

Independent Auditor's Report to the Shareholders of Bank Asia Limited

We have audited the accompanying consolidated financial statements of Bank Asia Limited and its subsidiaries (together referred to as the "Group") as well as the separate financial statements of Bank Asia Limited (the "Bank") which comprise the consolidated and separate balance sheets as at 31 December 2016, consolidated and separate profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- 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;
- 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:

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- internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 to the financial statements appeared to be materially adequate;
 - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
 - financial statements of one of the subsidiaries of the Bank have been audited by us and and other two overseas subsidiaries have been audited by other auditors and have been properly reflected in the consolidated financial statements;
 - in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
 - the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
 - the expenditure incurred was for the purpose of the Bank's business;
 - 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;
 - minimum required provision as specified by Bangladesh Bank at 31 December 2016 has been made for advances which are in our opinion, doubtful of recovery;
 - the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
 - the information and explanations required by us have been received and found satisfactory;
 - we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,750 person hours during the audit; and
 - Capital to Risk Weighted Asset Ratio (CRAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Hoda Vasi Chowdhury

Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Bhaban (7th Level)
7-9 Karwan Bazar, Dhaka-1215

Dhaka, 16 April 2017

Bank Asia Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2016

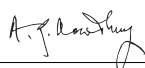
Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
PROPERTY AND ASSETS			
Cash	4(a)	15,983,718,054	12,470,996,852
In hand (including foreign currencies)	4.1(a)	2,079,897,416	1,691,680,962
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	13,903,820,638	10,779,315,890
Balance with other banks and financial institutions	5(a)	13,615,107,372	8,779,031,163
In Bangladesh		10,983,805,427	8,000,106,067
Outside Bangladesh		2,631,301,945	778,925,096
Money at call and on short notice	6(a)	4,870,000,000	3,230,000,000
Investments	7(a)	39,711,806,539	47,162,324,547
Government		36,112,473,144	43,717,224,029
Others		3,599,333,395	3,445,100,518
Loans and advances/investments	8(a)	166,539,916,390	139,004,595,335
Loans, cash credits, overdrafts, etc/investments		157,946,507,822	129,595,040,389
Bills purchased and discounted		8,593,408,568	9,409,554,946
Fixed assets including premises, furniture and fixtures	9(a)	5,263,148,467	5,092,815,069
Other assets	10(a)	8,882,423,376	9,925,844,072
Non - banking assets		-	-
Total assets		254,866,120,198	225,665,607,038
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	18,978,976,940	12,335,454,278
Subordinated non-convertible bonds	11(aa)	3,197,214,016	3,315,440,646
Deposits and other accounts	12(a)	191,573,043,588	170,145,826,321
Current/Al-wadeeah current accounts and other accounts		34,554,219,481	29,928,959,572
Bills payable		4,902,979,613	3,936,675,238
Savings bank/Mudaraba savings bank deposits		27,793,803,978	21,174,184,061
Fixed deposits/Mudaraba fixed deposits		124,322,040,516	115,106,007,450
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	22,253,446,818	21,172,640,859
Total liabilities		236,002,681,362	206,969,362,104
Capital/shareholders' equity			
Total shareholders' equity		18,863,438,836	18,696,244,934
Paid-up capital	14.2	8,812,599,100	8,392,951,530
Statutory reserve	15	6,533,632,030	5,876,250,921
Revaluation reserve	16(a)	2,239,612,377	2,549,629,842
General reserve		8,166,144	8,166,144
Retained earnings	17(a)	1,267,955,303	1,867,693,933
Foreign currency translation reserve		1,462,526	1,541,779
Non-controlling (minority) interest	17(b)	11,355	10,785
Total liabilities and shareholders' equity		254,866,120,198	225,665,607,038

Consolidated Balance Sheet

	Notes	31 Dec 2016	31 Dec 2015
<i>Amount in Taka</i>			
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	110,762,047,002	94,579,682,894
Acceptances and endorsements		35,098,107,666	33,178,690,709
Letters of guarantee		35,578,341,924	29,263,667,968
Irrevocable letters of credit		29,013,641,402	23,093,149,701
Bills for collection		11,071,956,010	9,044,174,516
Other contingent liabilities		-	-
Other commitments		-	2,237,373,935
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	2,237,373,935
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		110,762,047,002	96,817,056,829

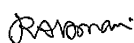
These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



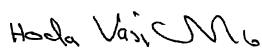
Director



Director



President and Managing Director



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 16 April 2017

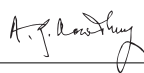
Bank Asia Limited and its subsidiaries

Consolidated Profit and Loss Statement

for the year ended 31 December 2016

	Notes	31 Dec 2016	Amount in Taka 31 Dec 2015
OPERATING INCOME			
Interest income	20(a)	14,795,577,265	14,008,232,845
Interest paid on deposits and borrowings, etc	21(a)	10,607,924,671	11,196,675,728
Net interest income		4,187,652,594	2,811,557,117
Investment income	22(a)	3,548,303,241	4,837,499,895
Commission, exchange and brokerage	23(a)	2,620,174,212	2,289,683,222
Other operating income	24(a)	683,489,936	581,780,321
		6,851,967,389	7,708,963,438
Total operating income (A)		11,039,619,983	10,520,520,555
OPERATING EXPENSES			
Salaries and allowances	25(a)	2,403,117,832	2,221,879,869
Rent, taxes, insurance, electricity, etc	26(a)	558,761,586	541,479,545
Legal expenses	27(a)	18,046,458	11,618,157
Postage, stamp, telecommunication, etc	28(a)	84,071,480	79,969,383
Stationery, printing, advertisements, etc	29(a)	91,527,800	101,396,676
Managing Director's salary and fees	30	15,689,899	16,732,000
Directors' fees	31(a)	3,422,000	4,840,350
Auditors' fees	32(a)	3,339,006	3,268,002
Depreciation and repairs of Bank's assets	33(a)	473,133,169	448,446,317
Other expenses	34(a)	1,201,053,151	1,065,743,171
Total operating expenses (B)		4,852,162,381	4,495,373,470
Profit before provision (C=A-B)		6,187,457,602	6,025,147,085
Provision for loans and advances/investments			
General provision		555,793,056	1,539,227,187
Specific provision		1,928,486,005	107,616,253
		2,484,279,061	1,646,843,440
Provision for off-balance sheet items		139,449,902	252,899,022
Provision for diminution in value of investments		121,619,793	-
Other provisions		-	10,000,000
Total provision (D)	34(C)	2,745,348,756	1,909,742,462
Total profit before tax (C-D)		3,442,108,846	4,115,404,623
Provision for taxation			
Current tax	13.5.1(a)	1,735,042,600	1,550,073,235
Deferred tax	13.4.2(a)	63,000,000	15,261,354
		1,798,042,600	1,565,334,589
Net profit after tax		1,644,066,246	2,550,070,034
Appropriations			
Statutory reserve	15	657,381,109	824,784,039
General reserve		-	-
		657,381,109	824,784,039
Retained surplus		986,685,137	1,725,285,995
Attributable to:			
Equity holders of Bank Asia Limited		986,684,566	1,725,285,991
Non-controlling (minority) interest		570	4
		986,685,137	1,725,285,995
Earnings Per Share (EPS)	37(a)	1.87	2.89

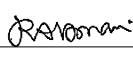
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Chairman



Director



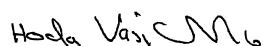
Director



Director



President and Managing Director



Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 16 April 2017

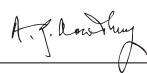
Bank Asia Limited and its subsidiaries

Consolidated Cash Flow Statement

for the year ended 31 December 2016

	Notes	31 Dec 2016	Amount in Taka 31 Dec 2015
Cash flows from operating activities (A)			
Interest receipts		17,814,401,912	17,750,745,180
Interest payments		(10,607,924,671)	(11,428,144,861)
Dividends receipts		41,515,740	19,705,266
Fees and commission receipts		2,620,174,212	2,289,683,222
Recoveries on loans previously written off		42,108,117	55,044,236
Cash payment to employees		(2,444,083,935)	(2,164,133,683)
Cash payment to suppliers		(161,747,580)	(166,750,485)
Income tax paid		(1,567,515,086)	(1,742,549,849)
Receipts from other operating activities	35 (a)	1,275,012,121	1,721,051,332
Payments for other operating activities	36 (a)	(1,884,235,223)	(1,723,145,625)
Operating profit before changes in operating assets & liabilities		5,127,705,607	4,611,504,733
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		(27,577,429,172)	(19,153,936,230)
Other assets		(142,903,331)	(59,675,483)
Deposits from customers		21,427,217,267	29,464,709,639
Trading liabilities		6,643,522,662	3,875,538,484
Other liabilities		(114,805,041)	(66,879,611)
Net Increase/(decrease) in operating assets and liabilities		235,602,385	14,059,756,799
Net cash flows from operating activities		5,363,307,993	18,671,261,532
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		6,730,871,864	(9,122,514,394)
Sale/(Purchase) of trading securities		(154,232,877)	603,029,484
(Purchase)/disposal of fixed assets		(573,583,751)	(239,807,039)
Net cash flows from/(used in) investing activities		6,003,055,236	(8,759,291,949)
Cash flows from financing activities (C)			
Payment for finance lease		(148,357)	(808,038)
Issue of floating rate non-convertible subordinated bonds		-	3,000,000,000
Adjustment of subordinated non-convertible bond		(118,226,630)	(133,595,784)
Dividend paid (cash dividend)		(1,258,942,730)	(381,497,797)
Net cash flows from/(used in) financing activities		(1,377,317,717)	2,484,098,381
Net increase/(decrease) in cash and cash equivalents (A+B+C)		9,989,045,511	12,396,067,964
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the year		24,482,870,715	12,086,802,751
Cash and cash equivalents at the end of the year		34,471,916,226	24,482,870,715
Cash and cash equivalents:			
Cash		2,079,897,416	1,691,680,962
Balance with Bangladesh Bank and its agent bank(s)		13,903,820,638	10,779,315,890
Balance with other banks and financial institutions		13,615,107,372	8,779,031,163
Money at call and on short notice		4,870,000,000	3,230,000,000
Prize bonds		3,090,800	2,842,700
		34,471,916,226	24,482,870,715

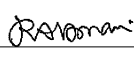
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Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited and its subsidiaries Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

Particulars	Amount in Taka								
	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 01 January 2015	7,629,955,940	5,051,466,882	2,682,592,433	8,166,474	661,265	1,229,245,329	16,602,088,323	10,781	16,602,099,104
Transferred during the year	-	824,784,039	-	-	-	(824,784,039)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(77,515,008)	-	-	-	(77,515,008)	-	(77,515,008)
Transferred to retained earnings	-	-	(55,447,583)	(330)	-	55,447,913	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	2,208,087	2,208,087	-	2,208,087
Foreign currency translation for the year	-	-	-	-	880,514	-	880,514	-	880,514
Issue of bonus shares	762,995,590	-	-	-	-	(762,995,590)	-	-	-
Cash dividend paid	-	-	-	-	-	(381,497,797)	(381,497,797)	-	(381,497,797)
Net profit for the year	-	-	-	-	-	2,550,070,030	2,550,070,030	4	2,550,070,034
Balance as at 31 December 2015	8,392,951,530	5,876,250,921	2,549,629,842	8,166,144	1,541,779	1,867,693,933	18,696,234,149	10,785	18,696,244,934
Transferred during the year	-	657,381,109	-	-	-	(657,381,109)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(227,816,977)	-	-	-	(227,816,977)	-	(227,816,977)
Transferred to retained earnings	-	-	(82,200,488)	-	-	82,200,488	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	9,966,616	9,966,616	-	9,966,616
Foreign currency translation for the year	-	-	-	-	(79,253)	-	(79,253)	-	(79,253)
Issue of bonus shares	419,647,570	-	-	-	-	(419,647,570)	-	-	-
Cash dividend paid	-	-	-	-	-	(1,258,942,730)	(1,258,942,730)	-	(1,258,942,730)
Net profit for the year	-	-	-	-	-	1,644,065,676	1,644,065,676	570	1,644,066,246
Balance as at 31 December 2016	8,812,599,100	6,533,632,030	2,239,612,377	8,166,144	1,462,526	1,267,955,303	18,863,427,481	11,355	18,863,438,836

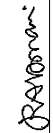
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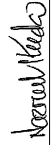
Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited

Balance Sheet

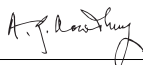
as at 31 December 2016

		<i>Amount in Taka</i>	
	Notes	31 Dec 2016	31 Dec 2015
PROPERTY AND ASSETS			
Cash	4	15,980,758,895	12,469,737,907
In hand (including foreign currencies)	4.1	2,076,938,257	1,690,422,017
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	13,903,820,638	10,779,315,890
Balance with other banks and financial institutions		13,273,233,476	8,275,831,706
In Bangladesh	5.1	10,702,481,995	7,561,200,515
Outside Bangladesh	5.2	2,570,751,481	714,631,191
Money at call and on short notice	6	4,870,000,000	3,230,000,000
Investments	7	39,365,212,025	46,942,774,876
Government		36,112,473,144	43,717,224,029
Others		3,252,738,881	3,225,550,847
Loans and advances/investments	8	163,609,782,739	136,396,335,681
Loans, cash credits, overdrafts, etc/investments		155,016,374,171	126,986,780,735
Bills purchased and discounted		8,593,408,568	9,409,554,946
Fixed assets including premises, furniture and fixtures	9	5,249,722,487	5,075,506,799
Other assets	10	10,846,991,614	11,957,122,419
Non - banking assets		-	-
Total assets		253,195,701,236	224,347,309,388
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	18,822,423,424	12,296,115,548
Subordinated non-convertible bonds	11 (aa)	3,197,214,016	3,315,440,646
Deposits and other accounts	12	191,272,582,777	169,827,340,391
Current/Al-wadeeah current accounts and other accounts		34,253,758,670	29,610,473,642
Bills payable		4,902,979,613	3,936,675,238
Savings bank/Mudaraba savings bank deposits		27,793,803,978	21,174,184,061
Fixed deposits/Mudaraba fixed deposits		124,322,040,516	115,106,007,450
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	20,865,003,294	19,929,080,918
Total liabilities		234,157,223,511	205,367,977,503
Capital/shareholders' equity			
Total shareholders' equity		19,038,477,725	18,979,331,885
Paid-up capital	14.2	8,812,599,100	8,392,951,530
Statutory reserve	15	6,533,632,030	5,876,250,921
Revaluation reserve	16	2,239,612,377	2,549,629,842
General reserve		8,166,144	8,166,144
Retained earnings	17	1,444,468,074	2,152,333,448
Total liabilities and shareholders' equity		253,195,701,236	224,347,309,388

Balance Sheet

	Notes	31 Dec 2016	Amount in Taka 31 Dec 2015
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	110,762,047,002	94,579,682,894
Acceptances and endorsements		35,098,107,666	33,178,690,709
Letters of guarantee		35,578,341,924	29,263,667,968
Irrevocable letters of credit		29,013,641,402	23,093,149,701
Bills for collection		11,071,956,010	9,044,174,516
Other contingent liabilities		-	-
Other commitments		-	2,237,373,935
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	2,237,373,935
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		110,762,047,002	96,817,056,829

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Chairman



Director



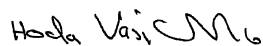
Director



Director



President and Managing Director



Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 16 April 2017

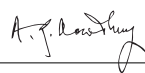
Bank Asia Limited

Profit and Loss Statement

for the year ended 31 December 2016

	Notes	31 Dec 2016	31 Dec 2015
<i>Amount in Taka</i>			
OPERATING INCOME			
Interest income	20	14,569,387,489	13,941,179,570
Interest paid on deposits and borrowings, etc	21	10,600,935,255	11,170,318,446
Net interest income		3,968,452,234	2,770,861,124
Investment income	22	3,548,303,241	4,827,413,103
Commission, exchange and brokerage	23	2,474,861,280	2,156,115,753
Other operating income	24	648,277,718	572,527,938
		6,671,442,239	7,556,056,794
Total operating income (A)		10,639,894,473	10,326,917,918
OPERATING EXPENSES			
Salaries and allowances	25	2,336,571,464	2,155,844,975
Rent, taxes, insurance, electricity, etc	26	533,568,147	514,123,923
Legal expenses	27	16,085,833	9,632,359
Postage, stamp, telecommunication, etc	28	81,601,730	76,977,146
Stationery, printing, advertisements, etc	29	90,134,202	99,636,353
Managing Director's salary and fees	30	15,689,899	16,732,000
Directors' fees	31	3,192,000	4,692,000
Auditors' fees	32	1,252,000	915,000
Depreciation and repairs of Bank's assets	33	469,051,286	441,174,277
Other expenses	34	1,172,113,402	1,001,527,229
		4,719,259,963	4,321,255,262
Total operating expenses (B)		4,719,259,963	4,321,255,262
Profit before provision (C=A-B)		5,920,634,510	6,005,662,656
Provision for loans and advances/investments			
General provision		555,793,056	1,539,227,187
Specific provision		1,828,486,005	79,616,253
	13.2	2,384,279,061	1,618,843,440
Provision for off-balance sheet items	13.3	139,449,902	252,899,022
Provision for diminution in value of investments	13.8	110,000,000	-
Other provisions	13.9	-	10,000,000
		2,633,728,963	1,881,742,462
Total provision (D)		2,633,728,963	1,881,742,462
Total profit before tax (C-D)		3,286,905,547	4,123,920,194
Provision for taxation			
Current tax	13.5.1	1,678,000,000	1,534,738,646
Deferred tax	13.5.2	63,000,000	15,261,354
		1,741,000,000	1,550,000,000
Net profit after tax		1,545,905,547	2,573,920,194
Appropriations			
Statutory reserve	15	657,381,109	824,784,039
General reserve		-	-
		657,381,109	824,784,039
Retained surplus		888,524,438	1,749,136,155
Earnings Per Share (EPS)	37	1.75	2.92

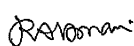
These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



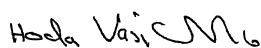
Director



Director



President and Managing Director



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 16 April 2017

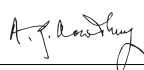
Bank Asia Limited

Cash Flow Statement

for the year ended 31 December 2016

	Notes	31 Dec 2016	Amount in Taka 31 Dec 2015
Cash flows from operating activities (A)			
Interest receipts		17,588,212,136	17,442,135,980
Interest payments		(10,600,935,255)	(11,170,318,446)
Dividends receipts		41,515,740	19,705,266
Fees and commission receipts		2,474,861,280	2,156,115,753
Recoveries on loans previously written off		42,108,117	55,044,236
Cash payment to employees		(2,377,537,567)	(2,098,098,789)
Cash payment to suppliers		(160,353,982)	(164,990,162)
Income tax paid		(1,546,814,137)	(1,725,395,113)
Receipts from other operating activities	35	1,239,799,903	1,711,798,949
Payments for other operating activities	36	(1,823,354,654)	(1,624,094,674)
Operating profit before changes in operating assets & liabilities		4,877,501,581	4,601,903,000
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		(27,213,447,058)	(19,642,525,358)
Other assets		(72,607,861)	(42,095,074)
Deposits from customers		21,445,242,386	28,958,054,265
Trading liabilities		6,526,307,876	4,449,975,579
Other liabilities		(167,686,392)	(79,537,630)
Net Increase/(decrease) in operating assets and liabilities		517,808,951	13,643,871,782
Net cash flows from operating activities		5,395,310,532	18,245,774,782
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		6,730,871,864	(9,122,514,394)
Sale/(Purchase) of trading securities		(27,188,034)	613,471,694
Purchase of fixed assets		(573,005,787)	(239,162,591)
Net cash flows from/(used in) investing activities		6,130,678,043	(8,748,205,291)
Cash flows from financing activities (C)			
Payment for finance lease		(148,357)	(808,038)
Issue of floating rate non-convertible subordinated bonds		-	3,000,000,000
Adjustment of subordinated non-convertible bond		(118,226,630)	(133,595,784)
Dividend paid (cash dividend)		(1,258,942,730)	(381,497,797)
Net cash flows from/(used in) financing activities		(1,377,317,717)	2,484,098,381
Net increase/(decrease) in cash and cash equivalents (A+B+C)		10,148,670,858	11,981,667,872
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the year		23,978,412,313	11,996,744,441
Cash and cash equivalents at the end of the year		34,127,083,171	23,978,412,313
Cash and cash equivalents:			
Cash		2,076,938,257	1,690,422,017
Balance with Bangladesh Bank and its agent bank(s)		13,903,820,638	10,779,315,890
Balance with other banks and financial institutions		13,273,233,476	8,275,831,706
Money at call and on short notice		4,870,000,000	3,230,000,000
Prize bonds		3,090,800	2,842,700
		34,127,083,171	23,978,412,313

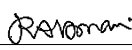
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Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited

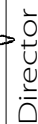
Statement of Changes in Equity

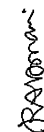
for the year ended 31 December 2016

Particulars	Amount in Taka					
	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2015	7,629,955,940	5,051,466,882	2,682,592,433	8,166,474	1,492,242,767	16,864,424,496
Transferred during the year	-	824,784,039	-	-	(824,784,039)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(77,515,008)	-	-	(77,515,008)
Transferred to retained earnings	-	-	(55,447,583)	(330)	55,447,913	-
Issue of bonus shares	762,995,590	-	-	-	(762,995,590)	-
Cash dividend paid	-	-	-	-	(381,497,797)	(381,497,797)
Net profit for the year	-	-	-	-	2,573,920,194	2,573,920,194
Balance at 31 December 2015	8,392,951,530	5,876,250,921	2,549,629,842	8,166,144	2,152,333,448	18,979,331,885
Transferred during the year	-	657,381,109	-	-	(657,381,109)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(227,816,977)	-	-	(227,816,977)
Transferred to retained earnings	-	-	(82,200,488)	-	82,200,488	-
Issue of bonus shares	419,647,570	-	-	-	(419,647,570)	-
Cash dividend paid	-	-	-	-	(1,258,942,730)	(1,258,942,730)
Net profit for the year	-	-	-	-	1,545,905,547	1,545,905,547
Balance at 31 December 2016	8,812,599,100	6,533,632,030	2,239,612,377	8,166,144	1,444,468,074	19,038,477,725

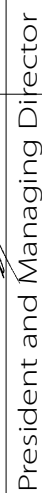
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Chairman


Director


Director


Director


President and Managing Director

Bank Asia Limited

Liquidity Statement (Analysis of Maturity of Assets and Liabilities)

as at 31 December 2016

Amount in Taka

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets						
Cash in hand and with banks	4,077,786,898	-	-	-	11,902,971,997	15,980,758,895
Balance with other banks and financial institutions	5,277,633,476	7,335,700,000	-	659,900,000	-	13,273,233,476
Money at call and on short notice	4,870,000,000	-	-	-	-	4,870,000,000
Investments	14,659,900,000	218,500,000	1,488,000,000	2,089,300,000	20,909,512,025	39,365,212,025
Loans and advances	24,589,400,000	27,536,100,000	55,644,800,000	38,834,500,000	17,004,982,739	163,609,782,739
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,249,722,487	5,249,722,487
Other assets	991,030,494	449,542,236	154,814,512	7,146,662,373	2,104,942,000	10,846,991,614
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	54,465,750,868	35,539,842,236	57,287,614,512	48,730,362,373	57,172,131,247	253,195,701,236
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	2,880,900,000	4,226,400,000	9,365,000,000	2,547,337,440	3,000,000,000	22,019,637,440
Deposits	23,230,300,000	23,187,100,000	76,511,600,000	34,098,182,777	34,245,400,000	191,272,582,777
Provision and other liabilities	257,108,008	186,976,135	1,171,629,165	541,871,863	18,707,418,123	20,865,003,294
Total Liabilities (B)	26,368,308,008	27,600,476,135	87,048,229,165	37,187,392,080	55,952,818,123	234,157,223,511
Net Liquidity Excess/(Shortage) (A-B)	28,097,442,860	7,939,366,101	(29,760,614,653)	11,542,970,293	1,219,313,124	19,038,477,725


Chairman


Director


Director


Director


President and Managing Director

Bank Asia Limited

Notes to the financial statements

as at and for the year ended 31 December 2016

1. THE BANK AND ITS ACTIVITIES

1.1 Bank Asia Limited

Bank Asia Limited (“the Bank”) is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, governed by the Bank Company Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 105 branches, 6 SME service centres, 5 Islamic Windows and 119 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

Bank Asia Limited acquired the business of Bank of Nova Scotia, Dhaka (incorporated in Canada) in the year 2001. At the beginning of the year 2002, the Bank also acquired the Bangladesh operations of Muslim Commercial Bank Limited (MCBL), a bank incorporated in Pakistan, having two branches at Dhaka and Chittagong. In taking over Bangladesh operations, all assets and certain specific liabilities of MCBL were taken over by Bank Asia Limited at their book values.

The registered office of the Bank is situated at Rangs Tower, 68 Purana Paltan, Dhaka 1000, Bangladesh.

1.2 Principal activities

The principal activities of the Bank are to provide all kinds of conventional and Islamic commercial banking services to its customers through its branches, islamic windows, SME centres, and vibrant alternative delivery channels (ATM booths, Mobile banking, internet banking) in Bangladesh.

1.3 Islamic banking unit

The Bank obtained permission from Bangladesh Bank (country’s central bank) to operate Islamic Banking Unit vide Bangladesh Bank’s letter no. BRPD(P-3)745(53)/2008-4804 dated 17 December 2008. The Bank commenced operation of this Unit from 24 December 2008. The Islamic Banking Unit is governed under the rules and regulations of Bangladesh Bank.

1.4 Off-shore banking unit

The Bank obtained off-shore banking unit permission from Bangladesh Bank vide its letter no. BRPD (P-3)744(94)/2007-1853 dated 21 June 2007. Operation of this unit commenced from 28 January 2008 and its office is located at Zone Service Complex, Chittagong Export Processing Zone, Chittagong. Off-shore banking unit is governed under the rules and regulations of Bangladesh Bank.

1.5 Bank Asia Securities Limited

Bank Asia Securities Limited, a majority owned (99.99%) subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000 which has commenced its business on the 17 April 2011.

The main objective of this company is to act as a full fledged stock broker and stock dealer to execute buy and sale order and to maintain own portfolio as well as customers’ portfolio under the discretion of customers. It also performs the other activities relating to capital market as and when regulators permit.

1.6 BA Exchange Company (UK) Limited

BA Exchange Company (UK) Limited was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. BA Exchange Company (UK) Limited attaches a fresh width to the Bank’s remittance operation and expands its global presence for remittance services. Bank Asia stretched its business in United Kingdom through its fully owned (100%) subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.

Notes to the financial statements

1.7 BA Express USA inc

BA Express USA inc is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective 22 November 2013. The company has started its commercial operation from 01 June 2014.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the “First Schedule (Section 38) of the Bank Company Act 1991 (amended upto 2013), BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BAS), etc. The Financial Reporting Act 2015 (FRA) has been enacted in 2015. Under the FRA the Financial Reporting Council (FRC) yet to be formed and they will issue financial reporting standards for public interest entities such as banks. Section 38 of the Bank Company Act 1991 (amended upto 2013) has been replaced in 2015 through BRPD Circular no. 10 dated October 04, 2015. The FRC is yet to be formed and as such no financial reporting standards have issued as per the provisions of the FRA. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Bank Company Act 1991 (amended upto 2013)
- ii. Companies Act 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Securities and Exchange Ordinance 1969
- v. The Securities and Exchange Rules 1987
- vi. Bangladesh Securities and Exchange Commission Act 1993
- vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015
- viii. income Tax Ordinance and Rules 1984
- ix. Value Added Tax Act 1991
- x. Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository Bangladesh Ltd. (CDBL) rules and regulations.

In case the requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail.

Bank have departed from certain contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Presentation of financial statements

BFRS: As per BAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit and loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. BAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the “First Schedule” of section 38 of the Bank Company Act 1991 (amended up to 2013) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and Securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under “at fair value through profit

Notes to the financial statements

and loss account” or under “available for sale” where any change in the fair value at the year-end is taken to profit and loss account or other comprehensive income/revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. As per DOS circular letter no. 03 dated March 12, 2015, investment in Mutual Fund (close-end) is revalued at lower of cost and (higher of market value and 85% of NAV). Being provision is made for any loss arising from diminution in value of investment; otherwise investments are recognized at costs.

iii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39 where T-bills and T-bonds will fall under the category of “held for trading”, any change in the fair value of held for trading assets is recognized through profit and loss account. T-bills/bonds designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit & loss account.

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However at the year-end if there is any revaluation gain for any particular held for trading T-bills/T-bonds, such gain can be used to the extent of any revaluation loss for that particular held for trading T-bills/T-bonds. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve.

iv) Provision on loans and advances

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

Bangladesh Bank: As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5% based on different categories of loans and advances. Such provision policies are not specifically in line with those prescribed by BAS 39. Also, a general provision @ 1% should be provided for off-balance sheet exposures.

v) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive income is a component of financial statements or the elements of Other Comprehensive income are to be included in a Single Comprehensive income (OCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued financial templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income or the elements of Other Comprehensive Income allowed to include in a Other Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity. Furthermore, the above templates require disclosure of appropriation of profit on the face of Profit and Loss Statement.

vi) Financial instruments – presentation and disclosure

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

vii) Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying

Notes to the financial statements

asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per DOS Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS Circular No. 02 dated 23 June 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

viii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse to the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin and 1% general provision for all contingent liabilities.

ix) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: As per BRPD Circular 14 dated 25 June 2003, Cash and cash-equivalents consist of cash with Bangladesh Bank, with its agent bank(s), government securities (prize bond) and deposits with other banks.

x) Non-banking asset

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there must exist a face item named Non-banking asset.

xi) Cash flow statement

BFRS: Cash flow statement can be prepared either in direct method or in indirect method as per BAS 7 of Statement of Cash Flows. 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 circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect method.

xii) Balance with Bangladesh Bank: (CRR)

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

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

xiii) Presentation of intangible asset

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

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiv) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement of disclosure of off-balance sheet items.

Notes to the financial statements

Bangladesh Bank: As per BRPD circular no. 14 off balance sheet items must be disclosed separately in face of balance sheet. Accordingly the Bank has recognized the following off balance sheet items:

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Foreign exchange contracts

xv) Disclosure of appropriation of profit

BFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xvi) Loans and advance net of provision

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

xii) Balance with Bangladesh Bank: (CRR)

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

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

xiii) Presentation of intangible asset

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

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD 14 dated June 25, 2003.

xiv) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement of disclosure of off-balance sheet items.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 off balance sheet items must be disclosed separately in face of balance sheet. Accordingly the Bank has recognized the following off balance sheet items:

2.2 Basis of measurement

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

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marked to market with gains, if any, credited to revaluation reserve.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortisation concept.
- Zero Coupon Bonds at present value using amortisation concept.

2.3 Use of estimates and judgments

The preparation of the financial statements in conformity with BAS/ BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the financial statements

Key estimates include the following:

- Provision on loans and advances
- Deferred tax assets/liabilities
- Gratuity fund

2.4 Foreign currency transactions

Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is the Bank's functional currency. Functional currencies for Off-shore banking unit and BA Express USA Inc. are US Dollar, BA Exchange Company (UK) Limited is UK Pound. Except as indicated, financial information have been rounded off to the nearest Taka.

Foreign currency translation

Foreign currency transactions have been converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transactions as per BAS 21 "The Effects of Changes in Foreign Exchange Rates".

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2016 have been converted into Taka currency at the revaluation rate determined by the Bank. For BA Exchange Company (UK) Limited and BA Express USA Inc. assets and liabilities in foreign currencies as at December 31, 2016 have been converted into Taka currency at the closing rate as on December 31, 2016 and profit and loss accounts have been converted into monthly average rate.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account. Foreign currency translation gain and loss for foreign subsidiary operation is reported as separate component of Equity.

Commitment

Commitments for outstanding forward foreign exchange contracts disclosed in the consolidated financial statements and financial statements of Bank have been translated at contracted rates. Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies have been expressed in Taka currency at the rate of revaluation rate.

Translation gain and losses

Gains or losses arising out of translation of foreign exchange have been included in the Profit and Loss Statement, except those arising on the translation of net investment in foreign subsidiaries.

Foreign operations

The results of financial statements of the Bank whose functional currency is not Bangladesh Taka are translated into Bangladesh Taka as follows:

- a. assets and liabilities for each statement of Balance Sheet have been translated at the closing rate on the date of Balance sheet.
- b. income and expenses for Profit and Loss Statement have been translated at monthly average rate; and
- c. all resulting exchange differences have been recognized as a separate components of equity.

2.5 Basis of consolidation

The financial statements of the Bank's include the financial statements of main operation of Bank Asia Limited and its two business units namely, Islamic Banking Unit and Off-shore Banking Unit operating in Bangladesh.

The consolidated financial statements include the financial statements of the Bank and three subsidiary companies namely, Bank Asia Securities Limited operating in Bangladesh, BA Exchange Company (UK) Limited operating in United Kingdom and BA

Notes to the financial statements

Express USA Inc. operating in United States of America.

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Separate Financial Statements and Bangladesh Financial Reporting Standard 10: Consolidated Financial Statements. The consolidated as well as separate financial statements are prepared for a common financial year ended on December 31, 2016.

Consolidated financial statements and separate financial statements of the Bank comprise of Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and relevant notes and disclosures.

2.5.1 Subsidiaries of the Bank

A subsidiary company is one in which the parent company, Bank Asia Limited owns majority of its shares. As an owner of the subsidiary, the Bank controls the activities of the subsidiary. Bank Asia Limited has three subsidiary companies as detailed below:

Name of Subsidiary	Ownership	Date of Commercial Operation	Country of Operation	Status	Regulator	Year Closing
Bank Asia Securities Limited	99.99%	17.04.2011	Bangladesh	Majority Owned	BSEC, Bangladesh	31 December
BA Exchange Company (UK) Limited	100%	16.05.2011	United Kingdom	Fully Owned	FSA, UK	31 December
BA Express USA inc	100%	01.06.2014	United States of America	Fully Owned	NYSDFS, New York	31 December

2.6 Cash flow statement

Cash Flow Statement is prepared principally in accordance with BAS 7 “Statement of Cash Flows” under the guidelines of BRPD circular no.14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. Cash Flows during the year have been classified as operating activities, investing activities and financing activities.

2.7 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with BAS 1 “Presentation of Financial Statements” and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have applied consistently to all the periods presented in these financial statements and have been applied consistently by the Bank.

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with Bangladesh Bank and its agent bank, balances with other banks and financial institutions, money at call and on short notice and prize bonds.

3.1.2 Investments

Investment in securities

All investments in securities (bills and bonds) are initially recognized at purchase price excluding commission and accrued coupon interest. Investments are segregated in two broad categories. These are held to maturity (HTM) and held for trading (HFT).

Held to maturity

Debt securities that a firm has intention to hold until maturity. These are reported at amortized cost therefore, they are not affected by swings in the financial markets.

Held for trading

Held for trading securities are those which are held with intention of selling in order to generate profits. Held for trading securities are revalued at market price.

Notes to the financial statements

Revaluation

As per Bangladesh Bank DOS circular letter no. 5 dated 28 January 2009, HFT securities are revalued each week using Marked to Market concept and HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if these are reclassified to HFT category with the Board approval. Value of investment has been shown as under:

Government treasury bills and bonds (HFT)	At present value (using marked to market concept)
Government treasury bills and bonds (HTM)	At present value (using amortisation concept)
Zero coupon bonds	At present value (using amortisation concept)
Prize bonds and other bonds	At cost
Debentures	At cost
Unquoted shares (ordinary)	At cost (as per BRPD circular 14 dated June 25, 2003)
Quoted shares (ordinary)	At cost (provision made for any shortfall arising due to reduce market price from cost price)

3.1.3 Investment in listed securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend income which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But provision was made for diminution in value of investment.

3.1.4 Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular # 04 dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealised gain/ loss of shares from market price/ book value less cost price.

Besides, bank complied with Bangladesh Bank BRPD Circular 14 dated June 25, 2003 as follows, "All investments in shares and securities (both dealing and investment) should be revalued at the year- end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of last audited balance sheet. Provision should be made for any loss arising from diminution in value of investments."

3.1.5 Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the BAS 27 "Consolidated and Separate Financial Statements", BFRS 3 "Business Combination", BFRS 36 "Impairment of Assets" and BFRS 10 "Consolidated Financial Statements".

Notes to the financial statements

3.1.6 Loans and advances/investments

- Loans and advances/investments are stated in the balance sheet on gross basis.
- Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/profit is not charged on bad and loss loans and advances/investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 16 dated November 18, 2014, BRPD circulars no. 5 dated 29 May 2013, 14 dated 23 September 2012, 19 dated December 27, 2012, 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 5 dated 05 June 2006, 8 dated 07 August 2007, 10 dated 18 September 2007, 5 dated 29 April 2008 and 32 dated 27 October 2010.

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

Types of loans and advances		Provision				
		STD	SMA	SS	DF	BL
Consumer	House building and professional	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
Provision for loan to broker house, merchant banks, stock dealers, etc		2%	2%	20%	50%	100%
Short-term agri-credit and micro credit		2.5%	2.5%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

In line with Bangladesh Bank BRPD Circular no. 04 dated January 29, 2015, All restructured loans treated as Special Mention Account (SMA) for the purpose of classification. Provision was made at existing applicable rate of SMA with additional 1%.

- Loans and advances/investments are written off as per guidelines of Bangladesh Bank. These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.
- The Bangladesh Bank under its inspection suggested to keep extra provision against stay order and other loans amounting Tk 33,364.00 Lac, out of which Tk 3,500.00 Lac has been kept in the year 2016. The rest amount Tk. 29,864.00 Lac will be kept by 2017 and 2018 on equal quarterly basis.
- The Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited, Abdul Monem Sugar Refinery Limited, Keya Spinning Mills Limited, Can- Am Garments (Pvt.) Limited and Shinepukur Ceramics Limited under BRPD Circular No. 04 dated 29 January 2015 for an aggregate amount of Tk. 4,330.26 million as per the terms and conditions of the said circular.
- In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk. 5,761.05 million which have not been reported under classification as at 31 December 2016 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 917.69 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

An asset is impaired when its carrying value exceeds its recoverable amount as per BAS 36 "Impairment of Assets". At each

Notes to the financial statements

balance sheet date, Bank Asia Limited assesses whether there is objective evidence that a financial asset or a group of financial assets i.e, loans and advances, off balance sheet items and investments is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if -

- there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date;
- the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and
- a reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

3.1.8 Property, plant and equipment

Recognition and measurement

All fixed assets are stated at cost less accumulated depreciation as per BAS 16 “Property, Plant and Equipment”. Land is measured at cost.

The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of the BFRS.

The cost of an item of property, plant and equipment is recognised as an asset if-

it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of an items of property, plant and equipment comprises:

- (a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period.

Subsequent costs

The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Depreciation

No depreciation is charged on land. Depreciation is charged on straight-line method. Charging depreciation against fixed assets commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. Asset category-wise depreciation rates are as follows:

Notes to the financial statements

Category of assets	Rate of depreciation
Building	5%
Furniture and fixtures	20%
Equipment	20%
Computers and accessories	20%
Motor vehicles	20%

Gain or loss on sale of fixed assets is recognised in profit and loss statement as per provision of BAS 16 “Property, Plant and Equipment”.

Construction work in progress/Building under Construction

Building under construction is recognized and reported under Fixed Assets as per BAS 16 “Property, Plant and Equipment” as Construction work in progress until the construction work is completed and the assets is ready for intended use. This asset is stated at cost and depreciation of the asset will be charged from the date of its intended use.

Intangible Asset

a. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Acquisitions of Minority interest (non-controlling interest) are accounted as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Subsequently goodwill is measured at cost less accumulated Impairment Losses.

b. Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

c. License

Value of license is recognised at cost and since it has an indefinite useful life it is not amortized. The value of the license is not measured at fair value.

3.1.9 Leased assets

Where property, plant and equipment have been financed by lease arrangement under which substantially all the risks and rewards of ownership are transferred to the lessees are treated as finance leases as per BAS 17 “Leases”. All other leases are classified as operating leases as per BAS 17 “Leases”.

Assets held under finance lease are recognised as assets of the Bank at their fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets.

3.1.10 Impairment of fixed assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognised as an expense in the profit and loss statement unless the asset is carried at revalued amount in accordance with Bangladesh Accounting Standard (BAS) 16, Property, Plant and Equipment in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard. No impairment loss was recognized up to the reporting period as there were no such indication existed as on Balance Sheet date.

Notes to the financial statements

3.1.11 Investment properties

a) Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.

b) Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and accumulated impairment loss.

3.1.12 Other assets

Other assets include all other financial assets and include fees and other unrealised income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

3.1.13 Inventories

Inventories are measured at the lower of cost and net realisable value.

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call and Bangladesh Bank refinance. These items are brought to financial statements at the gross value of the outstanding balance.

3.2.2 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, bills payable, interest bearing on demand and special notice deposits, savings deposit, fixed deposit and scheme deposit. These items are brought to financial statements at the gross value of the outstanding balance.

3.2.3 Other liabilities

As per BAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank.

3.3 Capital/shareholders' equity

Authorised capital

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

Paid-up capital

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

Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 until such reserve equal to its paid-up capital together with the share premium. Statutory reserve transferred in yearly basis.

Notes to the financial statements

Revaluation reserve

Revaluation reserve arises from the revaluation of Treasury bills and bonds (HFT and HTM) in accordance with the Bangladesh Bank DOS circular no. 5 dated 26 May 2008. The tax effects on revaluation gain are measured and recognised in the financial statements as per BAS 12: Income Taxes.

When an fixed asset's carrying amount is increased as a result of revaluation, the increased amount has been credited directly to equity under the head of revaluation reserve as per BAS 16 "Property, Plant and Equipment". The revaluation surplus included in equity transferred directly to retained earnings with the amount of the surplus from the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost as per the para 41 of BAS 16.

Non-controlling (minority) interest

Minority interest (non-controlling interest) in business is an accounting concept that refers to the portion of a subsidiary company's stock that is not owned by the parent company. The magnitude of the minority interest in Bank Asia Securities Limited, a majority owned subsidiary (99.99%) of Bank Asia Limited is very insignificant. Minority interest belongs to a sponsor Director of the Bank and is reported on the consolidated balance sheet to reflect the claim on assets belonging to the other non-controlling shareholder. Also, minority interest is reported on the consolidated income statement as a share of profit belonging to the minority shareholder.

3.4 Contingent liabilities

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or any present obligation that arises from past events but is not recognised because:

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

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

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

3.5 Memorandum items

Memorandum items are maintained for those items for which the Bank has only a business responsibility and no legal commitment.

3.6 Revenue recognition

Interest income

Interest on loans and advances is calculated on daily product basis, but charged and accounted for on quarterly basis. Interest on loans and advances ceases to be taken into income when such advances fall under classification. It is then kept in interest suspense account. Interest on classified loans and advances is accounted for on a cash receipt basis.

Profit on investment (Islamic Banking)

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

Investment income

income on investments is recognised on accrual basis. Investment income includes discount on treasury bills and zero coupon bonds, interest on treasury bonds, debentures and fixed deposits with other banks. Capital gain on investments in shares and dividend on investment in shares are also included in investment income.

Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on accrual basis. Interest and fees ceases to be taken into income

Notes to the financial statements

when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on cash basis.

Fees and commission income

The Bank earns fees and commissions from diverse range of services provided to its customers. This includes fees and commission income arising on financial and other services provided by the Bank including trade finance, credit cards, debit cards, passport endorsement, loan processing, loan syndication and locker facilities, etc. Fees and commission income is recognised on the basis of realisation.

Dividend income on shares

As per BAS 18 “Revenue”, dividend income from investment in shares is recognised when the Bank’s right to receive dividend is established. It recognised when:

- a. It is probable that the economic benefits associated with the transaction will flow to the entity; and
- b. the amount of the revenue can be measured reliably.

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

Profit paid to mudaraba deposits is recognised on accrual basis according to Income Sharing Ratio (ISR).

Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the BAS 1 “Presentation of Financial Statements”.

3.7 Employee benefits

3.7.1 Provident Fund

Provident fund benefits are given to the staff of the Bank in accordance with the approved provident fund rules. The fund is operated by a Board of Trustees. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount of the employees’ contribution to the fund.

3.7.2 Gratuity Fund

Gratuity fund benefits are given to the eligible staff of the Bank in accordance with the approved gratuity fund rules. Gratuity payable is determined on the basis of existing rules and regulations of the Bank and actuarial valuation.

3.7.3 Superannuation and Benevolent Fund

The Bank operates a superannuation and a benevolent fund. Superannuation fund for its employees to pay a lumpsum amount on retirement or death. The bank also operates a benevolent fund to provide one time financial assistance to its employees in the event of disability caused by any accident or disease. In case of superannuation fund the bank pays Tk. 610,000 per month as per actuarial valuation and in case of benevolent fund Tk. 200 is deducted from salary per month per employee. The funds are operated by separate Board of Trustees.

3.7.4 Hospitalisation insurance

The Bank operates a health insurance scheme to its confirmed employees and their respective spouses at rates provided in health insurance coverage policy.

3.7.5 Worker’s Profit Participation Fund

Consistent with the industry practice and in accordance with the Banking Companies Act, 1991, no provision has been made to WPPF

Notes to the financial statements

3.8 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD circular no. 10 dated 18 September 2007, the Bank is required to maintain provision @ 1% against off-balance sheet exposures.

3.9 Provision for nostro accounts

According to guidelines of Foreign Exchange Policy Department of Bangladesh Bank, circular no. FEOD (FEMO)/01/2005-677 dated 13 September 2005, Bank is required to make provision regarding the un-reconciled debit balance as at balance sheet date.

3.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Deferred tax relating to unrealised surplus on revaluation of held to maturity (HTM) securities is recognised directly in revaluation reserve as a part of equity and is subsequently recognised in profit and loss statement on maturity of the security.

3.11 Earnings Per Share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2016 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings Per Share". EPS for comparative period also restated by the bonus share issued for the year 2015. Details are in note 37.

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year.

The basis of computation of number of shares is in line with the provisions of BAS 33 "Earnings per share". The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of

Notes to the financial statements

shares outstanding is increased without an increase in resources generating new earnings.

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review. It is pertinent to mention that, potential ordinary shares is in convertible subordinate bond that may entitle their holders to ordinary shares.

3.12 Reconciliation of inter-bank/inter-branch account

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

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

3.13 Risk Management at Bank Asia Ltd.

Being a financial institution, in the ordinary course of business, the bank is sensitive to verities of risks. The generic severity of such risk(s) is much intense in our locality due to presence of large number of banks and complex financial transactions. In such highly competitive environment to ensure a bank's consistent system and performance, the presence of strong Risk Management culture is obligatory.

The Board of Director and Senior Management of the bank need to remain positive toward adaptation of active risk management culture throughout the bank. Such awareness (risk) has helped the bank to do more than just regulatory compliance as far as risk management practice is concerned, the consequence of such initiatives has helped the bank to safeguard valuable capital and ensure consistent profitability, through avoiding excessive credit, market and operation loss and inadequate capital allocation under Basel III. Being compliant, the bank is now looking forward to take risk management practice to a different level, i.e. preventing risk before occurrence rather than a reactive manner; on a proactive basis.

As a part of regulatory and global benchmarking the bank has based upon 06 (six) core risks guidelines of Bangladesh Bank and Basel framework. Listed below are the identified risks the bank is currently managing or intends to manage in the future:

Sl	Core Risk Guideline of BB	Basel Accord	Pillar
1	Credit Risk	Credit Risk	Pillar - I & II
2	Foreign Exchange Risk	Market Risk	Pillar - I & II
3	Asset Liability Risk	Operational Risk	Pillar - I & II
4	Money Laundering Risk	Residual Credit Risk	Pillar - II
5	Internal Control & Compliance Risk	Residual Risk (CRM)	Pillar -II
6	Information and Communication Technology Risk	Residual Market Risk – Equity	Pillar –II
7		Residual Market Risk - Currency	Pillar –II
8		Credit Concentration Risk	Pillar –II
9		Liquidity Risk	Pillar –II
10		Interest Rate Risk in Banking Book	Pillar –II
11		Settlement Risk	Pillar –II
12		Reputation Risk	Pillar –II
13		Environmental and climate change risk	Pillar –II
14		Strategic Risk	Pillar –II
15		Pension Obligation Risk	Pillar –II
16		Compliance Risk	Pillar –II

In view of core risk guideline the bank has established various departments to address specific risks, e.g. credit risk management, credit admin, internal control and compliance department, anti-money laundering department etc. Further to manage the overall risks of the bank in line of Basel the bank has formed a dedicated Risk Management Unit.

Notes to the financial statements

Accordingly the bank has various high powered committees to monitor and ensure smooth risk management activities. For example, Senior Management Team (SMT), Asset Liability Committee (ALCO), Credit Committee (CC), Audit Committee, Risk Management Committee, Supervisory Review Committee etc.

The current risk management framework of the bank is as follow:

Credit Risk Management: Credit risk can be defined as risk of failure of customer/counterparty of the bank to meet financial obligations. Another major source of credit risk could be concentration risk, which arises when a bank's credit portfolio tend to be non diversified i.e. large single borrower exposure or lending exposure to clients having similar economic factors (single sub-sector, industry, geographic region etc) that would adversely impact the repayment ability of mass obligor during any possible economic downturn.

To ensure the portfolio health, the bank has distributed the overall credit concentration among different segments/industry/trading. For example, branches are primarily responsible for sourcing of potential clients and initiate limit (credit) approval process for review of Credit Risk Management Division (CRMD), this division (CRMD) ensure the quality of credit proposal before limit approval, a separate division known as Credit Administration (CAD) monitors the documentation aspects of approved credits and finally the Legal Recovery Department manages the deteriorating accounts. It is mentionable that the bank has own credit risk management guideline.

All other remaining risk in regards to credit portfolio are addressed by the Risk Management Division (RMD), the primary responsibility of this unit is to identify and assess the severity of risks and highlight the same to the management for strategic decision making. Below are risk wise list of few global model that RMD is currently using or intends to use in the future:

Residual Risk (e.g. wrong valuation of collateral, documentation error etc)	Capital computation under Pillar –II using the foundation Internal Rating Based (FIRB) approach
Concentration Risk	Herfindahl-Hirschman Index (HHI) index

Foreign Exchange Risk Management: The Foreign Exchange Risk arises from transaction involvement in any other national currency. Providing major foreign exchange related transactions are carried out on behalf of client thus bank has minimal exposure to the captioned risk. It is mentionable that the bank do not involve in any speculative transactions. The treasury division independently conducts the transactions and back office is responsible for verifying the deal and passes necessary accounting entries. As advised by Bangladesh Bank on month end all foreign exchange related transactions are revalued at mark-to-market rate. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by management for settlement. It is mentionable that bank management is looking forward to establish treasury mid office to effectively perform the reconciliation activities.

At present Bank assess daily Value-at-Risk (VaR) based on exponential weighted average method using web based platform for foreign exchange risk more effectively.

Asset Liability Management: The Asset Liability Risk is comprises of Balance Sheet Risk and liquidity risk. The Balance Sheet risk refers to risk of change in earning and/or devaluation of asset due to interest rate movement. The liquidity risk can be defined as the risk or chance of failure to meet up any withdrawal/disbursement request by a counterparty/client. ALCO reviews liquidity requirements of the Bank, maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The Asset Liability Committee also monitors balance sheet risk.

Notes to the financial statements

Risk assessment tools in regards to ALM risk management are as follow:

Equity investment risk	Value-at-risk (VaR) on equity position
Liquidity Risk	Liquidity Coverage Ratio (LCR)
	Net Stable Funding Ratio (NSFR)
	Stress Testing (Duration and Sensitivity Analysis)
Interest Rate Risk	Assessment of Interest Rate Risk in Banking Book

Prevention of Money Laundering: Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has nominated a Chief Compliance Officer at Corporate Office and Branch Compliance Officers at branches, who independently review the accounting transactions to locate and verify suspicious transactions. Know Your Customer (KYC) policy and Transaction Profile (TP) format have been introduced. The regulatory requirements are being complied with and the guidelines in respect of KYC are being followed for opening of new accounts. Training is being provided continuously to all the categories of executives and officers for developing awareness and skill for identifying suspicious activities.

Ensuring internal control and compliance: Operational loss arising from error and fraud due to lack of proper internal control and compliance. Internal Control and Compliance Department undertakes periodical and special audit and inspection of the branches and departments at corporate office for identifying and reviewing the operational lapses and compliance of statutory requirements as well as Bank's own guidelines. The audit Committee of the Board reviews the audit and inspection reports periodically and provides necessary instructions and recommendations for rectifications of lapses and observations identified by the audit team.

Further to above the bank is in the process of developing various globally recognized operational risk identification processes through the Risk Management Division. For example adaptation of

Risk Control Self Assessment (RCSA) for assessing all possible operational risks based on operational process review and previous experiences before occurrence of any such event.

Using the Key Risk Indicator (KRI) approach to identify operational risk trigger points.

Managing Information and communication Technology Risk : Bank Asia Limited follows the guidelines issued by Bangladesh Bank on ICT Security for Banks and Financial Institutions. IT management deals with IT policy documentation, internal IT audit, training etc. The core objective of IT management is to achieve the highest levels of technology service quality and minimize possible operational risk. Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data. IT department has controls over Password, User ID maintenance, input control, network security, virus protection, internet and e-mail. Data centre has been set up and disaster recovery plan has been formulated as part of Business Continuity Planning (BCP).

All other risk management: These are risks that are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risk under Basel III. The Risk Management Division is primarily responsible for assessing and developing controls for managing these risks. In order to do so the RMD of the bank is performing various exercises, for example, with the help of Finance and IT division Minimum Capital Requirement (MCR) is assessed on quarterly basis, Stress Testing to assess the sensitivity of the bank against adverse scenarios is performed, additional capital (on top of MCR under Pillar –II) will be assessed using a model namely (currently in the process of development) Internal Capital Adequacy Assessment Process (ICAAP), Supervisory Review Process (SRP) is performed by the bank as per Bangladesh Bank requirement.

On top of assessment the RMD of the bank is reporting these risks to senior management (through RMD meeting, Board and Audit Committee reporting); which are ultimately aiding the bank to allocate adequate capital in line with Basel III requirement and at the same time implant active strategies to precisely manage all potential risks of the bank.

Notes to the financial statements

3.14 Events after reporting period

As per BAS -10 “Events after Reporting Period” are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

3.15 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

3.16 Directors’ responsibilities on statement

The Board of Directors takes the responsibilities for the preparation and presentation of these Financial Statements.

3.17 Segment Reporting

As per BFRS 8 “Operating Segments”, an operating segment is a component of an equity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- (b) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
- (c) for which discrete financial information is available.

Bank reported its segments in respect of business segment and geographical segment. Business segments are comprised of Conventional Banking, Islamic Banking, Off-shore Banking, Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc. Geographical segments report consist of location wise performance of above segments.

3.18 Changes in Accounting Policies

As per BAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” Accounting Policies are applied consistently for comparability between financial statements of different accounting periods. Changes in Accounting Policies are applied retrospectively in the financial statements. Comparative amounts presented in the financial statements affected by the change in accounting policy for each prior period presented.

3.19 Compliance checklist of Bangladesh Accounting Standards (BASs)/Bangladesh Financial Reporting Standards (BFRSs)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	N/A
Share Based Payment	BFRS-2	N/A
Business Combinations	BFRS-3	Complied
Insurance Contracts	BFRS-4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS-6	N/A

Notes to the financial statements

Name of the standards	Ref.	Status
Financial Instruments: Disclosures	BFRS-7	Complied
Operating Segments	BFRS-8	Complied
Consolidated Financial Statements	BFRS-10	Complied
Joint Arrangements	BFRS-11	N/A
Disclosure of Interests in other entities	BFRS-12	N/A
Fair Value Measurement	BFRS-13	Partially Complied
Presentation of Financial Statements	BAS-1	Complied
Inventories	BAS-2	Complied
Statement of Cash Flows	BAS-7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Complied
Events after the Reporting Period	BAS-10	Complied
Construction Contracts	BAS-11	Complied
income Taxes	BAS-12	Complied
Property, Plant and Equipment	BAS-16	Complied
Leases	BAS-17	Complied
Revenue	BAS-18	Complied
Employee Benefits	BAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	N/A
The Effects of Changes in Foreign Exchange Rates	BAS-21	Complied
Borrowing Costs	BAS-23	Complied
Related Party Disclosures	BAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	N/A
Separate Financial Statements	BAS-27	Complied
Investments in Associates and Joint Ventures	BAS-28	Complied
Financial Instruments: Presentation	BAS-32	Complied
Earnings Per Share	BAS-33	Complied
Interim Financial Reporting	BAS-34	Complied
Impairment of Assets	BAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Complied
Intangible Assets	BAS-38	Complied
Financial Instruments: Recognition and Measurement	BAS-39	Complied
Investment property	BAS-40	Complied
Agriculture	BAS-41	N/A

3.20 Approval of financial statements

The financial statements were approved by the board of directors on April 16, 2017

3.21 General

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (iv) These financial statements cover one calendar year from 01 January 2016 to 31 December 2016 .

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking		
Local currency	2,059,782,311	1,684,148,099
Foreign currencies	17,155,946	6,273,918
	<u>2,076,938,257</u>	<u>1,690,422,017</u>
Off-shore banking unit	-	-
	<u>2,076,938,257</u>	<u>1,690,422,017</u>
4.1(a) Consolidated Cash in hand		
Bank Asia Limited	2,076,938,257	1,690,422,017
Bank Asia Securities Limited	8,377	11,890
BA Exchange Company (UK) Limited	2,853,603	1,149,477
BA Express USA, Inc	97,179	97,578
	<u>2,079,897,416</u>	<u>1,691,680,962</u>
4.2 Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Conventional and Islamic banking		
Balance with Bangladesh Bank		
Local currency (statutory deposit)	13,036,708,415	10,273,716,981
Foreign currencies	391,688,896	54,872,119
	<u>13,428,397,311</u>	<u>10,328,589,100</u>
Balance with agent bank (Sonali Bank Limited)		
Local currency	475,423,327	450,726,790
Foreign currencies	-	-
	<u>475,423,327</u>	<u>450,726,790</u>
	<u>13,903,820,638</u>	<u>10,779,315,890</u>
Off-shore banking unit	-	-
	<u>13,903,820,638</u>	<u>10,779,315,890</u>
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited	13,903,820,638	10,779,315,890
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>13,903,820,638</u>	<u>10,779,315,890</u>
4.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991, DOS circular nos. 01 dated 19 January 2014 and MPD circular no. 01 dated 23 June 2014.

The statutory Cash Reserve Ratio on the Bank's time and demand liabilities at the rate 6.5% (both conventional and islamic banking) has been calculated and maintained with Bangladesh Bank in local currency and 13% (5.5% for Islamic Banking) Statutory Liquidity Ratio, on the same liabilities has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, treasury bills, bonds and debentures. CRR and SLR maintained by the Bank are shown below:

Notes to the financial statements

Amount in Taka

31 Dec 2016

31 Dec 2015

4.3.1 Cash Reserve Ratio (CRR)

Conventional Banking

As per Bangladesh Bank DOS Circular No. 01 dated January 19, 2014 and MPD circular no. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.5% on fortnightly cumulative average basis and minimum @ 6% on daily basis.

i. Daily Bank's CRR maintenance:

Required reserve (6 % on Demand and Time Liabilities)	10,378,190,328	9,264,830,688
Actual reserve maintained	12,496,415,350	9,873,248,326
Surplus	2,118,225,022	608,417,638

ii. Fortnightly Bank's CRR maintenance:

Required reserve (6.5 % of Demand and Time Liabilities)	11,243,039,522	10,036,899,912
Actual reserve maintained (average)	11,523,860,039	10,214,093,492
Surplus	280,820,517	177,193,580

Islamic Banking

i. Daily Bank's CRR maintenance:

Required reserve (6% Demand and Time Liabilities)	609,168,438	339,354,804
Actual reserve maintained	668,492,000	374,427,389
Surplus	59,323,562	35,072,585

ii. Fortnightly Bank's CRR maintenance:

Required reserve (6.5% of Demand and Time Liabilities)	659,932,475	367,634,371
Actual reserve maintained (Average)	669,246,824	419,834,471
Surplus	9,314,349	52,200,100

4.3.2 Statutory Liquidity Ratio (SLR)

Conventional Banking

13% of Average Demand and Time Liabilities:

Required reserve	22,486,079,044	20,073,799,824
Actual reserve maintained	39,252,494,000	45,523,070,000
Surplus	16,766,414,956	25,449,270,176

Islamic Banking

5.5% of Average Demand and Time Liabilities :

Required reserve	558,404,402	311,075,215
Actual reserve maintained	595,204,000	344,478,000
Surplus	36,799,598	33,402,785
	16,803,214,554	25,482,672,961

4.3.3 Held for Statutory Liquidity Ratio

Conventional Banking

Cash in hand	2,054,894,000	1,669,236,000
Excess of CRR - Balance with Bangladesh Bank	1,253,376,000	-
Balance with agent bank (Sonal Bank Limited)	396,351,000	453,110,000
Government securities	35,544,782,200	43,397,881,000
Other securities	3,090,800	2,843,000
	39,252,494,000	45,523,070,000

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
Islamic Banking		
Cash in hand	22,045,000	21,186,000
Balance with Bangladesh Bank	-	-
Excess of CRR - Balance with Bangladesh Bank	8,559,000	6,792,000
Government securities	564,600,000	316,500,000
Other securities	-	-
	<u>595,204,000</u>	<u>344,478,000</u>
	<u>39,847,698,000</u>	<u>45,867,548,000</u>

5. Balance with other banks and financial institutions

In Bangladesh

Conventional and Islamic banking (Note 5.1.1 and 5.3)

Off-shore banking unit

10,702,481,995	7,561,200,515
-	-
<u>10,702,481,995</u>	<u>7,561,200,515</u>

Outside Bangladesh

Conventional and Islamic banking (Note 5.2.1)

Off-shore banking unit

1,066,474,297	667,400,444
1,504,277,184	47,230,747
2,570,751,481	714,631,191
<u>13,273,233,476</u>	<u>8,275,831,706</u>

5.1 In Bangladesh

5.1.1 Conventional and Islamic banking

Current accounts

AB Bank Limited

Agrani Bank Limited

National Bank Limited

Sonali Bank Limited

Standard Chartered Bank

Jamuna Bank Limited

Trust Bank Limited

41,480	41,480
826,280	826,280
796,058	766,332
155,332,208	176,737,352
226,677	424,319
2,590	-
(37,600,687)	12,978,486
<u>119,624,606</u>	<u>191,774,249</u>

Short- notice deposit accounts

BRAC Bank Limited

AB Bank Limited

Islami Bank Bangladesh Limited

Uttara Bank Limited

730,099	3,750,038
526,403	513,475
172,800	169,835
85,784	2,155,993
<u>1,515,086</u>	<u>6,589,341</u>

Fixed deposit accounts/ MTDR

Islamic Finance and Investment Limited

Hajj Finance Company Limited

Social Islami Bank Limited

Bank Alfalah limited

Union Bank Limited

100,000,000	100,000,000
100,000,000	500,000,000
-	300,000,000
100,842,303	836,925
-	150,000,000
<u>300,842,303</u>	<u>1,050,836,925</u>
<u>421,981,995</u>	<u>1,249,200,515</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
Placements		
With Banking companies	10,280,500,000	6,312,000,000
With Non-banking financial institutions	-	-
	<u>10,280,500,000</u>	<u>6,312,000,000</u>
	<u>10,280,500,000</u>	<u>6,312,000,000</u>
Placement- with Banking companies (Local Currency)		
NRB Bank Limited	200,000,000	200,000,000
NRB Global Bank	200,000,000	-
Jamuna Bank Limited	-	800,000,000
Midland Bank Limited	200,000,000	250,000,000
AB Bank Limited	-	800,000,000
BRAC Bank Limited	750,000,000	-
National Bank Limited	1,000,000,000	-
Shahjalal Bank Limited	1,500,000,000	-
One Bank Limited	1,000,000,000	-
Social Islami Bank Limited	1,000,000,000	-
Mercantile Bank Limited	1,000,000,000	-
Standard Bank Limited	1,000,000,000	800,000,000
Dhaka Bank Limited	1,000,000,000	1,000,000,000
Modhumoti Bank Limited	250,000,000	-
Meghna Bank Limited	-	200,000,000
	<u>9,100,000,000</u>	<u>4,050,000,000</u>
Placement- with Banking companies (Foreign Currencies)		
Mutual Trust Bank Limited	-	312,000,000
Eastern Bank Limited	1,180,500,000	780,000,000
Islami Bank Bangladesh Limited	-	1,170,000,000
	<u>1,180,500,000</u>	<u>2,262,000,000</u>
	<u>10,280,500,000</u>	<u>6,312,000,000</u>
	<u>10,702,481,995</u>	<u>7,561,200,515</u>
5.2 Conventional and Islamic banking Outside Bangladesh		
Current accounts		
Interest bearing		
Citibank N.A., London (EURO)	20,681,324	159,182
Citibank N.A., London (GBP)	3,827,315	82,968,317
Citibank NA, New York (USD)	792,753,215	302,610
Habib American Bank, New York	5,134,395	144,425,283
Mashreqbank psc, New York (USD)	580,871	850,164
Standard Chartered Bank, Mumbai	102,345,892	5,900,215
Standard Chartered Bank, New York	146,368	7,768,429
	<u>925,469,379</u>	<u>242,374,200</u>
Non-interest bearing		
AB Bank Limited, Mumbai	14,175	11,400,461
Al Rajhi Bank K.S.A	919,982	1,584,110
Bhutan National Bank Limited, Thimphu	897,984	3,130,597
Casisse Centrale Desjardins	621,340	139,953

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
Commerzbank AG, Frankfurt (EURO)	51,744,589	355,026,015
Commerzbank AG, Frankfurt (USD)	44,236,583	594,622
Habib Metropolitan Bank Limited, Karachi	7,928,216	274,569
Habib Bank UK, London	51,274	928,580
ICICI Bank Limited, Kowloon	13,614	832,673
ICICI Bank Limited, Mumbai	22,596,745	20,363,433
JP Morgan Chase Bank N.A New York, U.S.A	34,891	6,627,865
Mashreqbank psc, Mumbai (EURO)	660,420	611,632
Muslim Commercial Bank Limited, Colombo	4,200,567	6,544,592
Muslim Commercial Bank Limited, Karachi	-	5,309,756
Bank of Sydney	85,845	538,034
Nepal Bangladesh Bank Limited, Kathmandu	4,096,072	1,174,790
Sonali Bank (UK) Limited, London	38,564	5,426,143
Saudi Hollandi K.S.A	30,734	109,714
UBAF, Tokyo	48,857	1,694,244
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	158,292	772,144
Wells Fargo Bank NA, New York, (USD)	28,198	1,419,864
Wells Fargo Bank NA, London, (Euro)	354,710	214,222
Bank Of Tokyo-Mitsubishi, Tokyo (Yen)	1,467,524	-
Zurcher Kantonal Bank, Switzerland	775,743	308,231
	<u>141,004,918</u>	<u>425,026,244</u>
	<u>1,066,474,297</u>	<u>667,400,444</u>
Placement with Off-shore Banking Unit	-	2,028,000,000
Less: Inter company transaction	-	<u>(2,028,000,000)</u>
	<u>1,066,474,297</u>	<u>667,400,444</u>

5.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	5,277,633,476	4,783,831,706
More than 1 month but not more than 3 months	7,335,700,000	1,806,000,000
More than 3 months but not more than 6 months	-	1,686,000,000
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	659,900,000	-
More than 5 years	-	-
	<u>13,273,233,476</u>	<u>8,275,831,706</u>

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

In Bangladesh

Bank Asia Limited	10,702,481,995	7,561,200,515
Bank Asia Securities Limited	317,381,382	444,415,554
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>11,019,863,377</u>	<u>8,005,616,069</u>
Less: Inter-company transactions	36,057,950	5,510,002
	<u>10,983,805,427</u>	<u>8,000,106,067</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
Outside Bangladesh		
Bank Asia Limited	2,570,751,481	714,631,191
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	5,879,569	11,453,875
BA Express USA, Inc	54,670,895	52,840,030
	<u>2,631,301,945</u>	<u>778,925,096</u>
	<u>13,615,107,372</u>	<u>8,779,031,163</u>
6. Money at call and on short notice		
Call money		
With Banking companies (Note 6.1)	1,320,000,000	1,730,000,000
With Non-banking financial institutions (Note 6.2)	3,550,000,000	1,500,000,000
	<u>4,870,000,000</u>	<u>3,230,000,000</u>
6.1 Call Money- with Banking companies:		
Trust Bank Limited	-	200,000,000
The City Bank Limited	-	550,000,000
AB Bank Limited	-	600,000,000
NRB Bank Limited	220,000,000	180,000,000
National Credit and Commerce Bank Limited	-	200,000,000
Midland Bank Limited	250,000,000	-
Modhumoti Bank Limited	250,000,000	-
Habib Bank Limited	300,000,000	-
Jamuna Bank Limited	300,000,000	-
	<u>1,320,000,000</u>	<u>1,730,000,000</u>
6.2 Call Money- with non Banking financial institutions:		
Investment Corporation of Bangladesh	3,400,000,000	1,500,000,000
Delta Brac Housing	150,000,000	-
	<u>3,550,000,000</u>	<u>1,500,000,000</u>
6(a) Consolidated Money at call and on short notice		
Bank Asia Limited	4,870,000,000	3,230,000,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>4,870,000,000</u>	<u>3,230,000,000</u>
7. Investments		
Government (Note 7.1)	36,112,473,144	43,717,224,029
Others (Note 7.2)	3,252,738,881	3,225,550,847
	<u>39,365,212,025</u>	<u>46,942,774,876</u>
7.1 Government		
Conventional and Islamic banking (Note 7.1.1)	36,112,473,144	43,717,224,029
Off-shore banking unit	-	-
	<u>36,112,473,144</u>	<u>43,717,224,029</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	4,020,968,205	12,398,308,492
Treasury bonds (Note 7.1.1.2)	17,311,406,196	22,826,335,573
Bangladesh Bank bills (Note 7.1.1.3)	14,777,007,943	8,489,737,264
Prize bonds	3,090,800	2,842,700
	<u>36,112,473,144</u>	<u>43,717,224,029</u>
7.1.1.1 Treasury bills		
182 days treasury bills	1,497,929,029	3,955,418,886
364 days treasury bills	2,523,039,176	8,442,889,606
	<u>4,020,968,205</u>	<u>12,398,308,492</u>
7.1.1.2 Treasury bonds		
Bangladesh Bank Islamic bond	564,600,000	316,500,000
2 years Bangladesh Government treasury bonds	-	4,423,112,974
5 years Bangladesh Government treasury bonds	4,504,174,803	4,504,469,124
10 years Bangladesh Government treasury bonds	6,351,312,016	7,982,384,397
15 years Bangladesh Government treasury bonds	5,648,584,142	5,357,143,643
20 years Bangladesh Government treasury bonds	242,735,235	242,725,435
	<u>17,311,406,196</u>	<u>22,826,335,573</u>
7.1.1.3 Bangladesh Bank bills		
14 days Bangladesh Bank bills	4,494,865,500	-
30 days Bangladesh Bank bills	10,282,142,443	8,489,737,264
	<u>14,777,007,943</u>	<u>8,489,737,264</u>
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	3,252,738,881	3,225,550,847
Off-shore banking unit	298,995,308	268,320,000
Less: Adjustment with OBU	(298,995,308)	(268,320,000)
	<u>3,252,738,881</u>	<u>3,225,550,847</u>
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	614,055,401	575,132,992
Unquoted share	93,575,971	145,529,880
	<u>707,631,372</u>	<u>720,662,872</u>
b) Mutual Fund (Details are shown in Annexure-B)		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB Ist Mutual Fund	149,665,000	149,665,000
Ist Bangladesh Fixed Income Fund	250,000,000	250,000,000
MBL 1st Mutual Fund	50,000,000	50,000,000
EXIM Bank 1st Mutual Fund	247,705,052	248,740,000
	<u>747,370,052</u>	<u>748,405,000</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
c) Debentures		
Beximco Denims Limited	9,537,605	9,537,605
Beximco Textiles Limited	6,445,370	6,445,370
	<u>15,982,975</u>	<u>15,982,975</u>
d) Bonds		
MTBL Subordinated bond	75,000,000	112,500,000
MTB Second subordinated bond	400,000,000	400,000,000
UCB Second subordinated bond	300,000,000	300,000,000
BSRM Steels Limited zero coupon bond	170,754,482	-
Premier Bank Non-convert subordinated bond	500,000,000	200,000,000
Prime Bank Limited Coupon bond	70,000,000	140,000,000
BSRML Coupon bond	66,000,000	88,000,000
SIBL subordinated Mudaraba bond	200,000,000	200,000,000
	<u>1,781,754,482</u>	<u>1,440,500,000</u>
e) Investment in commercial paper		
Investment in commercial paper	-	300,000,000
	-	<u>300,000,000</u>
f) Placements		
With Banking companies (Note 7.2.1(1))	-	-
With Non-banking financial institutions (Note 7.2.1(2))	-	-
	-	-
	<u>3,252,738,881</u>	<u>3,225,550,847</u>
7.2.1(1) Placement- with Banking companies		
Local currency	-	-
Foreign currencies	-	-
	-	-
7.2.1(2) Placement- with Banking companies (Local Currency):		
Placement with Off-shore Banking Unit	-	2,028,000,000
	-	2,028,000,000
Less : Adjustment with OBU	-	(2,028,000,000)
	-	-
7.3 Investments classified as per Bangladesh Bank circular		
Held for trading (HFT)	18,797,976,148	26,142,981,291
Held to maturity (HTM)	16,746,806,196	17,254,900,038
Other securities	3,820,429,681	3,544,893,547
	<u>39,365,212,025</u>	<u>46,942,774,876</u>
7.4 Maturity-wise grouping		
On demand	14,659,900,000	20,717,768,294
Up to 3 months	218,500,000	3,768,000,000
More than 3 months but not more than 1 year	1,488,000,000	2,015,931,706
More than 1 year but not more than 5 years	2,089,300,000	12,193,533,983
More than 5 years	20,909,512,025	8,247,540,893
	<u>39,365,212,025</u>	<u>46,942,774,876</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
7(a) Consolidated Investments		
Government		
Bank Asia Limited	36,112,473,144	43,717,224,029
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	36,112,473,144	43,717,224,029
Others		
Bank Asia Limited	3,252,738,881	3,225,550,847
Bank Asia Securities Limited	346,594,514	219,549,671
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,599,333,395	3,445,100,518
	<u>39,711,806,539</u>	<u>47,162,324,547</u>
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	155,016,374,171	126,986,780,735
Bills purchased and discounted (Note 8.2)	8,593,408,568	9,409,554,946
	<u>163,609,782,739</u>	<u>136,396,335,681</u>
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Inside Bangladesh		
Agricultural loan	2,966,056,345	1,256,936,574
Cash credit/Bai Murabaha (Muajjal)	4,059,642,677	1,240,217,716
Credit card	1,252,443,050	1,147,963,907
Credit for poverty alleviation scheme-micro credit	8,211,805	8,306,310
Consumer credit scheme	7,076,436,997	5,482,235,146
Demand loan	26,076,843,769	21,304,754,447
Export Development Fund (EDF)	10,139,413,219	6,856,433,607
House building loans	923,358,410	363,244,511
Loans (General)/ Musharaka	7,570,141,631	2,547,537,913
Loan against trust receipts/ Bai Murabaha post import	10,544,307,848	9,778,733,091
Overdrafts/ Quard against scheme	28,072,352,928	26,187,102,892
Packing credit	452,810,159	430,033,816
Payment against documents	332,742,582	83,837,021
Staff Loan	1,329,101,220	1,241,675,689
Small and medium enterprise (SME)	3,957,226,919	3,414,655,444
Transport loan	1,486,136,986	1,372,176,280
Term loan- industrial	9,207,035,041	7,089,737,174
Term loan- others/ Hire purchase under Shirkatul Melk	38,176,243,128	35,884,085,008
	153,630,504,714	125,689,666,546
Outside Bangladesh		
	-	-
	153,630,504,714	125,689,666,546
Off-shore banking unit	1,385,869,457	1,297,114,189
	<u>155,016,374,171</u>	<u>126,986,780,735</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
8.2 Bills purchased and discounted		
Conventional and Islamic banking	2,231,598,821	9,314,667,929
Off-shore banking unit	6,361,809,747	94,887,017
	<u>8,593,408,568</u>	<u>9,409,554,946</u>
8.3 Maturity-wise grouping		
Repayable on demand	24,589,400,000	28,470,000,000
Not more than 3 months	27,536,100,000	36,890,000,000
More than 3 months but not more than 1 year	55,644,800,000	44,766,300,000
More than 1 year but not more than 5 years	38,834,500,000	17,506,465,357
More than 5 years	17,004,982,739	8,763,570,324
	<u>163,609,782,739</u>	<u>136,396,335,681</u>
8.4 Net loans and advances/investments		
Gross loans and advances/investments	163,609,782,739	136,396,335,681
Less: Interest suspense (Note 13.4)	1,584,318,032	1,329,213,289
Provision for loans and advances/investments (Note 13.2)	7,423,718,412	5,996,663,988
	<u>9,008,036,444</u>	<u>7,325,877,277</u>
	<u>154,601,746,295</u>	<u>129,070,458,404</u>
8.5 Loans and advances/investments under the following broad categories		
In Bangladesh		
Loans	122,884,378,566	99,559,460,127
Cash credits	4,059,642,677	1,240,217,716
Overdrafts	28,072,352,928	26,187,102,892
Bills purchased and discounted	7,231,191,495	8,274,990,805
	<u>162,247,565,666</u>	<u>135,261,771,540</u>
Outside Bangladesh		
Bills purchased and discounted	1,362,217,073	1,134,564,141
	<u>163,609,782,739</u>	<u>136,396,335,681</u>
8.6 Significant concentration wise grouping		
a) Directors	-	-
b) Chief Executive and other senior executives		
i) Managing Director	4,371,000	37,114,000
ii) Other senior executives	166,816,000	153,223,000
	<u>171,187,000</u>	<u>190,337,000</u>
c) Agriculture	2,340,579,534	1,758,344,878
d) Industry		
Food Manufacturing	11,509,310,595	12,589,410,605
Beverage industry	511,539,891	137,226,152
Tobacco industry	261,414,980	363,932,480
RMG industry	18,153,007,336	15,002,056,365
Textile industry	13,617,367,426	9,680,046,409
Wood cork and allied products	48,034,716	43,731,288
Furniture and Fixture	112,554,029	111,272,351

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
Paper and paper products	7,739,045,521	3,633,854,545
Leather and leather products	2,575,362,782	1,140,874,771
Rubber products	1,707,772,471	1,466,528,781
Chemical and chemical products	1,473,005,309	184,876,352
Basic metal products	8,246,890,060	4,209,128,222
Electrical machinery and apparatus	2,549,373,524	1,638,684,681
Other manufacturing industries	8,517,637,224	11,513,566,877
Ship building	2,551,546,959	1,508,697,227
Ship breaking	1,228,182,040	1,669,419,773
Pharmaceutical	510,389,603	435,057,428
	81,312,434,465	65,328,364,305
e) Constructions	5,758,250,483	4,913,520,108
f) Power, Gas, Water and Sanitary Services	50,520,142	690,115,603
g) Transport, Storage and Communication	2,812,410,286	3,551,828,290
h) Trade Services	32,044,399,772	27,009,000,921
i) Housing Services	12,053,684,772	10,443,774,077
j) Banking and Insurance	7,267,526,042	6,273,075,107
k) Professional and Misc. services	19,798,790,244	16,237,975,393
	<u>163,609,782,739</u>	<u>136,396,335,681</u>

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	116,260,976,585	96,511,152,242
Chittagong Division	25,597,304,865	22,655,581,079
Khulna Division	2,333,675,088	1,687,587,832
Rajshahi Division	2,583,635,892	2,636,913,917
Barisal Division	307,935,524	320,246,771
Sylhet Division	1,512,242,118	1,174,723,244
Rangpur Division	666,726,159	128,484,180
Mymensingh Division	191,202,332	-
	149,453,698,563	125,114,689,265

Rural

Dhaka Division	8,208,892,360	6,189,526,578
Chittagong Division	2,873,176,229	2,658,659,000
Khulna Division	735,329,905	430,495,191
Sylhet Division	389,708,643	433,078,723
Rajshahi Division	1,948,977,039	1,569,886,924
	14,156,084,176	11,281,646,416
Outside Bangladesh	-	-
	<u>163,609,782,739</u>	<u>136,396,335,681</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
8.8 Loans/investments including bills purchased and discounted covered by securities		
Collateral of movable/immovable assets	112,245,733,702	90,581,161,309
Local banks and financial institutions' guarantee	569,596,563	172,198,853
Foreign banks' guarantee	77,435,321	139,337,839
Export documents	9,733,410,621	11,240,162,670
Cash and quasi cash	4,924,425,933	7,820,531,705
Personal guarantee	19,993,938,141	14,760,566,031
Other securities	16,065,242,459	11,682,377,275
	<u>163,609,782,739</u>	<u>136,396,335,681</u>
8.9 Details of large loans/investments		
As at 31 December 2016 there were Seventeen (2015: fifteen) clients with whom amount of outstanding and classified loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Taka 24,774.61 million as at 31 December 2016 (Taka 22,836.83 million in 2015). Details are shown in Annex E.		
8.10 Particulars of loans and advances/investments		
i) Loans/investments considered good in respect of which the Bank is fully secured	127,550,602,140	109,953,392,375
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	19,993,938,141	14,760,566,031
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	16,065,242,459	11,682,377,275
iv) Loans/investments adversely classified; provision not maintained there against	-	-
	<u>163,609,782,739</u>	<u>136,396,335,681</u>
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,329,101,220	1,241,675,689
vi) Loans/investments due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances/investments, including temporary advances/investments made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	1,329,101,220	1,241,675,689
viii) Maximum total amount of advances/investments, including temporary advances/investments granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members	-	-
ix) Due from banking companies	<u>8,593,408,568</u>	<u>9,409,554,946</u>
x) Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
a) Increase/(Decrease) of provision (specific)	1,583,696,031	(1,025,150,301)
Amount of loan written off	920,450,690	1,075,794,018
Amount realised against the loans previously written off	42,108,117	55,044,236
b) Provision kept against loans/investments classified as bad debts	4,494,285,907	2,911,650,000
c) Interest credited to interest suspense account	1,584,318,032	1,329,213,289
xi) Cumulative amount of written off loans/investments		
Opening balance	4,202,468,643	3,126,674,625
Amount written off during the year	920,450,690	1,075,794,018
The amount of written off loans/investments for which law suit has been filed	<u>5,122,919,333</u>	<u>4,202,468,643</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
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8.11 Grouping as per classification rules

Unclassified:

Standard including staff loan	146,653,042,739	120,546,797,905
Special mentioned account	8,109,401,000	10,040,665,935

Classified:

Sub-standard	408,273,000	312,964,106
Doubtful	297,728,000	249,400,700
Bad/loss	8,141,338,000	5,246,507,035
	8,847,339,000	5,808,871,841
	<u>163,609,782,739</u>	<u>136,396,335,681</u>

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding	Base for	Required provision	
	at 31 Dec 2015	provision	%	Amount

For loans and advances/Investments:

Unclassified - general provision

All unclassified loans (other than SME financing, house building loan and loan to Brokerage

House (BH) finance, staff loan and SMA	106,809,240,849	110,319,727,240	1% to 5%	1,949,623,681	1,435,558,124
Small and medium enterprise financing	18,691,754,212	16,569,044,122	0.25%	41,422,610	36,682,441
House building loan and loan for professional	6,452,197,739	5,845,255,429	2.00%	116,905,109	82,170,244
Loans to BH	2,669,341,253	2,669,341,253	2.00%	53,386,825	146,046,056
Consumer finance	2,953,728,262	2,689,576,202	5.00%	134,478,810	106,797,605
Staff loan	1,329,101,220	-	-	-	-
				2,295,817,035	1,807,254,469
Special mentioned account	8,109,401,000	7,636,680,428	0.25% to 90%	556,138,678	1,162,273,786

Off-shore unit

Unclassified loans (general)	7,721,608,425	7,721,608,424	1%	63,936,443	87,220,233
Special mentioned account	26,070,779	26,070,779	0.25% to 90%	13,540,349	-
				77,476,792	87,220,233

Classified - specific provision

Sub-standard	408,273,000	128,281,414	20% / 5%	24,923,695	48,999,356
Doubtful	297,728,000	206,680,474	50% / 5%	103,340,237	58,764,454
Bad/loss	8,141,338,000	4,366,021,975	100%	4,366,021,975	2,802,826,066
				4,494,285,907	2,910,589,876
Provision required for loans and advances				<u>7,423,718,412</u>	<u>5,967,338,364</u>
Total provision maintained (Note 13.2)					
Conventional and Islamic Banking				7,346,241,620	5,909,443,755
Off-shore Banking Unit				77,476,792	87,220,233
				<u>7,423,718,412</u>	<u>5,996,663,988</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
8.13 Suits filed by the Bank (Branch wise details)		
Agrabad Branch	1,602,308,021	1,529,757,584
Anderkilla Branch	1,036,343,414	675,478,880
Ashulia Branch	23,540,241	18,425,030
Bahadderhat Branch	61,924,493	61,924,493
Bashundhara Branch	270,952,454	10,014,528
Bhatiary Branch	390,863,548	355,567,422
Bogra Branch	63,232,333	61,831,085
Cards Dept Branch	58,705	58,705
CDA Avenue Branch	461,566,884	473,956,426
ChaTk.hil Branch	17,361,013	17,361,013
Corporate Branch	312,319,067	323,039,732
Dhanmondi Branch	89,427,533	89,427,533
Donia Branch	30,922,878	-
EPZ Branch	-	5,519,100
Gulshan Branch	215,733,425	155,723,299
Jatrabari SME Centre	-	851,992
Jessore Branch	58,698,895	-
Jurain SME Centre	941,349	941,349
Kamal Bazar Branch	315,335	315,335
KEPZ Branch	5,519,100	-
Khatunganj Branch	2,014,225,997	2,014,225,997
Khulna Branch	77,394,034	77,394,034
Lohagara Branch	18,602,599	18,602,599
Malkhanagar Branch	109,650,435	124,311,455
MCB Banani Branch	54,234,479	40,300,342
MCB Dilkusha Branch	109,418,307	109,418,307
MCB Sk. Mujib Road Branch	2,721,508,241	1,725,777,188
Mirpur Branch	18,623,772	18,886,181
Mitford Branch	129,740,029	185,455,977
Moghbarar Branch	53,513,290	53,513,290
Mohakhali Branch	879,256	879,256
Narayanganj Branch	2,834,027	2,834,027
North South Road Branch	47,098,679	47,098,679
Paltan Branch	6,708,387	6,708,387
Principal Office Branch	463,612,434	405,550,329
Progoti Sarani Branch	5,988,412	5,988,412
Rajshahi Branch	2,771,665	2,752,675
Ramgonj SME/Agri Branch	13,655,636	10,032,139
Rekabi bazar SME Center	348,681	348,681
Savar Branch	18,843,802	-
Scotia Branch	433,596,615	441,397,024
Shantingar Branch	424,592,794	86,316,221
Station Road Branch	155,203,399	154,116,307
Sylhet Main Branch	23,487,548	22,160,533
Sylhet Uposhahar Branch	172,482,880	172,482,880
Sylhet Uposhahar Islamic Window Branch	17,140,393	15,253,933
Tongi Branch	3,181,896	-
Uttara Branch	157,458,561	157,458,561
	<u>11,898,824,936</u>	<u>9,679,456,921</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
8.14 Bills purchased and discounted		
Payable in Bangladesh	7,231,191,495	8,274,990,805
Payable outside Bangladesh	1,362,217,073	1,134,564,141
	<u>8,593,408,568</u>	<u>9,409,554,946</u>
8.15 Maturity-wise grouping of bills purchased and discounted		
Payable within 1 month	2,892,870,540	4,704,777,473
More than 1 month but less than 3 months	2,543,933,436	3,387,439,781
More than 3 months but less than 6 months	2,747,039,373	1,317,337,692
More than 6 months	409,565,219	-
	<u>8,593,408,568</u>	<u>9,409,554,946</u>
8.(a) Consolidated Loans and advances/investments		
Bank Asia Limited	155,016,374,171	126,986,780,735
Bank Asia Securities Limited	5,380,138,055	5,488,271,756
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>160,396,512,226</u>	<u>132,475,052,491</u>
Less: Inter- companies transactions	2,450,004,404	2,880,012,102
	<u>157,946,507,822</u>	<u>129,595,040,389</u>
Bills purchased and discounted		
Bank Asia Limited	8,593,408,568	9,409,554,946
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>8,593,408,568</u>	<u>9,409,554,946</u>
	<u>166,539,916,390</u>	<u>139,004,595,335</u>
9 Fixed assets including premises, furniture and fixtures		
Conventional and Islamic banking (Note 9.1)	5,249,722,487	5,075,506,799
Off-shore banking unit	-	-
	<u>5,249,722,487</u>	<u>5,075,506,799</u>
9.1 Conventional and Islamic banking		
Cost:		
Land	2,646,764,306	2,643,839,095
Building	2,619,652,725	2,481,719,434
Furniture and fixtures	1,150,574,690	1,078,978,805
Equipments	782,810,977	667,517,646
Computer and accessories	421,798,649	326,512,576
Construction work in progress	151,787,396	27,596,071
Motor vehicles	214,506,754	197,552,984
	<u>7,987,895,498</u>	<u>7,423,716,612</u>
Less: Accumulated depreciation	2,655,972,523	2,292,762,232
Adjustment of assets revaluation	82,200,488	55,447,581
Written down value at the end of the year - Details are shown in Annex C.	<u>5,249,722,487</u>	<u>5,075,506,799</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
9(a) Fixed assets including premises, furniture and fixtures		
Bank Asia Limited	5,249,722,487	5,075,506,799
Bank Asia Securities Limited	1,155,819	1,071,096
BA Exchange Company (UK) Limited	5,058,756	7,479,587
BA Express USA, Inc	7,211,405	8,757,587
	<u>5,263,148,467</u>	<u>5,092,815,069</u>
10 Other assets		
Conventional and Islamic banking (Note 10.1)	10,659,652,878	11,941,026,682
Off-shore banking unit	187,338,736	16,095,737
	<u>10,846,991,614</u>	<u>11,957,122,419</u>
10.1 Conventional and Islamic banking		
Income generating other assets		
Investment in Bank Asia Securities Ltd - incorporated in Bangladesh	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited - incorporated in UK	29,400,000	36,000,000
Investment in BA Express USA Inc - incorporated in USA	75,552,000	74,880,000
	<u>2,104,942,000</u>	<u>2,110,870,000</u>
Non-income generating other assets		
Income receivable (Note 10.2)	646,062,044	749,621,375
Stock of stamps	6,229,735	4,437,741
Stationery, printing materials, etc	28,082,022	24,225,777
Prepaid expenses	9,487,252	4,597,953
Deposits and advance rent	278,444,649	286,441,642
Due from Capital Market Division of the Bank	-	4,999,998
Advances, prepayments and others (Note 10.3)	180,570,610	78,979,432
Advance income tax (Note 10.4)	6,868,217,724	8,232,300,531
Receivable against government	126,163,566	192,578,533
Sundry debtors	127,064,677	81,128,329
Branch adjustment account (Note 10.5)	35,223,277	-
Protested bills	66,997,265	73,897,265
Receivable from BA Exchange Company (UK) Limited	45,388,625	38,788,424
Receivable from BA Express USA Inc	127,240,282	52,180,322
Excise duty recoverable	9,539,150	5,979,360
	<u>8,554,710,878</u>	<u>9,830,156,682</u>
	<u>10,659,652,878</u>	<u>11,941,026,682</u>
10.2 income receivable		
Income receivable consists of interest accrued on investment and other income.		
10.3 Advances, prepayments and others		
Advances, prepayments and others account consists of advance amount paid for purchasing of fixed assets, advance payment of rent for new branches of the Bank, advance against salary and legal expenses, etc.		
10.4 Advance income tax		
Advance income tax was adjusted against provision for taxation for the year 2012 and 2013 as the tax assessments have been finalized for the said income years.		
10.5 Branch adjustment accounts		
This represents outstanding inter-branch and head office transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2016 are given below:		

Notes to the financial statements

Amount in Taka

	31 Dec 2016		31 Dec 2015	
Periods of Reconciliation	Number of responded entries (Debit)	Amount of responded entries (Taka)	Number of responded entries (Credit)	Amount of responded entries (Taka)
Up to 3 months	61	36,098,525	104	51,524,699
More than 3 months but within 6 months	-	-	2	85
More than 6 months but within 1 year	1	40,000	5	13,537
More than 1 year but within 5 years	-	-	1	3,118
Above 5 years	-	-	1	300
	62	36,138,525	113	51,541,739

10.6 Receivable from Government in connection with Rangs Properties:

The Bank has a receivable from Government in connection with demolition of Rangs Bhaban in 2008 situated at 113-116 Old Airport Road, Dhaka-1215. Bank Asia had a purchased floor at 3rd floor of the Building, where from the then Scotia Branch used to run. Total receivable in this regard is Tk. 3,19,52,365.00 (Taka three crore nineteen lac fifty two thousand three hundred sixty five) which was eventually written-off from the Book considering uncertainty and prolonged legal proceedings.

10 (a) Consolidated Other assets

Bank Asia Limited	10,846,991,614	11,957,122,419
Bank Asia Securities Limited	247,487,042	141,764,313
BA Exchange Company (UK) Limited	3,927,250	2,541,447
BA Express USA, Inc	60,526,377	29,742,877
	<u>11,158,932,283</u>	<u>12,131,171,056</u>
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited	28,386,000	34,248,240
Investment in BA Express USA, Inc	75,504,000	75,120,000
Receivable from BASL	-	4,999,998
Receivable from BA Exchange Company (UK) Limited	45,388,625	38,788,424
Receivable from BA Exchange USA, Inc.	127,240,282	52,180,322
Foreign currency effect for subsidiaries	-	-
	<u>8,882,423,376</u>	<u>9,925,844,072</u>

10(aa) Demutualization membership of Dhaka Stock Exchange

The majority owned (99.99%) subsidiary company of the Bank, Bank Asia Securities Limited (BASL) has acquired the membership of Dhaka Stock Exchange for Tk. 153,119,000. As per the scheme of Demutualization of DSE, BASL being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk. 10 each, totalling Tk. 72,151,060.

The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainable. However, management expect the fair value to be similar or more than the current revalued amount. Once more clarity about the Scheme and related factors are available a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	9,347,599,580	6,344,881,709
Off-shore banking unit (Note 11.2)	9,474,823,844	7,979,233,839
Less: Adjustment with Head Office	-	(2,028,000,000)
	<u>18,822,423,424</u>	<u>12,296,115,548</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
11.1 Conventional and Islamic banking		
In Bangladesh (Note 11.1.1)	9,347,599,580	6,344,881,709
Outside Bangladesh	-	-
	<u>9,347,599,580</u>	<u>6,344,881,709</u>
11.1.1 In Bangladesh		
Secured:	-	-
Un secured:		
Money at call and on short notice		
State Bank of India	-	150,000,000
	-	150,000,000
Borrowings		
Bangladesh Bank refinance	103,695,498	111,663,096
SME Foundation Pre Finance	37,100,000	45,000,000
Borrowing A/C (AGRI Taka 10)	4,357,097	12,534,753
Borrowing A/C Jute refinance	-	15,000,000
Bio-Gas Plant refinance	824,999	-
Borrowing- Green finance refinance	170,000,000	-
Export development fund	9,031,629,147	6,010,683,860
Onshore export discount fund	298,988,147	268,320,000
	<u>9,646,594,888</u>	<u>6,463,201,709</u>
Less : Inter borrowings between OBU and Conventional Banking	<u>(298,995,308)</u>	<u>(268,320,000)</u>
	<u>9,347,599,580</u>	<u>6,344,881,709</u>
11.2 Borrowing at Off-shore banking unit		
Secured:	-	-
Un secured:		
Conventional Banking	-	2,034,500,000
International Finance Corporation	2,359,500,000	2,347,500,000
ICICI Bank Limited, Dubai	471,900,000	-
Standard Chartered Bank, Singapore	1,266,092,049	-
CaixaBank	1,573,000,000	-
First Gulf Bank	1,063,662,600	391,250,000
ICICI Bank Limited, Hong Kong	-	391,250,000
Mashreq, USA	-	782,500,000
National Bank of Ras Al Khaimah	1,415,700,000	694,578,770
Nepal Bangladesh Bank Limited	393,250,000	391,250,000
United Bank Limited, UAE	831,959,700	855,896,955
Commerzbank	99,759,495	-
United Bank Limited, USA	-	90,508,114
	<u>9,474,823,844</u>	<u>7,979,233,839</u>
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
Bank Asia Limited	18,822,423,424	12,296,115,548
Bank Asia Securities Limited	2,606,557,920	2,919,350,832
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>21,428,981,344</u>	<u>15,215,466,380</u>
Less: Inter-company transactions	<u>2,450,004,404</u>	<u>2,880,012,102</u>
	<u>18,978,976,940</u>	<u>12,335,454,278</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
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11(aa) Subordinated Non-Convertible Bonds

Subordinated Non-Convertible Zero Coupon Bond

A.K Khan & Company Limited	82,171,739	131,432,375
AB Bank 1st Mutual Fund	12,481,576	19,964,080
EBL First Mutual Fund	3,284,087	5,252,844
EBL NRB Mutual Fund	6,547,712	10,472,960
EXIM Bank 1st Mutual Fund	13,146,578	21,027,740
First Bangladesh Fixed Income Fund	69,006,746	110,375,180
IFIC Bank 1st Mutual Fund	3,273,856	5,236,480
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	4,027,866	6,442,507
Popular Life 1st Mutual Fund	3,273,856	5,236,480
	<u>197,214,016</u>	<u>315,440,646</u>

Subordinated Non-Convertible floating rate bond

Agrani Bank Limited	200,000,000	200,000,000
BRAC Bank Limited	100,000,000	100,000,000
Janata Bank Limited	250,000,000	250,000,000
Mercantile Bank Limited	500,000,000	500,000,000
One Bank Limited	600,000,000	600,000,000
Pubali Bank Limited	250,000,000	250,000,000
Rupali Bank Limited	600,000,000	600,000,000
Sonali Bank Limited	500,000,000	500,000,000
	<u>3,000,000,000</u>	<u>3,000,000,000</u>
	<u>3,197,214,016</u>	<u>3,315,440,646</u>

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

Payable on demand	2,880,900,000	150,000,000
Up to 1 month	-	-
More than 1 month but within 3 months	4,226,400,000	6,150,000,000
More than 3 months but within 1 year	9,365,000,000	3,451,385,986
More than 1 year but within 5 years	2,547,337,440	4,660,170,208
More than 5 years	3,000,000,000	1,200,000,000
	<u>22,019,637,440</u>	<u>15,611,556,194</u>

11.4 Disclosure regarding REPO

Disclosure regarding REPO transactions of the bank are given as per Bangladesh Bank, DOS Circular No. 6 dated July 15, 2010

a (i) Disclosure regarding outstanding REPO as on 31 December

Sl. #	Counter party name	Agreement date	Reversal Date	Amount (Taka)
NIL				
Total				-

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

Sl. #	Counter party name	Agreement date	Reversal Date	Amount (Taka)
-				

Notes to the financial statements

Amount in Taka

31 Dec 2016

31 Dec 2015

b Disclosure regarding overall transaction of REPO & Reverse REPO

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	-	-	-
Securities purchased under reverse repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	-	-	-

12 Deposits and other accounts

Conventional and Islamic banking (Note 12.1)	191,006,259,140	168,779,426,028
Off-shore banking unit	266,323,637	1,047,914,363
	<u>191,272,582,777</u>	<u>169,827,340,391</u>

Deposits and other accounts

Current/Al-wadeeah current accounts and other accounts

Deposits from banks	-	-
Deposits from customers	34,001,328,317	28,576,124,590
Off-shore banking unit	252,430,353	1,034,349,052
	34,253,758,670	29,610,473,642

Bills payable

Deposits from banks	-	-
Deposits from customers	4,902,979,613	3,936,675,238
	4,902,979,613	3,936,675,238

Savings bank/Mudaraba savings bank deposits

Deposits from banks	-	-
Deposits from customers	27,793,803,978	21,174,184,061
	27,793,803,978	21,174,184,061

Fixed deposits/Mudaraba fixed deposits

Deposits from banks	1,022,426,422	28,516,974
Deposits from customers	123,285,720,811	115,063,925,165
Off-shore banking unit	13,893,283	13,565,311
	124,322,040,516	115,106,007,450
	<u>191,272,582,777</u>	<u>169,827,340,391</u>

12.1 Conventional and Islamic banking

Deposits from banks (Note 12.1.1)	1,022,426,422	28,516,974
Deposits from customers (Note 12.1.2)	189,983,832,719	168,750,909,054
	<u>191,006,259,141</u>	<u>168,779,426,028</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
12.1.1 Deposits from banks		
Fixed deposit/SND		
AB Bank Limited	40,068	40,218
EXIM Bank Limited	312,263	19,906,448
Islami Bank Bangladesh Limited	1,000,000,000	-
Sonali Bank Limited	20,982,824	7,500,000
Social Islami Bank Limited	544,597	534,138
Trust Bank Limited	546,670	536,170
	<u>1,022,426,422</u>	<u>28,516,974</u>
Bangladesh Bank Refinance	-	-
	<u>1,022,426,422</u>	<u>28,516,974</u>
12.1.2 Deposits from customers		
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)	34,001,328,317	28,576,124,590
Bills payable (Note 12.1.2b)	4,902,979,613	3,936,675,238
Savings bank/Mudaraba savings deposits	27,793,803,978	21,174,184,061
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	123,285,720,811	115,063,925,165
	<u>189,983,832,719</u>	<u>168,750,909,054</u>
12.1.2a Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current accounts	12,670,982,805	11,223,610,142
Other demand deposit - Local currency	16,011,616,064	13,198,114,224
Other demand deposit - Foreign currencies	4,065,098,790	3,397,550,856
Foreign currency deposits	1,253,630,658	756,849,368
Export retention quota	-	-
	<u>34,001,328,317</u>	<u>28,576,124,590</u>
12.1.2b Bills payable		
Bills payable - local currency	4,896,424,017	3,930,474,264
Bills payable - foreign currencies	6,555,596	6,200,974
	<u>4,902,979,613</u>	<u>3,936,675,238</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	67,718,049,550	66,067,219,535
Special notice deposit	23,189,124,189	17,363,342,993
Foreign currency deposits (interest bearing)	3,099,967	3,132,058
Deposit under schemes	32,375,447,105	31,630,230,579
	<u>123,285,720,811</u>	<u>115,063,925,165</u>
12.2 Payable on demand and time deposits		
a) Demand deposits		
Current/Al-wadeeah current accounts and other accounts	12,923,413,159	12,257,959,194
Savings bank/Mudaraba savings deposits	2,501,442,358	1,905,676,565
Foreign currency deposits (non interest bearing)	5,318,729,447	4,154,400,224
Sundry deposits	16,011,616,064	13,198,114,224
Bills payable	4,902,979,613	3,936,675,238
	<u>41,658,180,641</u>	<u>35,452,825,445</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
b) Time deposits		
Savings bank/Mudaraba savings deposits	25,292,361,620	19,268,507,496
Fixed deposits/Mudaraba fixed deposits	68,754,369,255	66,109,301,820
Foreign currency deposits (interest bearing)	3,099,967	3,132,058
Special notice deposit	23,189,124,189	17,363,342,993
Deposits under schemes	32,375,447,105	31,630,230,579
	<u>149,614,402,136</u>	<u>134,374,514,946</u>
	<u>191,272,582,777</u>	<u>169,827,340,391</u>
12.3 Sector-wise break-up of deposits and other accounts		
Government	2,097,504,000	2,097,504,000
Deposit from banks	1,022,426,422	28,516,974
Other public	1,678,389,000	1,678,389,000
Foreign currencies	5,594,708,647	5,211,647,619
Private	<u>180,879,554,708</u>	<u>160,811,282,798</u>
	<u>191,272,582,777</u>	<u>169,827,340,391</u>
12.4 Maturity-wise grouping		
12.4.1 Deposits from banks		
Payable on demand	1,022,426,422	28,516,974
Up to 1 month	-	-
Over 1 month but within 6 months	-	-
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>1,022,426,422</u>	<u>28,516,974</u>
12.4.2 Customer deposits excluding bills payable		
Payable on demand	3,463,100,000	4,340,600,000
Up to 1 month	18,205,673,578	29,531,907,788
Over 1 month but within 6 months	18,823,220,387	51,636,400,000
Over 6 months but within 1 year	76,511,600,000	42,503,800,000
Over 1 year but within 5 years	34,098,182,777	16,953,015,639
Over 5 years	34,245,400,000	20,896,424,752
	<u>185,347,176,742</u>	<u>165,862,148,179</u>
12.4.3 Bills payable		
Payable on demand	536,900,000	2,037,675,238
Up to 1 month	2,200,000	-
Over 1 month but within 6 months	4,363,879,613	1,899,000,000
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>4,902,979,613</u>	<u>3,936,675,238</u>
	<u>191,272,582,777</u>	<u>169,827,340,391</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
12(a) Consolidated Deposits and other accounts		
Current/Al-wadeeah current accounts and other accounts		
Bank Asia Limited	34,253,758,670	29,610,473,642
Bank Asia Securities Limited	336,518,761	323,995,932
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>34,590,277,431</u>	<u>29,934,469,574</u>
Less: Inter-company transactions	36,057,950	5,510,002
	<u>34,554,219,481</u>	<u>29,928,959,572</u>
Bills payable		
Bank Asia Limited	4,902,979,613	3,936,675,238
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>4,902,979,613</u>	<u>3,936,675,238</u>
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	27,793,803,978	21,174,184,061
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>27,793,803,978</u>	<u>21,174,184,061</u>
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	124,322,040,516	115,106,007,450
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>124,322,040,516</u>	<u>115,106,007,450</u>
	<u>191,573,043,588</u>	<u>170,145,826,321</u>
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	20,862,468,284	19,901,699,382
Off-shore banking unit	2,535,010	27,381,536
	<u>20,865,003,294</u>	<u>19,929,080,918</u>
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	7,423,718,412	5,996,663,988
Provision on off-balance sheet exposures (Note 13.3)	1,107,620,470	968,170,568
Interest suspense account (Note 13.4)	1,584,318,032	1,329,213,289
Provision for income tax including deferred tax (Note 13.5)	9,017,765,672	10,199,628,405
Provision for performance and festival bonus	186,976,135	227,942,238
Master card and Visa card payables	2,408,414	852,192
Expenditures and other payables	88,460,387	69,672,602
Obligation under finance lease (Note 13.6)	-	2,137,300
Provision for nostro accounts (Note 13.7)	-	-
Other payable	71,832,181	58,670,181
Provision for profit equalisation	18,758,686	21,128,871
Provison for Smart Junior Saver A/c	135,618	101,196

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
Provision for diminution in value of shares (Note 13.8)	253,383,553	143,383,553
Payable to Government	168,647,621	61,196,920
Provision for others (Note 13.9)	134,822,336	134,822,336
Rebate payable on good borrowers	71,400,000	-
Unearned income	457,801,235	181,953,218
Clearing adjustment account	113,680,477	63,374,050
Interest payable on subordinated non-convertible zero coupon bond	160,739,055	155,988,585
Branch adjustment account credit balance	-	286,799,890
	<u>20,862,468,284</u>	<u>19,901,699,382</u>

13.2 Provision for loans and advances/investments

A. General provision - Conventional and Islamic

Balance at the beginning of the year	2,997,793,755	1,090,135,458
Add: Provision made during the year		
On general loans and advances/investments etc.	565,536,497	1,517,658,297
Transfer from Provision for diminution in value of shares	-	160,000,000
Transfer from Specific Provision	-	230,000,000
	565,536,497	1,907,658,297
Less: Provision no longer required		
Specific provision	(170,000,000)	-
Written off	(541,374,539)	-
	(711,374,539)	-
Conventional and Islamic Balance at the end of the year	<u>2,851,955,713</u>	<u>2,997,793,755</u>

B. General provision - OBU

Balance at the beginning of the year	87,220,233	65,651,343
Add/(Less): Provision during the year	(9,743,441)	21,568,890
OBU Balance at the end of the year	<u>77,476,792</u>	<u>87,220,233</u>

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

	<u>2,929,432,505</u>	<u>3,085,013,988</u>
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D. Specific provision

Balance at the beginning of the year	2,911,650,000	3,981,260,000
Less: Transfer to General Provision	-	(230,000,000)
Write off/amicable settlement during the year	(457,958,215)	(974,270,489)
	(457,958,215)	(1,204,270,489)
Add/ Back: Recoveries of amounts previously written off	42,108,117	55,044,236
Transfer from General Provision	170,000,000	-
Specific provision made during the year	1,828,486,005	79,616,253
	2,040,594,122	134,660,489

Total specific provision on loans and advances/investments	<u>4,494,285,907</u>	<u>2,911,650,000</u>
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E. Total provision on loans and advances/investments (C+D)

	<u>7,423,718,412</u>	<u>5,996,663,988</u>
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Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
13.3 Provision on off-balance sheet exposures		
Balance at 1 January	966,878,338	713,516,428
Add: Provision made during the year	138,958,642	253,361,910
	<u>1,105,836,980</u>	<u>966,878,338</u>
Less: Adjustments made during the year	-	-
Balance at the end of the year	<u>1,105,836,980</u>	<u>966,878,338</u>
General provision maintained for OBU as at 01 January	1,292,230	1,755,118
Add: Provision made during the year	491,260	-
Less: Adjustments made during the year	-	(462,888)
	<u>1,783,490</u>	<u>1,292,230</u>
Balance at the end of the year	<u>1,107,620,470</u>	<u>968,170,568</u>
13.4 Interest suspense account		
Balance at 1 January	1,329,213,289	1,007,483,804
Add: Amount transferred to "interest suspense" account during the year	2,576,169,983	2,293,051,562
	<u>3,905,383,272</u>	<u>3,300,535,366</u>
Less: Amount of interest suspense waived/recovered	2,246,600,131	1,894,605,120
Amount written-off during the year	74,465,109	76,716,957
	<u>2,321,065,240</u>	<u>1,971,322,077</u>
Balance as at 31 December	<u>1,584,318,032</u>	<u>1,329,213,289</u>
13.5 Provision for taxation		
Current tax (Note 13.5.1)	8,587,244,307	9,832,107,040
Deferred tax (Note 13.5.2)	430,521,365	367,521,365
	<u>9,017,765,672</u>	<u>10,199,628,405</u>
13.5.1 Provision for current tax		
Balance at 1 January	9,832,107,040	8,297,368,394
Add: Provision made during the year	1,678,000,000	1,534,738,646
	<u>11,510,107,040</u>	<u>9,832,107,040</u>
Less: Adjustments made during the year	2,922,862,733	-
	<u>8,587,244,307</u>	<u>9,832,107,040</u>
13.5.2 Provision for deferred tax		
Balance at 1 January	367,521,365	352,260,011
Provision made for deferred tax liabilities:		
Charged/(credited) to profit and loss statement	63,000,000	15,261,354
Charged/(credited) to revaluation reserve	-	-
	<u>63,000,000</u>	<u>15,261,354</u>
	<u>430,521,365</u>	<u>367,521,365</u>
Provision made for deferred tax assets:	-	-
	<u>430,521,365</u>	<u>367,521,365</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
13.5.1(a) Consolidated Provision for current tax		
Current Tax		
Bank Asia Limited	8,587,244,307	9,832,107,040
Bank Asia Securities Limited	57,042,600	15,183,964
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	150,625
	<u>8,644,286,907</u>	<u>9,847,441,629</u>
13.5.2(a) Consolidated provision for deferred tax		
Bank Asia Limited	430,521,365	367,521,365
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>430,521,365</u>	<u>367,521,365</u>
13.6 Obligation under finance lease		
Motor vehicles	-	2,137,300
	<u>-</u>	<u>2,137,300</u>
13.7 Provision for nostro accounts		
As per instructions contained in the circular letter no. FEPD (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months. Details of unrecognized entries are shown in Annex I.		
13.8 Provision for diminution in value of shares		
Balance at the beginning of the year	143,383,553	303,383,553
Less: Transfer to general provision for loans and advances/investments	-	(160,000,000)
Add: Provision made during the year	110,000,000	-
Balance at the end of the year	<u>253,383,553</u>	<u>143,383,553</u>
Provision requirement for quoted and unquoted share	55,199,929	96,659,798
Add: Provision for impairment loss of investment in subsidiaries	110,000,000	-
	165,199,929	96,659,798
Provision maintained	253,383,553	143,383,553
Surplus provision maintained	<u>88,183,624</u>	<u>46,723,755</u>
13.9 Provision for others		
Balance at the beginning of the year	134,822,336	124,822,336
Add: Provision made during the year	-	10,000,000
Balance at the end of the year	<u>134,822,336</u>	<u>134,822,336</u>
Provision requirement	103,724,000	108,844,000
Provision maintained	134,822,336	134,822,336
Surplus provision maintained	<u>31,098,336</u>	<u>25,978,336</u>

(Provision for others made for legal expenses, protested bills, expenditure related unreconciled entries and other assets that classified as bad and loss as per Bangladesh Bank BRPD Circular 14 dated June 25, 2001)

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
13(a) Consolidated Other liabilities		
Bank Asia Limited	20,865,003,294	19,929,080,918
Bank Asia Securities Limited	1,418,075,749	1,234,291,546
BA Exchange Company (UK) Limited	38,521,659	47,822,793
BA Express USA, Inc	104,475,023	57,414,346
Foreign currency effect for subsidiaries	-	-
	<u>22,426,075,725</u>	<u>21,268,609,603</u>
Less: Inter- companies transactions		
Receivable from BASL	-	4,999,998
Receivable from BA Exchange (UK) Limited	45,388,625	38,788,424
BA Express USA, Inc	127,240,282	52,180,322
	<u>22,253,446,818</u>	<u>21,172,640,859</u>
14 Share capital		
14.1 Authorized capital		
1,500,000,000 ordinary shares of Taka 10 each	<u>15,000,000,000</u>	<u>15,000,000,000</u>
14.2 Issued, subscribed and fully paid up capital		
56,372,480 ordinary shares of Taka 10 each issued for cash	563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each issued as bonus shares	3,640,107,700	3,640,107,700
Right shares issued 25% for the year 2011	1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011	1,050,958,120	1,050,958,120
Issued as bonus shares 10% for the year 2012	630,574,870	630,574,870
Issued as bonus shares 10% for the year 2013	693,632,350	693,632,350
Issued as bonus shares 10% for the year 2014	762,995,590	762,995,590
Issued as bonus shares 5% for the year 2015	419,647,570	-
	<u>8,812,599,100</u>	<u>8,392,951,530</u>

Notes to the financial statements

Amount in Taka

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31 Dec 2015

14.3 Initial public offer (IPO)

Out of the total issued, subscribed and fully paid up capital of the Bank 2,000,000 ordinary shares of Taka 100 each amounting to Taka 200,000,000 was raised through public offering of shares in 2003.

14.4 Capital to risk-weighted asset

The calculation of CRAR under Basel III has been made as per “Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)” issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014.

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	8,812,599,100	8,392,951,530
Statutory reserve (Note 15)	6,533,632,030	5,876,250,921
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,444,468,074	2,152,333,448
	16,798,865,348	16,429,702,043
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	63,308,180	29,600,000
Common Equity Tier -1 capital (Going-Concern Capital)	16,735,557,168	16,400,102,043
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	16,735,557,168	16,400,102,043
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	2,929,432,505	2,048,254,188
General provision on off-balance sheet exposure	1,107,620,470	-
Subordinated non-convertible zero coupon bonds	3,197,214,016	3,315,440,646
General reserve	-	-
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	8,575,563,208	6,704,991,051
Less: Regulatory adjustments		
40 % of revaluation reserve for fixed assets, securities and equity securities	536,518,486.60	268,259,243
Total Tier- 2 Capital	8,039,044,721	6,436,731,808
A) Total capital	24,774,601,889	22,836,833,850
B) Total risk weighted assets (RWA)	199,490,690,895	183,247,385,000
C) Required capital	19,949,069,090	18,324,738,500
D) Capital surplus (A-C)	4,825,532,799	4,512,095,350
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	8.39%	8.95%
Tier- 1 to RWA (minimum 5.5% under Basel II)	8.39%	8.95%
Capital to Risk Weighted Assets against minimum requirement 10%	12.42%	12.46%

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
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14.4 (a) Consolidated capital to risk-weighted asset

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014.

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	8,812,599,100	8,392,951,530
Non-controlling (Minority) interest	11,355	10,785
Statutory reserve (Note 15)	6,533,632,030	5,876,250,921
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,267,955,303	1,867,693,933
	16,622,363,933	16,145,073,313
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	63,308,180	29,600,000
Common Equity Tier -1 capital (Going-Concern Capital)	16,559,055,753	16,115,473,313
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	16,559,055,753	16,115,473,313
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	2,929,432,505	2,044,930,000
General provision on off-balance sheet exposure	1,107,620,470	-
Subordinated non-convertible zero coupon bonds	3,197,214,016	3,315,440,646
General reserve	-	-
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	8,575,563,208	6,701,666,863
Less: Regulatory adjustments		
40 % of revaluation reserve for fixed assets, securities and equity securities	536,518,487	268,259,243
Total Tier- 2 Capital	8,039,044,721	6,433,407,620
A) Total capital	24,598,100,474	22,548,880,932
B) Total risk weighted assets (RWA)	200,371,026,445	182,715,722,148
C) Required capital	20,037,102,645	18,271,572,215
D) Capital surplus (A-C)	4,560,997,829	4,277,308,718

Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	8.26%	8.82%
Tier- 1 to RWA (minimum 5.5% under Basel III)	8.26%	8.82%
Capital to Risk Weighted Assets against minimum requirement 10%	12.28%	12.34%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2016	At 31 December 2016	At 31 December 2015	At 31 December 2015
	No. of shares	%	No. of shares	%
Sponsors & Directors	399,358,495	45.32	389,992,062	46.47
General public	152,225,966	17.27	147,851,402	17.62
Institutions	287,924,700	32.67	259,288,145	30.89
Investment companies	32,352,949	3.67	33,672,122	4.01
Non-resident Bangladeshi	5,972,282	0.68	5,824,752	0.69
Foreign investors	3,425,518	0.39	2,666,670	0.32
	881,259,910	100.00	839,295,153	100.00

Notes to the financial statements

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14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2016	2015	2016	2015
Less than 5000	8,662	10,572	1.06	1.314
5,000 to 50,000	1,746	1,917	2.57	3.022
50,001 to 100,000	116	133	0.90	1.138
100,001 to 200,000	59	66	0.93	1.112
200,001 to 300,000	24	32	0.66	0.924
300,001 to 400,000	13	14	0.52	0.580
400,001 to 50,000	11	11	0.55	0.574
500,001 to 1,000,000	39	36	3.10	2.940
1,000,001 to 10,000,000	77	88	24.48	29.219
Over 10,000,000	27	23	65.23	59.187
	10,774	12,892	100	100

14.7 Name of the Directors and their shareholdings as at 31 December 2016

Sl	Name of the director	Status	Closing position	Opening position
1	Mr. A Rouf Chowdhury	Chairman	21,736,697	20,701,617
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea)	Vice Chairman	34,517,195	32,873,520
3	Mr. A M Nurul Islam (Independent Director)	Vice Chairman	-	-
4	Mrs. Hosneara Sinha	Director	40,200,099	38,285,809
5	Mr. Rume A Hossain	Director	25,537,836	22,137,321
6	Ms. Farhana Haq Chowdhury	Director	26,437,827	22,832,883
7	Mr. M Irfan Syed (Representative director of Amiran Generations Ltd.)	Director	30,161,853	26,630,337
8	Ms. Naheed Akhter Sinha	Director	42,209,251	40,199,287
9	Ms. Sohana Rouf Chowdhury	Director	-	16,785,903
10	Mr. Mashiur Rahman (Independent Director)	Director	-	-
11	Mr. Mir Shahjahan	Director	18,155,783	17,291,222
12	Mr. M Shahjahan Bhuiyan (Independent Director)	Director	-	-
13	Mr. Md. Nazrul Huda (Independent Director)	Director	-	-

15 Statutory reserve

Balance at the beginning of the year	5,876,250,921	5,051,466,882
Add: Addition during the year (20% of pre-tax profit)	657,381,109	824,784,039
Balance at the end of the year	<u>6,533,632,030</u>	<u>5,876,250,921</u>

16 Revaluation reserve

HTM securities (Note 16.1)	3,742,574	3,305,385
HFT securities (Note 16.2)	36,651,324	264,905,490
Fixed Assets revaluation (Note 16.3)	2,199,218,479	2,281,418,967
	<u>2,239,612,377</u>	<u>2,549,629,842</u>

16.1 Revaluation reserve on HTM securities

Balance at 1 January	3,305,385	1,502,377
Gain from revaluation on investments	1,940,195	1,808,365
Adjustment for sale/maturity of securities	(1,503,006)	(5,357)
	<u>3,742,574</u>	<u>3,305,385</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
16.2 Revaluation reserve on HFT securities		
Balance at 1 January	264,905,490	344,223,506
Gain from revaluation on investments	2,242,649,728	2,757,754,279
Adjustment for sale/maturity of securities	(2,470,903,894)	(2,837,072,295)
	<u>36,651,324</u>	<u>264,905,490</u>
16.3 Revaluation reserve on Fixed Assets		
Balance at 1 January	2,281,418,967	2,336,866,550
Depreciation charged during the year	(82,200,488)	(55,447,583)
	<u>2,199,218,479</u>	<u>2,281,418,967</u>
16 (a) Consolidated Revaluation reserve		
Bank Asia Limited	2,239,612,377	2,549,629,842
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,239,612,377</u>	<u>2,549,629,842</u>
17 Retained earnings		
Balance at 1 January	2,152,333,448	1,492,242,767
Add: Post - tax profit for the year	1,545,905,547	2,573,920,194
Revaluation reserve transferred to retained earnings	82,200,488	55,447,583
Transfer from share premium account	-	330
	<u>3,780,439,483</u>	<u>4,121,610,874</u>
Less: Issue of bonus shares for the year 2015	419,647,570	-
Issue of cash dividend for the year 2015	1,258,942,730	-
Issue of bonus shares for the year 2014	-	762,995,590
Issue of cash dividend for the year 2014	-	381,497,797
Transfer to statutory reserve	657,381,109	824,784,039
	<u>2,335,971,409</u>	<u>1,969,277,426</u>
	<u>1,444,468,074</u>	<u>2,152,333,448</u>
17(a) Consolidated Retained earnings		
Balance at 1 January	1,867,693,933	1,229,245,329
Add: Foreign exchange revaluation reserve for opening retained earnings	9,966,616	2,208,087
Transfer from share premium account	-	330
Revaluation reserve transferred to retained earnings	82,200,488	55,447,583
Post- tax profit for the year	1,644,066,246	2,550,070,034
Less: Non controlling interest	570	4
	<u>3,603,926,713</u>	<u>3,836,971,359</u>
Less: Issue of bonus shares for the year 2015	419,647,570	-
Issue of cash dividend for the year 2015	1,258,942,730	-
Issue of bonus shares for the year 2014	-	762,995,590
Issue of cash dividend for the year 2014	-	381,497,797
Transferred to statutory reserve	657,381,109	824,784,039
	<u>2,335,971,409</u>	<u>1,969,277,426</u>
	<u>1,267,955,303</u>	<u>1,867,693,933</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	11,355	10,785
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>11,355</u>	<u>10,785</u>
18 Contingent liabilities		
Conventional and Islamic banking	110,583,698,048	96,687,833,782
Off-shore banking unit	178,348,954	129,223,047
	<u>110,762,047,002</u>	<u>96,817,056,829</u>
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	35,032,505,701	33,090,944,368
Off-shore banking unit	65,601,965	87,746,341
	35,098,107,666	33,178,690,709
Letters of guarantee		
Conventional and Islamic banking (Note 18.2)	35,578,341,924	29,263,667,968
Off-shore banking unit	-	-
	35,578,341,924	29,263,667,968
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	28,939,384,004	23,063,033,545
Off-shore banking unit	74,257,398	30,116,156
	29,013,641,402	23,093,149,701
Bills for collection		
Conventional and Islamic banking (Note 18.4)	11,033,466,419	9,032,813,966
Off-shore banking unit	38,489,591	11,360,550
	11,071,956,010	9,044,174,516
Other commitments		
Conventional and Islamic banking (Note 18.5)	-	2,237,373,935
Off-shore banking unit	-	-
	-	2,237,373,935
	<u>110,762,047,002</u>	<u>96,817,056,829</u>
18.1 Acceptances and endorsements		
Conventional and Islamic banking	35,032,505,701	33,090,944,368
Off-shore banking unit	65,601,965	87,746,341
	<u>35,098,107,666</u>	<u>33,178,690,709</u>
18.2 Letters of guarantee		
Letters of guarantee (Local)	35,578,341,924	29,263,667,968
Letters of guarantee (Foreign)	-	-
	<u>35,578,341,924</u>	<u>29,263,667,968</u>
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors or officers	434,133	434,133
Government	1,935,789,331	10,608,865,779
Banks and other financial institutions	23,938,645,612	13,678,184,163
Others	9,703,472,848	4,976,183,892
	<u>35,578,341,924</u>	<u>29,263,667,968</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
18.3 Irrevocable letters of credit		
Letters of credit Back to Back (Inland)	2,854,011,188	2,758,335,159
Letters of credit (General)	23,688,551,522	18,156,171,640
Back to back L/C	2,396,821,294	2,148,526,746
	<u>28,939,384,004</u>	<u>23,063,033,545</u>
18.4 Bills for collection		
Local bills for collection	5,360,733,917	4,236,763,760
Foreign bills for collection	5,672,732,502	4,796,050,206
	<u>11,033,466,419</u>	<u>9,032,813,966</u>
18.5 Other commitments		
Forward Assets Purchased and Forward Deposits Placed	-	2,237,373,935
	<u>-</u>	<u>2,237,373,935</u>

18.6 Workers' profit participation fund (WPPF)

As per Bangladesh Labour Act 2006 and SRO no. 336/Law/2010, all companies falling within the scope of WPPF are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. Bank obtained opinion from its legal advisor regarding this issue which stated that the Bank is not required to make provision for WPPF as it is not within the scope of WPPF. As such the Bank did not make any provision during the year for WPPF.

19 income statement

Income:

Interest, discount and similar income (Note 19.1)	18,024,296,520	18,742,243,011
Dividend income (Note 22)	41,515,740	19,705,266
Fees, commission and brokerage (Note 19.2)	1,295,040,854	1,146,555,898
Gains/ less Losses arising from dealing securities	-	-
Gains/ less Losses arising from investment securities	51,878,470	6,644,396
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	1,179,820,426	1,009,559,855
Income from non-banking assets	-	-
Other operating income (Note 24)	648,277,718	572,527,938
Profit/ less Losses on interest rate changes	-	-
	<u>21,240,829,728</u>	<u>21,497,236,364</u>

Expenses:

Interest paid/profit shared on deposits and borrowings, etc (Note 21)	10,600,935,255	11,170,318,446
Administrative expenses (Note 19.3)	3,148,315,055	2,943,907,565
Other expenses (Note 34)	1,172,113,402	1,001,527,229
Depreciation on banks assets (Note 33.1)	398,831,506	375,820,468
	<u>15,320,195,218</u>	<u>15,491,573,708</u>
	<u>5,920,634,510</u>	<u>6,005,662,656</u>

19.1 Interest, discount and similar income

Interest income/profit on investments (Note 20)	14,569,387,489	13,941,179,570
Interest on treasury bills/reverse repo/bills	2,758,131,885	3,454,371,405
Interest income on corporate bonds	148,517,916	67,718,717
Interest on debentures	-	1,443,750
Income from investment in shares, bonds etc	8,615,515	144,902,954
Capital gain on Government securities and assets	539,643,715	1,132,626,615
	<u>18,024,296,520</u>	<u>18,742,243,011</u>

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

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
19.2 Fees, commission and brokerage		
Commission	1,295,040,854	1,146,555,898
Brokerage	-	-
	<u>1,295,040,854</u>	<u>1,146,555,898</u>
19.3 Administrative expenses		
Salaries and allowances (Note 25)	2,336,571,464	2,155,844,975
Rent, taxes, insurance, electricity, etc (Note 26)	533,568,147	514,123,923
Legal expenses (Note 27)	16,085,833	9,632,359
Postage, stamp, telecommunication, etc (Note 28)	81,601,730	76,977,146
Stationery, printing, advertisement, etc (Note 29)	90,134,202	99,636,353
Managing Director's salary and fees (Note 30)	15,689,899	16,732,000
Directors' fees (Note 31)	3,192,000	4,692,000
Auditors' fees (Note 32)	1,252,000	915,000
Repair of Bank's assets (Note 33.1)	70,219,780	65,353,809
	<u>3,148,315,055</u>	<u>2,943,907,565</u>
20 Interest income/profit on investments		
Conventional and Islamic banking (Note 20.1)	14,104,925,081	13,573,476,824
Off-shore banking unit	573,549,958	434,159,152
	<u>14,678,475,039</u>	<u>14,007,635,976</u>
Less: inter transaction between OBU and Conventional banking	109,087,550	66,456,406
	<u>14,569,387,489</u>	<u>13,941,179,570</u>
20.1 Conventional and Islamic banking		
Agricultural loan	194,932,342	30,460,984
Cash credit/Bai Murabaha (Muajjal)	321,579,766	109,579,057
Credit card	237,215,362	223,092,300
Credit for poverty alleviation scheme-micro credit	248,495	161,942
Consumer credit scheme	793,377,762	679,317,856
Demand loan	2,538,065,578	2,538,903,828
Export Development Fund (EDF)	145,158,477	154,700,189
House building loan	77,528,143	33,707,101
Loans (General)/Musharaka	503,183,675	304,662,053
Loans against trust receipts/ Bai Murabaha post import	924,350,673	1,118,285,176
Overdrafts/ Quard against scheme	2,667,027,412	2,933,577,408
Packing credit	31,866,746	22,502,538
Payment against documents	247,158,402	215,481,273
Staff loan	57,798,893	68,071,196
Small and medium enterprise (SME)	502,336,903	439,261,776
Transport loan	160,342,632	169,065,530
Term loan- industrial	1,073,185,767	966,516,664
Term loan- others/ Hire purchase under Shirkatul Melk	3,060,423,618	3,102,573,379
Foreign bills purchased	9,670,482	10,888,273
Local bills purchased	86,662,040	133,813,390
Total interest/profit on loans and advances/investments	13,632,113,168	13,254,621,913
Interest/profit on balance with other banks and financial institutions	468,835,596	317,475,102
Interest/profit received from foreign banks	3,976,317	1,379,809
	<u>14,104,925,081</u>	<u>13,573,476,824</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
20(a) Consolidated Interest income/profit on investments		
Bank Asia limited	14,569,387,489	13,941,179,570
Bank Asia Securities Ltd	226,189,776	298,522,408
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>14,795,577,265</u>	<u>14,239,701,978</u>
Less: Inter-company transactions	-	231,469,133
	<u>14,795,577,265</u>	<u>14,008,232,845</u>
21 Interest paid/profit shared on deposits and borrowings etc.		
Conventional and Islamic banking (Note 21.1)	10,300,330,443	10,926,062,112
Off-shore banking unit	409,692,362	310,712,740
	<u>10,710,022,805</u>	<u>11,236,774,852</u>
Less: inter transaction with OBU	109,087,550	66,456,406
	<u>10,600,935,255</u>	<u>11,170,318,446</u>
21.1 Conventional and Islamic banking Interest paid/profit shared on deposits		
Fixed deposits/ Mudaraba Fixed deposit	3,871,048,198	5,192,174,841
Scheme deposits	4,617,163,308	3,898,871,672
Sanchaya plus	144,491,564	142,095,271
Savings deposits/ Mudaraba Savings bank	680,546,235	652,758,494
Special notice deposits	540,400,067	515,758,099
	<u>9,853,649,372</u>	<u>10,401,658,377</u>
Interest on borrowings and others		
Local banks including Bangladesh Bank	21,315,793	162,600,992
Interest on subordinated non-convertible bond	425,234,045	361,586,168
Foreign banks	131,233	216,575
	<u>446,681,071</u>	<u>524,403,735</u>
	<u>10,300,330,443</u>	<u>10,926,062,112</u>
21(a) Consolidated Interest Expenses/profit paid on Deposits		
Bank Asia limited	10,600,935,255	11,170,318,446
Bank Asia Securities Limited	-	-
Bank Asia Securities Ltd	6,989,416	257,826,415
BA Express USA, Inc	-	-
	<u>10,607,924,671</u>	<u>11,428,144,861</u>
Less: Inter-company transactions	-	231,469,133
	<u>10,607,924,671</u>	<u>11,196,675,728</u>
22 Investment income		
Conventional and Islamic banking (Note 22.1)	3,548,303,241	4,817,961,496
Off-shore banking unit	-	9,451,607
	<u>3,548,303,241</u>	<u>4,827,413,103</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
22.1 Conventional and Islamic Banking		
Interest on treasury bills	648,786,664	896,633,842
Interest on treasury bonds	2,089,331,564	2,510,835,048
Interest income on corporate bonds	148,517,916	67,718,717
Interest on Islamic bonds	18,482,265	17,442,626
Capital gain from investment in shares	51,878,470	6,644,396
Dividend on shares	41,515,740	19,705,266
Interest on debentures	-	1,443,750
Capital gain on Government securities	539,643,715	1,132,626,615
Interest income on investment in commercial paper	8,615,515	135,451,347
Interest on reverse repo	1,531,392	29,459,889
	<u>3,548,303,241</u>	<u>4,817,961,496</u>
22(a) Consolidated investment income		
Bank Asia Limited	3,548,303,241	4,827,413,103
Bank Asia Securities Limited	-	10,086,792
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,548,303,241</u>	<u>4,837,499,895</u>
Less: Inter-company transactions	-	-
	<u>3,548,303,241</u>	<u>4,837,499,895</u>
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	2,467,536,202	2,150,681,855
Off-shore banking unit	7,325,078	5,433,898
	<u>2,474,861,280</u>	<u>2,156,115,753</u>
23.1 Conventional and Islamic Banking		
Commission on L/C	189,593,412	228,341,924
Commission on back to back L/C	605,147,066	530,181,478
Fees and commission	132,769,261	81,702,987
Commission on L/G	317,622,762	263,284,019
Commission on export	8,898,115	9,564,407
Commission on PO, DD, TT, TC, etc	17,603,994	13,467,205
Other commission	16,081,166	14,579,980
	<u>1,287,715,776</u>	<u>1,141,122,000</u>
Foreign exchange gain	1,179,820,426	1,009,559,855
	<u>2,467,536,202</u>	<u>2,150,681,855</u>
23(a) Consolidated Commission, exchange and brokerage		
Bank Asia limited	2,474,861,280	2,156,115,753
Bank Asia Securities Ltd	103,998,719	94,457,230
BA Exchange Company (UK) Limited	18,112,898	12,328,911
BA Express USA, Inc	23,201,315	26,781,328
	<u>2,620,174,212</u>	<u>2,289,683,222</u>
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	629,362,865	554,641,298
Off-shore banking unit	18,914,853	17,886,640
	<u>648,277,718</u>	<u>572,527,938</u>

Notes to the financial statements

	31 Dec 2016	31 Dec 2015
<i>Amount in Taka</i>		
24.1 Conventional and Islamic banking		
Locker charge	10,080,213	9,790,314
Service and other charges	322,070,208	273,226,939
Master/Visa card fees and charges	115,862,169	105,989,827
Postage/telex/SWIFT/fax recoveries	118,705,422	101,787,095
Profit on sale of fixed assets	1,952,999	2,469,486
Non-operating income	17,049,978	14,642,228
Rebate on nostro account	36,953,538	36,271,455
Other income from brokerage	6,688,338	10,463,954
	<u>629,362,865</u>	<u>554,641,298</u>
24 (a) Consolidated other operating income		
Bank Asia Limited	648,277,718	572,527,938
Bank Asia Securities Ltd	35,212,218	8,341,802
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	910,581
	<u>683,489,936</u>	<u>581,780,321</u>
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	2,336,571,464	2,155,844,975
Off-shore banking unit	-	-
	<u>2,336,571,464</u>	<u>2,155,844,975</u>
25.1 Conventional and Islamic banking		
Basic salary	872,437,995	768,415,684
Allowances	906,167,001	796,352,904
Festival bonus	141,276,142	122,913,433
Gratuity	155,700,000	186,568,379
Provident fund contribution	80,990,326	71,594,575
Performance bonus	180,000,000	210,000,000
	<u>2,336,571,464</u>	<u>2,155,844,975</u>
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	2,336,571,464	2,155,844,975
Bank Asia Securities Ltd	42,028,331	38,896,165
BA Exchange Company (UK) Limited	6,203,962	6,347,378
BA Express USA, Inc	18,314,075	20,791,351
	<u>2,403,117,832</u>	<u>2,221,879,869</u>
26 Rent, taxes, insurance, electricity etc.		
Conventional and Islamic banking (Note 26.1)	533,426,791	513,820,868
Off-shore banking unit	141,356	303,055
	<u>533,568,147</u>	<u>514,123,923</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
26.1 Conventional and Islamic banking		
Rent, rate and taxes	303,906,722	292,281,104
Insurance	138,734,550	135,184,695
Power and electricity	90,785,519	86,355,069
	<u>533,426,791</u>	<u>513,820,868</u>
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	533,568,147	514,123,923
Bank Asia Securities Ltd	12,342,055	11,873,361
BA Exchange Company (UK) Limited	6,491,713	8,608,629
BA Express USA, Inc	6,359,671	6,873,632
	<u>558,761,586</u>	<u>541,479,545</u>
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	16,085,833	9,632,359
Off-shore banking unit	-	-
	<u>16,085,833</u>	<u>9,632,359</u>
27.1 Conventional and Islamic Banking		
Legal expenses	16,085,833	9,632,359
Other professional charges	-	-
	<u>16,085,833</u>	<u>9,632,359</u>
27(a) Consolidated Legal expenses		
Bank Asia Limited	16,085,833	9,632,359
Bank Asia Securities Ltd	148,955	27,378
BA Exchange Company (UK) Limited	407,380	224,992
BA Express USA, Inc	1,404,290	1,733,428
	<u>18,046,458</u>	<u>11,618,157</u>
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	81,079,521	76,632,695
Off-shore banking unit	522,209	344,451
	<u>81,601,730</u>	<u>76,977,146</u>
28.1 Conventional and Islamic banking		
Telephone, courier and postage	35,920,787	53,844,741
Master/VISA card process fee	30,222,931	6,609,724
ATM charge	520,992	2,070,231
SWIFT and Reuter charge	12,729,911	11,806,778
Internet	1,684,900	2,301,221
	<u>81,079,521</u>	<u>76,632,695</u>
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	81,601,730	76,977,146
Bank Asia Securities Ltd	1,797,714	2,144,607
BA Exchange Company (UK) Limited	356,509	460,136
BA Express USA, Inc	315,527	387,494
	<u>84,071,480</u>	<u>79,969,383</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	90,091,796	99,636,353
Off-shore banking unit	42,406	-
	<u>90,134,202</u>	<u>99,636,353</u>
29.1 Conventional and Islamic banking		
Office and security stationery	45,163,284	41,843,883
Calendar, diary, souvenir, etc	8,014,065	14,496,200
ATM card /Supplies And Stationeries	5,215,665	3,039,007
Books and periodicals	1,833,732	1,756,523
Publicity and advertisement	29,865,050	38,500,740
	<u>90,091,796</u>	<u>99,636,353</u>
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	90,134,202	99,636,353
Bank Asia Securities Ltd	479,644	324,261
BA Exchange Company (UK) Limited	196,039	221,607
BA Express USA, Inc	717,915	1,214,455
	<u>91,527,800</u>	<u>101,396,676</u>
30 Managing Director's salary and fees		
Basic salary	7,303,226	8,400,000
House rent allowance	1,125,806	900,000
Entertainment allowances	225,161	180,000
Incentive bonus	1,000,000	1,000,000
Festival bonus	1,200,000	1,400,000
Utility allowance and others	1,355,645	1,692,000
House maintenance allowance	485,323	420,000
Provident fund	730,323	840,000
Leave fare assistance	2,264,415	1,900,000
	<u>15,689,899</u>	<u>16,732,000</u>
31 Directors' fees		
Directors' fees	3,192,000	4,692,000
	<u>3,192,000</u>	<u>4,692,000</u>
31(a) Consolidated Directors' fees		
Bank Asia Limited	3,192,000	4,692,000
Bank Asia Securities Ltd.	230,000	148,350
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,422,000</u>	<u>4,840,350</u>
32 Auditors' fees		
Audit fees	1,252,000	915,000
	<u>1,252,000</u>	<u>915,000</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
32(a) Consolidated Auditors fees		
Bank Asia Limited	1,252,000	915,000
Bank Asia Securities Ltd	95,833	95,833
BA Exchange Company (UK) Limited	603,419	681,043
BA Express USA, Inc	1,387,754	1,576,126
	<u>3,339,006</u>	<u>3,268,002</u>
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	469,051,286	440,926,534
Off-shore banking unit	-	247,743
	<u>469,051,286</u>	<u>441,174,277</u>
33.1 Conventional and Islamic banking		
Depreciation		
Owned assets	398,031,506	370,992,721
Leased assets	800,000	4,580,004
	<u>398,831,506</u>	<u>375,572,725</u>
Repairs		
Building	14,600,477	14,197,446
Furniture and fixtures	543,314	525,824
Equipments	4,443,826	3,948,877
	<u>19,587,617</u>	<u>18,672,147</u>
Maintenance	50,632,163	46,681,662
	<u>469,051,286</u>	<u>440,926,534</u>
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	469,051,286	441,174,277
Bank Asia Securities Ltd	506,476	4,814,386
BA Exchange Company (UK) Limited	1,642,031	1,689,654
BA Express USA, Inc	1,933,376	768,000
	<u>473,133,169</u>	<u>448,446,317</u>
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	1,162,416,294	989,974,309
Off-shore banking unit	9,697,108	11,552,920
	<u>1,172,113,402</u>	<u>1,001,527,229</u>
34.1 Conventional and Islamic banking		
Car expenses	271,517,205	242,956,324
Contractual service expenses	391,765,827	294,183,822
Computer expenses	131,235,345	142,777,486
Other management and administrative expenses	193,656,808	172,141,149
Entertainment	45,061,565	36,232,836
AGM/EGM expenses	7,146,730	12,115,155
Payment to superannuation fund	2,810,000	2,400,000
Finance charge for lease assets	148,357	808,038
Donation and subscription to institutions	73,174,683	48,138,375

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
Travelling expenses	33,556,396	27,495,445
Training and internship	12,250,010	10,029,089
Directors' travelling expenses	93,368	196,590
Sharia council fees	-	500,000
	<u>1,162,416,294</u>	<u>989,974,309</u>
34(a) Consolidated other expenses		
Bank Asia Limited	1,172,113,402	1,001,527,229
Bank Asia Securities Ltd	17,953,106	51,367,135
BA Exchange Company (UK) Limited	2,114,756	3,288,043
BA Express USA, Inc	8,871,887	9,560,764
	<u>1,201,053,151</u>	<u>1,065,743,171</u>
34(b) Provision for loans and advances/investments and off-balance sheet items		
Conventional and Islamic banking	2,642,981,144	1,850,636,460
Off-shore banking unit	(9,252,181)	21,106,002
	<u>2,633,728,963</u>	<u>1,871,742,462</u>
Break up of provision for loans and advances/Investments is shown below:		
General provision		
Conventional and Islamic banking	565,536,497	1,517,658,297
Off-shore banking unit	(9,743,441)	21,568,890
	555,793,056	1,539,227,187
Specific provision		
Conventional and Islamic banking	1,828,486,005	79,616,253
Off-shore banking unit	-	-
	<u>1,828,486,005</u>	<u>79,616,253</u>
Provision for off-balance sheet items		
Conventional and Islamic banking	138,958,642	253,361,910
Off-shore banking unit	491,260	(462,888)
	139,449,902	252,899,022
Provision for diminution in value of investments	110,000,000	-
Other provisions	-	10,000,000
	<u>2,633,728,963</u>	<u>1,881,742,462</u>
34(c) Consolidated Provision charge for the year against loans and advances/investments		
Bank Asia Limited	2,633,728,963	1,881,742,462
Bank Asia Securities Limited:		
Specific Provision	100,000,000	28,000,000
Provision for diminution in value of investments	11,619,793	-
Other provisions	-	-
	111,619,793	28,000,000
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,745,348,756</u>	<u>1,909,742,462</u>

Notes to the financial statements

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
35 Receipts from other operating activities		
Conventional and Islamic banking (Note 35.1)	1,220,885,050	1,693,912,309
Off-shore banking unit	18,914,853	17,886,640
	<u>1,239,799,903</u>	<u>1,711,798,949</u>
35.1 Conventional and Islamic banking		
Locker charge	10,080,213	9,790,314
Service and other charges	322,070,208	273,226,939
Master card fees and charges	115,862,169	105,989,827
Postage/telex/SWIFT/ fax recoveries	118,705,422	101,787,095
Non-operating income	654,167,038	1,203,118,134
	<u>1,220,885,050</u>	<u>1,693,912,309</u>
35(a) Consolidated Receipts from other operating activities		
Bank Asia Limited	1,239,799,903	1,711,798,949
Bank Asia Securities Ltd	35,212,218	8,341,802
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	910,581
	<u>1,275,012,121</u>	<u>1,721,051,332</u>
Less: inter- companies transactions	-	-
	<u>1,275,012,121</u>	<u>1,721,051,332</u>
36 Payments for other operating activities		
Conventional and Islamic banking (Note 36.1)	1,813,516,190	1,612,238,699
Off-shore banking unit	9,838,464	11,855,975
	<u>1,823,354,654</u>	<u>1,624,094,674</u>
36.1 Conventional and Islamic banking		
Rent, rates and taxes	533,426,791	514,123,923
Legal expenses	16,085,833	9,632,359
Directors' fees	3,192,000	4,692,000
Postage, stamp, telecommunication, etc	81,601,730	76,977,146
Other expenses	1,162,267,937	989,166,271
Managing Director's salary	15,689,899	16,732,000
Auditors' fee	1,252,000	915,000
	<u>1,813,516,190</u>	<u>1,612,238,699</u>
36(a) Payments for other operating activities		
Bank Asia Limited	1,823,354,654	1,624,094,674
Bank Asia Securities Ltd	32,567,663	65,656,664
BA Exchange Company (UK) Limited	9,973,777	13,262,843
BA Express USA, Inc	18,339,129	20,131,444
	<u>1,884,235,223</u>	<u>1,723,145,625</u>
37 Earnings per share (EPS)		
Net profit after tax (Numerator)	1,545,905,547	2,573,920,194
Number of ordinary shares outstanding (Denominator)	839,295,153	839,295,153
Issue of bonus shares 5%	41,964,757	41,964,757
Number of ordinary shares outstanding (Denominator)	881,259,910	881,259,910
Earnings per share (EPS)	<u>1.75</u>	<u>2.92</u>

Earnings per share has been calculated in accordance with BAS 33: "Earnings Per Share (EPS)". Earnings per share for previous

Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
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year has been restated since the bonus issue is an issue without consideration of cash. It is treated as if it has occurred prior to the beginning of 2015, the earliest period reported. Actual EPS for December 2015 was Taka 3.07.

37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)	1,644,066,246	2,550,070,034
Number of ordinary shares outstanding (Denominator)	881,259,910	881,259,910
Earnings per share (EPS)	1.87	2.89

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 1,970 (2015: 1,839).

39 Audit committee

The Board of Directors of Bank Asia Limited constituted the Audit Committee of the Board, in compliance with the Bangladesh Bank directives in the 44th meeting held on January 18, 2003. The Audit Committee was formed with the objectives to establishing a platform for a compliant and secured banking structure in the bank. The present Audit Committee was reconstituted the Board in the 345th meeting held on August 7, 2016 consisting of the following members:

Name	Status in the Audit Committee	Educational qualification
Mr. Mashiur Rahman	Chairman	M.Com
Mr. Mohd. Safwan Choudhury	Member	BA (Hon's) MA
Mr. A M Nurul Islam	Member	BA (Hon's) MA

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

No. of meeting	Date	No. of meeting	Date
173rd Audit	17th Jan, 2016	179th Audit	26th July, 2016
174th Audit	18th Feb, 2016	180th Audit	24th August, 2016
175th Audit	09th March, 2016	181th Audit	25th September, 2016
176th Audit	06th April, 2016	182nd Audit	30th October, 2016
177th Audit	28th April, 2016	183rd Audit	29th November, 2016
178th Audit	25th May, 2016	184th Audit	17th December, 2016

In the year 2016, twelve (12) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- 1 “External Audit Report of the Bank and the recommendations made there under.
- 2 Bangladesh Bank comprehensive inspection report and the recommendations made there under.
- 3 Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- 4 Actions taken by the management in regard to deficiencies raised in the Bangladesh Bank Inspection report and by the Internal Audit and Inspection Team of the Bank.
- 5 The corrective measures taken by the management in regard to the lapses pointed out on the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.
- 6 The compliance status of the audit objections and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Internal Auditors in the reports.
- 7 Management Report on Accounts of the Bank for the year ended on 31.12.2015.
- 8 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance thereof.
- 9 The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

Notes to the financial statements

The Audit Committee has further satisfied that

- * The rules and regulations of the Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board of Directors are duly complied with.
- * Internal control and security measures have been adequately undertaken by the Bank towards facilitating Information Technology (IT) based banking including generation of proper Management Information System (MIS).
- * The system of internal control and the business processes have been strengthened including development of human resources towards creation of a compliance culture in the Bank.
- * The efforts have been made to keep assets of the Bank safe along with liabilities and commitments are made transparent.
- * The Financial Statements of the Bank have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and contained full disclosure.

40 RELATED PARTY TRANSACTIONS

While making any related party transactions the management always pays proper attention to economic efficiency and competitive pricing and necessary approval of Bangladesh Bank and other authorities had been obtained wherever applicable. Significant related party transactions of the Bank for the period January – December 2016 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Rangs Properties	Common Directors & Close family members Director	Office Rent	78,666,622
Agro Food Services Ltd.	-do-	Office Rent	18,093,835
Rangs Telecom	-do-	Mobile Phone	14,542,212
ZRC Engineering	Close family members Director	Transportation	14,423,442
Romask Ltd	Common Directors & Close family members Director	Printing	13,035,020
Rangs Industries Ltd.	-do-	Electronics items providers	261,230
Rangs Limited	-do-	Car providers	5,994,055
Rancon Service Ltd.	-do-	Electric equipment Maintenance	11,629,755
Rangs workshop Ltd	-do-	Car repair and Services	578,636
Rangs ITT Ltd.	-do-	Network Connectivity fees	44,638,863
DHS Motors	-do-	Car providers	10,319,035
Shield Security Service	-do-	Security Service providers	140,258,658
The Shokaler Khabor	-do-	Advertising	2,540,041
Reliance Insurance	-do-	Insurance Service	15,985,396
The Daily Star	-do-	Advertising	3,320,692
ERA Infotech	Associate Company	Software vendor	120,083,808
Total	Associate Company	Software vendor	494,371,298
Hajj Finanace	Common Directors	Lease obligation for lease Car	1,925,526
ERA Infotech Ltd	Associate	Investment in Share	383,700
Total			464,505,269

During the year 2016 Directors and their interest in different entities are given in Annexure F

The Bank sanctioned the following facilities in favor of the Phulbari Tea Estates Ltd. and M. Ahmed Tea & Lands Co. Ltd. during the year 2016.

Name of the director having interest	Nature of facility	Limit (Taka)	Outstanding balance as at 31 December 2016 (Taka)
Mr. Mohd. Safwan Chowdhury	Bank Guarantee (Secured by FDR)	434,133	434,133

Notes to the financial statements

41 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, Hoda Vasi Chowdhury & Co, Chartered Accountants worked about 3,750 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

42 SHARE TRADING

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2016 was Tk. 17.90 (2015: Tk.16.50) at DSE and Tk. 18.20 at CSE (2015: 16.30).

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 360th meeting held on April 16, 2017 has recommended stock dividend @ 12% subject to the approval of the shareholders at the next Annual General Meeting.

Other than this, no material events which have occurred after the reporting period which could affect the values stated in the financial statements.

Bank Asia Limited

Highlights on the overall activities

as at and for the year ended 31 December 2016

Sl.no.	Particulars	Amount in Taka		Amount in USD	
		2016	2015	2016	2015
1	Paid-up capital	8,812,599,100	8,392,951,530	112,048,303.88	106,712,670.44
2	Total capital	24,774,601,889	22,836,833,850	314,998,220.84	290,360,252.38
3	Capital (deficit)/surplus	4,825,532,799	4,512,095,350	61,354,621.48	57,369,298.79
4	Total assets	253,195,701,236	224,347,309,388	3,219,271,471.53	2,852,476,915.30
5	Total deposits	191,272,582,777	169,827,340,391	2,431,946,379.87	2,159,279,598.11
6	Total loans and advances / investments	163,609,782,739	136,396,335,681	2,080,226,099.67	1,734,219,144.07
7	Total contingent liabilities and commitments	110,762,047,002	96,817,056,829	1,408,290,489.54	1,202,538,879.77
8	Credit deposit ratio	85.54%	80.31%	85.54%	80.31%
9	Percentage of classified loans / investments against total loans and advances / investments	5.41%	4.26%	5.41%	4.26%
10	Profit after tax and provision	1,545,905,547	2,573,920,194	19,655,506.00	32,726,258.03
11	Amount of classified loans/investments during current year	8,847,339,000	5,808,871,841	112,490,006.36	73,857,238.92
12	Provisions kept against classified loans / investments	4,494,285,907	2,911,650,000	57,142,859.59	37,020,343.29
13	Provision surplus against classified loans / investments	-	1,060,124	-	13,479.01
14	Cost of fund	8.22%	10.04%	8.22%	10.04%
15	Interest earning assets	223,223,170,240	196,955,812,263	2,838,183,982.71	2,504,206,131.76
16	Non-interest earning assets	29,972,530,996	27,391,497,125	381,087,488.82	348,270,783.53
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	3.77%	7.44%	3.77%	7.44%
18	Return on assets (ROA) [PAT/ Average assets]	0.65%	1.26%	0.65%	1.26%
19	Income from investment	3,548,303,241	4,827,413,103	45,115,107.96	61,378,424.70
20	Capital adequacy	12.42%	12.46%	12.42%	12.46%
21	Earnings per share	1.75	2.92	0.02	0.04
22	Net income per share	1.75	2.92	0.02	0.04
23	Price earning ratio	10.23	5.65	10.20	5.65

Exchange rate used 1 USD equivalent to BDT 78.65

Bank Asia Limited Balance with other banks-Outside Bangladesh (Nostro Account)

Annex A

as at 31 December 2016

Name of the Bank	Account type	2016			2015			
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Conventional and Islamic banking								
<i>Interest bearing</i>								
Citibank N.A., London	CD	EURO	252,211	82.00	20,681,324	1,872.73	85.00	159,182
Citibank N.A., London	CD	GBP	39,054	98.00	3,827,315	691,402.64	120.00	82,968,317
Citibank NA, New York	CD	USD	10,073,103	78.70	792,753,215	3,879.62	78.00	302,610
Habib American Bank, New York	CD	USD	65,240	78.70	5,134,397	1,851,606.19	78.00	144,425,283
Mashreqbank psc, New York	CD	USD	7,381	78.70	580,871	10,899.54	78.00	850,164
Standard Chartered Bank, Mumbai	CD	ACU	1,300,456	78.70	102,345,892	75,643.78	78.00	5,900,215
Standard Chartered Bank, New York	CD	USD	1,860	78.70	146,366	99,595.25	78.00	7,768,430
					925,469,380			242,374,200
<i>Non-interest bearing</i>								
AB Bank Ltd, Mumbai	CD	ACU	180	78.70	14,174	146,159.75	78.00	11,400,461
Al Rajhi Bank, KSA	CD	SAR	41,817	22.00	919,982	72,005.00	22.00	1,584,110
Bank of Tokyo-Mitsubishi	CD	JPY	2,096,463	0.70	1,467,524	-	-	-
Bank of Sydney	CD	AUD	1,533	56.00	85,845	-	-	-
Bhutan National Bank Ltd, Thimphu	CD	USD	11,410	78.70	897,984	40,135.86	78.00	3,130,597
Commerzbank AG, Frankfurt	CD	USD	562,091	78.70	44,236,583	7,623.35	78.00	594,621
Caisse Centrale Desjardins	CD	CAD	10,713	58.00	621,340	2,332.54	60.00	139,952
Commerzbank AG, Frankfurt	CD	EURO	631,030	82.00	51,744,589	4,176,776.65	85.00	355,026,015
Habib Bank UK, London	CD	GBP	523	98.00	51,274	7,738.17	120.00	928,580
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	100,740	78.70	7,928,216	3,520.12	78.00	274,569
ICICI Bank Ltd, Kowloon	CD	USD	173	78.70	13,614	10,675.30	78.00	832,673
ICICI Bank Ltd, Mumbai	CD	ACU	287,125	78.70	22,596,744	261,069.65	78.00	20,363,433
JP Morgan Chase Bank, New York	CD	USD	443	78.70	34,890	84,972.63	78.00	6,627,865
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	82.00	660,420	7,195.67	85.00	611,632
Muslim Commercial Bank Ltd, Colombo	CD	ACU	53,374	78.70	4,200,567	83,905.02	78.00	6,544,592
Muslim Commercial Bank Ltd, Karachi	CD	ACU	-	78.70	-	68,073.80	78.00	5,309,756
National Australia Bank Limited, Melbourne	CD	AUD	-	-	-	9,782.44	55.00	538,034
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	52,047	78.70	4,096,072	15,061.41	78.00	1,174,790
Sonali Bank (UK) Ltd	CD	USD	490	78.70	38,564	69,565.93	78.00	5,426,143
Saudi Hollandi Bank, KSA	CD	SAR	1,397	22.00	30,734	4,987.00	22.00	109,714
Unicredit Bank AG Munich	CD	EURO	1,930	82.00	158,292	9,084.05	85.00	772,144
UBAF, Tokyo	CD	JPY	69,795	0.70	48,857	2,606,529.00	0.65	1,694,244
Wells Fargo Bank N.A, New York	CD	USD	358	78.70	28,198	18,203.38	78.00	1,419,864
Wells Fargo Bank N.A, London	CD	EURO	4,326	82.00	354,710	2,520.26	85.00	214,222
Zurcher Kantonal Bank, Switzerland	CD	CHF	9,697	80.00	775,743	3,852.89	80.00	308,231
					141,004,917			425,026,243
Off-shore banking unit								
Commerzbank AG, Frankfurt	CD	EURO	349	82.00	28,626	47	85.00	4,029
Habib American Bank, New York	CD	USD	19,125,851	78.65	1,504,248,145	603,531.08	78.25	47,226,307
Sonali Bank, London	CD	GBP	4	98.00	413	3	120.00	411
					1,504,277,184			47,230,747
					2,570,751,481			714,631,191

Bank Asia Limited Investment in Shares

as at 31 December 2016

Provision Requirement

SL. No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Cost of Per Share	Quoted rate per share 31 Dec 2016	Total market value as at 31 Dec 2016	Unrealized profit/ (loss) as at 31 Dec 2016
Quoted Shares								
1	Khulna Power Company	10	4,265	406,760	95.37	62.50	266,563	(140,197)
2	AB Bank Limited	10	126,144	9,720,997	77.06	22.30	2,813,011	(6,907,986)
3	Dhaka Bank Limited	10	450,047	15,811,141	35.13	17.90	8,055,841	(7,755,300)
4	Exim Bank Limited	10	1,877,123	38,582,386	20.55	11.70	21,962,339	(16,620,047)
5	GoldenSon Limited	10	119,185	8,586,791	72.05	22.70	2,705,500	(5,881,291)
6	IDLC Finance Limited	10	393,121	31,289,955	79.59	57.00	22,407,897	(8,882,058)
7	Islami Bank Bangladesh Limited	10	196,158	6,970,555	35.54	29.70	5,825,893	(1,144,662)
8	Lanka Bangla Finance Limited	10	672,807	55,896,335	83.08	34.80	23,413,684	(32,482,651)
9	Mercant Bank Limited	10	3,617,290	99,660,319	27.55	15.10	54,621,079	(45,039,240)
10	Phoenix Finance and Investments Limited	10	1,024,148	49,442,486	48.28	26.90	27,549,581	(21,892,905)
11	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	9.80	711,245	(11,290,576)
12	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	18.30	1,108,321	(4,358,622)
13	Pubali Bank Limited	10	6	208	34.65	24.00	144	(64)
14	Reliance Insurance Limited	10	105,168	7,343,860	69.83	50.00	5,258,400	(2,085,460)
15	Southeast Bank Limited	10	1,072,181	34,732,660	32.39	18.70	20,049,785	(14,682,875)
16	United Commercial Bank Limited	10	2,272,192	63,772,931	28.07	21.30	48,397,690	(15,375,242)
17	Premier Bank Limited	10	3,515,691	66,798,135	19.00	9.80	34,453,772	(32,344,363)
18	The ACME Laboratories Limited	10	1,205,249	69,487,215	57.65	99.00	119,319,651	49,832,436
A. Provision requirement for quoted shares								
Available cash balance				575,971,496			398,920,394	(177,051,101)
				38,083,905				
				614,055,401				
Mutual Fund								
19	1st Janata Bank Mutual Fund	10	6,416,266	50,000,000	7.79	5.90	37,855,969	(12,144,031)
20	MBL 1ST Mutual Fund	10	5,000,000	50,000,000	10.00	7.20	36,000,000	(14,000,000)
21	EBL NRB Mutual Fund	10	19,530,760	149,665,000	7.66	6.90	134,762,244	(14,902,756)
22	FBDF Income	10	34,019,755	250,000,000	7.35	6.00	204,118,530	(45,881,470)
23	EXIM BANK 1ST Mutual Fund	10	30,584,957	248,021,219	8.11	7.90	241,621,160	(6,400,059)
Provision requirement for Mutual Fund				747,686,219			654,357,904	(93,328,315)
B. Provision requirement for Mutual Fund as per BB Circular								
								(3,760,000)

Sl. No.	Name of the company	Face value	No. of Shares including bonus	Cost of holding	Per Unit cost	Per share (NAV)	Total book value	Unrealized profit (loss)
Unquoted Shares								
1	Industrial & Infrastructure Development Finance Co. Ltd.	10	7,329,110	29,683,820	4.05	15.64	114,656,656	84,972,836
2	Central Depository Bangladesh Limited	10	1,142,361	3,138,890	2.75	30.98	35,389,134	32,250,244
3	Era-Infotech Limited	100	3,837	383,700	100.00	6,410.82	24,598,314	24,214,614
4	Bangladesh Rating Agency Limited	100	32,015	3,201,512	100.00	7.01	224,539	(2,976,973)
5	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	10.00	2,000,000	-
6	Investment in SWIFT share	235,639	22	5,184,049	22.00	235,638.59	5,184,049	-
7	Energypac Power Generation Limited	10	1,192,800	49,984,000	41.90	31.13	37,134,452	(12,849,548)
C. Provision of unquoted stocks								
D. Total Provision Requirement (A+B+C)								
E. Provision maintained								
F. Provision Excess / (Shortfall) for quoted and unquoted share								
							143,383,553	88,183,624

Bank Asia Limited Conventional Banking, Islamic Banking and Off-shore Banking unit Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2016

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2016			
	Balance as at 01 Jan 2016	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2016	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2016		
Own assets													
Land	2,643,839,095	2,925,211	-	-	-	-	-	-	-	-	-	2,646,764,306	
Building	2,432,146,347	137,933,291	-	-	-	2,570,079,638	5	618,489,385	84,958,297	79,997,812	-	783,445,494	1,786,634,144
Furniture and fixtures	911,815,957	75,150,785	-	(3,554,900)	983,411,842	20	642,925,714	106,248,181	(1,643,308)	-	747,530,587	235,881,255	
Equipments	561,316,507	115,293,331	-	-	676,609,838	20	394,312,777	66,546,078	-	-	460,858,855	215,750,983	
Computer and accessories	254,308,476	95,286,073	-	-	349,594,549	20	181,160,698	36,826,453	-	-	217,987,151	131,607,398	
Motor vehicles	178,652,984	24,178,770	-	(7,225,000)	195,606,754	20	125,867,362	21,252,008	(7,225,000)	-	139,894,370	55,712,384	
Sub-total	6,982,079,367	450,767,461	-	(10,779,900)	7,422,066,928	1,962,755,936	315,831,018	79,997,812	(8,868,308)	2,349,716,458	5,072,350,470		
Leased assets													
Building	49,573,087	-	-	-	49,573,087	5	20,985,790	800,000	2,202,676	-	23,988,466	25,584,621	
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-	
Equipments	106,201,139	-	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-	
Computer and accessories	72,204,100	-	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-	
Motor vehicles	18,900,000	-	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000	-	
Sub-total	414,041,174	-	-	-	414,041,174	385,453,877	800,000	2,202,676	-	388,456,553	25,584,621		
Total	7,396,120,541	450,767,461	-	(10,779,900)	7,836,108,102	2,348,209,813	316,631,018	82,200,488	(8,868,308)	2,738,173,011	5,097,935,091		
Work in progress													
Kawran bazar building*	11,476,071	76,395,443	-	-	87,871,514	-	-	-	-	-	-	87,871,514	
Lalmatia building**	16,120,000	40,589,837	-	-	56,709,837	-	-	-	-	-	-	56,709,837	
Sukrabad building***	-	7,206,045	-	-	7,206,045	-	-	-	-	-	-	7,206,045	
Total	27,596,071	124,191,325	-	-	151,787,396	-	-	-	-	-	-	151,787,396	
Grand Total	7,423,716,612	574,958,786	-	(10,779,900)	7,987,895,498	2,348,209,813	316,631,018	82,200,488	(8,868,308)	2,738,173,011	5,249,722,487		

* For construction of 12 storied commercial building with 22 storied foundation

** For construction of 6 storied building over the existing 2 storied building

*** For construction of 9 storied building

Bank Asia Limited Conventional and Islamic banking Schedule of fixed assets including premises, furniture and fixtures

Annex C-2

as at 31 December 2015

Particulars	Cost				Rate of dep. %	Depreciation			Written down value as at 31 Dec 2015		
	Balance as at 01 Jan 2015	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2015	Charged during the year	Charged from Revaluation reserve during the year		Disposal/ adjustment during the year	
Own assets											
Land	2,643,839,095	-	-	-	-	-	-	-	-	2,643,839,095	
Building	2,432,146,347	-	-	-	5	488,091,636	78,680,508	51,717,241	-	618,489,385	1,813,656,962
Furniture and fixtures	851,069,017	62,396,940	-	(1,650,000)	20	521,979,778	121,840,103	-	(894,167)	642,925,714	268,890,243
Equipments	476,889,285	84,427,222	-	-	20	330,444,904	63,867,873	-	-	394,312,777	167,003,730
Computer and accessories	218,077,263	36,231,213	-	-	20	152,246,405	28,914,293	-	-	181,160,698	73,147,778
Motor vehicles	150,141,839	28,511,145	-	-	20	102,690,472	23,176,890	-	-	125,867,362	52,785,622
Sub-total	6,772,162,847	211,566,520	-	(1,650,000)		1,595,453,195	316,479,667	51,717,241	(894,167)	1,962,755,936	5,019,323,431
Leased assets											
Building	49,573,087	-	-	-	5	16,455,450	800,000	3,730,340	-	20,985,790	28,587,297
Furniture and fixtures	167,162,848	-	-	-	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	-	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	-	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	-	20	15,120,000	3,780,000	-	-	18,900,000	-
Sub-total	414,041,174	-	-	-		377,143,537	4,580,000	3,730,340	-	385,453,877	28,587,297
Total	7,186,204,021	211,566,520	-	(1,650,000)		1,972,596,732	321,059,667	55,447,581	(894,167)	2,348,209,813	5,047,910,728
Work in progress											
Kawran bazar building*	-	11,476,071	-	-		11,476,071	-	-	-	-	11,476,071
Lalmatia building**	-	16,120,000	-	-		16,120,000	-	-	-	-	16,120,000
Total	-	27,596,071	-	-		27,596,071	-	-	-	-	27,596,071
Grand Total	7,186,204,021	239,162,591	-	(1,650,000)		1,972,596,732	321,059,667	55,447,581	(894,167)	2,348,209,813	5,075,506,799

* For construction of 12 storied commercial building with 22 storied foundation

** For construction of 6 storied building over the existing 2 storied building

Bank Asia Limited and its Subsidiaries Consolidated Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2016

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2016
	Balance as at 01 Jan 2016	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016	
Own assets										
Land	2,643,839,095	2,925,211	-	2,646,764,306	-	-	-	-	-	2,646,764,306
Building	2,432,146,347	137,933,291	-	2,570,079,638	5	619,257,385	84,958,297	79,997,812	-	784,213,494
Furniture and fixtures	923,140,145	75,390,898	(3,554,900)	994,976,143	20	652,013,239	107,504,618	-	(2,350,956)	757,166,902
Equipments	568,117,908	115,499,967	-	683,617,875	20	401,391,547	66,681,084	-	-	468,072,631
Computer and accessories	261,863,086	95,769,273	-	357,632,359	20	188,347,301	37,152,166	-	-	225,499,468
Motor vehicles	178,652,984	24,178,770	(7,225,000)	195,606,754	20	125,867,362	21,252,008	-	(7,225,000)	139,894,370
Sub-total	7,007,759,565	451,697,410	(10,779,900)	7,448,677,075		1,986,876,834	320,248,737	79,997,812	(8,868,308)	2,374,490,818
Leased assets										
Building	72,964,732	-	(1,488,881)	71,475,851	5	28,628,465	3,469,896	2,202,676	-	34,301,037
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000
Sub-total	437,432,819	-	(1,488,881)	435,943,938		393,096,552	3,469,896	2,202,676	-	398,769,124
Total	7,445,192,384	451,697,410	(12,268,781)	7,884,621,013		2,379,973,387	319,954,375	82,200,488	(8,868,308)	2,773,259,942
Work in progress										
Kawran bazar building*	11,476,071	76,395,443	-	87,871,514	-	-	-	-	-	87,871,514
Lalmatia building**	16,120,000	40,589,837	-	56,709,837	-	-	-	-	-	56,709,837
Sukrabad building***	-	7,206,045	-	7,206,045	-	-	-	-	-	7,206,045
Total	27,596,071	124,191,325	-	151,787,396	-	-	-	-	-	151,787,396
Grand Total	7,472,788,455	575,888,735	(12,268,781)	8,036,408,409		2,379,973,387	319,954,375	82,200,488	(8,868,308)	2,773,259,942

* For construction of 12 storied commercial building with 22 storied foundation

** For construction of 6 storied building over the existing 2 storied building

*** For construction of 9 storied building

Bank Asia Limited and its Subsidiaries Consolidated Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2015

Annex C-4

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2015	
	Balance as at 01 Jan 2015	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015		
Own assets											
Land	2,643,839,095	-	-	2,643,839,095	-	-	-	-	-	-	2,643,839,095
Building	2,432,146,347	-	-	2,432,146,347	5	488,091,636	78,680,508	52,485,241	-	619,257,385	1,812,888,962
Furniture and fixtures	862,347,554	62,442,592	(1,650,000)	923,140,145	20	530,482,249	122,425,157	-	(894,167)	652,013,239	271,126,906
Equipments	483,477,089	84,640,819	-	568,117,908	20	334,876,224	66,515,323	-	-	401,391,547	166,726,361
Computer and accessories	225,601,486	36,261,600	-	261,863,086	20	157,851,126	30,496,175	-	-	188,347,301	73,515,785
Motor vehicles	150,141,839	28,511,145	-	178,652,984	20	102,690,472	23,176,890	-	-	125,867,362	52,785,622
Sub-total	6,797,553,410	211,856,155	(1,650,000)	7,007,759,565		1,613,991,707	321,294,053	52,485,241	(894,167)	1,986,876,834	5,020,882,731
Leased assets											
Building	72,964,732	-	-	72,964,732	5	22,664,503	2,233,622	3,730,340	-	28,628,465	44,336,267
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	15,120,000	3,780,000	-	-	18,900,000	-
Sub-total	437,432,819	-	-	437,432,819		383,352,590	6,013,622	3,730,340	-	393,096,552	44,336,267
Grand Total	7,234,986,229	211,856,155	(1,650,000)	7,445,192,384		1,997,344,298	327,307,675	56,215,581	(894,167)	2,379,973,387	5,065,218,998
Work in progress											
Kawran bazar building*	-	11,476,071	-	11,476,071		-	-	-	-	-	11,476,071
Lalmatia building**	-	16,120,000	-	16,120,000		-	-	-	-	-	16,120,000
Total	-	27,596,071	-	27,596,071		-	-	-	-	-	27,596,071
Grand Total	7,234,986,229	239,452,226	(1,650,000)	7,472,788,455		1,997,344,298	327,307,675	56,215,581	(894,167)	2,379,973,387	5,092,815,069

* For construction of 12 storied commercial building with 22 storied foundation

** For construction of 6 storied building over the existing 2 storied building

Bank Asia Limited

Statement of tax position

as at 31 December 2016

Accounting year	Assessment year	Tax provision as per accounts	Tax demand as per assessment order	Excess/(Short) provision	Status
2000	2001-2002	2,000,000	7,080,931	(5,080,931)	Assessment finalized
2001	2002-2003	42,626,674	38,156,227	4,470,447	Assessment finalized
2002	2003-2004	91,950,000	83,933,056	8,016,944	Assessment finalized
2003	2004-2005	165,000,000	155,712,331	9,287,669	Assessment finalized
2004	2005-2006	166,807,728	187,552,594	(20,744,866)	Assessment finalized
2005	2006-2007	220,089,576	273,929,209	(53,839,633)	Assessment finalized
2006	2007-2008	432,447,206	433,037,008	(589,802)	Assessment finalized
2007	2008-2009	704,871,326	707,990,638	(3,119,312)	Assessment finalized
2008	2009-2010	790,000,000	715,369,681	74,630,319	Assessment finalized
2009	2010-2011	779,000,000	928,407,967	(149,407,967)	Assessment finalized
2010	2011-2012	1,498,735,610	1,874,438,423	(375,702,813)	Assessment at Appellate tribunal Level
2011	2012-2013	1,515,992,334	1,738,409,929	(222,417,595)	At Honorable High Court Stage
2012	2013-2014	1,788,554,541	1,757,614,602	30,939,939	Assessment finalized
2013	2014-2015	2,041,583,693	1,598,721,337	442,862,356	Assessment finalized
2014	2015-2016	1,947,162,329	1,700,830,400	246,331,929	Assessment at DCT Level
2015	2016-2017	1,534,738,646	1,370,933,747	163,804,899	Return submitted

Bank Asia Limited

Details of Large Loan

Annex E

as at 31 December 2016

	2016	2015
Number of clients	17	15
Amount of outstanding advances (Taka)	57,429.58	44,569.68
Amount of classified advances (Taka)	NIL	NIL
Measures taken for recovery (Taka)	NIL	NIL

Client-wise break up is as follows

Amount in million

Sl. No.	Name of clients	Outstanding (Taka) 2016			Outstanding (Taka) 2015		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Aman Group	2,759.15	844.42	3,603.57	-	-	-
2	Renaissance Group	1,305.78	1,205.11	2,510.89	-	-	-
3	Toma Group	1,392.43	1,416.86	2,809.29	-	-	-
4	Dird Group	1,732.18	1,005.08	2,737.26	-	-	-
5	Abul Khair Steel Industries Ltd	1,157.08	3,511.78	4,668.86	662.13	2,523.83	3,185.96
6	Bank Asia Securities Ltd.	2,450.00	300.00	2,750.00	2,880.01	300.00	3,180.01
7	Basundhara Group	2,117.82	807.97	2,925.79	1,568.02	721.21	2,289.23
8	City Group	1,000.70	2,928.68	3,929.38	1,000.26	1,586.82	2,587.08
9	Echotex	659.11	2,345.92	3,005.03	819.64	1,902.40	2,722.04
10	Meghna Group	0.48	3,391.79	3,392.27	0.09	2,517.46	2,517.55
11	Partex Group	2,183.25	580.43	2,763.68	835.96	3,372.31	4,208.27
12	Pran Rfl Group	1,227.67	1,892.52	3,120.19	1,153.12	1,864.09	3,017.21
13	S.A Group	3,372.53	78.65	3,451.18	3,122.93	-	3,122.93
14	Spectra Engineers Limited	563.45	2,098.69	2,662.14	866.41	1,807.97	2,674.38
15	Summit Group	2,537.29	3,414.16	5,951.45	594.38	2,547.61	3,141.99
16	Thermax Group	1,613.60	987.43	2,601.03	1,436.11	867.06	2,303.17
17	Western Marine Group	1,561.14	2,986.42	4,547.56	1,077.70	2,422.99	3,500.69
18	BRAC				50.48	3,685.59	3,736.07
19	Apex Footwear Ind. Ltd.				1,768.11	614.99	2,383.10
	Total	27,633.67	29,795.91	57,429.58	17,835.35	26,734.33	44,569.68

Bank Asia Limited

Names of Directors and their interest in different entities

as at 31 December 2016

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
1.	Mr. A Rouf Chowdhury	Chairman	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors Limited
			Rancon Engineering Limited
			Rangs Pharmaceuticals Limited
			Ranks ITT Limited
			Ranks Telecom Limited
			Ranks Petroleum Limited
			Ranks Interiors Limited
			Rancon Motors Limited
			Rancon Services Limited
			Shield Security Services Limited
			Ranks Agro Biotech Limited.
			Rancon Autos Limited
			Ranks FC properties Limited
			Rancon Automobiles Limited.
			Ranks Steel Limited
			Ranks Real Estate Limited
			Ranks Motors Workshop Limited
			Metro Foils Limited
			Sea Resources Ltd.
			Sea Fishers Ltd.
			Deep Sea Fishers Ltd.
			Sea Resources Agencies Ltd.
			Fishers Shipyard Ltd.
Sea Resources Cold Storage Ltd.			
Sea Mans Dockyard & Fish Meal Ltd.			
Rancon Motor Bikes Limited			
Zest Polymer Limited			
The Daily Star			
Daily Shokaler Khabor Publications Ltd.			
Bank Asia Limited			
2.	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co.
			Phulbari Tea Estates Ltd.
			M. Ahmed Cold Storage Ltd.
			M. Ahmed Food & Spices Ltd.
			Premier Dyeing & Calendaring Ltd.
			Anandaniketan Ltd.
			JVC Ltd.
3.	Mr. A.M.Nurul Islam	Vice Chairman & Independent Director	Bank Asia Ltd.
			Bank Asia Limited
4.	Mr. Rume A Hossain	Director	Rangs Industries Ltd.
			Ranks ITT Limited
			Romask Ltd.
			Rangs Pharmaceuticals Ltd.
			Ranks Telecom. Ltd.
Ranks Petroleum Ltd.			
			Bank Asia Limited.

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
5.	Ms. Hosneara Sinha	Director	Sinha Apparels Ltd. ZMS Fashions Ltd. Sinha Auto Spinning Mills Ltd. Sattar Jute Mills Ltd. Pritha Apparels Ltd. Bank Asia Ltd.
6.	Ms. Farhana Haq Chowdhury	Director	Rangs Pharmaceuticals Limited Rangs Telecom Limited Rancon Automobiles Limited DHS Motors Limited Rancon Motor Bikes Limited Bank Asia Limited
7.	Mr. Mohammed Lakiotullah	Independent Director (up to 18.04.2016)	Bank Asia Limited
8.	Mr. M Shahjahan Bhuiyan	Independent Director	Bank Asia Limited
9.	Ms. Sohana Rouf Chowdhury	Director (up to 18.04.2016)	Rangs Limited Rangs Workshop Limited Rangs Industries Ltd. Rangs Properties Limited Rangs Motors Limited Rangs Pharmaceuticals Limited Rangs ITT Limited Rangs Telecom Limited Rangs Petroleum Limited Rangs Interiors Limited Rancon Motors Limited Rancon Services Limited Shield Security Services Limited Rangs Agro Bioteq Limited Rancon Automobiles Limited. Rangs Steel Limited Rangs Real Estate Limited Sash Limited Rangs Motors Workshop Limited Rancon Engineering Limited Rancon Autos Limited Metro Foils Limited Sea Resources Limited Sea Fishers Limited Deep Sea Fishers Limited Sea Resources Agencies Limited Fishers Shipyard Limited Sea Resources Cold Storage Limited Sea Mans Dockyard & Fish Meal Ltd. Zest Polymer Limited Agro Food Sevices Limited Bank Asia Limited
10.	Mr. Mohammed Irfan Syed (Representing Amiran Generations Limited)	Director	Bank Asia Limited
11.	Ms. Naheed Akhter Sinha	Director	Sinha Apparels Ltd. ZMS Fashions Ltd. BP Wears (Pvt.) Ltd. Bank Asia Ltd.
12.	Mr. Shah Md. Nurul Alam (Deceased)	Independent Director	Bank Asia Limited
13.	Mr. Md Nazrul Huda	Independent Director	Bank Asia Limited
14.	Mr. Mashiur Rahman	Independent Director	Bank Asia Limited
15.	Mr. Mir Shahjahan	Director	ZMS Fashions Limited Bank Asia Limited

Bank Asia Limited

Islamic Banking Operations

as at and for the year ended **31 December 2016**

The operation of our Islamic Banking Windows is totally different from the Bank's conventional operation as the former operate their business on the basis of Islamic Shariah. Accounting system is vital for ensuring Shariah compliance in such banking operation. Our Islamic Banking operation is committed to follow the accounting principles that refrain from interest. In a nutshell, we follow under noted principles for accounting under its Islamic Banking umbrella, run through a separate Islamic Banking software styled HIKMAH.

1. Deposit Collection and income Sharing Ratio (ISR) based Profit Distribution

For procuring funds from depositors, our Islamic Banking follows Al-Wadiah and Mudaraba principles. In case of Al-Wadiah Account, no profit is allowed at present. But for Mudaraba depositors, Bank Asia as the first Bank in Bangladesh, follows income Sharing technique with variable management fees for the Bank. It is different from traditional Weightage System so far practiced by all Islamic Banking operators in the country.

income sharing module of Bank Asia has been appreciated by different quarters, particularly by the Central Shariah Board for Islamic Banks of Bangladesh and Islamic Banks Consultative Forum. Our module offers pre-defined Investment income Sharing Ratio (ISR) for each type of depositor and the Bank. The ISR determines the portion of income for each type of depositor and the Bank. For example, the ISR of 75 : 25 would mean that 75% of distributable income is to be shared by the concerned depositors and the rest 25% to be shared by the Bank. The ISR between each type of Mudaraba depositors and the Bank (Mudarib) are duly disclosed at the time of Account opening and/or beginning of the concerned period. Profit rate is emerged at actual, as derived from the income fetched from deployment of the concerned fund. As such our rate of profit on deposit under Islamic Banking is nothing but a post facto expression of the respective agreed sharing ratios. Our profit rate is an output based on the Bank's earning on investment.

The ISR declared on Mudaraba deposits for the year 2016

Types of Mudaraba Deposit	Distributable Investment income Sharing Ratio (ISR) w.e.f. 01.01.2016	
	Client	Bank
1. Mudaraba Term Deposit Account (MTDA) 1 month	50%	50%
2. Mudaraba Term Deposit Account (MTDA) 2 months	50%	50%
3. Mudaraba Term Deposit Account (MTDA) 3 months	75%	25%
4. Mudaraba Term Deposit Account (MTDA) 6 months	75%	25%
5. Mudaraba Term Deposit Account (MTDA) 12 months	77%	23%
6. Mudaraba Term Deposit Account (MTDA) 24 months	78%	22%
7. Mudaraba Term Deposit Account (MTDA) 36 months	80%	20%
8. Mudaraba Term Deposit Account (MTDA) 60 months	80%	20%
9. Mudaraba Special Notice Deposit Account (MSND)	35%	65%
10. Mudaraba Savings Account (MSA)	45%	55%
11. Smart Junior Saver (School Banking) Account	70%	30%
12. Mudaraba Deposit Pension Scheme (MDPS) 3-10 Years	87%	13%
13. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 & 2 year	80%	20%
14. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 3-5 years	85%	15%
15. Mudaraba Hajj Savings Scheme (MHSA)	90%	10%
16. Cash Waqf	90%	10%

2. Investment Operation and Return Thereon

Investments of our Islamic Banking are broadly categorised in the following two types in respect of charging (rate of) return:

- a. Fixed return based investment
- b. Variable return based investment

Fixed return based investment system is applicable for our Bai-Murabaha Muajjal Investment mode. Under this mode, Bank sells the goods to a client at a fixed profit /mark-up on deferred payment basis. Hire Purchase Shirkatul Melk (HPSM) is also a fixed return based investment mode. In this case rate of rent is fixed but amount of rent becomes variable on the basis of diminishing balance method.

Variable return based income is applied for our Musaharaka mode of investment. In these cases, only ratio of income Sharing is stated in the agreement. Bank bags income on the basis of the concerned venture according to the agreed ratio (comparable to our Mudaraba deposit products). Genuine loss, if any, is borne according to capital ratio of the client & the Bank.

3. Income/ Revenue Recognition Principle

The bank earns income from various sources such as charges, fees, commission and investment. To recognize all sorts of income, Bank follows Shariah principle strictly. Usually charges, fees & commission etc. are recognized on actual basis. Recognition of income from investment follows principles as under:

For Bai-Murabaha Muajjal Investment

While creating each deal, in case of Bai-Murabaha Muajjal mode of investment, markup/profit is added to the bank's purchase cost with a credit to unearned income A/c. Thereafter time apportionment of profit is recognised out of the unearned income amount at the end of each month on accrual basis. Allowance (rebate) for early repayment, if any, may however be applied at Bank's discretion.

For Hire Purchase Shirkatul Melk (HPSM) Investment

In case of HPSM mode of investment Rent is charged and taken into income account at the end of each month on accrual basis.

If the account has a provision of gestation period, no income is earned during the period. In this case income starts just after the end of gestation period. However Rent is chargeable in spite of gestation, if the delivery of asset is completed in usable condition such as a machine or a set of machinery or building etc.

All accrual income is subject to prevailing classification and provisioning rules of Bangladesh Bank.

For Musharaka Investment

In recognizing the revenue from Musharaka Investment, we follow the actual (cash/ realization) basis instead of accrual i.e. no income is recognised until the result of the venture is arrived at.

4. Cost Recognition Principle

Cost in respect of profit paid on deposit is recognized on accrual basis. Monthly accruals in this respect are calculated on the basis of income Sharing Ratio. Other costs are also recognized on the accrual basis following the matching concept of Accounting.

To ensure/ supervise Shariah compliance in banking operation, Bank Asia has a knowledgeable Shariah Supervisory Committee comprising renowned Fuqaha, Islamic bankers and academicians conversant in Islamic Economics & Finance.

Bank Asia Limited

Islamic Banking Unit Balance Sheet

as As at 31 December 2016

Amount in Taka

	31 Dec 2016	31 Dec 2015
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	22,044,516	21,185,850
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	668,492,263	374,427,389
	690,536,779	395,613,239
Balance with other banks and financial institutions		
In Bangladesh	301,541,506	1,051,520,235
Outside Bangladesh	-	-
	301,541,506	1,051,520,235
Placement with other banks and financial institutions	-	-
Investments in shares and securities		
Government	564,600,000	316,500,000
Others	200,000,000	200,000,000
	764,600,000	516,500,000
Investments		
General Investment	10,077,003,162	4,519,181,765
Bills purchased and discounted	51,823,671	20,022,953
	10,128,826,833	4,539,204,718
Fixed assets including premises, furniture and fixtures	12,486,618	13,170,622
Other assets	33,747,176	45,512,104
Non - banking assets	-	-
Total assets	<u>11,931,738,912</u>	<u>6,361,520,918</u>
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents	-	-
Deposits and other Accounts		
Al-wadeeah current and other deposits accounts, etc.	581,709,804	408,990,067
Bills payable	22,070,893	29,902,770
Mudaraba savings deposits	977,806,566	752,390,416
Mudaraba term deposits	9,291,824,084	4,836,488,983
	10,873,411,347	6,027,772,236
Other liabilities	1,058,327,565	533,748,682
Total liabilities	<u>11,931,738,912</u>	<u>6,561,520,918</u>
OFF- BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	208,225,192	38,537,816
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	<u>208,225,192</u>	<u>38,537,816</u>

Bank Asia Limited

Islamic Banking Unit Profit and Loss Statement

Annex G-2

for the year ended 31 December 2016

Amount in Taka

	31 Dec 2016	31 Dec 2015
Investment income	860,375,633	511,090,710
Profit paid on deposits, borrowings, etc.	531,649,278	350,270,903
Net investment income	328,726,355	160,819,807
Profit on Investment with bank and financial institutions	18,482,265	17,442,626
Commission, exchange and brokerage	51,120,743	32,793,719
Other operating income	7,357,858	4,328,753
Total operating income	405,687,221	215,384,905
Salaries and allowances	59,685,380	52,599,244
Rent, taxes, insurance, electricity, etc.	6,488,615	6,443,305
Legal expenses	23,450	76,073
Postage, stamp, telecommunication, etc.	673,966	599,557
Stationery, printing, advertisement, etc.	2,027,649	585,268
Depreciation and repair of Bank's assets	4,556,745	3,745,587
Other expenses	31,316,071	25,679,849
Total operating expenses	104,771,876	89,728,883
Profit before provision	300,915,345	125,656,022
Provision for investments		
General provision	59,246,759	11,047,958
Specific provision	(21,600)	(1,857,740)
	59,225,159	9,190,218
Provision for diminution in value of investments	-	-
Other provision	-	-
Total provision	59,225,159	9,190,218
Total profit before taxes	241,690,186	116,465,804

Bank Asia Limited

Off-shore Banking Unit Balance Sheet

as at 31 December 2016

	Notes	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-	-
Balance with other banks and financial institutions	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		19,126,220	1,504,277,184	603,588	47,230,747
		19,126,220	1,504,277,184	603,588	47,230,747
Investments					
Government		-	-	-	-
Others		3,870,151	304,387,366	3,440,000	269,180,000
		3,870,151	304,387,366	3,440,000	269,180,000
Loans and advances	4				
Loans, cash credits, overdrafts, etc.		17,620,718	1,385,869,457	16,576,539	1,297,114,189
Bills purchased and discounted		80,887,600	6,361,809,747	94,887,017	7,424,909,065
		98,508,318	7,747,679,204	111,463,556	8,722,023,254
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	5	2,381,929	187,338,736	205,696	16,095,737
Non - banking assets		-	-	-	-
Total assets		<u>123,886,618</u>	<u>9,743,682,490</u>	<u>115,712,840</u>	<u>9,054,529,738</u>
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	6	120,468,199	9,474,823,844	101,971,039	7,979,233,839
Deposits and other accounts	7				
Current deposits		3,209,540	252,430,353	13,218,518	1,034,349,052
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		176,647	13,893,283	173,359	13,565,311
Bearer certificate of deposit		-	-	-	-
		3,386,187	266,323,636	13,391,877	1,047,914,363
Other liabilities	8	32,232	2,535,010	349,924	27,381,536
Total liabilities		<u>123,886,618</u>	<u>9,743,682,490</u>	<u>115,712,840</u>	<u>9,054,529,738</u>
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	834,100	65,601,965	1,121,359	87,746,341
Letters of guarantee		-	-	-	-
Irrevocable letters of credit	10	944,150	74,257,398	384,871	30,116,156
Bills for collection	11	489,378	38,489,591	145,183	11,360,550
Other contingent liabilities		-	-	-	-
Total Off-Balance Sheet items including contingent liabilities		<u>2,267,628</u>	<u>178,348,954</u>	<u>1,651,413</u>	<u>129,223,047</u>

Bank Asia Limited

Off-shore Banking Unit Profit and Loss Statement

for the year ended 31 December 2016

	Notes	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
Interest income	12	7,335,962	573,549,958	5,591,952	434,159,152
Interest paid on deposits and borrowings, etc.	13	5,240,150	409,692,362	4,001,967	310,712,740
Net interest/net profit on investments		2,095,812	163,857,596	1,589,985	123,446,412
Investment Income		-	-	121,736	9,451,607
Commission, exchange and brokerage	14	93,691	7,325,078	61,442	5,433,898
Other operating income	15	241,929	18,914,853	230,379	17,886,640
Total operating income (A)		2,431,433	190,097,527	2,003,542	156,218,557
		-	-	-	-
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		1,808	141,356	3,903	303,055
Postage, stamp, telecommunication, etc.		6,679	522,209	4,437	344,451
Stationery, printing, advertisements, etc.		542	42,406	-	-
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	3,191	247,743
Other expenses		124,036	9,697,108	148,801	11,552,920
Total operating expenses (B)		133,060	10,403,079	160,332	12,448,169
Profit before provision (C=A-B)		2,298,373	179,694,448	1,843,210	143,770,388
Provision for loans and advances					
General provision		(124,623)	(9,743,441)	277,806	21,568,890
Specific provision		-	-	-	-
		(124,623)	(9,743,441)	277,806	21,568,890
Provision for off-balance sheet items		6,283	491,260	(5,962)	(462,888)
Provision for diminution in value of investments		-	-	-	-
Other provision		-	-	-	-
Total provision (D)		(118,340)	(9,252,181)	271,844	21,106,002
Total profit/(loss) (C-D)		2,416,712	188,946,629	1,571,366	122,664,386

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

as at and for the year ended 31 December 2016

1 Status of the unit

Off-shore banking Unit (“the Unit”) is a separate business unit of Bank Asia Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Off-shore banking unit permission vide letter no. BRPD(P-3)744(94)/2007-1853 dated 21 June 2007. The Bank commenced the operation of its Off-shore Banking Unit from 28 January 2008 and its office is located at Zone Service Complex, Chittagong Export Processing Zone, Chittagong.

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 Off-shore Banking Unit (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 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs) and other rules and regulations where necessary.

2.2 Foreign currency

Items included in the financial statements of the Unit are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements of the Unit are presented in US Dollar (USD) and Taka where USD is the functional currency and Taka are the Unit’s presentation currency.

2.3 Loans and advances

a) Loans and advances are stated in the balance sheet on gross basis.

b) Interest is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 16 of 1998, 9 of 2001 and 10 of 2005 and recognised as income on realisation. Interest is not charged on bad and loss loans and advances/investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5%

2.4 General

Assets and liabilities have been translated into Taka currency @USD 1 = BDT 78.65 (2015 : BDT 78.25). Income and expenses are translated at an average rate @ USD 1 = BDT 78.18 (2015 : BDT 77.64). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 78.70.

	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	364	28,626	51	4,029
Habib American Bank, New York	19,125,851	1,504,248,145	603,531	47,226,307
Sonali Bank (UK) Limited, London	5	413	5	411
	<u>19,126,220</u>	<u>1,504,277,184</u>	<u>603,588</u>	<u>47,230,747</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	17,778,954	1,385,869,457	16,576,539	1,297,114,189
Bills purchased and discounted (Note 4.2)	81,613,980	6,361,809,747	94,887,017	7,424,909,065
	<u>98,508,318</u>	<u>7,747,679,204</u>	<u>111,463,556</u>	<u>8,722,023,254</u>
4.1 Loans, cash credit, overdrafts etc.				
Term loan industrial	17,042,542	1,340,395,933	1,442,099	112,844,258
Term loan others	183,972	14,469,361	14,679,157	1,148,644,036
Loan against trust receipts	195,873	15,405,423	150,437	11,771,673
Packing credit	97,081	7,635,428	-	-
Demand loan	101,250	7,963,312	-	-
Loan others	-	-	304,846	23,854,222
	<u>17,620,718</u>	<u>1,385,869,457</u>	<u>16,576,539</u>	<u>1,297,114,189</u>
4.2 Bills purchased and discounted				
Payable in Bangladesh	80,887,600	6,361,809,747	94,877,417	7,424,157,865
Payable outside Bangladesh	-	-	9,551	751,200
	<u>80,887,600</u>	<u>6,361,809,747</u>	<u>94,887,017</u>	<u>7,424,909,065</u>
5 Other assets				
Branch adjustment account	2,332,643	183,462,408	44,553	3,486,300
Prepaid expenses	49,286	3,876,328	161,143	12,609,437
	<u>2,381,929</u>	<u>187,338,736</u>	<u>205,696</u>	<u>16,095,737</u>
6 Borrowings from other banks, financial institutions and agents				
Borrowing from other banks (Note 6.1)	90,468,199	7,115,323,844	45,971,039	3,597,233,839
Borrowing from corporate office, Dhaka	-	-	26,000,000	2,034,500,000
Borrowing from IFC	30,000,000	2,359,500,000	30,000,000	2,347,500,000
	<u>120,468,199</u>	<u>9,474,823,844</u>	<u>101,971,039</u>	<u>7,979,233,839</u>
6.1 Borrowing from other banks				
ICICI Bank Limited, Dubai	6,000,000	471,900,000	-	-
Standard Chartered Bank, Singapore	16,097,801	1,266,092,049	-	-
CaixaBank	20,000,000	1,573,000,000	-	-
Commerzbank	1,268,398	99,759,495	-	-
First Gulf Bank	13,524,000	1,063,662,600	5,000,000	391,250,000
National Bank of Ras Al Khaimah	18,000,000	1,415,700,000	8,876,406	694,578,770
Nepal Bangladesh Bank Limited	5,000,000	393,250,000	5,000,000	391,250,000
United Bank Limited, UAE	10,578,000	831,959,700	10,937,980	855,896,955
ICICI Bank Limited, Hong Kong	-	-	5,000,000	391,250,000
Mashreq, USA	-	-	10,000,000	782,500,000
United Bank Limited, USA	-	-	1,156,653	90,508,114
	<u>90,468,199</u>	<u>7,115,323,844</u>	<u>45,971,039</u>	<u>3,597,233,839</u>
7 Deposits and other accounts				
Customer deposits and other accounts (Note 7.1)	<u>3,386,187</u>	<u>266,323,636</u>	<u>13,391,877</u>	<u>1,047,914,363</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
7.1 Customer deposits and other accounts				
Foreign currency (Current)	1,963,728	154,447,242	12,678,615	992,101,592
Other demand deposits(Current)	1,245,812	97,983,111	539,904	42,247,460
Fixed deposit	176,647	13,893,283	173,359	13,565,311
	<u>3,386,187</u>	<u>266,323,636</u>	<u>13,391,877</u>	<u>1,047,914,363</u>
8 Other liabilities				
Provision for loans and advances	(123,884)	(9,743,441)	-	-
Provision for off balance sheet items	6,246	491,260	-	-
Due to Head Office	117,637	9,252,181	-	-
Commission payable	1,474	115,899	-	-
Accrued expense payable	30,758	2,419,111	-	-
Interest expenses payable	-	-	349,924	27,381,536
	<u>32,232</u>	<u>2,535,010</u>	<u>349,924</u>	<u>27,381,536</u>
9 Acceptances and endorsements				
Letters of credit (Back to Back)	834,100	65,601,965	352,549	27,586,959
Letters of credit (Acceptances)	-	-	768,810	60,159,382
	<u>834,100</u>	<u>65,601,965</u>	<u>1,121,359</u>	<u>87,746,341</u>
10 Irrevocable letters of credit				
Letters of credit (Back to Back)	384,652	30,252,880	190,120	14,876,890
Letters of credit (cash)	559,498	44,004,518	194,751	15,239,266
	<u>944,150</u>	<u>74,257,398</u>	<u>384,871</u>	<u>30,116,156</u>
11 Bills for collection				
	<u>489,378</u>	<u>38,489,591</u>	<u>145,183</u>	<u>11,360,550</u>
12 Interest income				
Demand loan	2,540.75	198,644	577	44,837
Packing credit	2,816.96	220,239	20,782	1,613,537
Loan against trust receipt	18,611.52	1,455,111	13,681	1,062,165
Payment against documents	221.68	17,332	82	6,402
Term loan -industrial	988,715.40	77,301,066	13,732	1,066,183
Term loan -others	435,376.55	34,039,190	419,707	32,586,022
Foreign bill purchased	5,876,136.68	459,415,953	5,123,390	397,780,006
Lease finance	11,542.40	902,423	-	-
	<u>7,335,962</u>	<u>573,549,958</u>	<u>5,591,952</u>	<u>434,159,152</u>
13 Interest paid on deposits and borrowings etc.				
Interest on deposit	140,946.02	11,019,630	200,646	15,578,160
Interest on borrowings	5,099,204	398,672,732	3,801,321	295,134,580
	<u>5,240,150</u>	<u>409,692,362</u>	<u>4,001,967</u>	<u>310,712,740</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
14 Commission, exchange and brokerage				
Commission on L/C	64,528	5,045,030	65,290	5,069,106
Commission on export	6,787	530,630	8,263	641,539
Commission on PO, DD, TT, TC, etc	6,943	542,827	5,999	465,733
Foreign exchange gain and charges	15,089	1,179,696	(18,110)	(1,406,036)
Exchange gain/(loss) net off exchange gains	-	-	-	663,556
Fees and commission	344	26,895	-	-
	<u>93,691</u>	<u>7,325,078</u>	<u>61,442</u>	<u>5,433,898</u>
15 Other operating income				
SWIFT charge recovery	15,800	1,235,335	10,441	810,619
Other	226,129	17,679,518	219,938	17,076,021
	<u>241,929</u>	<u>18,914,853</u>	<u>230,379</u>	<u>17,886,640</u>

Bank Asia Limited

Statement of outstanding unreconciled entries (nostro account)

as at 31 December 2016

Amount in USD

Sl. no.	Period of unreconciliation	As per local book				As per correspondents' book			
		Debit entries		Credit entries		Debit entries		Credit entries	
		No.	USD	No.	USD	No.	USD	No.	USD
1	Upto 3 months	44	18,141,145	212	11,691,454	148	1,612,492	461	13,019,153
2	More than 3 months but less than 6 months	-	-	2	328	-	-	9	29,572
3	More than 6 months but less than 9 months	-	-	-	-	-	-	-	-
4	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
5	More than 12 months	-	-	-	-	-	-	-	-
	Total	44	18,141,145	214	11,691,782	148	1,612,492	470	13,048,724

Bank Asia Limited

Reconciliation between Bangladesh Bank statement and Bank's book

Annex J

as at 31 December 2016

The reconciling items relates to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds

Local currency	As per Bangladesh Bank Statement	As per Bank's General ledger	Reconciling Difference
	BDT	BDT	BDT
Bangladesh Bank, Dhaka	12,345,069,283.83	12,217,203,065.07	127,866,218.76
Bangladesh Bank, Dhaka (Al-wadeeah current account)	668,492,263.02	668,492,263.02	-
Bangladesh Bank, Chittagong	57,140,643.89	57,141,663.89	(1,020.00)
Bangladesh Bank, Sylhet	9,809,483.98	9,475,483.98	334,000.00
Bangladesh Bank, Khulna	17,963,112.20	17,963,112.20	-
Bangladesh Bank, Rajshahi	8,430,959.52	8,430,959.52	-
Bangladesh Bank, Bogra	39,834,601.63	39,834,601.63	-
Bangladesh Bank, Barishal	557,105.14	557,105.14	-
Bangladesh Bank, Rangpur	17,610,160.24	17,610,160.24	-
Total	13,164,907,613.45	13,036,708,414.69	128,199,198.76

Bank credited but not debited by Bangladesh Bank

Bank debited but not credited by Bangladesh Bank

Bangladesh Bank credited but not debited by Bank

Bangladesh Bank debited but not credited by Bank

5,639,860,543.99

(6,312,790,610.81)

6,149,383,663.35

(5,348,254,397.77)

128,199,198.76

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	27,784,585.30	4,969,611.34	390,859,931.89	22,814,973.96
Total	27,784,585.30	4,969,611.34	390,859,931.89	22,814,973.96

Bank credited but not debited by Bangladesh Bank

Bank debited but not credited by Bangladesh Bank

Bangladesh Bank credited but not debited by Bank

Bangladesh Bank debited but not credited by Bank

21,985,110.55

-

834,786.17

(4,922.76)

22,814,973.96

The Bank reports its operations under the following business segments as per Bangladesh Financial Reporting Standards (BFRS) 8 "Operating segment"

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated	
	Inside Bangladesh		Off-shore Banking unit	Total	Bangladesh		BA Exchange Company (UK) Ltd			BA Express USA Inc.
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd				
Interest income	13,135,461,898	860,375,633	573,549,958	14,569,387,489	226,189,776	-	-	-	14,795,577,265	
Interest paid on deposits and borrowings, etc	9,659,593,615	531,649,278	409,692,362	10,600,935,255	6,989,416	-	-	-	10,607,924,671	
Net interest income	3,475,868,283	328,726,355	163,857,596	3,968,452,234	219,200,360	-	-	-	4,187,652,594	
Investment income	3,529,820,976	18,482,265	-	3,548,303,241	-	-	-	-	3,548,303,241	
Commission, exchange and brokerage	2,416,415,459	51,120,743	7,325,078	2,474,861,280	103,998,719	18,112,898	23,201,315	-	2,620,174,212	
Other operating income	622,005,007	7,357,858	18,914,853	648,277,718	35,212,218	-	-	-	683,489,936	
Total operating income (A)	10,044,109,725	405,687,221	190,097,527	10,639,894,473	358,411,297	18,112,898	23,201,315	-	6,851,967,389	
Salaries and allowances	2,276,886,084	59,685,380	-	2,336,571,464	42,028,331	6,203,962	18,314,075	-	2,403,117,832	
Rent, taxes, insurance, electricity, etc	526,938,176	6,488,615	141,356	533,568,147	12,342,055	6,491,713	6,359,671	-	558,761,586	
Legal expenses	16,062,383	23,450	-	16,085,833	148,955	407,380	1,404,290	-	18,046,458	
Postage, stamp, telecommunication, etc	80,405,555	673,966	522,209	81,601,730	1,797,714	356,509	315,527	-	84,071,480	
Stationery, printing, advertisements, etc	88,064,147	2,027,649	42,406	90,134,202	479,644	196,039	717,915	-	91,527,800	
Managing Director's salary and fees	15,689,899	-	-	15,689,899	-	-	-	-	15,689,899	
Directors' fees	3,192,000	-	-	3,192,000	230,000	-	-	-	3,422,000	
Auditors' fees	1,252,000	-	-	1,252,000	95,833	603,419	1,387,754	-	3,339,006	
Depreciation and repairs of Bank's assets	464,494,541	4,556,745	-	469,051,286	506,476	1,642,031	1,933,376	-	473,133,169	
Other expenses	1,131,100,223	31,316,071	9,697,108	1,172,113,402	17,953,106	2,114,756	8,871,887	-	1,201,053,151	
Total operating expenses (B)	4,604,085,008	104,771,876	10,403,079	4,719,259,963	75,582,114	18,015,809	39,304,495	-	4,852,162,381	
Profit before provision (C=A-B)	5,440,024,717	300,915,345	179,694,448	5,920,634,510	282,829,183	97,089	(16,103,180)	-	6,187,457,602	
Provision:										
Provision for loans and advances/investments				2,384,279,061	100,000,000	-	-	-	2,484,279,061	
Provision for off-balance sheet items				139,449,902	-	-	-	-	139,449,902	
Provision for diminution in value of investments				110,000,000	11,619,793	-	-	-	121,619,793	
Profit before tax provision (C=A-B)				3,286,905,547	171,209,390	97,089	(16,103,180)	-	3,442,108,846	
Provision for taxation				1,741,000,000	57,042,600	-	-	-	1,798,042,600	
Profit after tax provision (C=A-B)				1,545,905,547	114,166,790	97,089	(16,103,180)	-	1,644,066,246	

Amount in Taka

Bank Asia Limited Segment Reporting

The Bank reports its operations under the following business segments as per Bangladesh Financial Reporting Standards (BFRS) 8 “Operating segment”

Particulars	Bank Asia Limited						Bank Asia Limited and its subsidiaries				Consolidated	
	Inside Bangladesh			Outside Bangladesh			In side Bangladesh		Outside Bangladesh			Inter company transaction
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Total	BA Exchange Company (UK) Ltd	BA Express USA Inc.	Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd				
PROPERTY AND ASSETS												
Cash	15,290,222,116	690,536,779	-	15,980,758,895	8,377	2,853,603	97,179				15,983,718,054	
Balance with other banks and financial institutions	11,467,414,786	301,541,506	1,504,277,184	13,273,233,476	317,381,382	5,879,569	54,670,895			(36,057,950)	13,615,107,372	
Money at call and on short notice	4,870,000,000	-	-	4,870,000,000	-	-	-	-	-	-	4,870,000,000	
Investments	38,296,224,659	764,600,000	304,387,366	39,365,212,025	346,594,514	-	-	-	-	-	39,711,806,539	
Loans and advances/investments	145,733,276,702	10,128,826,833	7,747,679,204	163,609,782,739	5,380,138,055	-	-			(2,450,004,404)	166,539,916,390	
Fixed assets including premises, furniture and fixtures	5,237,235,869	12,486,618	-	5,249,722,487	1,155,819	5,058,756	7,211,405			-	5,263,148,467	
Other assets	10,625,905,702	33,747,176	187,338,736	10,846,991,614	247,487,042	3,927,250	60,526,377			(2,276,508,907)	8,882,423,376	
Non - banking assets	-	-	-	-	-	-	-			-	-	
Total assets	231,520,279,834	11,931,738,912	9,743,682,490	253,195,701,236	6,292,765,189	17,719,178	122,505,856	(4,762,571,261)			254,866,120,198	
LIABILITIES AND CAPITAL												
Liabilities												
Borrowings from other banks, financial institutions and agents	9,347,599,581	-	9,474,823,844	18,822,423,424	2,606,557,920	-	-			(2,450,004,404)	18,978,976,940	
Subordinated Non-Convertible Zero Coupon Bond	3,197,214,016	-	-	3,197,214,016	-	-	-			-	3,197,214,016	
Deposits and other accounts	180,132,847,794	10,873,411,347	266,323,636	191,272,582,777	336,518,761	-	-			(36,057,950)	191,573,043,588	
Other liabilities	20,045,830,905	1,058,327,565	2,535,010	20,865,003,294	1,418,075,749	38,521,659	104,475,023			(172,628,907)	22,253,446,818	
Total liabilities	212,723,492,297	11,931,738,912	9,743,682,490	234,157,223,511	4,361,152,430	38,521,659	104,475,023	(2,658,691,261)			236,002,681,362	
Total shareholders' equity	19,038,477,725	-	-	19,038,477,725	1,931,612,759	(20,802,481)	18,030,833	2,103,880,000			18,863,438,836	
Total liabilities and shareholders' equity	231,761,970,020	11,931,738,912	9,743,682,490	253,195,701,236	6,292,765,190	17,719,178	122,505,856	(4,762,571,261)			254,866,120,198	

Independent Auditor's Report to the Shareholders of Bank Asia Securities Limited

We have audited the accompanying financial statements of Bank Asia Securities Limited (the "Company") which comprise the Statement of Financial position as at 31 December 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

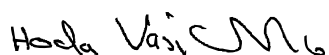
Opinion

In our opinion, the Financial Statements present fairly, in all material respects, the Financial Position of the company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and other applicable rules & regulations, we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's statement of Financial Position (balance sheet) and the Statement of comprehensive income (profit and loss account) together with the annexed notes dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purposes of the Company's business.



Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Bhaban (7th Level)
7-9 Karwan Bazar, Dhaka-1215

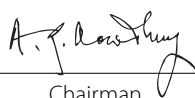
Dhaka, 22 February 2017

Bank Asia Securities Limited Statement of Financial Position

as at 31 December 2016

	Notes	31 Dec 2016	31 Dec 2015
<i>Amount in Taka</i>			
Non-Current Assets			
Property, plant and equipment	4	1,155,819	1,071,096
Membership of Dhaka Stock Exchange Ltd	5	153,119,000	153,119,000
Total non-current assets		154,274,819	154,190,096
Current Assets			
Advances, deposits and prepayments	6	5,112,264	7,078,352
Investment in shares at cost	7	193,475,514	66,430,671
Margin loans	8	5,380,138,055	5,488,271,756
Accounts receivable	9	89,006,117	2,018,249
Advance income tax	10	153,368,661	132,667,712
Cash and cash equivalents	11	317,389,759	444,427,444
Total current assets		6,138,490,369	6,140,894,183
Total assets		6,292,765,188	6,295,084,279
Equity			
Share capital	12	2,000,000,000	2,000,000,000
Retained earnings/(Accumulated losses)	13	(68,387,241)	(182,554,031)
		1,931,612,759	1,817,445,969
Current Liabilities			
Customer deposits	14	336,518,761	323,995,932
Loans and borrowings	15	2,606,557,920	2,919,350,832
Accounts payable	16	15,226,451	5,864,549
Liability for expenses	17	15,642,970	9,883,064
Interest suspense account	18	890,799,214	890,799,213
Provision for diminution in value of investments	19	18,862,805	7,243,012
Provision for client margin loan	19.1	303,494,169	203,494,169
Provision for taxation	20	174,050,139	117,007,539
Total current liabilities		4,361,152,429	4,477,638,310
Total equity and liabilities		6,292,765,188	6,295,084,279

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



Chairman



Director



Chief Executive Officer

Hoda Vasi Chowdhury
Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 22 February 2017

See annexed Auditors' report to the Shareholders of date

Bank Asia Securities Limited Statement of Comprehensive income

for the year ended 31 December 2016


		<i>Amount in Taka</i>	
	Notes	31 Dec 2016	31 Dec 2015
Interest income	21	226,189,776	298,522,408
Interest expense	22	(6,989,416)	(257,826,415)
Net interest income		219,200,360	40,695,993
Brokerage commission		103,998,719	94,457,230
Other operating income/loss	23	35,212,218	13,096,967
Total operating income		358,411,297	148,250,190
Operating expenses	24	(75,582,114)	(104,359,849)
Profit before provision		282,829,183	43,890,341
Provision for diminution in value of investments	19	(11,619,793)	-
Provision for client margin loan	19.1	(100,000,000)	(28,000,000)
Profit /(Loss) before tax		171,209,390	15,890,341
Income tax expense	20	(57,042,600)	(15,183,964)
Profit/ (Loss) after tax		114,166,790	706,377
Other comprehensive income		-	-
Total comprehensive income/(loss)		114,166,790	706,377
Earnings per share		5.71	0.04

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


Chairman


Director


Chief Executive Officer


Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 22 February 2017

See annexed Auditors' report to the Shareholders of date

Bank Asia Securities Limited Statement of Cash Flows

for the year ended 31 December 2016


	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
A. Cash flows from operating activities		
Cash received from		
Interest income	226,189,776	298,522,408
Brokerage commission	103,998,719	94,457,230
Cash payment to		
Interest expenses	(6,989,416)	(257,826,415)
Operating expenses	(69,315,732)	(68,186,249)
Customers' deposits	12,522,829	213,542,870
Income tax paid	(20,700,949)	(21,863,618)
Net cash flows from operating activities	245,705,228	258,646,227
B. Cash flows from investing activities		
Loans and advances to customers	143,345,920	328,679,924
Other assets	(85,021,780)	10,897,104
Accounts Payable	9,361,902	(6,503,853)
Investment in listed securities	(127,044,843)	(10,442,211)
Acquisition of property, plant and equipment	(591,200)	(459,700)
Net cash flows from/(used in) investing activities	(59,950,001)	322,171,265
C. Cash flows from financing activities		
Loans and borrowings	(312,792,912)	(445,925,434)
Net cash (used in) from financing activities	(312,792,912)	(445,925,434)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	(127,037,684)	134,892,058
E. Opening cash and cash equivalents	444,427,444	309,535,386
F. Closing cash and cash equivalents	317,389,759	444,427,444

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


Chairman


Director


Chief Executive Officer


Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 22 February 2017

See annexed Auditors' report to the Shareholders of date

Bank Asia Securities Limited

Statement of Changes in Equity

for the year ended 31 December 2016

Particulars	Amount in Taka			
	Share capital	Share Premium	Retained earnings/ (Accumulated Losses)	Total
Year ended 31 Dec 2015				
Opening balance	2,000,000,000	-	(183,260,408)	1,816,739,592
Net profit for the year	-	-	706,377	706,377
Closing balance	2,000,000,000	-	(182,554,031)	1,817,445,969
Year ended 31 Dec 2016				
Opening balance	2,000,000,000	-	(182,554,031)	1,817,445,969
Net profit/ (loss) for the year	-	-	114,166,790	114,166,790
Closing balance	2,000,000,000	-	(68,387,241)	1,931,612,759

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


Chairman


Director


Chief Executive Officer

Bank Asia Limited Securities Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2016

1. Reporting entity

Bank Asia Securities Limited (“the Company”), a majority owned subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000.

The Company obtained permission from Bangladesh Securities and Exchange Commission on 16 March 2011 to operate as a full fledged stock broker and stock dealer bearing registration nos. Reg/3.1/DSE-237/2011/463 and Reg/3.1/DSE-237/2011/464 respectively.

The main objective of the Company is to act as a full fledged stock broker and stock dealer to execute buy and sale orders and to maintain own portfolio as well as customers portfolio under the discretion of customers. The Company also performs the other activities relates to capital market as and when regulators permits the company to carry out activities as per their guidelines.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company are prepared on a going concern basis under historical cost conversion in accordance with generally accepted accounting principles following Bangladesh Financial Reporting Standards (BFRS)/Bangladesh Accounting Standards (BAS). Wherever appropriate, such principles are explained in succeeding notes.

2.2 Functional and presentational currency

The financial statements are presented in Bangladesh Taka, which is the Company’s functional currency.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with BFRS 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 reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year’s presentation.

3.1 Interest income

Income from margin loan is recognised on accrual basis. Such income is calculated considering daily margin loan balance of the respective parties.

3.2 income from brokerage commission

Income from brokerage is recognised on daily basis in the Statement of Comprehensive Income after receiving the trading note of securities transacted from Dhaka Stock Exchange Limited, at which point performance is assured to be completed.

3.3 Statement of cash flows

Statement of Cash Flows has been prepared as per Bangladesh Accounting Standard BAS 7 under direct method.

3.4 Property, plant and equipment

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses, as per BAS 16: Property, Plant and Equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Securities Limited

Notes to the Financial Statements

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of day-to-day servicing items of property, plant and equipment are expensed when incurred.

Depreciation

Depreciation is charged on straight-line method. Charging depreciation against fixed assets commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. Asset category-wise depreciation rates are as follows:

Asset category	Rate of depreciation (%)
Computer and accessories	20
Furniture and fixtures	20
Office equipment	20
Office renovation	20

Details are given in Annexure-I.

3.5 Intangible assets

Computer software

Computer software acquired by the Company which have finite useful lives are measured at cost less accumulated amortisation.

Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

Amortisation of intangible assets

Computer software are amortised @ 20% per annum in a straight-line method.

	<i>Amount in Taka</i>	
	31 Dec 2016	31 Dec 2015
4. Property, plant and equipment		
Opening balance	1,071,096	5,425,781
Add: Addition during the period	591,200	459,700
Less: Depreciation charge for the period	506,477	4,814,386
Closing balance	<u>1,155,819</u>	<u>1,071,096</u>

Details are given in Annex I.

5. Membership of Dhaka Stock Exchange Limited

The Company has acquired the membership of Dhaka Stock Exchange for Tk. 153,119,000.

As per the scheme of Demutualization of DSE, the Company being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk. 10 each, totalling Tk. 72,151,060.

Securities Limited

Notes to the Financial Statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
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The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainable. However, management expects the fair value to be similar or more than the current revalued amount. Once more clarity about the Scheme and related factors are available, a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

6. Advances, deposits and prepayments

Opening Balance	7,078,352	9,256,439
Advance office rent	-	-
Advance for branch offices	-	-
Less: Adjustment during the period	1,966,087	2,178,087
	<u>5,112,264</u>	<u>7,078,352</u>

The balance represents advance office rent of Hadi Mansion, Nikunjo office premises & other.

7. Investment in shares (at cost) Details are given in Annex III.

	<u>193,475,514</u>	<u>66,430,671</u>
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8. Margin loans to customers

Opening balance	5,488,271,756	5,832,650,452
Add: Interest charged during the period	204,549,913	283,341,385
	5,692,821,670	6,115,991,837
Less: Repayment of Margin Loan during the period	312,683,615	627,720,081
Closing balance	<u>5,380,138,055</u>	<u>5,488,271,756</u>

The Company extends margin loan facilities to customers for trading of shares on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the year based on directives issued by Bangladesh Securities and Exchange Commission.

9. Accounts receivable

Receivable from Dhaka Stock Exchange Ltd	80,004,542	1,084,699
Receivable from Bank Asia Limited	7,700	362,000
Receivable Dividend (Dealer)	3,513,875	245,550
Cheques in transit	5,480,000	326,000
	<u>89,006,117</u>	<u>2,018,249</u>

10. Advance income tax

Opening balance	132,667,712	110,804,095
Tax deducted at source from brokerage commission	15,578,176	14,020,427
Tax deducted at source from dividend income	2,917,339	260,606
Advance for appeal to the high court	-	6,061,500
Tax deducted at source from bank interest	2,205,434	1,521,085
Closing balance	<u>153,368,661</u>	<u>132,667,712</u>

11. Cash and cash equivalents

Cash in hand (note 11.1)	8,377	11,890
Bank balances (note 11.2)	317,381,382	444,415,554
	<u>317,389,759</u>	<u>444,427,444</u>

Securities Limited

Notes to the Financial Statements

Amount in Taka

	31 Dec 2016	31 Dec 2015	
11.1 Cash in hand			
Head-office	8,377	11,890	
11.2 Bank balances			
Bank Asia Limited	13,291,085	5,452,818	
Bank Asia Limited (IPO)	22,766,865	57,184	
ONE Bank Limited	2,172,998	5,049,456	
ONE Bank Limited (Dealer)	2,508,691	14,240,172	
NRB Bank Limited	13,554,787	419,609,187	
Midland Bank Limited	263,080,795	-	
Premier Bank Limited	6,158	6,733	
NRB Global Bank Limited	4	3	
	<u>317,381,382</u>	<u>444,415,554</u>	
12. Share capital			
Authorised capital : 20,000,000 ordinary shares of Taka 100 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>	
Issued, subscribed and paid up capital: 20,000,000 ordinary shares of Taka 100 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>	
The Company's shareholding position as at 31 December 2016 was as under:			
Name of shareholder	Number of shares	% of holding	Value/Taka
Bank Asia Limited	19,999,900	99.99778	1,999,990,000
Mr. Anisur Rahman Sinha	100	0.002222	10,000
	<u>20,000,000</u>	<u>100</u>	<u>2,000,000,000</u>
13. Retained earnings/(Accumulated losses)			
Opening balance	(182,554,031)		(183,260,408)
Less: Dividend	-		-
	<u>(182,554,031)</u>		<u>(183,260,408)</u>
Add: Total comprehensive income/(loss) during the period	114,166,790		706,377
Closing balance	<u>(68,387,241)</u>		<u>(182,554,031)</u>
14. Customer deposits	<u>336,518,761</u>		<u>323,995,932</u>
Customer deposits represent uninvested funds lying with the Company's account at the reporting date.			
15. Loans and borrowings			
Bank Asia Limited	2,450,004,404		2,880,012,102
ICB	-		39,333,120
Prime Bank Limited	156,553,517		5,610
	<u>2,606,557,920</u>		<u>2,919,350,832</u>
Bank Asia Ltd. has temporarily suspended charging of interest on loan balance availing from Bank Asia.			
16. Accounts payable			
Bank Asia Limited	-		5,000,000
Payable for IPO Application Process	2,670,000		-
Dhaka Stock Exchange Ltd.	12,556,451		864,549
	<u>15,226,451</u>		<u>5,864,549</u>

Securities Limited

Notes to the Financial Statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
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17. Liabilities for expenses

The amount represents provisions against operating expenses during the period.	15,642,970	9,883,064
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18. Interest suspense account

Opening balance	890,799,214	890,799,213
Add: Interest suspense during the year	-	-
Closing Balance	<u>890,799,214</u>	<u>890,799,213</u>

The amount represents interest income from loan accounts of the clients who have negative equity with Bank Asia Securities Limited during the year. The amount will be recognised as income when client equity become positive balance.

19. Provision for diminution in value of investments

Opening Balance	7,243,012	7,243,012
Add: Provision made during the period	11,619,793	-
Closing balance	<u>18,862,805</u>	<u>7,243,012</u>

Full provision has been made for the difference in market value and cost of instruments on portfolio basis.

19.1 Provision for Client Margin Loan

Opening Balance	203,494,169	175,494,169
Add: Provision made during the period	100,000,000	28,000,000
Closing Balance	<u>303,494,169</u>	<u>203,494,169</u>

This represents provision made as per BSEC directive to maintain at least 20% shortfall in negative equity against unrealised loss on margin loan extended to customer.

20. Provision for corporate income tax

Opening balance	117,007,539	101,823,575
Add: Provision made during the period	57,042,600	15,183,964
Closing balance	<u>174,050,139</u>	<u>117,007,539</u>

Provision for corporate income tax was made following applicable tax law. Income tax was withheld from the transactions of traded securities @ 0.05% under section 53BBB is the final tax liability of the Company under section 82C of income Tax Ordinance 1984 and the details of year wise tax position are given in Annex II

21. Interest income

Income from bank deposits	21,639,863	15,181,023
Income from margin loan	204,549,913	283,341,385
	<u>226,189,776</u>	<u>298,522,408</u>

22. Interest expense

Interest on loan	6,989,416	257,826,415
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23. Other operating income

Others operating income (note 23.1)	40,172,498	18,428,594
Less: CDBL charges	4,960,280	5,331,627
	<u>35,212,218</u>	<u>13,096,967</u>

Securities Limited

Notes to the Financial Statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
23.1 Others operating income		
BO account opening fees	192,500	275,500
Margin account renewal fees	822,000	3,042,000
Income from transfer/transmission/corporate action	461,611	1,855,211
Margin account opening fees	70,000	22,000
BO account maintenance fees	2,492,500	2,437,500
Other income	459,809	709,591
Dividend Income	17,855,034	1,548,580
Capital gain from investment in shares	17,819,045	8,538,212
	<u>40,172,498</u>	<u>18,428,594</u>

24. Operating expenses

Audit fees	95,833	95,833
Bank charges	141,978	152,002
Bank guarantee commission	1,560,000	2,100,000
BO Maintenance	1,994,000	1,949,600
Business and promotional expenses	75,008	108,000
Cleaning expenses	496,424	442,535
Computer accessories	124,240	177,550
Conveyance	209,795	123,276
Depreciation	506,477	4,814,386
Directors' remuneration	230,000	148,350
Entertainment	812,742	689,339
Fuel and oil	250,015	276,560
Hawla charges	23,750	7,800
Insurance premium	125,991	49,885
Internet charges	1,148,590	1,350,637
Laga charges	7,764,826	6,952,827
License and renewal fees	550,583	563,730
Written off upon final settlement	-	28,795,741
Newspaper	83,591	69,525
Office rent	11,403,322	11,134,137
Others	41,483	57,672
Plantation	249,144	259,741
Postage and courier	33,836	32,549
Printing and stationery	479,644	324,261
Legal expenses	148,955	27,378
Repair and maintenance	508,923	408,693
Salaries and allowances	42,028,331	38,896,165
Service Charge	-	18,400.00
Telephone & Mobile Bill	615,288	761,421
Training Expenses	96,085	69,151
Transportation	-	13,100
Utilities	3,783,261	3,489,607
	<u>75,582,114</u>	<u>104,359,849</u>

25. Others

25.1 Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.

25.2 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.


Chairman


Director


Chief Executive Officer

Bank Asia Securities Limited Schedule of Fixed Assets

as at 31 December 2016

Amount in Taka

Particulars	Cost			Rate (%)	Depreciation			Written down value at 31 Dec 2016
	At 01 Jan 2016	Addition during the year	Adjustment/disposal		Total at 31 Dec 2016	Charge for the period	Adjustment on disposal	
Computer and accessories	751,500	483,200	-	20	446,840	158,673.33	-	629,187
Furniture and fixtures	9,500	-	-	20	1,900	1,900.00	-	5,700
Office equipment	666,026	108,000	-	20	403,830	135,005.20	-	235,190
Office renovation	219,290	-	-	20	140,810	43,858.00	-	34,622
Computer software	835,200	-	-	20	417,040	167,040.00	-	251,120
Total	2,481,516	591,200	-		1,410,420	506,477	-	1,155,819

Bank Asia Securities Limited Statement of year wise Tax Position

as at 31 December 2016

Amount in Taka

Accounting Year	Assessment Year	Tax Provision as per accounts	Tax demand as per assessment order	Excess/(Short) Provision	Status
2011	2012-13	54,812,943	76,262,269	(21,449,326)	Appeal under High Court Division
2012	2013-14	16,070,482	-	-	Assessment under process in DCT level
2013	2014-15	14,046,161	-	-	Assessment under process in DCT level
2014	2015-16	16,893,989	-	-	Assessment under process in DCT level
2015	2016-17	14,874,248	-	-	Assessment under process in DCT level

Bank Asia Securities Limited

Investment in shares

as at 31 December 2016

Annexure-III

SL No	Name of the company	Nature of shares	Types of shares	Face value	Number of shares including bonus	Cost of holdings	Average cost	Quoted value per share as at 31 Dec 2016	Total market value as at 31 Dec 2016
1	BBS	Quoted	A	10.00	20,000	826,606	41.33	51.80	1,036,000
2	CVOPRL	Quoted	A	10.00	1,250	672,979	538.38	206.70	258,375
3	AFCAGRO	Quoted	A	10.00	100,000	5,931,654	59.32	51.10	5,110,000
4	TUNGHAI	Quoted	A	10.00	242,000	4,403,300	18.20	12.90	3,121,800
5	UPGDCL	Quoted	A	10.00	196,000	33,016,005	168.45	141.60	27,753,600
6	YPL	Quoted	N	10.00	1,112	10,110	9.09	30.40	33,805
7	PADMAOIL	Quoted	A	10.00	20,000	5,341,341	267.07	180.20	3,604,000
8	IFADAUTOS	Quoted	A	10.00	135,000	12,902,465	95.57	100.20	13,527,000
9	LANKABAFIN	Quoted	A	10.00	365,000	16,756,199	45.91	34.80	12,702,000
10	POPULARIMF	Quoted	A	10.00	129,242	695,495	5.38	5.40	697,907
11	ACTIVEFINE	Quoted	A	10.00	500,000	21,466,723	42.93	43.30	21,650,000
12	BARKAPOWER	Quoted	A	10.00	25,000	707,097	28.28	30.70	767,500
13	MJLBD	Quoted	A	10.00	260,000	30,332,517	116.66	119.60	31,096,000
14	ABB1STMF	Quoted	A	10.00	128,258	780,558	6.09	5.90	756,722
15	KPCL	Quoted	A	10.00	520,000	39,634,465	76.22	62.50	32,500,000
16	Energypac Limited	Unquoted	-	10.00	477,225	19,998,000	41.90	-	19,998,000
						193,475,514			174,612,709

Provision Required

18,862,805

Provision Maintained up to 31.12.15

7,243,012

Provision 2016

11,619,793

Deficit

-

BA EXCHANGE COMPANY (UK) LIMITED

FINANCIAL STATEMENTS

December 31, 2016



DIRECTORS

A Rouf Chowdhury

Md. Mehmood Husain (resigned 27 July 2016)

Md. Arfan Ali (appointed 24 October 2016)

Abm Kamrul Huda Azad

REGISTERED NUMBER

07314397

REGISTERED OFFICE

125 Whitechapel Road

London

E1 1DT

TRADING ADDRESS

125 Whitechapel Road

London

E1 1DT

INDEPENDENT AUDITORS

AGP

Chartered Accountants & Registered Auditors

Unit 8 Quebec Wharf

14 Thomas Road

London

E 14 7AF

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

The company is part of a group of inter-linked financial services companies based in Bangladesh, with office in UK which also provides bureau de change services.

BUSINESS REVIEW

Performance and strategy Turnover for the period has increased on the prior year mainly due to improved performance of the existing business. Operating costs have increased as a result of the same.

The company continues to review all of its activities and service offerings and to actively pursue new opportunities. This ongoing strategy should enhance the profitability of the Company in the future.

PRINCIPAL RISK AND UNCERTAINTIES

Business continuity risk The continuous availability of the Company's IT systems, infrastructural services and people are critical to its success. Significant time and resources have and are being committed to this area to underpin the Company's ability to continue to operate should any disruptions take place.

Economic and political risk

The turmoil of the global financial markets has had, and is having, a significant negative impact on economic activity across the globe. Peoples mobility, on which the Company's business depends, can be impacted by economic factors, political instability, the threat of terrorism and global diseases. Such risks are outside of the Company's control.

Information technology risk

Information technology risk is recognised by the Company as one of the most significant corporate risk given the technological aspect of the business. The electronic transfer of money is dependent on IT including telecommunications and consequently the emerging markets telecommunications are a critical factor also. The company has appropriate policies and procedures in place to address technology challenges that may arise for the year ended 31 December 2016.

Interest and foreign exchange risks

The Company is exposed to fluctuations in interest rates and foreign exchange rates. This foreign exchange risk is managed by the Company using Parent's treasury function.

Regulatory and legal risk

Globally business in this industry have seen increased regulation and legislation over the past decade with legislation been driven by financial governing authorities. The Company ensures it complies with applicable regulations and legislation and reviews these regularly.

FINANCIAL KEY PERFORMANCE INDICATORS

The results for the Company show a pre-tax profit of £939 (2015-loss £73,718) for the year and turnover of £175K (2015-£105K)

OTHER KEY PERFORMANCE INDICATORS

Gross profit	90.5%	(2015: 74.7%)
Net profit	0.5%	(2015: -69.8%)
Net Assets	£219,846	(2015: £220,785)
Gross Assets	£187,259	(2015: £198,179)

This report was approved by the board on **Complete 'ACCOUNT COMPLETION' section** and signed on its behalf.

Abdur Rouf Chowdhury
Director

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statement on the going concern basis unless it is inappropriate to presume that the Company will continue in the business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the Company is provision of bureau de change services.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £939 (2015-loss £73,718).

The directors have not declared a dividend for the year.

The directors who served during the year were:

A Rouf Chowdhury

Md. Mehmood Husain (resigned 27 July 2016)

Md. Arfan Ali (appointed 24 October 2016)

Abm Kamrul Huda Azad

FUTURE DEVELOPMENTS

The Company is constantly looking at opportunities to develop and refine its business models and is constantly speaking with third parties for potentials of expanding the business and network further and parent entity is willing to support this.

DISCLOSURE OF INFORMATION OF AUDITORS

Each of the persons who are directors at the time when the Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

AUDITORS

The auditors, AGP, will be proposed for reappointment in accordance with section 485 of the Companies Act, 2006

This report was approved by the board on *Complete 'ACCOUNT COMPLETION' section* and signed on its behalf.

A Rouf Chowdhury

Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BA EXCHANGE COMPANY (UK) LIMITED

We have audited the financial statements of BA Exchange Company (UK) Limited for the year ended 31 December 2016. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable laws and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Strategic report and Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENT

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

-Sd-

Forhad Ahmed FCA (Senior statutory auditor)

for and on behalf of

AGP

Chartered Accountants &
Registered Auditors

Unit 8 Quebec Wharf
14 Thomas Road, London
E14 7AF

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	4	175,180	105,649
Cost of sales		(16,704)	(26,683)
GROSS PROFIT		158,476	78,966
Administrative expenses		(157,537)	(152,676)
OPERATING PROFIT /(LOSS)	5	939	(73,710)
Interest payable and expenses	9	-	(8)
PROFIT /(LOSS) BEFORE TAX		939	(73,718)
PROFIT /(LOSS) FOR THE YEAR		939	(73,718)

There were no recognised gains or losses for 2016 or 2015 other than those included in the income statement.

There was no other comprehensive income for 2016 (2015: £ NIL)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	53,462	65,517
		<u>53,462</u>	<u>65,517</u>
CURRENT ASSETS			
<i>Debtors</i> : amounts falling due within one year	12	41,503	22,262
Cash at bank and in hand	13	92,294	110,400
		<u>133,797</u>	<u>132,662</u>
<i>Creditors</i> : amounts falling due within one year	14	(407,105)	(418,964)
NET CURRENT LIABILITIES		<u>(273,308)</u>	<u>(286,302)</u>
TOTAL ASSET LESS CURRENT LIABILITIES		<u>(219,846)</u>	<u>(220,785)</u>
NET ASSETS		<u>(219,846)</u>	<u>(220,785)</u>
CAPITAL AND RESERVES			
Called up share capital	17	300,000	300,000
Profit and loss account	16	(519,846)	(520,785)
		<u>(219,846)</u>	<u>(220,785)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *Complete 'ACCOUNTS COMPLETION' section*

A Rouf Chowdhury
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	300,000	(447,067)	(147,067)
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(73,718)	(73,718)
AT 31 DECEMBER 2015	<u>300,000</u>	<u>(520,785)</u>	<u>(220,785)</u>
At 1 January 2016	300,000	(520,785)	(220,785)
Profit for the year	-	939	939
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	939	939
AT 31 DECEMBER 2016	<u>300,000</u>	<u>(519,846)</u>	<u>(219,846)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

BA Exchange Company (UK) Limited is a limited liability company incorporated in England and Wales. The registered office and trading premises is 125 Whitechapel Road, London, E1 1DT. The Company's principal activity is that of providing money remittance and related services.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The company reported a profit during the year despite being in a very competitive market, however the company is carrying accumulated losses. The results are in line with expectations.

The directors consider that the Company will be able to rely upon sufficient additional support from the parent undertaking for at least the next 12 month or by arranging funds through and alternative means possibly by way of a loan from one of the directors and the Board of the Bank has approved this, to allow the Company to be able to meet all the commitments as they fall due.

Therefore the directors consider that the going concern basis is appropriate in respect of the financial statements for the year ended 31 December 2016.

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Commission income

Income from remittance services is recognised when a consumer gives instructions to the Company to make a remittance on their behalf.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis

S/Term Leasehold Property	-	10 % Straight line basis
Fixtures and fittings	-	25 % Reducing Balance Basis

NOTES TO THE FINANCIAL STATEMENTS

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

2.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or losses on a straight line basis over the period of the lease.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instrument

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instrument that are payable or receivable within one year, typically trade payable or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investment in non-convertible preference shares and in non-puttable ordinary and preference shares are measured :

- i. At fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii. At cost less impairment for all other investments.

Financial assets that are measured at any cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Foreign currency translation

Functional and presentation currency: The company's functional and presentational currency is GBP.

Transactions and balances: Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

2.11 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Taxation

Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charges is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of financial statements requires management to make significant judgments and estimates. Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing useful lives, factors such as technological advances. Residual value consider such things as projected disposal values.

4. ANALYSIS OF TURNOVER

100% Turnover of the company for the year ended 31 December 2016 (2015- 100%) have arisen from within the United Kingdom.

5. OPERATING PROFIT / (LOSS)

NOTES TO THE FINANCIAL STATEMENTS

	2016 £	2015 £
The operating profit/ (loss) is stated after charging:		
Depreciation of tangible fixed assets	12,285	12,285
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	3,000	3,000
Other operating lease rentals	42,000	42,000
	<u>42,000</u>	<u>42,000</u>
6. AUDITORS' REMUNERATION		
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	3,000	3,000
	<u>3,000</u>	<u>3,000</u>
7. EMPLOYEES		
Staff costs, including directors' remuneration, were as follows :		
Wages and salaries	60,002	54,392
	<u>60,002</u>	<u>54,392</u>
The average monthly number of employees, including the directors, during the year was as follows :		
Management (No.)	1	1
counter staff (No.)	2	2
	<u>3</u>	<u>3</u>
8. DIRECTORS' REMUNERATION		
Directors' emoluments	22,000	22,000
	<u>22,000</u>	<u>22,000</u>
9. INTEREST PAYABLE AND SIMILAR CHARGES		
Bank interest payable	-	8
	<u>-</u>	<u>8</u>
10. TAXATION		
TOTAL CURRENT TAX	-	-
	<u>-</u>	<u>-</u>
FACTORS AFFECTING TAX CHARGE FOR THE YEAR		
The tax assessed for the year is higher than (2015- higher than) the standard rate of corporation tax in the UK of 20% (2015- 20%). The difference are explained below :		
Profit/ (loss) on ordinary activities before tax	939	(73,718)
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015-20%)	188	(14,744)
EFFECTS OF :		
Unrelieved tax losses carried forward	(188)	14,744
TOTAL TAX CHARGE FOR THE YEAR	<u>-</u>	<u>-</u>
FACTORS THAT MAY AFFECT FUTURE TAX CHARGES		
The Company has tax losses of £477,988 (2015-£ 490,982) carried forward to relieve future trading profits, no deferred tax asset has been recognised due to the uncertainty of future taxable profits for offset.		

NOTES TO THE FINANCIAL STATEMENTS

11. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 January 2016	122,846	19,684	142,530
Additions	-	230	230
At 31 December 2016	122,846	19,914	142,760
DEPRICIATION			
At 1 January 2016	57,329	19,684	77,013
Charge owned for the period	12,285	-	12,285
At 31 December 2016	69,614	19,684	89,298
NET BOOK VALUE			
At 31 December 2016	53,232	230	53,462
At 31 December 2015	65,517	-	65,517

The net book value of land and building may be further analysed as follows :

	2016 £	2015 £
Short leasehold	53,232	65,518
12. DEBTORS		
Due within one year	32,852	10,500
Other debtors	8,652	11,762
Prepayments and accrued income	41,504	22,262
13. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	92,294	110,400
14. CREDITORS : Amounts falling due within one year		
Trade creditors	348,892	348,187
Taxation and social security	584	-
Other creditors	47,193	61,157
Accruals and deferred income	10,436	9,620
	407,105	418,964

NOTES TO THE FINANCIAL STATEMENTS

	2016 £	2015 £
15. FINANCIAL INSTRUMENTS		
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	92,294	110,400
Financial assets that are debt instruments measured at amortised cost	32,851	10,500
	<u>125,145</u>	<u>120,900</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(406,521)	418,964
	<u>(406,521)</u>	<u>418,964</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and others debtors.
Financial liabilities measured at amortised cost comprise trade creditors, others creditors and accruals for goods and services.

16. RESERVES

Profit and loss account

The profit and loss account consists of profits retained within the business and is recorded at historic cost.

17. SHARE CAPITAL

Alloted, called up and fully paid

300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
------------------------------------	----------------	----------------

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows :

Not later than 1 year	42,000	42,000
Later than 1 year and not later than 5 years	157,932	162,132
Total	<u>199,932</u>	<u>204,132</u>

The Company's operating lease expense is disclosed in Note 4 and the annual commitments under these arrangements are disclosed above. The annual rent is due for review in 2017.

19. RELATED PARTY TRANSACTIONS

All of the Company's remittances are routed through its parent entity Bank Asia Limited as part of the normal business cycles, these transactions are at arms length, these amounts have no transactional value and purely for settlement. All commission income is earned from the remitters. There is a position at the year end included in Trade Creditors of £348,892(2015- £348,187)

20. CONTROLLING PARTY

The Company's ultimate parent undertaking is Bank Asia Limited, a company incorporated in Bangladesh. The accounts for this entity may be obtained from Head Office Bank Asia Corporate Office, Rangs Tower (2nd -6th Floor), 68 Purana Paltan, Dhaka 1000, Bangladesh or on their website www.bankasia-bd.com.

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 (£)	2015 (£)
Turnover	175,180	105,649
Cost of sales	(16,704)	(26,683)
GROSS PROFIT	158,476	78,966
Gross profit %	90.5%	74.7%
	158,476	78,966
LESS : OVERHEADS		
Administration expenses	(157,537)	(152,676)
OPERATING PROFIT /(LOSS)	939	(73,710)
Interest payable	-	(8)
PROFIT/ (LOSS) FOR THE YEAR	939	(73,718)

SCHEDULE TO THE DETAILED ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 (£)	2015 (£)
Turnover		
Commission Income	132,302	105,432
Other income	6,000	5,500
F/X Gain (Loss)	36,878	(5,283)
	<u>175,180</u>	<u>105,649</u>
COST OF SALES		
Bank Charges	16,704	26,683
	<u>16,704</u>	<u>26,683</u>
ADMINISTRATION EXPENSES		
Administration Expenses		
	-	-
Directors salaries	22,000	22,000
Staff salaries	38,002	32,392
Hotel, travel and subsistence	233	208
Printing and stationary	1,235	760
Postage	177	251
Telephone and fax	3,271	3,692
Computer costs	3,355	9,404
General office expenses	3,516	1,276
Advertising and promotion	661	1,139
Legal and professional	3,940	1,928
Auditors' remuneration	3,000	3,000
Auditor's remuneration -non-audit	2,836	2,836
Rent- Operating leases	42,000	42,000
Rates	13,867	13,985
Light and heat	3,015	2,340
Insurances	548	986
Repairs and maintenance	3,596	2,194
Depreciation -leasehold property	12,285	12,285
	<u>157,537</u>	<u>152,676</u>
INTEREST PAYABLE		
Interest payable		
Bank overdraft interest payable	-	(8)
	<u>-</u>	<u>(8)</u>

BA EXPRESS USA INC.

FINANCIAL STATEMENTS

December 31, 2016

DIRECTORS

A Rouf Chowdhury
Rumee A Hossain
Md. Arfan Ali (Appointed by Bank Asia and in process with New State
Department of Financial Service)

REGISTERED OFFICE

168-29 HILLSIDE AVE
Suite 2B, JAMAICA
NEW YORK 11432, USA

TRADING ADDRESS

168-29 HILLSIDE AVE
Suite 2B, JAMAICA
NEW YORK 11432, USA

484, Mc Donald Avenue (1st floor)
Brooklyn
New York 11218, USA

INDEPENDENT AUDITORS

UNITED FINANCIAL CPA P.C .
Certified Public Accountants
New York, NY 10168

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and
BA Express USA Inc.

We have audited the accompanying balance sheet of BA Express USA Inc. (a New York Corporation) as of December 31, 2016, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BA Express USA Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

-Sd-

New York, New York
January 26, 2017

BALANCE SHEET

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

Assets	2016 (\$)
Current Assets:	
Cash in Bank	695,937
Accounts Receivable	717,558
Other Current Assets	6,100
Total Current Assets	1,419,595
Fixed assets, net (note F)	91,690
Organizational Costs, net (note F)	11,529
Security deposits	24,200
Total Fixed Assets	127,419
Total assets	1,547,014

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities :

Remittance payable to Bank Asia Beneficiary	1,313,940
Accrued Taxes and other liabilities	800
Withholding Taxes	3,435
Total Current Liabilities	1,318,175
Total Liabilities	1,318,175
Total stockholder's equity	228,839
Total Liabilities & Stockholder's Equity	1,547,014

The accompanying notes are an integral part of these financial statements.

STOCKHOLDER'S EQUITY

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

	2016 (\$)
Paid in Capital	960,000
Retained Earnings beginning of the year	(525,194)
Net Income / (Loss) for the twelve months ended December 31, 2016.	(205,967)
Retained Earnings at the end of Dec. 31, 2016	(731,161)
Total Stockholder's Equity	228,839

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

Revenue :	2016 (\$)
Agent Commission / Fees Income	185,745
Branch Income	26,625
Head Office Income	9,183
Interest Income	2,565
Miscellaneous Income	23,100
FX Commission/ Gain	231,002
Total revenue	478,220
Expenses	
General and Administrative expenses	
New York, office expenses	658,581
Depreciation and Amortization	25,606
Total	684,187
Operating income before taxes	(205,967)
Income Taxes	
NYS and NYC	-
Net Income (loss)	(205,967)
Retained Earnings at the beginning of the period	(525,194)
Retained Earnings at the end of the year	(731,161)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOW

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

	2016 (\$)
Cash flow from operating activities :	
Net Income	(205,967)
Adjustments to reconcile net income to net cash Provided by (used in) operating activities :	
Depreciation	19,783
Amortization	877
Other Current Liabilities	(4,200)
Receivable from Agents	(375,964)
Withholding Taxes Liabilities	340
Other Liabilities	(22,635)
Due to beneficiary	(8,704)
Remittance payable	615,440
Net cash provided by operating activities	<u>18,970</u>
Cash flow from investing activities :	
Fixed Assets	445
Security Deposits	-
Net Cash provided by investing activities	<u>445</u>
Cash flow from Financing Activities	
Paid in Capital	<u>-</u>
Net increase (decrease) in cash	19,415
Cash at beginning of the period	<u>676,522</u>
Cash at the end of the year	<u><u>695,937</u></u>

The accompanying notes are an integral part of these financial statements.

STOCKHOLDER'S EQUITY

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

Note A. Nature of the Organization and reports

These financial statements are prepared to the best of the management's knowledge, belief and actual transactions as of December 31, 2016.

BA Express USA Inc. is 100% owned by Bank Asia Ltd, commercial Bank in Bangladesh.

Company was incorporated on September 20, 2011 under the laws of the State of New York. On June 28, 2013 the company received license as an international money transmitter from the state of New York Department of Financial Services.

BA Express USA INC "BA Express" maintains its offices in New York. BA Express signed paying agent agreement with Bank Asia Ltd. Bank Asia distributes all funds to Beneficiaries in Bangladesh.

Related Party Transactions and Shareholders

The company has been operating from 168-29 HILLSIDE AVE, Suite 2B, JAMAICA, NEW YORK, 11432.

The Company's principal Shareholder is :

	Owner	Related Party	Correspondent
Bank Asia Ltd	100%	Yes	Yes

Note B. Surety Bond / Collateral

The Company has signed agreement with NYS Department of Financial Services and provided \$500,000 as collateral, as pledge to Superintendent. This \$500,000 is held at HAB Bank in NY.

Note C. Summary of significant Accounting Policies

REVENUE RECOGNITION: The majority of the company's revenues are comprised of the transaction-based fees, which typically constitute a percentage of dollar volume processed, per transaction processed, or some combination thereof.

Revenue is primarily derived from two sources

1. Transaction fees charged to money transfer consumer.
2. The company generates revenue by acquiring currency at higher rate (wholesale) and sell the currency to the customer at retail exchange rates (lower).

Fees from typical money transfers are generally based on the principal amount of the transaction and the location where the funds are to be transferred. This transaction is sent by the Company and is recorded as revenue at the time of sale.

Agent Commissions: There are generally two agent locations involved in a money transfer transaction, the agent initiating the transaction (receiving agent) and the correspondent disbursing funds. The receiving agent earns a commission generally based on a percentage of the fee charged to the customer. Receiving Agent commissions are recorded as Expenses.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS & CONCENTRATION OF CREDIT RISK

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, due to correspondents, customers transfer payable and debt. The carrying value of such items approximates their fair value at December 31, 2014.

Concentration of credit risk consist of credit and fraud risks of agents, renewal of material agents contracts, loss of business from significant agents, changes in laws and political stability in countries in which the Company has material agent relationship and demand for consumer money transfer transactions. Concentration of credit risk is limited due to the high volume of individuals comprising the Company's customer base.

Accounting Method: The financial statements of the company are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

NOTE D. CASH BALANCE

For the purpose of the statement of cash flows, the company considers all highly liquid investments with maturities 6 months or less when purchased to be cash equivalents. Cash includes cash at bank, cash in check amounts, the money market account and Cash held at Company Branch Locations and Restricted Funds.

	2016
Cash at Bank	113,160
Branch Funds	68,484
Restricted CD	514,293
Total	<u>695,937</u>

NOTE E. Accounts Receivable

The Company has receivables due from agents for money transfer transactions. These receivables are outstanding from the day of the transfer of the payment instrument until the agent remits the funds to the Company.

	2016
Account Receivable	717,558
Total	<u>717,558</u>

NOTE F. Property, Furniture and Equipment

Property and Equipment are stated at cost and depreciated using straight line method over their estimated useful lives ranging 5 to 7 years and Amortization for 15 Years basis.

	2016
Furniture and Fixture	12,561
Equipment	16,591
Leasehold Improvements	102,098
Total	<u>131,250</u>
Less Accumulated Depreciation	(39,560)
Net Book Value	91,690
Company Organizational Costs :	13,136
Amortization	(1,607)
Net Book Value	<u>11,529</u>

Note I. Security Deposits

Company made several rent security deposits to Landlord for Store front office Branch location in the NYC Metro area.

	2016
Rent Security Deposits	24,200

Board of Directors :

A Rouf Chowdhury , Chairman
Md. Arfan Ali, Director
Rume A Hossain, Director