,253
30.2 Letters of guarantee			
Local		16,794,284,847	16,393,957,537
Foreign		349,480,720	379,760,504
		17,143,765,567	16,773,718,041

	<i>Note</i>	2020 Taka	2019 Taka
30.2.1 Balance for which the Bank is contingently liable in respect of guarantee issued favouring:			
Directors or officers		4,783,061	4,783,061
Government		-	-
Banks and other financial institutions		62,959,115	46,929,219
Others		17,076,023,391	16,722,005,761
		17,143,765,567	16,773,718,041
30.3 Irrevocable Letters of Credit (L/C)			
Back to back L/C		13,067,856,366	11,002,117,710
Others		24,107,884,577	16,934,335,499
		37,175,740,943	27,936,453,209
30.4 Bills for collection			
Local		15,798,359,855	14,780,735,049
Foreign		15,599,934,838	13,796,209,151
		31,398,294,693	28,576,944,200
30.5 Other contingent liabilities			
Value of Bangladesh Sanchaypatra & others		1,931,650,000	1,454,224,000
31 Income statement			
Income:			
Interest, discount and similar income		26,615,905,816	30,811,600,364
Dividend income		158,163,234	189,895,835
Fees, commission and brokerage		2,259,032,362	2,201,445,993
Gains less losses arising from dealing securities		2,052,409,635	458,154,698
Gains less losses arising from investment securities		96,263,198	34,391,265
Gains less losses arising from dealing in foreign currencies		1,191,681,547	1,563,546,203
Other operating income		988,848,766	978,908,443
		33,362,304,558	36,237,942,800
Expenses:			
Interest, fees and commission		19,810,562,829	22,026,807,868
Administrative expenses		3,315,468,761	3,647,173,030
Other operating expenses		1,416,744,024	1,220,472,103
Depreciation on banking assets		655,621,487	388,335,861
		25,198,397,101	27,282,788,863
Income over expenses		8,163,907,457	8,955,153,937
32 Consolidated interest income/profit on investments			
Southeast Bank Limited	33	22,219,789,107	26,242,459,146
Southeast Bank Capital Services Limited		66,805,334	35,365,624
Southeast Exchange Company (South Africa) Pty Ltd		5,387,074	7,545,394
		22,291,981,514	26,285,370,165
Less: Inter company balance eliminated		41,486,931	26,487,768
		22,250,494,583	26,258,882,397

	<i>Note</i>	2020 Taka	2019 Taka
33 Interest income/profit on investments			
Interest on loans and advances (Conventional Banking):			
Interest on loans and advances		20,194,541,734	23,547,858,446
Interest on placement with other banks and financial institutions		507,110,362	798,674,353
Interest on foreign currency balances		44,766,064	145,028,315
		20,746,418,160	24,491,561,114
Profit on investment (Islamic Banking):			
Profit on investments		1,399,693,777	1,689,605,015
Profit on placement with other banks		73,677,170	61,293,017
		1,473,370,947	1,750,898,031
		22,219,789,107	26,242,459,146
34 Consolidated interest paid/profit shared on deposits and borrowings etc.			
Southeast Bank Limited	35	19,810,562,829	22,026,807,868
Southeast Bank Capital Services Limited		-	1,565,513
		19,810,562,829	22,028,373,381
Less: Inter company balance eliminated		41,486,931	26,487,768
		19,769,075,898	22,001,885,612
35 Interest paid/profit shared on deposits and borrowings etc.			
Interest paid on deposits (Conventional Banking):			
Interest on deposits		16,944,363,833	18,741,377,824
Interest on borrowings		1,569,156,228	1,811,452,574
Interest on repurchase agreement (repo)		35,220,339	2,741,871
Interest on refinance		36,671,840	5,516,939
Interest on foreign bank accounts		4,009,228	5,886,244
		18,589,421,466	20,566,975,453
Profit shared on deposits (Islamic Banking):			
Profit paid on deposits		1,178,592,276	1,428,244,515
Profit on refinance borrowings		42,549,087	31,587,899
		1,221,141,363	1,459,832,414
		19,810,562,829	22,026,807,868
36 Consolidated investment income			
Southeast Bank Limited	37	6,702,952,777	5,251,583,015
Southeast Bank Capital Services Limited		101,935,794	72,876,814
		6,804,888,571	5,324,459,829
Less: Inter company balance eliminated		53,997,533	35,484,673
		6,750,891,038	5,288,975,155
37 Investment income			
Interest income from Government securities	37.1	3,825,388,786	3,907,037,039
Capital gain (loss) on Government securities	37.2	1,694,589,456	474,001,394
Revaluation gain (loss) on Government securities	37.3	357,820,179	(15,846,696)
Dividend on investment in shares		158,163,234	189,895,835
Gain on sale of investment in shares		96,263,198	34,391,265
Interest income from investment in bonds		570,727,923	662,104,179
		6,702,952,777	5,251,583,015
37.1 Interest income from Government securities			
Interest on treasury bills		-	-
Interest on treasury bonds/T&T bonds		4,826,200,210	4,458,232,675
Interest on Bangladesh Bank bills		-	-
		4,826,200,210	4,458,232,675
Interest expenses on treasury bills		-	(322,323)
Interest expenses on treasury bonds		(1,000,811,424)	(550,873,313)
		(1,000,811,424)	(551,195,636)
Net interest income from Government securities		3,825,388,786	3,907,037,039

	<i>Note</i>	2020 Taka	2019 Taka
37.2 Capital gain on Government securities			
Capital gain on treasury bills		1,379,316,459	503,768,813
Capital gain on treasury bonds/T&T bonds		646,839,972	212,532,498
Capital gain on BB bills		-	-
		2,026,156,431	716,301,311
Capital loss on treasury bills		(40,692,004)	(5,490,381)
Capital loss on treasury bonds/T&T bonds		(290,874,971)	(236,809,536)
		(331,566,975)	(242,299,917)
Net capital gain on Government securities		1,694,589,456	474,001,394
37.3 Revaluation gain (loss) on Government securities			
Revaluation gain on treasury bills		-	-
Revaluation gain on treasury bonds		357,904,961	-
Revaluation gain on Bangladesh Bank bills		-	-
		357,904,961	-
Revaluation loss on treasury bills		(84,782)	(15,846,696)
Revaluation loss on treasury bonds		-	-
Revaluation loss on Bangladesh Bank bills		-	-
		(84,782)	(15,846,696)
Net revaluation gain (loss) on Government securities		357,820,179	(15,846,696)
38 Consolidated commission, exchange and brokerage			
Southeast Bank Limited	39	3,450,713,908	3,764,992,196
Southeast Bank Capital Services Limited		75,000	387,500
Southeast Financial Services (UK) Ltd		-	4,401,964
Southeast Exchange Company (South Africa) Pty Ltd		85,432,753	89,827,594
		3,536,221,661	3,859,609,254
39 Commission, exchange and brokerage			
Commission and brokerage		2,259,032,362	2,201,445,993
Exchange gain (net off exchange loss)	39.1	1,191,681,547	1,563,546,203
		3,450,713,908	3,764,992,196
Commission, fees & Charges received against export and export related services are VAT exempted as per services code-S056 of SRO 189-AIN/2019/46-Mushak, dated- 13 June 2019.			
39.1 Exchange gain (net off exchange loss)			
Exchange gain from revaluation/trade of foreign currency		1,176,854,819	1,525,850,444
Exchange gain from credit card		14,826,727	37,695,759
		1,191,681,547	1,563,546,203
40 Consolidated other operating income			
Southeast Bank Limited	41	988,848,766	978,908,443
Southeast Bank Capital Services Limited		17,456,110	10,298,550
Southeast Financial Services (UK) Ltd		-	664,535
		1,006,304,876	989,871,528
Less: Inter company balance eliminated		4,273,920	4,731,840
		1,002,030,956	985,139,688

	<i>Note</i>	2020	2019
		Taka	Taka
41 Other operating income			
Remittance fees		68,300	55,326
Service and incidental charges		84,606,590	94,984,071
Other fees - telephone and postage		44,196,619	52,660,074
Income from ATM services		43,259,693	39,103,635
Income from credit card		243,399,918	176,148,439
Income from retail banking		8,094,526	7,453,193
Other Fees - SWIFT and others		216,221,796	229,756,216
Gain on sale of fixed assets	41.1	-	1,665,379
Income from telecash		7,395,770	2,662,321
Miscellaneous income		341,605,554	374,419,789
		988,848,766	978,908,443
41.1 Gain on sale of fixed assets			
Cost:			
Furniture and fixtures		-	4,285,782
Office appliances		-	892,731
Computer		-	327,102
Electrical appliances		-	23,242,681
ATM		-	967,000
Motor vehicles		-	16,119,915
		-	45,835,211
Accumulated depreciation:			
Furniture and fixtures		-	2,385,078
Office appliances		-	140,205
Electrical appliances		-	10,984,900
ATM		-	900,684
Motor vehicles		-	15,939,417
		-	30,350,284
Written down value		-	15,484,927
Sale proceeds of the above fixed assets		-	17,150,306
Gain on sale of fixed assets		-	1,665,379
42 Consolidated salaries and allowances			
Southeast Bank Limited	43	2,038,615,950	2,142,216,378
Southeast Bank Capital Services Limited		13,591,240	13,775,340
Southeast Financial Services (UK) Ltd		-	6,171,575
Southeast Exchange Company (South Africa) Pty Ltd		13,771,423	13,131,331
		2,065,978,613	2,175,294,624
43 Salaries and allowances			
Basic salary		1,062,297,814	1,058,499,854
Allowances		717,925,797	684,957,939
Bonus		165,775,305	309,814,083
Provident fund		92,617,035	88,944,502
		2,038,615,950	2,142,216,378
44 Consolidated rent, taxes, insurance, electricity etc.			
Southeast Bank Limited	45	862,560,078	1,061,295,939
Southeast Bank Capital Services Limited		12,951,557	14,435,593
Southeast Financial Services (UK) Ltd		-	7,188,500
Southeast Exchange Company (South Africa) Pty Ltd		6,667,886	5,174,927
		882,179,521	1,088,094,959
Less: Inter company balance eliminated		4,273,920	4,731,840
		877,905,601	1,083,363,119

	<i>Note</i>	2020 Taka	2019 Taka
45 Rent, taxes, insurance, electricity etc.			
Rent, rates and taxes		517,197,075	727,738,301
Insurance		249,303,802	224,724,893
Electricity and lighting		96,059,201	108,832,744
		862,560,078	1,061,295,939
46 Consolidated postage, stamp, telecommunication etc.			
Southeast Bank Limited	47	163,733,970	173,691,923
Southeast Bank Capital Services Limited		160,393	159,151
Southeast Financial Services (UK) Ltd		-	126,671
Southeast Exchange Company (South Africa) Pty Ltd		317,651	569,060
		164,212,014	174,546,805
47 Postage, stamp, telecommunication etc.			
Postage		39,383,964	49,385,385
Telephone /Telex		17,925,533	17,224,826
FC Charge (Nostro)		10,553,800	5,723,162
VSAT on-line		44,040,718	41,893,216
Reuters services		2,385,002	2,620,462
Other Fees - SWIFT and others		49,444,952	56,844,872
		163,733,970	173,691,923
48 Consolidated stationery, printing, advertisements etc.			
Southeast Bank Limited	49	156,210,729	164,420,208
Southeast Bank Capital Services Limited		156,419	284,142
Southeast Financial Services (UK) Ltd		-	302,974
Southeast Exchange Company (South Africa) Pty Ltd		830,357	738,715
		157,197,505	165,746,039
49 Stationery, printing, advertisements etc.			
General and office stationery		79,008,424	88,952,597
Printing and security stationery		29,754,976	28,990,001
Publicity and advertisement		47,447,329	46,477,610
		156,210,729	164,420,208
50 Managing Director's salary and fees			
Basic salary		4,020,000	4,020,000
House rent		1,740,000	1,740,000
House maintenance		900,000	900,000
Leave fare concession		1,200,000	1,200,000
Utility		720,000	720,000
Special allowance		420,000	420,000
Provident Fund		402,000	402,000
Bonus		1,005,000	1,670,000
		10,407,000	11,072,000

		2020	2019
	<i>Note</i>	Taka	Taka
51 Consolidated directors' fees			
Southeast Bank Limited (Note 52)	52	2,568,060	3,292,248
Southeast Bank Capital Services Limited		120,000	176,000
Southeast Financial Services (UK) Limited		-	-
		2,688,060	3,468,248
52 Directors' fees			
Directors' fees		2,376,000	2,720,000
Directors' haltage and travelling		192,060	572,248
		2,568,060	3,292,248
Each Director is paid TK. 8,000/ per meeting per attendance.			
53 Consolidated auditors' fees			
Southeast Bank Limited		1,000,000	1,000,000
Southeast Bank Capital Services Limited		92,000	69,000
Southeast Exchange Company (South Africa) Pty Ltd		768,327	835,078
		1,860,327	1,904,078
54 Consolidated depreciation and repair			
Depreciation:			
Southeast Bank Limited	55	655,621,487	388,335,861
Southeast Bank Capital Services Limited		47,685,555	53,005,764
Southeast Financial Services (UK) Ltd		-	71,643
Southeast Exchange Company (South Africa) Pty Ltd		1,787,785	1,568,724
		705,094,827	442,981,992
Repair:			
Southeast Bank Limited	55	80,372,974	90,184,334
Southeast Bank Capital Services Limited		1,033,784	1,048,241
Southeast Financial Services (UK) Ltd		-	83,620
Southeast Exchange Company (South Africa) Pty Ltd		178,761	331,372
		81,585,518	91,647,567
		786,680,346	534,629,560
55 Depreciation and repair of bank's assets			
A. Depreciation:			
Buildings		56,179,272	58,515,648
Furniture and fixtures		74,461,925	74,357,090
Professional and reference books		-	-
Office appliances		867,615	941,920
Computer		54,940,817	31,201,120
Electrical appliances		105,227,266	108,917,252
ATM Booth		59,836,826	33,988,946
Motor vehicles		20,105,603	16,818,845
		371,619,324	324,740,820
B. Repair & spare parts			
Furniture and fixtures		6,869,459	7,003,027
Office and electrical appliances		31,704,310	31,358,187
Motor vehicles		2,787,610	4,056,162
Repair, maintenance and utilities		39,011,594	47,766,959
		80,372,974	90,184,334
C. Depreciation on right of use (ROU) assets*			
		284,002,163	63,595,041
		284,002,163	63,595,041
Total		735,994,461	478,520,196

	<i>Note</i>	2020 Taka	2019 Taka
56 Consolidated other expenses			
Southeast Bank Limited	57	1,415,151,724	1,218,608,648
Southeast Bank Capital Services Limited		6,751,990	7,980,878
Southeast Financial Services (UK) Ltd		-	6,623,121
Southeast Exchange Company (South Africa) Pty Ltd		15,580,871	22,506,128
		1,437,484,585	1,255,718,774

57 Other expenses			
Security and cleaning		222,555,889	204,392,878
Entertainment		53,705,694	119,332,449
Car expenses		210,983,457	210,684,805
Books and periodicals		1,706,940	1,179,594
Subscription		5,533,178	5,241,323
Donation including CSR		237,039,099	82,410,436
Travelling expenses		5,694,744	14,004,861
Finance charge on leased assets		37,585,179	10,317,712
Conveyance		11,707,695	14,732,210
Petrol,oil and lubricant		8,603,774	8,795,847
Training/seminar		1,212,822	5,810,299
Uniforms and apparels		4,209,226	4,083,895
Medical expenses		1,136,813	233,498
Gratuity and othres		344,248,326	292,729,270
Professional expenses		17,182,922	26,798,638
Expenses for CIB report		131,419	162,841
IT enabled services		74,667,539	43,042,496
Loss on sale of fixed assets	57.1	1,518,523	-
Expenses regarding credit card		63,399,331	52,579,678
Expenses regarding retail banking & agriculture		43,304,593	52,441,471
Expenses regarding call centre		3,384,897	3,096,628
Expenses relating to ATM services		41,209,094	32,262,133
Expenses regarding mobile banking services-Telecash		7,964,589	4,585,765
Provision/(Adjustment) for Impairment loss from investment in subsidiary		(2,003,089)	17,000,000
Others operating expenses		18,469,070	12,689,922
		1,415,151,724	1,218,608,648

Expenses incurred by the bank shown in these financial statements are inclusive of VAT where applicable as per VAT and Supplementary Duty Act-2012 and rules-2016.

57.1 Loss on sale of fixed assets

Cost:

Office appliances	8,115,208	-
ATM	464,300	-
Electrical appliances	14,617,251	-
House Elec. Appliance	1,200,000	-
Motor Vehicle	2,209,753	-
	26,606,512	-

Accumulated depreciation:

Furniture and fixtures	5,448,158	-
ATM	353,698	-
Electrical appliances	13,482,589	-
House Elec. Appliance	808,204	-
Motor Vehicle	920,725	-
	21,013,374	-

Written down value

Sale proceeds of the above fixed assets	5,593,138	-
	4,074,615	-
Loss on sale of fixed assets	(1,518,523)	-

58	Consolidated provision for taxation	Note	2020	2019
			Taka	Taka
	Current tax:			
	Southeast Bank Limited	59	1,050,000,000	2,600,000,000
	Southeast Bank Capital Services Limited		33,329,994	25,279,358
	Southeast Exchange Company (South Africa) Pty Ltd		14,146,358	14,775,675
			1,097,476,351	2,640,055,033
	Deferred tax:			
	Southeast Bank Limited	59	(90,700,000)	(744,386,000)
	Southeast Exchange Company (South Africa) Pty Ltd		-	-
			(90,700,000)	(744,386,000)
			1,006,776,351	1,895,669,033
59	Provision for taxation			
	Current tax		1,050,000,000	2,600,000,000
	Deferred tax		(90,700,000)	(744,386,000)
			959,300,000	1,855,614,000
59.1	Reconciliation of effective tax rate (Bank)			
	2020		%	Taka
	Profit before taxation as per profit and loss account			3,055,226,607
	Income tax as per applicable tax rate		37.50%	1,145,709,978
	Factors affecting the tax charge for current year			
	Non deductible expenses		78.97%	2,412,682,485
	Deductible expenses		-53.38%	(1,630,836,308)
	Tax exempt income		-26.64%	(813,778,890)
	Tax savings from reduced tax rates for dividend		-0.91%	(27,678,566)
	Tax savings for capital loss		-1.18%	(36,098,699)
	Change in taxable temporary difference		-2.97%	(90,700,000)
			31.40%	959,300,000
	2019		%	Taka
	Profit before taxation as per profit and loss account			4,376,400,210
	Income tax as per applicable tax rate		37.50%	1,641,150,079
	Factors affecting the tax charge for current year			
	Non deductible expenses		39.25%	1,717,623,968
	Deductible expenses		-5.89%	(257,726,966)
	Tax exempt income		-10.39%	(454,918,586)
	Tax savings from reduced tax rates for dividend		-0.76%	(33,231,771)
	Tax savings for capital loss		-0.29%	(12,896,724)
	Change in taxable temporary difference		-17.01%	(744,386,000)
	Total income tax expenses		42.40%	1,855,614,000
60	Consolidated cash received from other operating activities			
	Southeast Bank Limited	61	2,779,701,420	1,485,635,723
	Southeast Bank Capital Services Limited		55,358,795	5,566,710
	Southeast Financial Services (UK) Ltd		-	664,535
			2,835,060,215	1,491,866,968

	<i>Note</i>	2020 Taka	2019 Taka
61 Cash received from other operating activities			
Remittance fees		68,300	55,326
Service and incidental charges		84,606,590	94,984,071
Other Fees-Telephone and Postage		44,196,619	52,660,074
Income from ATM services		43,259,693	39,103,635
Income from Credit Card		243,399,918	176,148,439
Other Fees - SWIFT and others		216,221,796	229,756,216
Income from Retail Banking		8,094,526	7,453,193
Income from Telecash		7,395,770	2,662,321
Miscellaneous income		341,605,554	374,419,789
Capital gain (loss) on Government securities		1,694,589,456	474,001,394
Gain on sale of investment in shares		96,263,198	34,391,265
		2,779,701,420	1,485,635,723
Prior year figures have been rearranged to current year presentation			
62 Consolidated payments for other operating activities			
Southeast Bank Limited	63	2,479,508,845	2,604,170,083
Southeast Bank Capital Services Limited		21,266,143	24,153,005
Southeast Financial Services (UK) Ltd		-	14,324,886
Southeast Exchange Company (South Africa) Pty Ltd		7,994,655	6,814,075
		2,508,769,642	2,649,462,049
63 Payments for other operating activities			
Rent rates and taxes		813,086,728	1,098,529,475
Postage		163,733,970	173,691,923
Directors' fees		2,568,060	3,292,248
Repairs		80,372,974	90,184,334
Legal expense		1,592,300	1,863,455
Audit fees		1,000,000	1,000,000
Other expenses		1,417,154,813	1,235,608,648
		2,479,508,845	2,604,170,083
64 Consolidated earnings per share			
Net profit after tax for the year ended 31 December (Taka)		2,148,969,893	2,508,554,444
Number of ordinary shares outstanding		1,188,940,521	1,188,940,521
Earnings per share (EPS) (Taka)*		1.81	2.11
65 Earnings per share			
Net profit after tax for the year ended 31 December (Taka)		2,095,926,607	2,520,786,210
Number of ordinary shares outstanding		1,188,940,521	1,188,940,521
Earnings per share (EPS) (Taka)*		1.76	2.12
*Earnings per share has been calculated in accordance with IAS 33: <i>Earnings Per Share (EPS)</i> . Previous year's figures have been restate for the issue of bonus shares during the year. During the period EPS decreased due to decrease of interest income and increase of provision for loans and advances			
66 Consolidated net assets value (NAV) per share			
Net Asset Value (NAV)		29,703,765,724	30,499,461,908
Number of ordinary shares outstanding		1,188,940,521	1,159,941,972
Net Asset Value (NAV) per share		24.98	26.29
67 Net Assets Value (NAV) per share			
Net Asset Value (NAV)		29,580,060,277	30,418,837,815
Number of ordinary shares outstanding		1,188,940,521	1,159,941,972
Net Asset Value (NAV) per share		24.88	26.22
68 Consolidated net operating cash flow per share (NOCFPS)			
Net Operating Cash Flow		11,347,563,532	13,542,323,987
Number of ordinary shares outstanding		1,188,940,521	1,159,941,972
Net Operating Cash Flow per share (NOCFPS)*		9.54	11.68
69 Net Operating Cash Flow per share (NOCFPS)			
Net Operating Cash Flow		11,368,883,889	13,529,493,878
Number of ordinary shares outstanding		1,188,940,521	1,159,941,972
Net Operating Cash Flow per share (NOCFPS)*		9.56	11.66

*During the period NOCFPS decreased due to decrease of interest received in cash

70 **Group entities**

Name of subsidiary	Country of incorporation	Ownership interest %	
		2020	2019
Southeast Bank Capital Services Limited	Bangladesh	99.816909	99.816909
Southeast Exchange Company (South Africa) Pty Ltd	South Africa	100	100
Southeast Financial Services (UK) Ltd	England and Wales	Discontinued in 2020	100

71 **General**

71.1 **Audit Committee**

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

Feature and composition

The Audit Committee was last re-constituted by the Board of Directors in its 610th meeting held on October 15, 2020 in accordance with the Corporate Governance Code issued by BSEC on June 03, 2018 and Bangladesh Bank's BRPD circular no.11, dated October 27, 2013.

Sl. No.	Name	Position	Meetings held	Attendance
1	Mr. Syed Sajedul Karim (Independent Director)	Chairman	5	5
2	Mrs. Duluma Ahmed	Member	5	5
3	Mrs. Jusna Ara Kashem	Member	5	5
4	Mrs. Rehana Rahman	Member	5	5
5	Dr. Quazi Mesbahuddin Ahmed (Independent Director)	Member	5	5

Quorum

Presence of 3 (three) members including one Independent Director constitutes a quorum for holding Audit Committee meeting. The Head of Internal Control and Compliance attended the meetings to present the agenda. On invitation, Senior Executives of the Bank including the Managing Director, Chief Financial Officer (CFO) and Head of Risk Management Division attended the meetings to meet instant queries of the Audit Committee to make its decisions fact-based. In addition, Heads of Branches, whose audit reports were placed to the Audit Committee were also present in the meetings to respond to the issues raised in the reports of Internal Control and Compliance Division and Bangladesh Bank.

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

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

Terms of reference of the Audit Committee

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

Charter of the Audit Committee

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

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

Roles and responsibilities

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

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

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

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

Feature and composition

The Risk Management Committee was reconstituted by the Board of Directors in its 610th meeting held on October 15, 2020 in accordance with the BRPD circular no. 11, dated October 27, 2013 issued by Bangladesh Bank. The composition of the Risk Management Committee in 2020 is given below:

Sl. No.	Members	Position	Meetings held	Attendance
1	Mr. Alamgir Kabir, FCA	Chairman	4	4
2	Mr. M. A. Kashem	Member	4	4
3	Mr. Azim Uddin Ahmed	Member	4	4
4	Mr. Syed Sajedul Karim (Independent Director)	Member	4	4

Structure of the Risk Management Committee (RMC)

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

Functions of the Risk Management Committee

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

- a Formulating and reviewing risk management policies and strategies for sound risk management.
- b Monitoring implementation of risk management policies and process to ensure effective prevention and control measures.
- c Ensuring construction of adequate organizational structure for managing risks within the Bank.
- d Supervising the activities of Executive Risk Management Committee (ERMC).
- e Ensuring compliance of Bangladesh Bank instructions regarding implementation of core risk management.
- f Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval.
- g Approving adequate record keeping and reporting system and ensuring its proper use.
- h Holding at least four meetings in a year and more if deemed necessary.
- i Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;

- j Submitting proposal, suggestions and summary of BRMC meetings to the Board of Directors at least on quarterly basis.
- k Complying with instructions issued from time to time by the regulatory body.
- l Analyzing all existing and probable risk issues in the meeting and taking appropriate decisions for risk mitigation.
- m Ensuring sufficient and efficient staff resources for RMD.
- n Establishing standards of ethics and integrity for staff and enforcing these standards.
- o Assessing overall effectiveness of risk management functions on yearly basis.

71.3 Related party/(ies)

Particulars of Directors of the Bank as at 31 December

Sl. No.	Name of persons	Designation	Present address	% of shares as at 31 Dec 2020	% of shares as at 31 Dec 2019
1	Mr. Alamgir Kabir, FCA	Chairman	226, Dilu Road, New Eskaton, Dhaka	2.25%	2.25%
2	Mrs. Duluma Ahmed	Vice Chairperson	Plot No.51, Road No.09, Block-F Banani, Dhaka	2.08%	2.08%
3	Mr. M. A. Kashem	Director	73/C, Gulshan Avenue, Gulshan-1 Dhaka-1212	2.21%	2.21%
4	Mr. Azim Uddin Ahmed	Director	Plot No.51, Road No.09, Block-F Banani, Dhaka	2.78%	2.78%
5	Mrs. Jusna Ara Kashem	Director	73/C, Gulshan Avenue, Gulshan-1 Dhaka-1212	2.00%	2.00%
6	Mrs. Rehana Rahman	Director	House No.10, Road No.68, Gulshan-2, Dhaka-1212	2.06%	2.06%
7	Mr. Md. Akikur Rahman	Director	Sonarpara, Nobarun-227, Sylhet	2.67%	2.03%
8	Mr. Raiyan Kabir (Appointed on October 28, 2020)	Director	226, Dilu Road, New Eskaton, Dhaka	2.06%	-
9	Bay Leasing & Investment Ltd. (Represented by Mr. M. Maniruz Zaman Khan, Appointed on October 28, 2020)	Director	1/6, Eskaton Garden, Ramna, Dhaka	2.35%	-
10	Mr. Syed Sajedul Karim	Independent Director	Apartment B/3, House No.08, Road No.121, Gulshan-1, Dhaka-1212	-	-
11	Dr. Quazi Mesbahuddin Ahmed	Independent Director	Flat No.C/3, House No.01, Road No.36, Gulshan-2, Dhaka-1212	-	-
12	Mr. Mohammad Delwar Husain	Independent Director	Flat No.C-1, House No.160, Road No.3, Block-A, Bashundhara R/A, Dhaka-1229	-	-
13	Mr. M. Kamal Hossain	Managing Director	Southeast Bank Limited, Head Office, 52-53 Dilkusha C/A, Dhaka-1000	-	-

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

71.3.1 Related party transactions

During the year 2020, 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	
			2020 Taka	2019 Taka	2020 Taka	2019 Taka
Asia Insurance Ltd.	Common Director	Insurance coverage	105,140,072	85,933,992		
Southeast Bank Capital Services Limited	Subsidiary company	Share capital	-	-	5,489,930,000	5,489,930,000
		Saving & Fixed Deposit Account	474,214,410	622,941,348		-
		Interest on Saving & Fixed Deposit Account	41,486,931	26,487,768		-
Southeast Exchange Company (South Africa) Pty Ltd	Subsidiary company	Share capital			44,211,055	44,211,055
Southeast Financial Services (UK) Ltd	Subsidiary company	Share capital			-	38,493,247
Bay Leasing & Investment Ltd. (Represented by Mr. M. Maniruz Zaman Khan)	Director	Money at call and on short notice	620,000,000			

71.3.2 Loans and advances to directors and their related concern

Name of party	Name of the director	Related by	Nature of transaction	Amount in Taka	Status
Monorom Traders	Mr. Azim Uddin Ahmed	Director	Bank Guarantee	4,783,061	Regular
	Mrs. Duluma Ahmed				
Ms. Sultana Kashem	Mr. M. A. Kashem	Director's daughter	Credit Card	174,246.82	Regular
Ms. Farzana Azim	Mr. Azim Uddin Ahmed	Director's daughter	Credit Card	78,276.46	Regular
Mr. Mamun Azim	Mr. Azim Uddin Ahmed	Director's son	Credit Card	199.60	Regular

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

71.4 Events after the reporting period

The Board of Directors in its 626th meeting held on May 09, 2021 has recommended cash dividend @ 10% subject to the approval of the shareholders at the next Annual General Meeting.

71.5 Number of employees

The number of employees engaged for the whole year or part thereof in 2020 who received a total yearly remuneration of Tk 36,000 or above were 2859 The total number of employees were 2885 in 2019.

71.6 Share trading

The Bank started trading its ordinary shares in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) through CDBL from 16 May 2004. The closing market price of the share as on 31 December 2020 was Tk.12.50 (2019: Tk.13.40) for each Tk.10 per value of share at DSE and Tk.12.40 (2019: Tk.13.20) for each Tk.10 per value of share at CSE.

71.7 Pattern of Shareholding

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

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

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

71.8 Highlights on the overall activities of the Bank

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

Southeast Bank Limited
Highlights on the overall activities
As at and for the year ended 31 December 2020

Sl. no.	Particulars		2020	2019
1	Paid-up capital	Taka	11,889,405,210	11,599,419,720
2	Total capital	Taka	40,236,705,151	35,993,857,662
3	Capital surplus	Taka	5,605,440,600	(2,752,647,928)
4	Total assets	Taka	465,082,375,646	422,430,591,050
5	Total deposits	Taka	359,899,884,814	329,797,460,573
6	Total loans and advances/investments	Taka	320,368,158,870	295,015,113,320
7	Total contingent liabilities and commitments	Taka	138,737,253,892	123,149,020,703
8	Credit deposit ratio		80.26%	81.63%
9	Percentage of classified loans/investments against total loans and advances/investments		3.10%	4.87%
10	Profit after tax and provision	Taka	2,095,926,607	2,520,786,210
11	Amount of classified loans/investments	Taka	9,939,755,293	14,375,292,023
12	Provisions kept against classified loans/investments	Taka	20,226,773,600	18,243,627,000
13	Provision surplus/(deficit) against classified loans/investments	Taka	16,658,951,864	9,660,369,231
14	Cost of fund		6.79%	8.08%
15	Interest earning assets	Taka	418,109,616,400	375,140,635,872
16	Non-interest earning assets	Taka	46,972,759,246	47,289,955,178
17	Return on investment (ROI)		0.52%	0.69%
18	Return on assets (ROA) [PAT/ Average assets]		0.47%	0.63%
19	Income from investment	Taka	6,702,952,777	5,251,583,015
20	Capital adequacy		14.52%	11.61%
21	Dividends			
	a) Stock dividends			2.50%
	b) Cash dividends		10.00%	7.50%
22	Earnings per share (restate-2019)	Taka	1.76	2.12
23	Net income per share (restate-2019)	Taka	1.76	2.12
24	Price earning ratio (restate-2019)	Times	7.06	6.27

Southeast Bank Limited and its Subsidiaries
Consolidated Liquidity Statement
(Assets and liabilities maturity analysis)
As at 31 December 2020

Annexure-B

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand	3,474,367,542	-	-	-	-	3,474,367,542
Balance with other banks and financial institutions	3,094,255,043	-	1,465,000,000	-	18,056,897,600	22,616,152,643
Money at call and on short notice	2,208,907,300	-	-	-	-	2,208,907,300
Investments	8,507,040,856	15,831,500,000	20,479,923,151	25,029,200,000	27,226,229,455	97,073,893,462
Loans and advances/investments	42,961,370,104	57,083,663,137	93,582,681,979	83,298,521,306	45,325,225,652	322,251,462,180
Fixed assets including premises, furniture and fixtures	-	-	-	2,036,932,075	7,678,039,142	9,714,971,217
Other assets	4,565,919,217	413,550,411	28,346,846	1,961,492,889	984,344,889	7,953,654,253
Non banking assets						
Total assets (A)	64,811,860,063	73,328,713,548	115,555,951,977	112,326,146,270	99,270,736,738	465,293,408,597
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	5,650,967,418	24,846,708,901	2,000,000,000	32,497,676,319
Deposits	54,490,646,867	60,644,500,000	106,896,100,000	107,702,800,000	29,801,884,814	359,535,931,681
Provision and other liabilities	-	6,050,650,455	-	37,495,182,907	-	43,545,833,362
Total liabilities (B)	54,490,646,867	66,695,150,455	112,547,067,418	170,044,691,808	31,801,884,814	435,579,441,362
Net liquidity gap (A - B)	10,321,213,196	6,633,563,093	3,008,884,559	(57,718,545,538)	67,468,851,924	29,713,967,235

Southeast Bank Limited
Liquidity Statement
(Assets and liabilities maturity analysis)
As at 31 December 2020

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand	3,474,365,889					3,474,365,889
Balance with other banks and financial institutions	2,970,731,849	-	1,465,000,000		18,056,897,600	22,492,629,449
Money at call and on short notice	2,208,907,300					2,208,907,300
Investments	5,790,000,000	15,831,500,000	20,479,923,151	25,029,200,000	27,053,629,455	94,184,252,606
Loans and advances/investments	42,961,370,104	57,083,663,137	93,582,681,979	83,298,521,306	43,441,922,343	320,368,158,870
Fixed assets including premises, furniture and fixtures				2,036,932,075	7,145,740,852	9,182,672,927
Other assets	4,565,919,217	97,143,708	28,346,846	1,961,492,889	6,518,485,944	13,171,388,605
Non banking assets	-	-	-	-	-	-
	61,971,294,360	73,012,306,845	115,555,951,977	112,326,146,270	102,216,676,194	465,082,375,646
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-		5,650,967,418	24,846,708,901	2,000,000,000	32,497,676,319
Deposits	54,404,600,000	61,094,500,000	106,896,100,000	107,702,800,000	29,801,884,814	359,899,884,814
Provision and other liabilities	-	5,609,571,329	-	37,495,182,907	-	43,104,754,236
Total liabilities (B)	54,404,600,000	66,704,071,329	112,547,067,418	170,044,691,808	31,801,884,814	435,502,315,369
Net liquidity gap (A - B)	7,566,694,360	6,308,235,516	3,008,884,559	(57,718,545,538)	70,414,791,380	29,580,060,277

Southeast Bank Limited
Balance with other banks-Outside Bangladesh (Nostro Account)
as on December 31, 2020

Name of the Bank	Dec-20				Dec-19		
	Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Interest bearing:							
Citibank, N.A., New York, USA	USD	1,785,175	84.66	151,133,051	519,950	84.90	44,143,750
Habib American Bank, New York, USA	USD	2,715,264	84.80	230,255,476	2,925,707	84.90	248,392,506
JP Morgan Chase Bank N.A., New York, USA	USD	307,788	84.80	26,100,567	640,466	84.90	54,375,563
Mashreq Bank PSC, New York, USA	USD	582,854	84.80	49,426,229	832,853	84.90	70,709,256
Standard Chartered Bank, New York, USA	USD	8,040,633	84.80	681,848,854	1,765,597	84.90	149,899,156
Wells Fargo Bank, N.A., New York, USA	USD	1,410,690	84.80	119,627,105	1,090,517	84.90	92,584,903
		14,842,404		1,258,391,281	7,775,090		660,105,115
Non-interest bearing:							
Al Rajhi Bank, Saudi Arabia	SAR	-	22.36	-	-	-	-
Abu Dhabi Commercial Bank, Abu Dhabi, UAE	AED	64,684	23.09	1,493,346	86,650	23.11	2,002,608
AB Bank Ltd., Mumbai, India	ACUD	1,948,634	84.80	165,244,900	1,389,951	84.90	11,796,933
Axic Bank Ltd., Mumbai, India	ACUD	112,205	84.80	9,515,030	-	-	-
Bank of Bhutan, Pheunsholing, Bhutan	ACUD	197,033	84.80	16,708,506	202,531	84.90	17,194,896
Bank of Sydney Ltd., Sydney	AUD	112,688	64.90	7,313,170	102,996	59.35	6,113,182
Bank of Tokyo-Mitsubishi, JPY	YEN	118,029,179	0.82	96,854,282	79,974,090	0.78	62,206,141
Banque Saudi Fransi, Riyadh	SAR	421,159	22.60	9,516,743	1,443,540	22.62	32,653,875
Riyadh Bank, Riyadh, Saudi Arabia	SAR	96,400	22.60	2,178,309	-	-	-
Citibank AG, Frankfurt, Germany	EUR	370,880	104.23	38,656,167	36,536	95.10	3,474,431
Commerz Bank AG, Frankfurt, Germany	EUR	184,639	104.23	19,244,552	13,302	95.10	1,264,967
Commerz Bank AG, Frankfurt, Germany	USD	1,220,248	84.80	103,477,516	1,212,285	84.90	102,923,021
HDFC Bank, Mumbai, India	ACUD	1,778,743	84.80	150,838,132	99,149	84.90	8,417,708
Habib Metropolitan Bank Ltd., Karachi, Pakistan	ACUD	174,093	84.80	14,763,170	172,053	84.90	14,607,335
ICICI Bank Ltd., Mumbai, India	ACUD	1,772,505	84.80	150,309,132	214,953	84.90	18,249,482
Standard Chartered Bank, Kolkata, India	ACUD	1,376,754	84.80	116,749,326	369,244	84.90	31,348,847
Standard Chartered Bank, London, UK	GBP	74,101	114.85	8,510,824	4,033	111.40	449,276
Standard Chartered Bank, New York, OBU	USD	137,379	84.80	11,649,764	1,717,390	84.90	145,806,434
Standard Chartered Bank, New York, OBU	USD	1,257,719	84.80	106,655,046	569,119	84.90	48,318,227
Mashreq Bank, Mumbai, India	ACUD	1,551	104.23	1,620,829	15,551	95.10	1,478,825
Mashreq Bank PSC, Dubai, UAE	AED	1,520,520	23.09	35,104,049	20,755,751	23.11	479,696,009
Nepal Bangladesh Bank Ltd., Kathmandu, Nepal	ACUD	687,279	84.80	58,281,536	593,685	84.90	50,403,858
Standard Chartered Bank, Colombo, Sri Lanka	ACUD	181,179	84.80	15,364,064	459,896	84.90	39,045,170
United Bank Limited, Karachi, Pakistan	ACUD	229,340	84.80	19,448,121	652,251	84.90	5,539,844
Zuercher Kantonal Bank, Zurich, Switzerland	CHF	94,850	96.15	9,119,388	227,937	87.27	19,892,956
		132,057,761		1,168,615,902	108,474,894		1,102,884,024
		146,900,165		2,427,007,183	116,249,983		1,762,989,139

Southeast Bank Limited
Details of Large Loan
As at 31 December 2020

	2020	2019
Number of clients	37	33
Amount of outstanding advances (Amount in million Taka)	173,356.70	133,009.10
Amount of classified advances (Amount in million Taka)	Nil	NIL
Measures taken for recovery (Taka)	Nil	NIL

Client-wise break up is as follows:

(Amount in million Taka)

Sl. no.	Name of clients	Outstanding as at 31 December 2020			Outstanding as at 31 December 2019		
		Funded	Non funded	Total	Funded	Non funded	Total
1	Abul Khair Group	182.50	4,346.40	4,528.90	161.90	747.40	909.30
2	ACS Textiles (Bangladesh) Limited and its related concern	3,017.30	2,480.50	5,497.80	2,337.50	997.90	3,335.40
3	Bashundhara Group	4,635.30	1,850.10	6,485.40	3,768.40	714.10	4,482.50
4	Bengal Group	2,701.60	1,790.30	4,491.90	2,781.60	1,156.90	3,938.50
5	Capital Banani One Ltd. and its related concern	5,339.80	1.40	5,341.20	4,240.00	1.40	4,241.40
6	Cassiopea Fashion Ltd. and its related concerns	978.60	1,038.60	2,017.20	820.70	1,960.80	2,781.50
7	Sparrow Apparels Ltd. and its related concerns	2,629.60	5,728.60	8,358.20	1,407.70	6,237.20	7,644.90
8	Deshbandhu Group	7,995.70	466.70	8,462.40	7,498.30	503.40	8,001.70
9	Grameen Phone Limited	-	1,500.20	1,500.20	-	1,495.80	1,495.80
10	KDS Group	167.00	1,493.90	1,660.90	254.50	1,443.50	1,698.00
11	Keya Group	7,369.20	5,312.20	12,681.40	6,248.30	3,138.50	9,386.80
12	Aaron Denim Limited and its related concerns	3,187.50	1,251.60	4,439.10	3,111.40	1,005.50	4,116.90
13	Maksons Spinning Mills Ltd.	1,977.80	3,008.40	4,986.20	1,963.90	2,504.00	4,467.90
14	Meghna Group	-	4,479.60	4,479.60	-	8,133.80	8,133.80
15	Mother Steel Ltd. and its related concerns	292.40	20.20	312.60	406.20	20.20	426.40
16	N. R. Group	1,086.40	3,181.80	4,268.20	1,256.90	2,462.10	3,719.00
17	Partex Group	4,583.30	612.30	5,195.60	4,524.30	1,995.10	6,519.40
18	S. Alam Group	4,491.80	-	4,491.80	4,247.60	-	4,247.60
19	Yunusco (BD) Limited and its related concerns	1,686.00	2,152.10	3,838.10	1,476.30	1,707.90	3,184.20
20	T. K. Group	377.00	5,266.50	5,643.50	-	4,159.00	4,159.00
21	Rupayan Housing Estate Limited and its related concerns	5,780.60	20.00	5,800.60	5,434.40	30.00	5,464.40
22	Chittagong Asian Apparels Ltd. and its related concerns	1,157.30	3,102.30	4,259.60	1,120.50	883.90	2,004.40
23	Snowtex Outerwear Limited and its related concerns	4,405.00	4,439.70	8,844.70	3,819.40	2,869.10	6,688.50
24	Generation Next Fashions Limited	2,505.10	1,721.60	4,226.70	2,230.00	1,734.80	3,964.80
25	DesignTex Fashions Limited and its related concerns	4,778.90	3,564.30	8,343.20	4,368.40	1,902.60	6,271.00
26	Navana Group	4,634.10	14.70	4,648.80	4,352.40	17.80	4,370.20
27	City Group	-	2,360.50	2,360.50	-	1,090.90	1,090.90
28	Bashundhara Oil and Gas Company Limited	-	4,768.30	4,768.30	47.70	4,256.40	4,304.10
29	KSRM Steel Plant Ltd. and its related concerns	3,393.40	2,208.80	5,602.20	1,381.80	2,211.40	3,593.20
30	Vertex Group	495.80	408.60	904.40	384.70	270.50	655.20
31	Shanin Group	1,634.60	2,261.80	3,896.40	1,574.90	2,141.10	3,716.00
32	Masuma Khatun Textile Industries Ltd.	3,616.80	377.30	3,994.10	-	-	-
33	Bashundhara Trading Company Ltd. and its related concerns	1,297.50	2,041.40	3,338.90	1,702.20	285.30	1,987.50
34	MSA Textiles Ltd. and related concerns	515.20	3,338.30	3,853.50	-	-	-
35	Chaity Composite Ltd.	1,628.80	1,932.60	3,561.40	-	-	-
36	Amber Super Paper Ltd. and related concerns	1,813.20	1,826.40	3,639.60	-	-	-
37	Envoy Textiles Limited	1,990.40	643.20	2,633.60	1,696.90	312.00	2,008.90
	Total	92,345.50	81,011.20	173,356.70	74,618.80	58,390.30	133,009.10

Southeast Bank Limited
Schedule of fixed assets including premises, furniture and fixtures
As at 31 December 2020

Particulars	Cost/Revaluation				Balance as at 31 Dec 2020	Rate of dep.	Balance as at 1 Jan 2020	Depreciation			Balance as at 31 Dec 2020	Written down value as at 31 Dec 2020
	Balance as at 1 Jan 2020	Additions during the year	Revalued during the year	Disposal during the year				Changed during the year	Adjustment for disposal during the year	Taka		
A. Own assets												
Office:												
Land	5,797,426,007	-	-	-	5,797,426,007	-	-	-	-	-	-	5,797,426,007
Building	1,989,886,963	-	-	-	1,989,886,963	4%	585,392,846	56,179,272	-	-	641,572,118	1,348,314,845
Furniture and fixtures	1,308,686,869	74,117,791	(7,294,265)	(7,294,265)	1,375,510,395	10%	604,807,892	74,044,387	(5,200,480)	-	673,651,798	701,858,597
Office Appliances	1,557,289	387,520	(270,000)	(270,000)	1,567,489	20%	10,989,673	867,615	(2,723)	-	11,854,565	3,820,245
Computer	309,141,176	224,042,972	(65,000)	(65,000)	533,119,148	20%	161,083,126	54,940,819	671,594	-	216,695,539	316,423,609
Electrical Appliances	1,417,587,137	142,491,706	(18,272,174)	(18,272,174)	1,541,806,669	20%	943,467,069	103,563,494	(14,196,890)	-	1,032,833,674	508,972,995
ATM Booth	324,137,305	346,025,482	(4,709,850)	(4,709,850)	665,452,937	20%	166,056,528	59,836,826	(393,465)	-	225,499,889	439,953,048
Motor vehicles	108,626,489	69,404,700	(2,209,753)	(2,209,753)	175,821,436	20%	58,855,417	19,660,237	42,637,051	-	121,152,705	54,668,731
Total	11,271,049,235	856,470,171	-	(32,821,042)	12,094,698,364		2,530,652,551	369,092,650	23,515,087	-	2,923,260,288	9,171,438,077
Residence of executives:												
Furniture and fixtures	6,504,290	1,375,000	(2,025,000)	(2,025,000)	5,854,290	10%	1,954,776	417,538	(262,375)	-	2,109,940	3,744,350
Electrical Appliances	20,986,680	3,475,000	(4,400,000)	(4,400,000)	20,061,680	20%	11,719,772	1,663,772	(812,364)	-	12,571,180	7,490,500
Total	27,490,970	4,850,000	-	(6,425,000)	25,915,970		13,674,548	2,081,310	(1,074,739)	-	14,681,120	11,234,850
B. Right of Use Assets (PPE)												
Furniture and fixtures	106,026,227	-	(106,026,227)	(106,026,227)	-	10%	106,026,227	-	(106,026,227)	-	-	-
Motor vehicles	43,854,700	-	(43,854,700)	(43,854,700)	-	20%	43,112,408	445,368	(43,557,766)	-	-	-
	149,880,927	-	(149,880,927)	(149,880,927)	-		149,138,635	445,368	(149,584,003)	-	-	-
Balance as at 31 December ' 2020	11,448,421,133	861,320,171	-	(189,126,969)	12,120,614,334	-	2,693,465,734	371,619,328	(127,143,654)	-	2,937,941,408	9,182,672,927
Balance as at 31 December ' 2019	11,176,783,549	317,472,794	-	(45,835,210)	11,448,421,132	-	2,394,419,803	324,740,820	(25,694,889)	-	2,693,465,734	8,754,955,398
Right of Use Assets												
Right of use assets*	271,190,059	1,055,747,540	-	-	1,326,937,599	-	63,595,041	284,002,163	-	-	347,597,204	979,340,395
	271,190,059	1,055,747,540	-	-	1,326,937,599	-	63,595,041	284,002,163	-	-	347,597,204	979,340,395

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

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

Southeast Bank Limited
Islamic Banking Branches
Balance Sheet
As at 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
<u>PROPERTY AND ASSETS</u>			
Cash			
In hand (including foreign currencies)	1	195,712,834	263,677,174
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		865,027,350	1,398,163,335
		1,060,740,184	1,661,840,509
Balance with other banks and financial institutions			
In Bangladesh	2	8,603,988	1,008,357,038
Outside Bangladesh		-	-
		8,603,988	1,008,357,038
Money at call and on short notice			
Investments in securities			
Government	3	1,491,920,000	950,000,000
Others		674,760,574	1,734,772,344
		2,166,680,574	2,684,772,344
Investments			
General Investments etc.	4	18,093,949,988	17,598,332,455
Bills purchased and discounted		314,850,894	361,459,608
		18,408,800,882	17,959,792,063
Fixed assets including premises, furniture and fixtures			
	5	31,145,489	24,709,206
Other assets			
	6	2,954,193,456	1,568,842,061
Non - banking assets			
		-	-
Total assets		24,630,164,573	24,908,313,220
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents			
	7	139,092,106	1,001,916,667
Deposits and other accounts			
Current/Al-wadeeah current accounts and other accounts	8	2,131,932,637	1,817,736,376
Bills payable		99,572,422	107,742,717
Savings bank/Mudaraba savings bank deposits		2,549,946,611	2,165,717,779
Fixed deposits/Mudaraba fixed deposits		17,929,720,266	17,600,583,206
		22,711,171,937	21,691,780,078
Other liabilities			
	9	1,779,900,530	2,214,616,475
Total liabilities		24,630,164,573	24,908,313,220
<u>OFF-BALANCE SHEET ITEMS</u>			
Contingent liabilities			
Acceptances and endorsements	10.1	701,804,245	1,019,395,407
Letters of guarantee	10.2	1,245,950,472	1,039,498,731
Irrevocable letters of credit	10.3	1,107,042,699	989,534,786
Bills for collection	10.4	1,260,279,014	1,652,806,086
Other contingent liabilities		-	-
Total contingent liabilities		4,315,076,430	4,701,235,009
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total off-balance sheet items including contingent liabilities		4,315,076,430	4,701,235,009

Annexure-G.1

Southeast Bank Limited
Islamic Banking Branches
Profit and Loss Account

For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Profit on investments	11	2,058,139,012	2,196,460,816
Profit shared on deposits and borrowings etc.	12	(1,488,313,778)	(1,572,208,021)
Net profit on investments		569,825,234	624,252,794
Commission, exchange and brokerage	13	109,738,586	164,595,346
Other operating income	14	24,400,929	30,823,172
		134,139,515	195,418,517
Total operating income (A)		703,964,749	819,671,311
Salaries and allowances	15	76,293,503	79,167,097
Rent, taxes, insurance, electricity etc.	16	52,180,898	53,195,625
Legal expenses		2,000	19,500
Postage, stamp, telecommunication etc.	17	6,364,783	9,387,814
Stationery, printing, advertisements etc.	18	4,369,014	5,384,739
Depreciation and repair of bank's assets	19	7,460,809	7,169,372
Other expenses	20	29,866,778	27,784,283
Total operating expenses (B)		176,537,785	182,108,430
Profit before provision (C=A-B)		527,426,964	637,562,881
Provision for investments	9.1		
General provision		(11,576,550)	18,896,392
Specific provision		(51,030,742)	(21,752,232)
		(62,607,292)	(2,855,840)
Provision for off-balance sheet items	9.2	63,685	(27,900,626)
Provision for diminution in value of investments	9.3	(486,819,131)	164,297,424
Total provision (D)		(549,362,738)	133,540,958
Total profit before tax (C-D)		1,076,789,702	504,021,923

Southeast Bank Limited
Islamic Banking Branches
Notes to the Financial Statements

As at and for the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
1 Cash			
In hand:			
Local currency		195,415,439	263,591,680
Foreign currencies		297,395	85,494
		195,712,834	263,677,174
Balance with Bangladesh Bank:			
Local currency		864,936,884	1,398,101,826
Foreign currencies		-	-
		864,936,884	1,398,101,826
Balance with Sonali Bank Limited (as agent of Bangladesh Bank):			
Local currency		90,467	61,509
		865,027,350	1,398,163,335
		1,060,740,184	1,661,840,509

- 1.1** Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act 1991, MPD Circular nos. 4 and 5 dated 1 December 2010 and MPD Circular no. 1 and 2 dated 23 June 2014 and 10 December 2013 and DOS Circular No. 1 dated 19 January 2014 and MPD Circulars No. 1 dated 03 April 2018 and DOS Circular no 26 dated 19 August 2019 and MPD circular No. 03 dated April 09, 2020.

The Cash Reserve Ratio on the Shariah-based Islamic Bank's demand and time liabilities at the rate of minimum 3.50% on daily basis and 4.00% 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 (4.00% of average Demand and Time Liabilities)	832,915,600	1,155,277,695
Actual reserve held (Average daily on bi-weekly basis):	864,936,884	1,398,101,826
Surplus	32,021,284	242,824,131

b) Statutory Liquidity Ratio (SLR) for Islamic Banking

Required reserve (5.50 % of average Demand and Time Liabilities)	1,145,258,950	1,155,277,695
Actual reserve held	1,719,715,284	1,457,367,131
Surplus	574,456,334	302,089,436

Held for Statutory Liquidity Ratio of Islamic Banking:

Cash in hand	195,713,000	264,507,000
Balance with agent bank (Sonali Bank Ltd.) as per statement	61,000	36,000
Excess cash reserve	32,021,284	242,824,131
Government Securities (HTM)	1,491,920,000	950,000,000
	1,719,715,284	1,457,367,131

Particulars	Note	2020 Taka	2019 Taka
2 Balance with other banks and financial institutions			
In Bangladesh	2.1	8,603,988	1,008,357,038
Outside Bangladesh		-	-
		8,603,988	1,008,357,038
2.1 In Bangladesh			
Current account with:			
Sonal Bank Limited		740	740
		740	740
Short term deposits account with:			
Sonal Bank Limited		1,134	1,134
EXIM Bank Limited		8,602,114	8,355,164
		8,603,248	8,356,298
Fixed deposits with other banks:			
Social Islamic Bank Limited		-	1,000,000,000
		-	1,000,000,000
		8,603,988	1,008,357,038
3 Investments in shares and securities			
Bangladesh Government Islamic Bond		1,491,920,000	950,000,000
Others	3.1	674,760,574	1,734,772,344
		2,166,680,574	2,684,772,344
3.1 Others			
Shares in listed companies		674,760,574	1,734,772,344
Shares in un-listed companies		-	-
		674,760,574	1,734,772,344
3.2 Investments classified as per Bangladesh Bank Circular			
Held to maturity (HTM)		1,491,920,000	950,000,000
Other securities		674,760,574	1,734,772,344
		2,166,680,574	2,684,772,344
3.3 Cost and market value of investments			
3.3.1 Government securities			
		2020	2019
		<u>Cost price</u>	<u>Market price</u>
		<u>Taka</u>	<u>Taka</u>
Bangladesh Government Islamic Bond		1,491,920,000	950,000,000
		1,491,920,000	950,000,000
3.3.2 Others (Investment in shares)			
		2020	2019
		<u>Market price</u>	<u>Cost price</u>
		<u>Taka</u>	<u>Taka</u>
Shares in listed companies		376,072,066	1,734,772,344
Shares in un-listed companies		-	-
		376,072,066	1,734,772,344

Particulars	Note	2020 Taka	2019 Taka
4 Investments			
Investments	4.1	18,093,949,988	17,598,332,455
Bills purchased and discounted	4.2	314,850,894	361,459,608
		18,408,800,882	17,959,792,063
4.1 Investments			
In Bangladesh			
Demand Investment		336,092,550	888,481,948
Bai-Muajjal (Time) Investment		344,922,440	392,827,368
Bai-Muajjal Time under CCS		70,635,449	82,921,352
Bai-Murabaha-BLC		6,299,491	22,294
Bai-Murabaha-LTR		868,783,132	1,057,138,547
Bai-Salam (PACKING CREDIT)		70,293,069	82,261,921
Staff House Building Investment		22,623,473	13,548,440
Export Development Fund (EDF) against LC		760,722,200	674,178,978
Investment against Cash Incentive		202,847,067	-
Bai-Muajjal - Investment		3,109,336,413	3,371,439,522
Murabaha - Investment		136,935,362	110,999,291
Hire purchase - Investment		12,164,459,343	10,924,512,794
		18,093,949,988	17,598,332,455
Outside Bangladesh		-	-
		18,093,949,988	17,598,332,455
4.2 Bills purchased and discounted			
In Bangladesh		297,970,077	361,459,608
Outside Bangladesh		16,880,817	-
		314,850,894	361,459,608
5 Fixed assets including premises, furniture and fixtures			
Cost:			
Furniture and fixture		28,542,486	28,029,981
Office Appliances		81,620	81,620
Electrical Appliances		33,320,390	30,626,923
Motor Vehicles		2,620,000	2,620,000
ATM Booth		12,863,094	7,029,226
		77,427,590	68,387,750
Less: Accumulated depreciation			
Furniture and fixture		15,725,942	15,011,205
Office Appliances		81,619	81,619
Electrical Appliances		23,202,627	23,328,010
Motor Vehicles		2,620,000	2,183,342
ATM Booth		4,651,912	3,074,368
		46,282,100	43,678,544
Written down value as at 31 December		31,145,489	24,709,206
6 Classification of other assets			
i) Stationery, stamps, printing materials, etc.		521,398	576,770
ii) Advance rent and advertisement		16,642,174	25,203,392
iii) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables		134,446,779	9,008,686
iv) Security deposits		69,460	69,460
v) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses		9,806,151	8,778,327
vii) Suspense account		1,422,745	1,755,520
viii) Silver		-	-
ix) Head office general account		2,787,113,719	1,519,984,112
X) Others		4,171,030	3,465,794
		2,954,193,456	1,568,842,061

Particulars	Note	2020 Taka	2019 Taka
7 Borrowing from other banks, financial institutions and agents			
In Bangladesh	7.1	139,092,106	1,001,916,667
Outside Bangladesh		-	-
		139,092,106	1,001,916,667
7.1 In Bangladesh			
Secured			
Borrowing against securities from Bangladesh Bank		-	1,001,916,667
		-	1,001,916,667
Unsecured		139,092,106	-
		139,092,106	1,001,916,667
8 Deposits and other accounts			
Al-wadeeah current accounts and other accounts			
Al-wadeeah current deposits		542,340,119	585,002,713
Foreign currency deposits		154,325,267	234,596,835
Sundry deposits		1,435,267,250	998,136,827
		2,131,932,637	1,817,736,376
Bills payable			
Payment order issued		99,438,956	107,609,251
T.T. payable		80,630	80,630
Demand draft		52,836	52,836
		99,572,422	107,742,717
Mudaraba savings bank deposits		2,549,946,611	2,165,717,779
Mudaraba fixed deposits			
Mudaraba fixed deposits		13,992,112,535	14,295,762,127
Mudaraba Special notice deposits		2,306,029,809	1,396,932,809
Scheme deposits		1,431,104,864	1,574,720,000
Interest Payable on FDR/Scheme		200,473,058	333,168,270
		17,929,720,266	17,600,583,206
		22,711,171,937	21,691,780,078
9 Other liabilities			
Provision for investments	9.1	356,297,919	413,433,462
Provision for off-balance sheet exposures	9.2	30,547,974	30,484,290
Profit suspense account		745,707,136	587,803,023
Accrued expenses		147,805	862,722
Accounts payable - Bangladesh Bank		5,954	3,726
Accounts payable - others		55,544,133	4,205,700
Provision for diminution in the market value of share	9.3	298,688,508	785,507,639
Unearned income		228,560,194	334,006,098
Head office general Account		-	-
Withholding tax		63,733,816	58,309,815
		1,779,900,530	2,214,616,475
9.1 A. General provision for investments			
Balance as at 1 January		131,575,141	112,678,750
Provision made during the year			18,896,392
		131,575,141	131,575,141
Adjustments made during the year		(11,576,550)	-
Balance as at 31 December		119,998,591	131,575,141

Particulars	Note	2020 Taka	2019 Taka
B. Specific provision for investments			
Balance as at 1 January		281,858,320	254,722,312
Recoveries of amounts previously written off		5,471,750	48,888,241
Provision made during the year		-	-
		287,330,070	303,610,553
Adjustments made during the year		(51,030,742)	(21,752,232)
Balance as at 31 December		236,299,328	281,858,320
C. Total provision on investments (C=A+B)			
		356,297,919	413,433,462
9.2 Provision for off-balance sheet exposures			
Balance as at 1 January		30,484,290	58,384,916
Provision made during the year		63,685	-
		30,547,974	58,384,916
Adjustments made during the year		-	(27,900,626)
Balance as at 31 December		30,547,974	30,484,290
9.3 Provision for diminution in the market value of share			
Balance as at 1 January		785,507,639	621,210,215
Provision made during the year		785,507,639	164,297,424
		785,507,639	785,507,639
Adjustments made during the year		(486,819,131)	-
Balance as at 31 December		298,688,508	785,507,639
10 Contingent liabilities			
10.1 Acceptances and endorsements			
Acceptance under Letters of credit - Import		303,838,770	429,264,253
Acceptance under Letters of credit - Export		397,965,475	590,131,154
		701,804,245	1,019,395,407
10.2 Letters of guarantee			
Local		1,187,418,472	904,402,731
Foreign		58,532,000	135,096,000
		1,245,950,472	1,039,498,731
10.2.1 Balance for which the Bank is contingently liable in respect of guarantee issued favouring:			
Directors or officers		-	-
Government		-	-
Banks and other financial institutions		-	-
Others		1,245,950,472	1,039,498,731
		1,245,950,472	1,039,498,731
10.3 Irrevocable letters of credit (L/C)			
Back to back L/C		332,530,456	427,231,858
Others		774,512,242	562,302,927
		1,107,042,699	989,534,786
10.4 Bills for collection			
Local		650,142,865	642,129,455
Foreign		610,136,150	1,010,676,631
		1,260,279,014	1,652,806,086

Particulars	Note	2020 Taka	2019 Taka
11. Profit on investment			
Demand investment		80,401,583	43,040,783
Bai-Muajjal (Time) investment		41,288,087	114,298,087
Bai-Muajjal time under CCS		6,886,992	10,032,773
Bai-Murabaha-BLC		2,109,934	1,460,707
Bai-Murabaha-LTR		105,886,879	156,847,090
Bai-Salam (PACKING CREDIT)		4,637,562	7,396,112
Staff house building investment		-	166,230
Investment against cash incentive		178,180	2,046,929
Bai-Muajjal - Investment		274,050,976	321,282,687
Murabaha - Investment		10,421,092	12,071,830
Hire purchase - Investment		825,408,931	823,906,796
Profit on COVID-19 Loan		4,464,882	
Profit on special term deposit STD		938,700	3,476,405
Bills purchased and discounted		39,915,457	48,771,798
Profit on placement with other banks		360	-
Profit on FDR		72,738,111	57,816,611
Profit on NOSTRO ACCOUNTS (USD)		-	350
Inter branch profit income		588,811,286	593,845,625
		2,058,139,012	2,196,460,816
12. Profit shared on deposits and borrowings etc.			
Profit shared on deposits (Islamic Banking Branch):			
Mudaraba Savings Deposits (MSB)		48,426,613	280,283,575
Mudaraba Short Term Deposits (MSTD)		38,106,712	41,775,746
Mudaraba Fixed Term Deposits (MFDR)		1,089,196,755	1,102,246,206
Profit on foreign bank accounts		2,362,511	3,938,989
Profit on Re-finance borrowings		43,048,772	31,587,899
Inter Branch profit expenses		267,172,415	112,375,607
		1,488,313,778	1,572,208,021
13. Commission, exchange and brokerage			
Commission and brokerage		93,003,066	136,412,367
Exchange gain		16,735,520	28,182,978
		109,738,586	164,595,346
14. Other operating income			
Remittance fees		185	47,318
Service and incidental charges		5,545,624	5,997,988
Other fees-telephone and postage		1,360,302	3,000,463
Income from retail banking		87,539	20,909
Other fees - SWIFT		8,908,965	13,074,012
Miscellaneous income		8,498,314	8,682,482
		24,400,929	30,823,172
15. Salaries and allowances			
Basic salary		39,618,295	42,292,688
Allowances		26,715,776	26,790,382
Bonus		6,374,211	6,400,767
Provident fund		3,585,221	3,683,260
		76,293,503	79,167,097

Particulars	Note	2020 Taka	2019 Taka
16 Rent, taxes, insurance, electricity etc.			
Rent, rates and taxes		33,212,378	34,253,316
Insurance		15,326,070	14,837,843
Electricity and lighting		3,642,450	4,104,466
		52,180,898	53,195,625
17 Postage, stamp, telecommunication etc.			
Postage		1,932,475	3,664,865
Telephone /Telex		187,602	258,226
VSAT on-line		1,698,890	1,700,220
SWIFT services		2,545,815	3,764,503
		6,364,783	9,387,814
18 Stationery, printing, advertisements etc.			
General office stationery		1,979,686	4,356,439
Printing and security stationery		2,385,559	1,018,300
Publicity and advertisement		3,770	10,000
		4,369,014	5,384,739
19 Depreciation and repair of bank's assets			
Depreciation:			
Furniture and fixtures		1,343,232	1,348,659
Electrical appliances		1,653,209	1,602,590
Motor vehicles		436,658	523,996
ATM Booth		1,649,544	1,087,923
		5,082,643	4,563,169
Repair:			
Furniture and fixtures		281,555	488,715
Office and electrical appliance		822,624	788,790
Motor vehicles		304,597	239,189
Repair, maintenance and utilities		969,390	1,089,510
		2,378,166	2,606,204
		7,460,809	7,169,372
20 Other expenses			
Security and cleaning		9,467,115	8,186,069
Entertainment		1,208,724	1,932,018
Car expenses		7,372,996	6,235,940
Books and periodicals		15,612	42,880
Donation Including CSR		-	89,050
Travelling expenses		61,840	166,963
Conveyance		283,752	287,994
Petrol,oil and lubricant		324,451	312,575
Uniforms and apparels		127,165	101,673
Loss on sale of fixed assets		-	-
Expenses relating ATM services		445,178	380,035
Expenses for CIB report		-	-
Expenses regarding retail banking		955,030	758,293
IT enabled services		349,837	316,174
Gratuity and others		8,594,651	8,720,251
Others operating expenses		660,428	254,368
		29,866,778	27,784,283

Southeast Bank Limited
Off-Shore Banking Unit, Bangladesh
Balance Sheet

As at 31 December 2020

Particulars	Note	2020 USD	2020 Taka	2019 Taka
<u>PROPERTY AND ASSETS</u>				
Cash				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		-	-	-
Balances with other banks and financial institutions	3	-	-	-
In Bangladesh		-	-	558,207,179
Outside Bangladesh		137,379	11,649,764	145,806,434
		137,379	11,649,764	704,013,613
Money at Call and on short notice		-	-	849,000,000
Investments				
Government		-	-	-
Others		-	-	-
Loans and advances	4	-	-	-
Loans, cash credit & overdrafts etc.		110,485,888	9,369,247,503	5,467,946,281
Bills purchased and discounted		119,209,489	10,109,012,385	13,071,107,690
		229,695,377	19,478,259,888	18,539,053,971
Fixed assets including premises, furniture and fixtures	5	13,965	1,184,255	1,175,649
Other assets	6	137,800	11,685,492	18,177,339
Non-banking assets		-	-	-
Total assets		229,984,521	19,502,779,399	20,111,420,572
<u>LIABILITIES AND CAPITAL</u>				
Liabilities				
Borrowings from other banks, financial institutions and agents	7	206,500,000	17,511,282,600	17,990,310,000
Deposits and other accounts	8	-	-	-
Current accounts and other accounts		5,008,702	424,739,933	909,255,020
Bills payable		-	-	-
Savings bank deposits		-	-	-
Fixed deposits		547,210	46,403,658	41,183,492
		5,555,912	471,143,591	950,438,512
Other liabilities	9	4,710,250	393,424,809	476,701,201
Total liabilities		216,766,162	18,375,851,000	19,417,449,713
Capital/shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Other reserves		-	-	-
Foreign currency losses		-	-	-
Retained earnings	10	13,218,359	1,126,928,399	693,970,859
Total shareholders' equity		13,218,359	1,126,928,399	693,970,859
Total liabilities and shareholders' equity		229,984,521	19,502,779,399	20,111,420,572
<u>OFF-BALANCE SHEET ITEMS</u>				
Contingent liabilities				
Acceptances and endorsements		-	-	-
Letters of guarantee		-	-	-
Irrevocable letters of credit		-	-	-
Bills for collection		28,240,849	2,394,835,301	2,885,409,358
Other contingent liabilities		-	-	-
total contingent liabilities		28,240,849	2,394,835,301	2,885,409,358
Other commitments				
Documentary credits and short term trade-related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-
Total other commitments		-	-	-
Total off-balance sheet items including contingent liabilities		28,240,849	2,394,835,301	2,885,409,358

Annexure-H.1

Southeast Bank Limited
Off-Shore Banking Unit, Bangladesh

Profit and Loss account

For the year ended 31 December 2020

Particulars	Note	2020 USD	2020 Taka	2019 Taka
Interest income	11	11,390,419	966,682,055	788,928,271
Interest paid on deposits and borrowings etc.	12	(6,566,102)	(557,251,922)	(604,609,082)
Net interest income		4,824,317	409,430,133	184,319,189
Commission, exchange & brokerage	13	436,232	37,022,108	40,502,351
Other operating income	13.1	189,137	16,051,700	11,479,210
		625,369	53,073,808	51,981,561
Total operating income (A)		5,449,686	462,503,940	236,300,750
Salaries and allowances	14	60,032	5,094,827	4,691,388
Rent, taxes, insurance, electricity etc.	15	15,731	1,335,092	985,212
Legal expenses		-	-	-
Postage, stamp, telecommunication	16	21,376	1,814,177	1,354,717
Stationery, printing, advertisements etc.	17	4,936	418,911	201,882
Depreciation and repair of bank's assets	18	3,283	278,599	244,816
Other expenses	19	136,614	11,594,170	5,030,966
Total operating expenses (B)		241,973	20,535,776	12,508,981
Operating profit (C=A-B)		5,207,713	441,968,165	223,791,769
Provision for loans and advances				
General provision	9.1	110,749	9,391,600	67,941,000
Specific provision		-	-	-
		110,749	9,391,600	67,941,000
Other provisions	9.2	(21,291)	(1,766,711)	-
Total provision (D)		89,458	7,624,889	67,941,000
Total profit before tax (C-D)		5,118,255	434,343,276	155,850,769

Southeast Bank Limited
Off-Shore Banking Unit, Bangladesh
Notes to the Financial Statements
As at and for the year ended 31 December 2020

1 Status of the unit

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

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

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

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

2.2 Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates, i.e., the functional currency. The financial statements are presented in Taka which is the Bank's functional and presentation currency. Figures appearing in the financial statements have been rounded off to the nearest Taka. Assets & liabilities and income & expenses have been converted into Taka currency @ US\$1 = Tk. 84.8004 (closing rate as at 31 December 2020) and Tk. 84.8680 (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 issued by Bangladesh Bank.

2.4 Functional and presentation currency

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

Particulars	Note	2020 USD	2020 Taka	2019 Taka
3 Balance with other banks and financial institutions				
In Bangladesh	3.1	-	-	558,207,179
Outside Bangladesh	3.2	137,379	11,649,764	145,806,434
		137,379	11,649,764	704,013,613
3.1 In Bangladesh				
Southeast Bank Limited		-	-	558,207,179
Other commercial bank		-	-	-
		-	-	558,207,179

3.2 Outside Bangladesh (current account)				
Standard Chartered Bank, New York	137,379	11,649,764	145,806,434	
3.3 Money at call and on short notice				
In bank;				
Modhumoti Bank Limited	-	-	169,800,000	
BRAC Bank Limited	-	-	424,500,000	
Jamuna Bank Limited	-	-	254,700,000	
	-	-	849,000,000	
4 Loans and advances				
Loans, cash credit, overdrafts etc.	4.1	110,485,888	9,369,247,503	5,467,946,281
Bills purchased and discounted	4.2	119,209,489	10,109,012,385	13,071,107,690
		229,695,377	19,478,259,888	18,539,053,971
4.1 Loans, cash credit, overdrafts etc.				
In Bangladesh		-	-	-
Outside Bangladesh	4.1.1	110,485,888	9,369,247,503	5,467,946,281
		110,485,888	9,369,247,503	5,467,946,281
4.1.1 Outside Bangladesh				
Time loan		44,457,405	3,770,005,755	3,167,215,087
Term loan		21,768,777	1,846,001,025	2,164,281,315
Usance Payable at Sigt (UPAS)		44,259,705	3,753,240,723	-
Advance-LTR		-	-	45,703,062
Loan against foreign bill		-	-	90,746,817
		110,485,888	9,369,247,503	5,467,946,281
4.2 Bills purchased and discounted				
In Bangladesh		-	-	-
Outside Bangladesh		119,209,489	10,109,012,385	13,071,107,690
		119,209,489	10,109,012,385	13,071,107,690
5 Fixed assets including premises, furniture and fixtures				
Cost:				
Furniture and fixtures		40,730	3,453,923	3,457,980
Electrical appliances		26,727	2,266,497	1,980,458
		67,457	5,720,420	5,438,438
Less: Accumulated depreciation				
Furniture and fixtures		31,938	2,708,337	2,510,672
Electrical appliances		21,554	1,827,827	1,752,116
		53,492	4,536,164	4,262,788
Written down value as at 31 December		13,965	1,184,255	1,175,649
6 Other assets				
Interest on calls and placements(USD)		-	-	1,747,406
Prepaid management fee GCPF		-	-	8,943,000
Interest Receive Bills purchase/Discount/UPASS		135,173	11,462,756	-
Interest Receive Bills purchase/Discount		-	-	7,271,885
Insurance		97	8,227	8,154
Advance office rent		2,397	203,303	203,542
others		132	11,206	3,352
		137,800	11,685,492	18,177,339

7 Borrowing from other banks, financial institutions and agents

Borrowings from CBQ	3,000,000	254,401,200	1,485,750,000
Borrowings from CAIXABANK, S.A., SPAIN	8,000,000	678,403,200	-
Borrowings from GCPF	20,000,000	1,696,008,000	1,698,000,000
Borrowings from RAK Bank ,UAE	11,300,000	958,244,520	849,000,000
Borrowings from FGB, UAE	5,500,000	466,402,200	551,850,000
Borrowings from ADB	14,500,000	1,229,605,800	-
Borrowings from NBM Bank, Nepal	-	-	849,000,000
Borrowings from SCB, Singapore	35,000,000	2,968,014,000	2,249,850,000
Borrowings from EIB, UAE	17,400,000	1,475,526,960	721,650,000
Borrowings from FM HDFC Bank,Hong Kong	5,000,000	424,002,000	1,273,500,000
Borrowings from HABIB BANK AG	4,400,000	373,121,760	-
Borrowings from ADCB, UAE	6,000,000	508,802,400	679,200,000
Borrowings from DBS BANK LTD.	-	-	1,146,150,000
Borrowings from NOOR BANK UAE	-	-	577,320,000
Borrowings from Head Office	76,400,000	6,478,750,560	5,909,040,000
	206,500,000	17,511,282,600	17,990,310,000

8 Deposit accounts

Current accounts	8.1	5,008,702	424,739,933	909,255,020
Fixed deposits		547,210	46,403,658	41,183,492
		5,555,912	471,143,591	950,438,512

8.1 Current deposits

Current accounts	136,833	11,603,486	7,149
Current A/C USD-Resident	4,865,280	412,577,728	351,040,692
FDD Payable	-	-	558,207,179
Sundry creditors	6,589	558,718	-
	5,008,702	424,739,933	909,255,020

9 Other liabilities

Accrued interest on borrowing others bank	611,381	51,845,319	77,897,989
Interest payable-CBQ Loan	3,186	270,151	9,162,576
Accrued interest on borrowing from NBM Bank, Nepal	-	-	5,929,440
Interest payable on RAK Bank, UAE	37,096	3,145,720	6,462,631
Interest payable on FGB, UAE	22,464	1,904,938	112,554
Interest payable on ADB	105,287	8,928,379	-
Accrued interest on borrowing from EIB, UAE	243,412	20,641,417	21,026,265
Accrued interest on borrowing from SCB, Singapore	235,216	19,946,413	41,048,677
Accrued interest on borrowing from CAIXABANK, S.A.,	34,743	2,946,191	-
Interest payable on borrowing from HABIB BANK AG	33,064	2,803,855	-
Accrued interest on borrowing FM-HDFC Bank, Hong Kong	5,250	445,202	8,852,594
Accrued interest on borrowing from ADCB, UAE	190,752	16,175,877	31,026,848
Accrued interest on borrowing from DBS BANK LTD	-	-	9,004,848
Accrued interest on borrowing from NOOR BANK UAE	-	-	464,486
Accrued interest on FDR	1	83	81
Interest Suspense	816,131	69,208,207	78,554,500
AIT & VAT	4,487	380,457	-
Provision for unclassified loans and advances	9.1	2,367,782	185,391,000
Provision for off-balance sheet exposures	9.2	-	1,766,711
	4,710,250	393,424,809	476,701,201

9.1 Provision for unclassified loans and advances

Balance as at 1 January	2,257,033	185,391,000	117,450,000
Provision made during the year	110,749	9,391,600	67,941,000
	2,367,782	194,782,600	185,391,000
Adjustments made during the year	-	-	-
Balance as at 31 December	2,367,782	194,782,600	185,391,000

9.2 Other provisions

Provision for off-balance sheet exposures

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

10 Retained earnings

Balance as at 1 January	8,100,104	693,970,859	529,276,000
Add/less: foreign currency translation gain/(loss) for last year	-	(2,771,468)	8,844,089
	8,100,104	691,199,390	538,120,089
Addition during the year	5,118,255	434,343,276	155,850,769
	13,218,359	1,125,542,666	693,970,859
Add/less: foreign exchange gain (loss)	-	1,385,733	-
Balance as at 31 December	13,218,359	1,126,928,399	693,970,859

11 Interest income on investment

Interest income from loans and advances	2,821,124	239,423,113	253,462,121
Interest on overdraft	-	-	1,548
Interest income from bill purchased and discounted	8,524,424	723,450,843	503,231,744
Interest income calls & placement (FCY)	44,871	3,808,099	32,232,859
	11,390,419	966,682,055	788,928,271

12 Interest paid on deposits and borrowings etc.

Interest on FDR	50	4,264	3,591
Interest expense on Borrowing FM other OBU	223,021	18,927,333	-
Interest expenses -GCPE loan	994,567	84,406,945	108,592,919
Interest on CAIXABANK, S.A., SPAIN	282,344	23,961,979	-
Interest on CBQ loan	217,728	18,478,120	57,559,324
Interest expenses -Habib bank	33,064	2,806,090	-
Interest expenses -RAK bank,UAE	340,726	28,916,775	38,486,128
Interest expenses -AXIS BANK LTD.	125,780	10,674,697	-
Interest expenses FGB, UAE	227,153	19,278,017	32,642,218
Interest expenses ADB	284,953	24,183,404	15,137,946
Interest expense on -HDFC BANK, HONG	215,625	18,299,662	37,212,501
Interest expense on -SCB, Singapore	894,716	75,932,749	103,333,101
Interest expense on -EIB, UAE	527,655	44,781,005	42,355,163
Interest expense on -NMB Bank	337,139	28,612,303	21,231,266
Interest expense on -NOOR BANK UAE	203,599	17,279,074	462,184
Interest expense on -ADCB, UAE	220,295	18,695,983	41,953,358
Interest expense on - DBS BANK LTD	147,165	12,489,599	8,960,216
Interest on calls and placement	1,290,521	109,523,923	96,679,167
	6,566,102	557,251,922	604,609,082

13 Commission, exchange & brokerage

Commission and other charges	436,232	37,022,108	40,502,351
	436,232	37,022,108	40,502,351

13.1 Other operating income

Other income- SWIFT	57,091	4,845,207	1,923,425
Miscellaneous income	31,524	2,675,379	357,690
Rebate from trade payments	100,522	8,531,115	9,198,095
	189,137	16,051,700	11,479,210

14 Salaries and allowances

Basic salary	28,307	2,402,357	2,234,271
Allowances	24,925	2,115,339	1,862,036
Provident fund contribution	2,385	202,445	218,816
Bonus	4,415	374,686	376,265
	60,032	5,094,827	4,691,388

15 Rent, taxes, insurance, electricity etc.

Rent, rates and taxes	13,269	1,126,138	810,776
Insurance	162	13,720	13,855
Electricity and lighting	2,300	195,235	160,581
	15,731	1,335,092	985,212

16 Postage, stamp, telecommunication etc.

Postage	9,265	786,319	258,262
Internet service	2,947	250,107	253,045
SWIFT charges	5,538	469,972	479,851
FC Nostro charges	3,281	278,452	330,229
Telephone	346	29,327	33,330
	21,376	1,814,177	1,354,717

17 Stationery, printing, advertisements etc.

Office and printing stationery	4,936	418,911	201,882
	4,936	418,911	201,882

18 Depreciation and repair of bank's assets

Depreciation on own assets:			
Furniture and fixtures	2,366	200,771	208,640
Electrical appliances	917	77,828	36,176
	3,283	278,599	244,816

19 Other expenses

Entertainment	354	30,003	49,289
Management fee GCPF	105,336	8,939,629	2,433,815
Travelling expenses and allowance	-	-	13,430
House maintenance (Executive)	3,953	335,481	251,443
Repair, maintenance and utilities	4,085	346,668	71,130
Books and periodicals	56	4,764	5,380
Conveyance	553	46,912	40,346
Miscellaneous	22,278	1,890,713	2,166,133
	136,614	11,594,170	5,030,966

Southest Bank Limited and its subsidiaries
Geographical and Business Segment

D) Geographical Segment

Particulars	Inside Bangladesh			Outside Bangladesh	Total
	SEBL (Conventional & Islamic Banking)	Off Shore Banking Unit	SEBL Capital Services Limited	Southest Exchange Company (South Africa) Pty Ltd	
Income	Taka 13,035,240,256	Taka 462,503,940	Taka 181,998,317	Taka 90,819,826	Taka 13,770,562,340
Less: Inter segmental income/expense	(37,213,011)	-	37,213,011	-	-
Total Income	13,072,453,266	462,503,940	144,785,307	90,819,826	13,770,562,340
Operating profit (profit before unallocated expenses and tax)	13,072,453,266	462,503,940	144,785,307	90,819,826	13,770,562,340
Allocated expenses	(5,367,298,497)	(20,535,776)	(78,269,018)	(39,903,060)	(5,506,006,351)
Provision against loans & advances and others	(5,101,055,961)	(7,624,889)	-	-	(5,108,680,850)
Profit (loss) before tax	2,604,098,808	434,343,276	66,516,289	50,916,766	3,155,875,139
Provision for tax including deferred tax	(959,300,000)	-	(33,329,994)	(14,146,358)	(1,006,776,351)
Net profit	1,644,798,808	434,343,276	33,186,295	36,770,408	2,149,098,788
Segment assets	439,560,763,368	19,502,779,399	6,087,976,711	141,889,119	465,293,408,597
Segment liabilities	439,560,763,368	19,502,779,399	6,087,976,711	141,889,119	465,293,408,597

II) Business Segment

Particulars	Inside Bangladesh			Outside Bangladesh	Total
	Conventional Banking including OBU	Islamic Banking	SEBL Capital Services Limited	Southest Exchange Company (South Africa) Pty Ltd	
Income	Taka 12,793,779,447	Taka 703,964,749	Taka 181,998,317	Taka 90,819,826	Taka 13,770,562,340
Less: Inter segmental income	(37,213,011)	-	37,213,011	-	-
Total income	12,830,992,457	703,964,749	144,785,307	90,819,826	13,770,562,340
Operating profit (profit before unallocated expenses and tax)	12,830,992,457	703,964,749	144,785,307	90,819,826	13,770,562,340
Allocated expenses	(5,211,296,488)	(176,537,785)	(78,269,018)	(39,903,060)	(5,506,006,351)
Provision against loans & advances and others	(5,658,043,588)	549,362,738	-	-	(5,108,680,850)
Profit (loss) before tax	1,961,652,381	1,076,789,702	66,516,289	50,916,766	3,155,875,139
Provision for tax including deferred tax	(959,300,000)	-	(33,329,994)	(14,146,358)	(1,006,776,351)
Net profit	1,002,352,381	1,076,789,702	33,186,295	36,770,408	2,149,098,788
Segment assets	434,433,378,194	24,630,164,573	6,087,976,711	141,889,119	465,293,408,597
Segment liabilities	434,433,378,194	24,630,164,573	6,087,976,711	141,889,119	465,293,408,597

Southeast Bank Limited
 Reconciliation of net profit with cash flows from operating activities (Standalone basis)
 For the year ended 31 Dec 2020

Particulars	2020 Taka	2019 Taka
Profit before tax as per profit and loss accounts	3,055,226,607	4,376,400,210
Adjustment for non-cash items:		
Provision for loans and advances/investments	5,025,630,170	4,583,253,727
Provision for diminution in value of investments	(117,063,786)	319,600,000
Provision for off- balance sheet items	119,155,200	(389,100,000)
Provision for others assets	60,000,000	65,000,000
Depreciation of property plant and equipment	371,619,324	371,619,324
Recoveries on Loans previously written-off	472,250,468	917,012,200
Foreign exchange gain/(Loss)	(1,385,732)	8,844,087
Sale proceeds of the above assets	4,074,615	17,150,306
Increase/decrease in operating assets & liabilities:		
Loans and advances to customers	(28,545,832,588)	(29,602,357,424)
Other operating assets	(891,378,600)	222,071,583
Deposits from other banks	5,196,276,440	2,543,908,363
Deposits from customers	31,663,849,413	30,034,109,210
Others operating liabilities	(2,161,563,655)	2,136,332,709
Income tax paid	(2,881,973,987)	(2,074,350,417)
Cash flows from operating activities as per cash flow statement	11,368,883,889	13,529,493,878