

integrated  
annual  
report  
2013

Higgs particle adds mass to matter  
Bank Asia adds prosperity to community

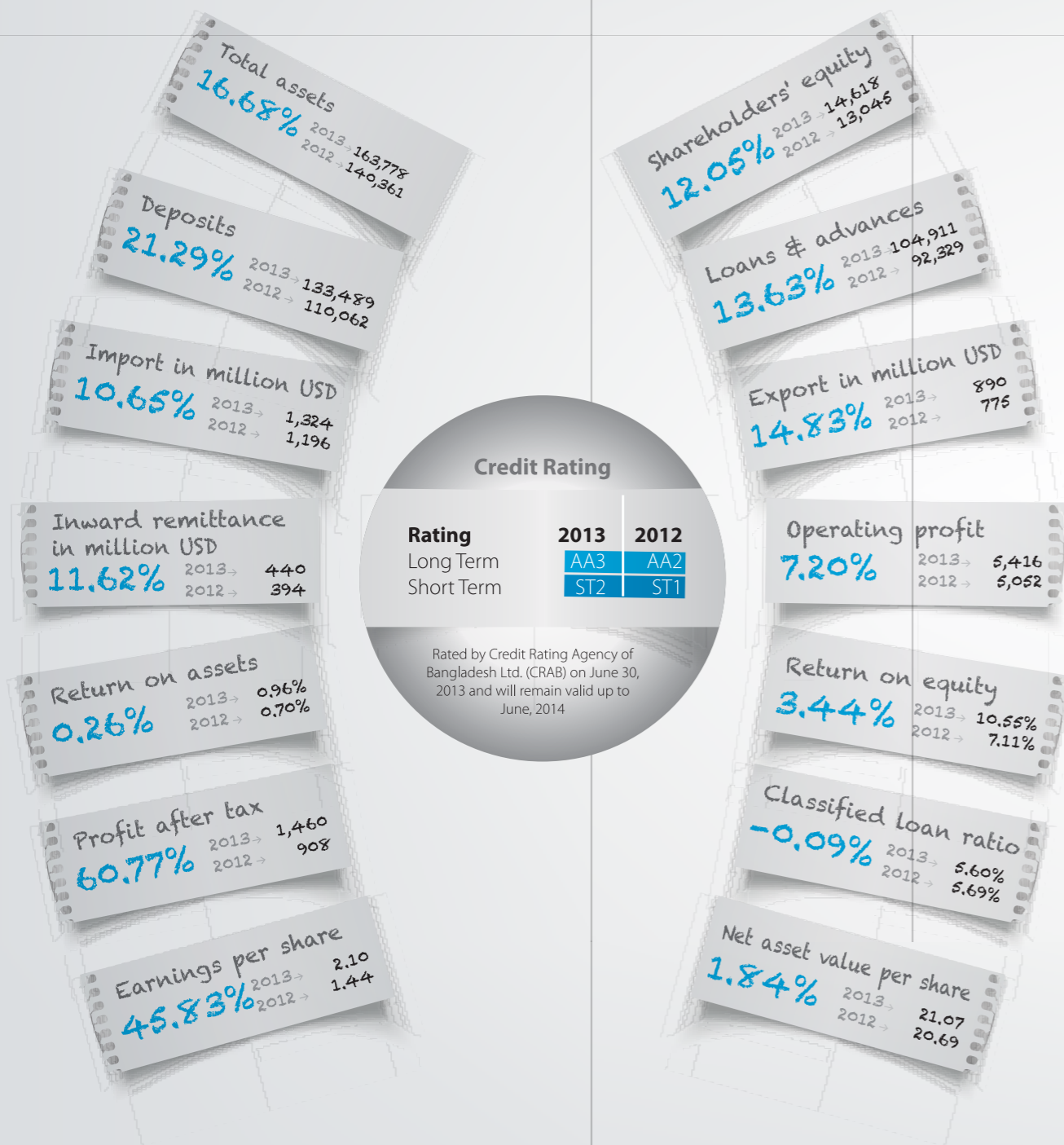
 Bank Asia

Higgs particle  
adds mass to  
matter Bank Asia  
adds prosperity  
to community

Everything that has mass gets it by interacting with Higgs particle within an invisible field of energy that spans the entire universe. As Higgs particle gives mass to other particles Bank Asia is consistently thriving to spread prosperity to the local community by collectively twisting its dynamic network in the form of Double Helix structure and continuously exploiting the self encoding character of its customer service for reaching excellence.

# TWO YEARS COMPARATIVE ANALYSIS

Million Taka unless otherwise specified



# PRIORITIES WE FOLLOWED IN 2013

Bank Asia as its business strategy became more committed to sustainability creating positive impacts on economic, environmental and social aspects through more and more stakeholders engagements and value creation. Our value creation modality metaphorically resembles to Higgs particle that adds mass to matter and Bank Asia adds prosperity to community

Priorities	Objectives	Progress Made
<b>Core Business</b>	Healthy growth of deposits, advances, import, export, remittance and curbing non- performing loan percentage	+21.29%, Deposit +13.63%, advances +10.65%, import +14.83%, export +11.62%, remittance Curbing non- performing loan percentage to 5.60% from 5.69%
<b>Financial inclusion</b>	To combat poverty by promoting financial inclusion	Agricultural credit disbursement of Tk. 1,433 million to 80,876 farmers 601,352 farmers of 20,259 villages under 32 districts came under Bank Asia's banking service network through EBK Project Pioneered Agent Banking operation in Bangladesh that will strengthen financial inclusion across the remote areas of Bangladesh
<b>Building the community</b>	To be more vibrant in community building	+ 91% CSR expenditure of Tk. 132.97 million spent under CSR activity encompassing education, health, disaster management, environment, sports, art & culture and so on.
<b>Expansion of network locally and globally</b>	To increase business equitably across the country and abroad	Opened 13 new branches across the country 52 non AD branches provide foreign trade services centrally brought under Central Trade Service Unit Obtained license for BA Express USA Inc. from New York State Department which will be our 2nd subsidiary company abroad
<b>Liquidity risk management</b>	To ensure smooth banking operation	Maintained AD ratio below 79% Gained sizable arbitration profit by exploiting highly liquid money market Matching of loan & deposit maturity to maintaining SLR assets & adequate liquid assets

integrated  
annual report  
2013



Higgs particle adds mass to matter  
Bank Asia adds prosperity to community

**Bank Asia**



# INTEGRATED REPORT

Typically, annual report deals with financial information that merely reflects past information and lots of data which can not show the direction of value creation by the entity. On the other hand integrated report is a combination of financial and non financial information which aims to cover a vast area of the business activities in sustainability framework. In this report, we have depicted our business activities in line with economic, social, environmental and governance aspects. We have given more emphasis on our strategic direction, governance transparency, performance analysis and future orientation in the context of its external environment to frame value creation over the short, medium and long term.

Since inception, Bank Asia has been directed with the vision of making a poverty free Bangladesh. Our mission, goals are set based on the vision and continuously driving for the well being of the people. Taking this in mind, we are expanding the base of our sustainability business frame work through contributing in building the society, strengthening governance issues, value creation for our shareholders and responsible business complying environmental issues. Stakeholders have become more concerned about the company's activities whether it is earning by doing ethical business. Bank Asia has published Sustainability Report 2012 under GRI G3/G3.1 framework which was certified by GRI (Global Reporting Initiatives),

Amsterdam, Netherlands and accorded application level B check. Bank Asia has reported 49 performance indicators where minimum reporting requirement is 20 for application level B.

This is the first time for Bank Asia to publish integrated annual report for the year 2013. In this report, we have interlinked between sustainability report and financial report in such a way so that stakeholders will be able to know our philosophy of doing business in an efficient and ethical manner. Our first integrated report intends to give a clear indication of our business model, strategic focus, resource allocation and future outlook to help the stakeholders evaluate the company's intrinsic value creation capability.

## INTEGRATED REPORT CONTENT ELEMENTS

Particulars	Page No.
Governance	101, 143, 149
Business model	49, 66
Risk and opportunities	16
Strategy and resource allocation	15
Performance	26, 156
Outlook	14, 59, 61, 64, 65
Basis of preparation and presentation	168
General reporting guidelines	02, 169

# AWARDS AND RECOGNITION

## 2013

- Certificate of Merit from the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Presented Annual Reports-2012 in the Private Sector Banks including Cooperative Banks.
- Certificate of Merit in the SAARC Anniversary Award for Corporate Governance from the Institute of Chartered Accountants of Bangladesh (ICAB).
- Achieved commendation for first time Sustainability Report 2012 in the 9th Sustainability Reporting Awards by National Center for Sustainability Reporting (NCSR) in Pejaten, Jakarta for Sustainability Report 2012 of Bank Asia.
- Achieved special commendation for Most Progressive Reporter 2012 by National Center for Sustainability Reporting (NCSR) in Pejaten, Jakarta for Sustainability Report 2012 of Bank Asia.
- Recognized by Bangladesh Bank as one of the top 10 commercial banks for significant contribution to green banking in Bangladesh.

Mr. Md. Mehmood Husain, President and Managing Director of Bank Asia receiving the NCSR Sustainability Award for Most Progressive Reporter in Jakarta



## 2012

- Certificate of Merit from the Institute of Cost and Management Accountants of Bangladesh (ICMAB) for Best Corporate Award 2011.
- Certificate of Merit from the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Published Accounts and Reports 2011.
- Recognized by Bangladesh Bank as one of the top 10 commercial banks for significant contribution to green banking in Bangladesh.







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- 123 Significant related Party Transactions
  - 124 Chief Risk Officer's Report
  - 127 Basel II Pillar 3 Market Discipline
  - 138 Report on the Activities of the Audit Committee
  - 140 Bank Asia Shariah Supervisory Committee
  - 141 Report of Bank Asia Shariah Supervisory Committee
  - 143 Corporate Governance Audit
  - 149 CEO & CFO's Statement of Responsibilities
  - 150 CFO's Report

#### FINANCIALS

- 154 Auditor's Report to the Shareholders of Bank Asia Limited
- 156 Consolidated Balance Sheet
- 158 Consolidated Profit & Loss Statement
- 159 Consolidated Cash Flow Statement
- 160 Consolidated Statement of Changes in Equity
- 256 Subsidiary 1: Bank Asia Securities Limited
- 271 Subsidiary 2: BA Exchange Company (UK) Limited
- 283 Contents of Standard Disclosures
- 287 Branches at a Glance
- 293 Subsidiaries  
Proxy Form & Attendance Slip

# NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

Notice is hereby given to all members of Bank Asia Limited ("the Company") that the Fifteenth Annual General Meeting of the members of the Company will be held on Monday the 31<sup>st</sup> March, 2014 at 10.00 AM at the Dhaka Ladies Club, 36 Eskaton Garden Road, Dhaka-1000, to transact the following business and to adopt necessary resolutions:

## AGENDA

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended December 31, 2013 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend out of the profits for the year ended December 31, 2013.
3. To elect Directors in accordance with the provisions of law and the Articles of Association of the Company.
4. To appoint Auditors of the Company for the term until the conclusion of the next Annual General Meeting and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By order of the Board



**(Aminul Islam)**  
Company Secretary

Dated: Dhaka  
March 11, 2014

## Notes:

- a) The Record Date of the Company is March 16, 2014. Trading of the Company's shares in the Stock Exchanges will remain suspended on the Record Date.
- b) The shareholders whose names will appear in the Register of Members of the Company as at the close of business on the Record Date will be entitled to attend and vote at the Annual General Meeting and to the dividend declared in the AGM, if any.
- c) Any member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The proxy must be a member of the Company.
- d) The instrument appointing a proxy duly stamped and signed by the Member must be submitted at the Registered Office of the Company at least 48 (forty eight) hours before the meeting. Proxy form is enclosed.
- e) Election of Directors will be held in the vacant offices of Directors. Election schedule will be displayed in the notice board at the Registered Office in due course. Election rules will be available at the Registered Office of the Company.
- f) Annual Report 2013 along with Directors Report and Audited Financial Statements of the Bank for the year ended 31<sup>st</sup> December 2013 will be available at the Bank's website [www.bankasia-bd.com](http://www.bankasia-bd.com) from March 16, 2014.

# PRELUDE

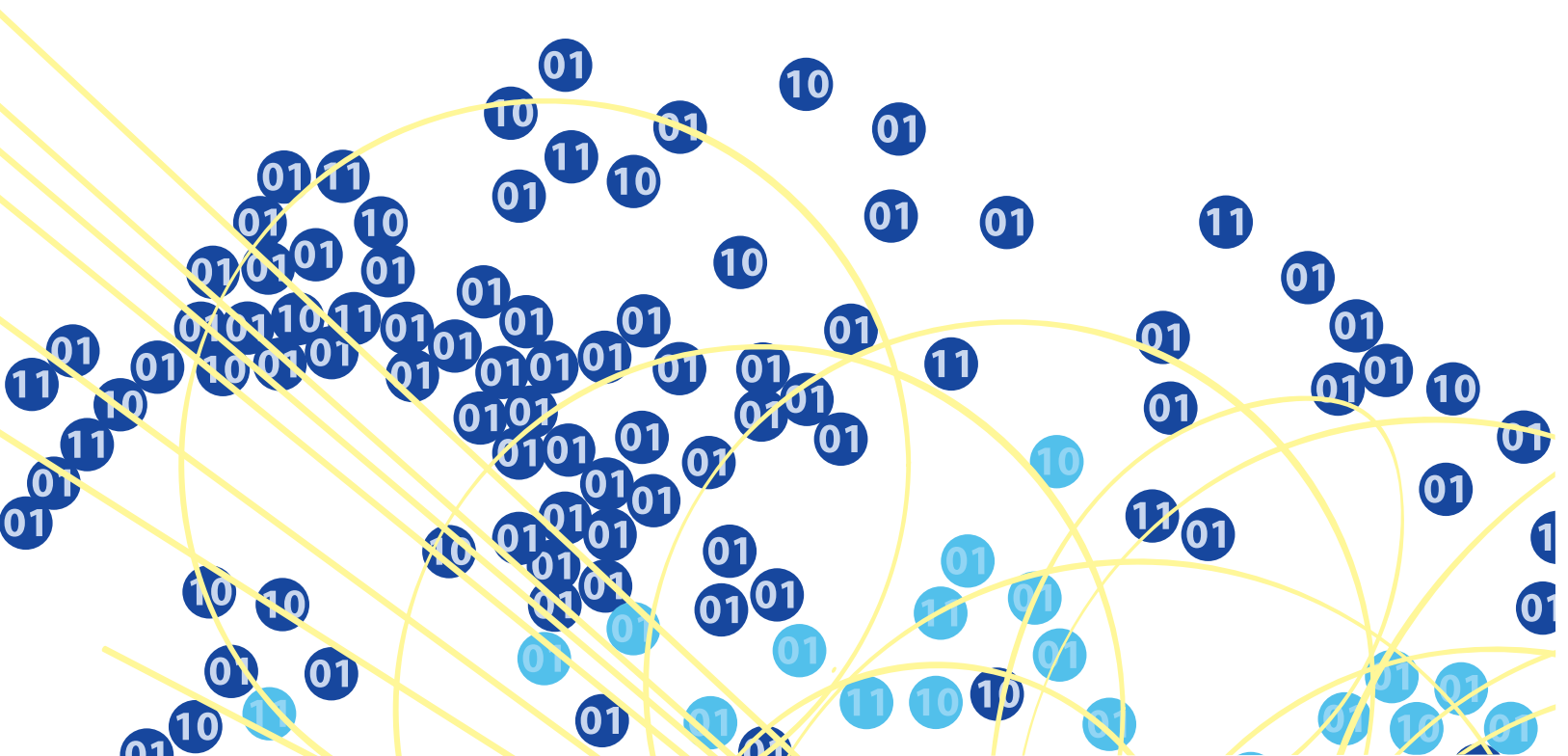
Like every year we have put a great effort to prepare and publish Annual Report 2013, and it's always immense pleasure for me to present the same before you. This year our aim was to develop an integrated report combining financial and nonfinancial data presented in the form of succinct and structural information. A recent survey depicts that nonfinancial data related to customer relationships, knowledge and human capital, technology, strategic vision, intellectual property, customer relationships and processes provided 68% of value to the business where financial data related to financial assets, manufacturing assets, shareholder value and natural assets provides only 32% of business value.

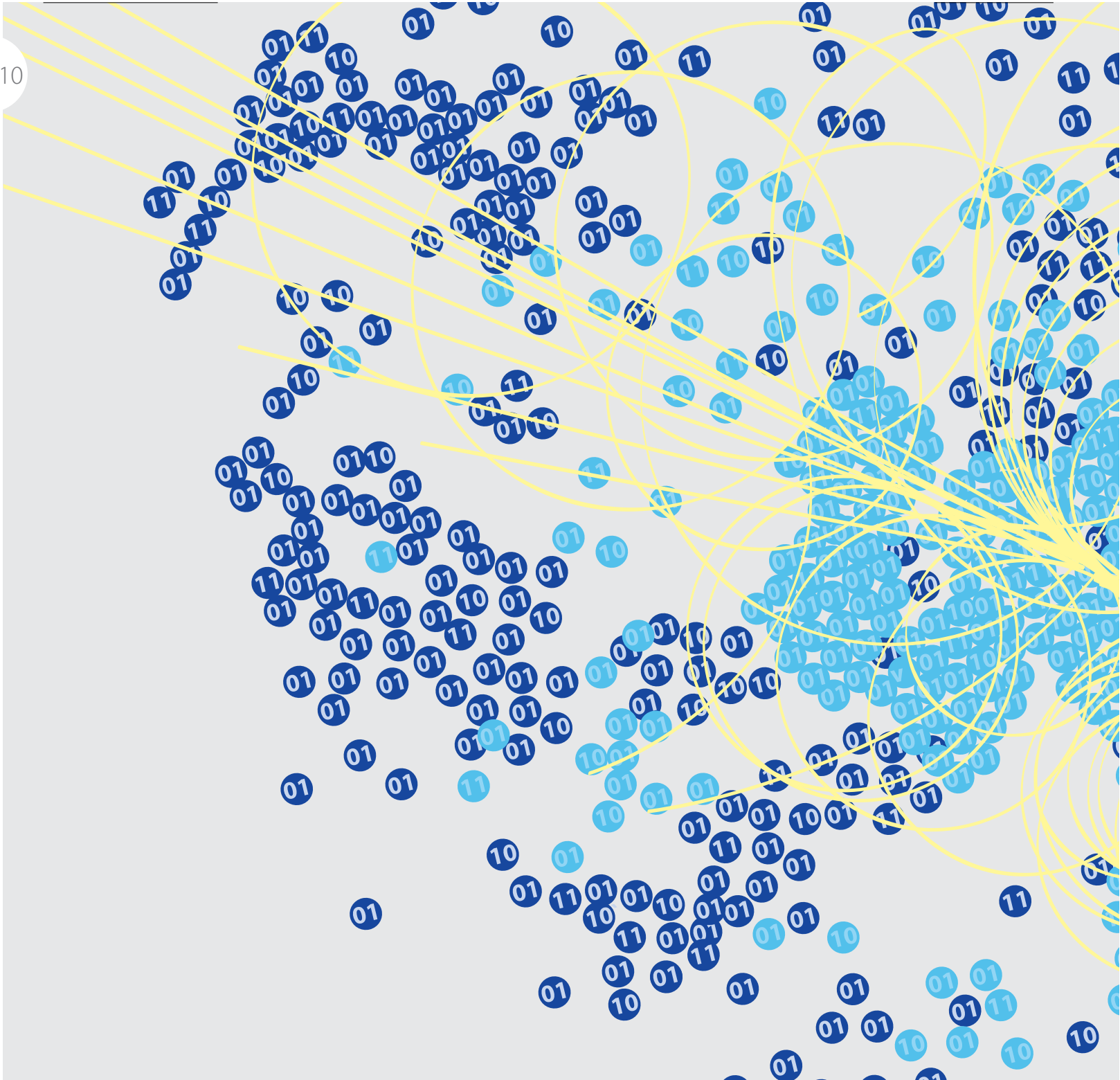
Bank Asia believes that right alignment between business goals and strategic planning will improve the consistency and comparability of sustainable data. Annual Report 2013 exhibits banks strategic priorities and resource allocation, business model showing overall performance at the backdrop of national and international economic realities, compliance culture, and futuristic business outlook for 2014. Disclosure on related party transactions, financial statements along with major policies and explanatory notes were elaborated to cater the information needs of stakeholders, researchers, regulatory bodies and international financiers etc. As part of integrated report a summary sustainability report has been included that nicely presented bank's impacts on economic, environmental, governance and social aspects.

I firmly believe the Annual Report 2013 will be pivotal for effective decision-making regarding Bank Asia Ltd. though I know that merely looking into past data carries little significance.



**Md. Mehmood Husain**  
President and Managing Director





## VISION

Bank Asia's vision is to have a poverty free Bangladesh in course of a generation in the new millennium, reflecting the national dream. Our vision is to build a society where human dignity and human rights receive the highest consideration along with reduction of poverty.

## MISSION

To assist in bringing high quality service to our customers and to participate in the growth and expansion of our national economy.

To set high standards of integrity and bring total satisfaction to our clients, shareholders and employees.

To become the most sought after Bank in the country, rendering technology driven innovative services by our dedicated team of professionals.

## CORE VALUES

- Place customer interest and satisfaction as first priority and provide customized banking products and services.
- Value addition to the stakeholders through attaining excellence in banking operation.
- Maintain high ethical standard and transparency in dealings.
- Be a compliant institution through adhering to all regulatory requirements.
- Contribute significantly for the betterment of society.
- Ensure higher degree of motivation and dignified working environment for our human capital and respect optimal work-life balance.
- Committed to protect the environment and go green.

# BUSINESS ETHICS

## Business principle

Bank Asia go beyond minimum legal requirements and reflect the Bank's long term commitment to building a business that is successful, honest and responsible.

## Human worth

Bank Asia supports the international human rights as outlined by the UN declaration and convention. No one in the Bank shall in any way cause or contribute to the violation or circumvention of human rights.

## Human capital

Bank Asia is devoted to human capital initiative connecting with milestone training, performance coaching & development, key talent management, balancing of work/ life choice and human capital reviews.

## Health, safety and working environment

Bank Asia is committed to establish effective arrangement to identify and eliminate or control all work related hazards and risks and promote health at work and continuous improvement of health, safety and working environment.

## Confidentiality

Clear, honest and open communication is maintained in Bank Asia to ensure full accountability but subject to business confidentiality. The use of company confidential information before it is public for personal gain is strictly prohibited and may constitute a criminal offense.

## Protection of personal data

Bank Asia's processing of personal data shall be subject to care and awareness, which is required according to laws and regulation and relevant for information that might be sensitive, regardless the data refer to customers, employees or others.

## Intellectual property

Intellectual property such as know-how, methodology, concepts and ideas are important to Bank Asia's successes in the market. Unless otherwise specified by law or orders from other public authorities, no employee shall make corporate secret or other information available to unauthorized persons.

## Nature and the environment

Bank Asia shall be pioneer regarding environmental protection, by minimizing environmental damages and by developing, promoting and utilizing environment friendly technology.

## Information that may affect the share price

As a publicly listed company, Bank Asia is subject to strict rules concerning the handling the non-public information that may affect the market price of Bank Asia's shares or other financial instruments issued by the Bank.

## Accounting

Bank Asia has the highest regard for truth, completeness and accuracy in the recording of business transactions is full compliance with applicable Bangladesh laws & regulation, financial reporting standards, good accounting practices as well as maintaining valid authorization and ensuring complete documentation. The annual accounts and interim accounts shall be in accordance with the law, BFRS and good accounting practices.

## Competition

Bank Asia is committed to staying over and above the prevailing market competition through constant innovation of technology based products and efficiency enhancement; being responsive to the requirements of our customers and partners.

## Corruption and bribery

Bank Asia is firmly opposed to all forms of corruption. Bribery is fundamentally inconsistent with the Bank's values; any direct and indirect promise of payment to gain any perceived personal advantage is totally unacceptable.

## Money laundering

Bank Asia is firmly opposed to all forms of money laundering and shall take steps to prevent its financial transactions from being used by others to launder money.

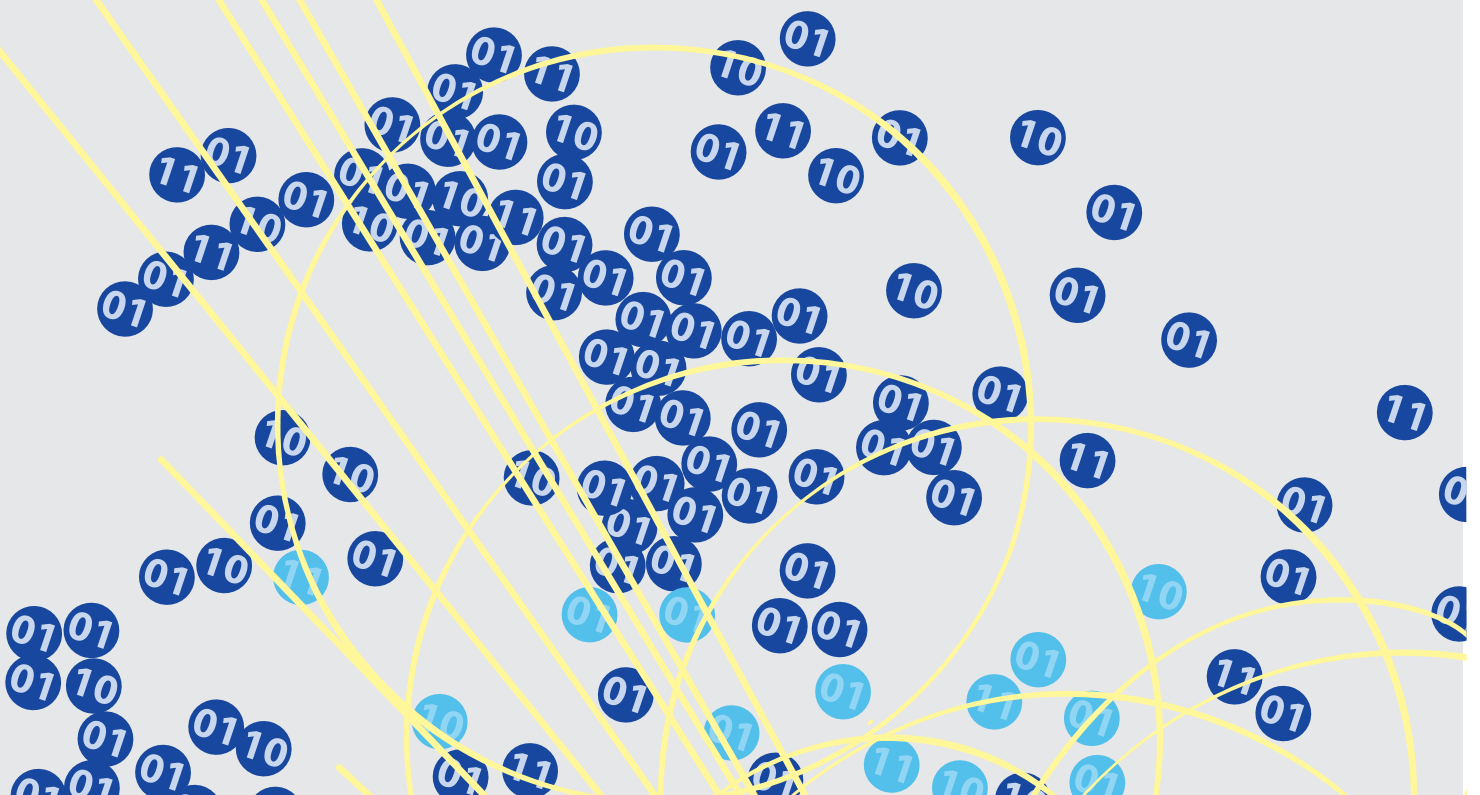
## Political activity

Bank Asia does not give support to political parties, either in the form of direct financial support or paid working time. Employees may exercise their right to take part in politics as long as there is no conflict of interest situation with Bank Asia.



# CODES OF CONDUCT

- Employees must be open and loyal to the Bank and Bank's interest.
- Employees must keep confidential all bank and other matters that could provide other third parties unauthorized access to confidential information.
- Employees must observe the Bank's security requirements concerning access to electronic resources and documents.
- All information and communication with the media, the public and financial markets shall be reliable and correct, maintain high professional and ethical standards and in accordance with established guidelines and regulations.
- Customers shall be met with insight, respect, and understanding. Employees must always try to fulfill the needs of the customer in the best possible manner, within the guidelines for corporate ethics that apply to business.
- Under no circumstances, employees shall or be a part of any activity that prohibits open and fair competition of Bank Asia in breach of relevant business laws.
- Employees shall never offer or accept illegal or inappropriate gifts or other remuneration in order to achieve business or personal advantages.
- Employee's engagement in external duties must not affect his/her working relationship with Bank Asia or come into conflict with Bank Asia's business interest.
- Should an employee become aware of an infringement of Bank Asia's rules and guidelines, he/she should blow whistle raising the issue to the line management or to Human Resource Department.



# GOALS

## Sustainable growth

Synergies between new knowledge and human capital for sustainable economic growth.

## Capital stewardship

Preservation and enlargement of multiple forms of capital; like intellectual, natural, financial, organizational, social; all of which contribute to long term value creation.

## Accelerating financial inclusion

Accelerate progress towards financial inclusion with technology like ATM, mobile phone, smart card based banking services and renewable energy generation projects especially in rural areas.

## Differentiating value added services

Strong focus on extremely cost-efficient and green services through Internet banking, electronic fund transfer, automated cheques clearing, e-bank statement, SMS alert etc.

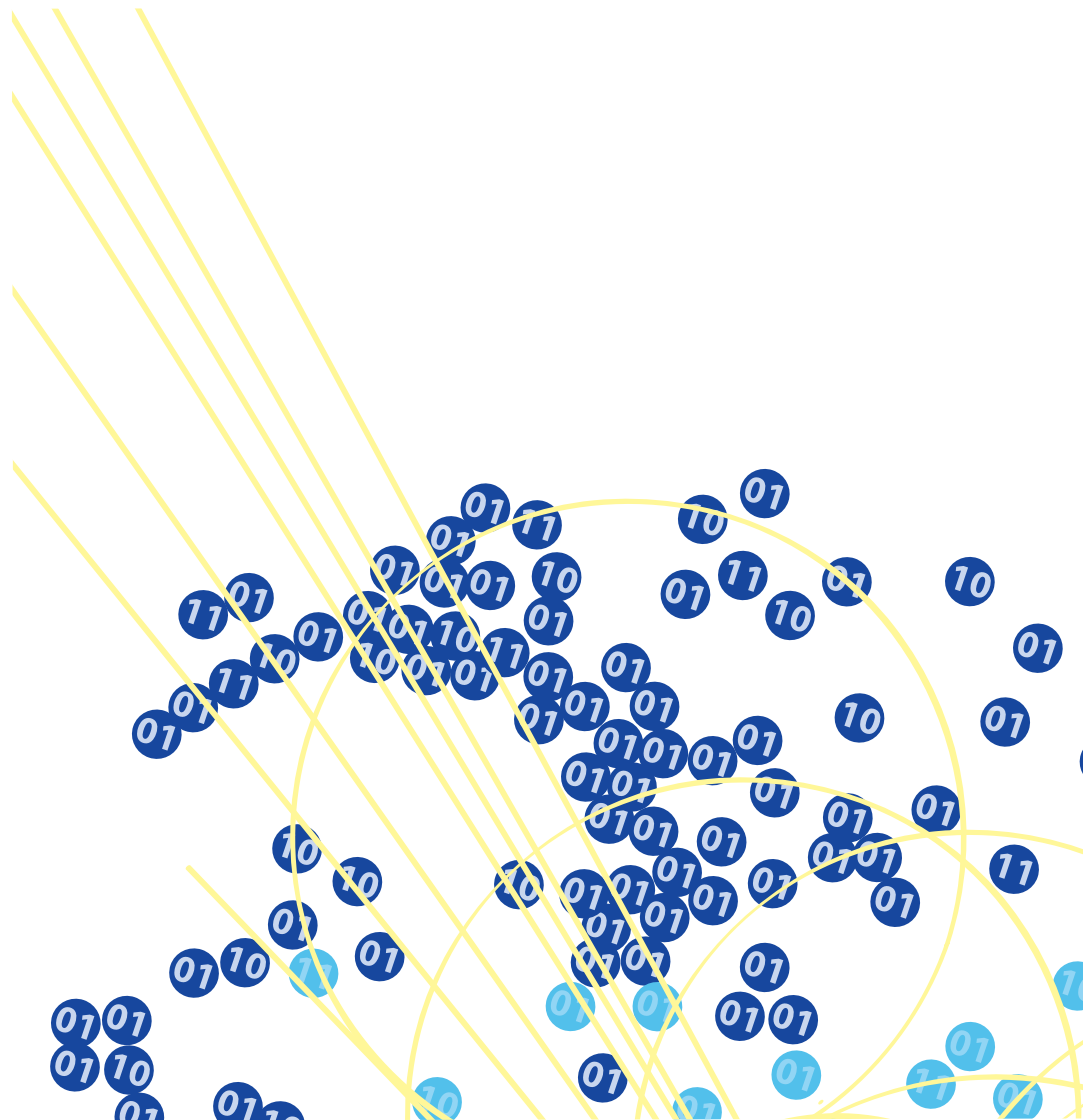
## Going green

Quantification of in-house facilities and energy consumption to promote paperless office and enhance energy efficiency. Greater emphasis on green banking projects.

## Leader in business

Create new dimension in the syndication and structured financing.  
Grow with export.  
Well diversified portfolio.

Strong focus on extremely cost-efficient and green services through Internet banking, electronic fund transfer, automated cheques clearing, e-bank statement, SMS alert etc.





# STRATEGIC FOCUS

## Business KPIs

Bank Asia has chosen some financial and non-financial key performance indicators (KPIs) that are important for its future success. Financial KPIs: Proportion of SME portfolio, loan loss rate, Cost Management, Net-operating Income Growth, Operating Income Mix, Cost to Income, Shareholder Returns. Non Financial KPIs: Employee engagement, Brand perception, customer satisfaction, IT performance & system reliability, number of CASA customers, proportion of non interest income, Distribution outlet outside Bank's own network.

## Business KRIs

Bank Asia has chosen some forward looking key risk indicators (KRIs) to focus on emerging risk to recover, improve or maintain its performance. Bank Asia is committed to create good risk culture that includes clear guidelines, clear responsibilities and risk awareness programs to identify. KRIs: Emerging impediments to financial performance, regulatory status, Asset growth outpacing capital growth, increase in SMA in the bank's geographic location or customer cluster, increase in approvals of credit proposal exceptions, increase in percentage of interest only loans to total loans, significant changes in funding mix period to period.

## Mentorship program for branches

Implement cluster mentorship concept involving Senior Management to monitor branches seamlessly with a view to managing core risks of the Bank, optimizing the revenue streams (profitability), expediting credit approval process that will help achieve goals, make smart business decisions, overcome work place challenges and learn new skills.

## Customer satisfaction

Bank Asia is sincere to create higher customer satisfaction and loyalty by its brand enhancement programs, personalizing banking, creating brand ambassadors, Online product innovation, measure and reduce customer effort, creating differentiated customer value proposition.

Improved performance through capacity building and employee productivity Revitalizing efficient service delivery, organizational effectiveness, strong public relations and customer satisfaction equipping employees with expertise, necessary skills and knowledge properly addressing employee motivation, satisfaction, health and morale to improve employee productivity which altogether culminate performance of the Bank.

## Going green in the future of banking

Bank Asia firmly promotes green banking to reach its long term strategic objective to be a green, triple bottom line bank where every decision will be taken with both financial and environmental considerations in mind. The Bank's green banking initiatives includes Online & paperless banking, reduction of green house gas emission, mapping bank's carbon foot print, efficient energy use, environment friendly projects, plants nursery and horticulture projects etc.

## Promoting financial inclusion

One of the strategic priorities of Bank Asia is to promote financial inclusion for combating poverty which the Bank firmly believes to achieve by its deposit services, agricultural credit program, small enterprise financing for productive new off farm employment of

'missing middle', Solar home system projects with NGO-MFI partners, foreign remittance of poor migrant workers channeling through partner MFIs, domestic remittance distribution through bank led as well as mobile operation led mobile banking.

## Giving back

Bank Asia believes in giving back to the community and it will continue to promote education, fulfill its commitment to community health, disaster management, clean environment, sports, art and culture.

Resource Allocation Area	Human Resources	Office Equipment (Tk.)	Floor Space (sq. ft.)
Business Head	1	368,561.07	331.14
Cluster Mentors	5	1,842,805.36	1,655.68
Branch Banking Services	1,166	429,742,210.54	386,105
HR Planning & Manning	13	4,791,293.94	4,304.77
Operations Support	41	15,111,003.97	13,576.59
Finance Function	22	8,108,343.60	7,285.00
Treasury Function	13	4,791,293.94	4,304.77
Loan Processing & Supervision	208	76,660,703.08	68,876.34
International Operation	50	18,428,053.63	16,556.81
Information Systems	46	16,953,809.34	15,232.27
Board Secretariat	7	2,579,927.51	2,317.95
Internal Audit & Compliance	28	10,319,710.03	9,271.82
<b>Total</b>	<b>1,600</b>	<b>589,697,716.00</b>	<b>529,818.00</b>

# FUTURE ORIENTATION

Bank Asia sees the year 2014 of both possibilities and challenges. It is essential that we make a concerted effort to move forward towards achieving the goal.

## Challenges

- Remittance business flow may go down as visa processing and other facilities are hampered from Middle East and Malaysia in recent times.
- Slow implementation of Annual Development Plan (ADP) may hamper growth of work order financing, Non-Funded business.
- Foreign exchange reserve may drastically go down if large capital expenditure projects like construction of Padma bridge is built without foreign financing.
- Acute shortage of Gas and other infrastructure may hinder business growth.
- International business would be hampered if USA, European Union would take any adverse action for pressurizing the government for further election.
- Perceived political agitation for another general election that might again hit the business growth.
- Reduced demand for credit resulted from sluggish business environment which ultimately build up excess liquidity in the banking system would remain idle.
- Rapid expansion of new commercial banks would create unfair competition at the expense of compliance issues.
- EU (European Union) may give embargo against GSP facility following the USA which may put a sharp negative impact on the garments industry and thus overall banking industry may suffer as garments possesses 80% value of total country export.
- The bearish trend in capital market may continue for which a huge amount of income from margin loan can not be realized and loss to be booked for decrease in market value of securities.

## Opportunities

- Large capital expenditure like Metro Rail project, Padma Bridge project will unveil new business opportunity. Bank Asia can tap this business potential.
- For strengthening banks' ongoing financial inclusion programme through bringing un-banked people into the banking channel Bangladesh Bank allowed 'Agent Banking' to the country's commercial banks. Bank Asia sees huge potential in this sector and already started Pilot Project.
- Shipbuilding sector has been maintaining steady growth that can be considered for financing to curb the potentials. Moreover, renowned automobile producers' interest regarding setting up assembly plants in local territories holds significant investment opportunity for Bangladesh economy.
- There will be greater opportunities in power generation and renewable energy. Agriculture and agro processing business also has tremendous potential where loan should be reached.
- Despite various obstacles SME is one of the most promising sectors of Bangladesh in terms of employment generation and contribution to national GDP. Bank Asia is planning to propel this sector by financing small entrepreneur of jute products, small and medium software companies, farming and raw leather manufacturing etc.
- Garment export to new emerging markets like Japan, South Korea, Turkey, Russia, South Africa, Mexico etc are expanding. Bank Asia can help garment industries to grow their export business to the emerging market.
- Export of pharmaceutical products, jute products, ceramic ware, light engineering products, leather products, shrimp, frozen food and dry fish export to South Asia, Africa and Europe is also a growing market. Bank Asia can tap this business potential.
- Bank Asia sees huge potential of computer software and hardware business in local market as technology is increasingly becoming a prerequisite for business enhancement, which is applicable to telecom banking industry, education sector, pharmaceutical and all developing businesses.
- Bank Asia considers financing small value nonphysical exporters of software and data entry section would be a great initiative to exploit the potential of this sector.

# BANK ASIA AT A GLANCE

## A Dream came into reality

Bank Asia started its journey on November 27, 1999 with an aim to be fully customer focused through rendering technology driven innovative products and services. The Bank obtained Certificate of Incorporation and Certificate of Commencement of Business on September 28, 1999 and banking license on October 06, 1999. Subsequently the Bank was listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on January 06, 2004. Since inception Bank Asia is working efficiently and achieving a strong prominent position in banking sector. By this time Bank Asia has consolidated its strength manifold through extending its business rapidly while ensuring sustainable growth. Bank Asia started its most cherished Islamic banking operation in 2008 for providing strict Shariah based products. It established its 1st subsidiary company named "Bank Asia Securities Limited" on March 16, 2011 and another subsidiary company "BA Exchange Company (UK) Limited" in United Kingdom in the same year. Now the Bank is rendering services through its 86 Branches, 5 Islamic Windows, 6 SME Service Centers, 1 Off-shore Banking Unit, and 2 Subsidiary companies.

## Client-driven offerings

Bank Asia offers a wide array of product and services and guarantees its ability to anticipate and provide solutions with the combination of client-driven and dynamic approach. It offers its products to different segments. In addition to conventional banking, Bank Asia is associated with Islamic Banking, Off-shore Banking and many other specialized banking services. Considering the importance of SME & Agricultural/Rural credit Bank Asia is extending its business horizon towards these sectors.

## Faithful and Efficient Workforce

Bank Asia has the effective and efficient workforce with a perfect combination of talent youth and experience under the leadership of Mr. Md. Mehmood Husain, Managing Director of Bank Asia. At the end of 2013 the bank has 1,600 employees including 250 executives and 1,350 officers serving its clients across the country offering a full suite of financial products and services. These employees are amply trained and experienced in various phases of banking service and most importantly dedicated to their duty and responsibility to the work. Bank Asia provides a work friendly elegant environment to its employees. It always ensures better work friendly environment for its employees so that employees become motivated and provide their best. Rewarding and performance appraisal system encourage employees to concentrate on the job reflected in rendering best services.

## Good corporate governance

It has established an appropriate and effective internal control environment to ensure that the Bank is managed and controlled in a sound and prudent manner. Bank Asia's corporate governance system requires its workforce to be accountable, transparent and ethically sound. The Bank always maintains transparency in disclosures and as recognition Bank Asia was awarded several times for best published accounts and corporate governance disclosures.

## Giving back to under privileged & concern to ecology

Bank Asia always tries to make a better society through its CSR activities. It works and donates in different sectors such as, education, health, disaster management, sports and some other sectors. One of its very much mentionable development campaign are the free eye camp and ophthalmological operation facility. Bank Asia has been recognized as one of the top 10 commercial banks for contribution to green banking by Bangladesh Bank two times in a row. Bank Asia is working actively and constantly for the expansion of Green banking activities. As a part of its green banking activities Bank Asia streamlines green banking initiatives in its in-house management and investing in environment friendly projects and participating in environment protecting activities.

## Delivering high-tech solution

Bank Asia always welcomes the innovation for the operation of the banking activities as well as reporting systems. It constantly works to be a leading technology driven innovative bank of Bangladesh in line with its mission. It assures its ability to anticipate and provide solutions compatible in the dynamic environment, while positioning itself as a reliable bank for its clients. The Bank specially emphasizes on the automation of the banking activities through the use of online banking, M-Banking, Telebanking, and Internet Banking, 24/7 ATM services, Card services etc. Bank Asia is also trying to adopt other online mechanisms to minimize the use of papers resulting into going green.

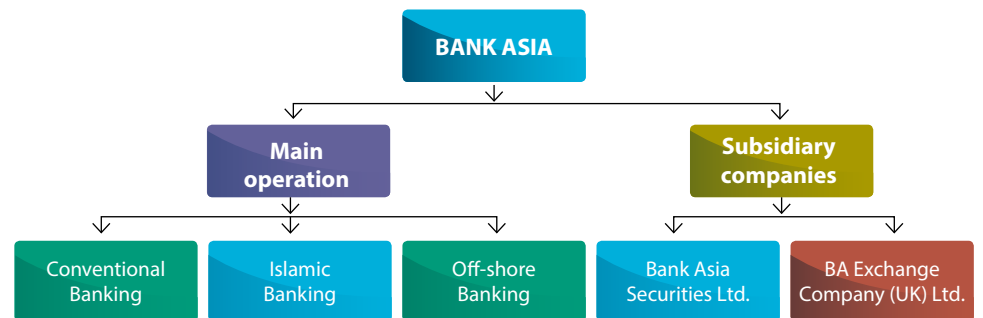
## Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) awarded Bank Asia Limited "AA3" in the Long Term and 'ST2' rating in the Short Term based on the financial of 2012.

## Accolades & Recognition

Bank Asia was awarded several times by the reputed organizations for disclosure of corporate governance and best published accounts and reports. Our Annual Report 2012 was awarded Certificate of Merit by ICAB for Best Presented Annual Report in the Private Sector Banks including Cooperative Banks and SAARC anniversary award for Corporate Governance. More over Bank Asia achieved commendation for first time Sustainability Report and special commendation for Most Progressive Reporter 2012 by National Center for Sustainability Reporting (NCSR) in Pejaten, Jakarta.

# CORPORATE STRUCTURE



Million Taka

	2013 (Consolidated)	2013 (Bank)
<b>Income Statement Matrix</b>		
Interest Income	14,718.90	14,346.31
Operating Profit	5,300.70	5,415.76
Profit Before Tax	3,405.36	3,520.59
Profit After Tax	1,330.54	1,459.82
<b>Balance Sheet Matrix</b>		
Total Shareholders' Equity	14,557.42	14,617.70
Deposits	133,682.89	133,489.37
Loans and Advances	107,942.56	104,911.26
Investments	34,111.55	33,933.36
Fixed Assets	5,310.78	5,288.35
Total Assets	165,067.20	163,777.74
<b>Capital Measure</b>		
Total Capital Adequacy Ratio Basel-II	10.83%	11.05%
<b>Share Information Matrix</b>		
Earnings Per Share (Taka)	1.92	2.10
Net Assets Value Per Share (Taka)	20.99	21.07
<b>Credit Quality Ratios (%)</b>		
Classified Loans	5.45%	5.60%
<b>Operating Profit Ratio</b>		
Returns On Equity	9.62%	10.55%
Returns On Assets	0.87%	0.96%

## MILESTONES

Sep 28, 1999	Oct 6, 1999	Nov 27, 1999	Feb 16, 2001	Jan 1, 2002	Apr 1, 2003	Jan 6, 2004
Obtained Certificate of Incorporation and Certificate of Commencement of business	Obtained Banking License	Inauguration of Bank	Acquisition of Bangladesh operation of Nova Scotia of Canada	Acquisition of Bangladesh operation of Muslim Commercial Bank (MCB) of Pakistan	Started Online Banking Operations	Listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE)

# CORPORATE INFORMATION

Letter of intent received	24/02/1999
First meeting of promoters	15/04/1999
Certificate of incorporation received	28/09/1999
Certificate of commencement of business	28/09/1999
First meeting of board of directors held	01/10/1999
Banking license received	06/10/1999
First branch license received	31/10/1999
Inauguration of bank	27/11/1999
Date of publication of prospectus	29/06/2003
Date of IPO subscription	23/09/2003, 24/09/2003
Date of first share trading in bourse	08/01/2004
Date of agreement with CDBL	20/12/2005
Date of first scripless trading	30/01/2006
Number of promoters	22
Number of directors	15
Number of branches	86
Number of SME centers	6
Number of Islamic windows	5
Number of brokerage branches	5
Auditors	S. F. Ahmed & Co. (SFACO) Chartered Accountants House: 25, Road: 13A, Block: D, Banani Dhaka-1213, Bangladesh
Tax Advisors	A. Hossain & Co. Chartered Accountants 7 <sup>th</sup> Floor, House 65/2/1, Box Culvert Road Purana paltan, Dhaka-1000
Legal Advisors	Shameem Aziz & Associates Barristers & Advocates Paramount Heights Suit no-5D2, (5th Floor) Purana Paltan, Dhaka 1000, Bangladesh
Legal Retainer	Mr. M. Sakhawat Hossain Robin Tower, Room-502, (4th Floor) 42/43 Purana Paltan, Dhaka-1000, Bangladesh
Registered Office	Rangs Tower (2 <sup>nd</sup> to 6 <sup>th</sup> floor) 68 Purana Paltan, Dhaka-1000 Bangladesh

Dec 24, 2008	July 10, 2010	Apr 17, 2011	May 16, 2011	Jan 12, 2012	Dec 4, 2013
Started Islamic Banking Operation	Started CTSU to facilitate Non-AD branches foreign trade operations	Bank Asia Securities Ltd. (BASL) started capital market operation	Started operation of BA Exchange Company (UK) Ltd. in London	Ektee Bari Ektee Khamar (EBEK) to serve the unbanked population	Agent banking started its operation for strengthening the ongoing financial inclusion program

# PRODUCTS AND SERVICES

## Business Banking

- Overdraft
- Secured Overdraft
- Secured OD (Earnest Money)
- Working capital finance
- Loan against Trust Receipt
- Loan against Cash Incentives
- Bill discounting
- Loan Syndication and Structured Finance
- Packing Credit
- Demand Loan
- Demand Loan (work order)
- Time Loan
- Transport Loan
- House Building Loan(Commercial)
- Term loan
- Lease Finance
- Letter of Guarantee
- Letter of Credit (Sight/Deferred/UPAS)
- Back to back Letter of Credit (Local & Foreign)
- Agriculture Financing
- Staff Loan ( Car Loan, House Building Loan, Provident Fund Loan)

## Small and Medium Enterprise (SME)

### Term Loan

- Subidha -Unsecured Trading
- Sondhi -Secured Trading
- Sristi – Unsecured Manufacturing
- Shombridhi- Secured Manufacturing
- Shofol – Unsecured Service
- Sheba- Secured Service

### Over Draft

- Somadhan – Secured

### Special Products

- Utshob- Seasonal Business
- Subarno- Women Entrepreneur

### Consumer Finance


- Auto Loan
- Consumer Durable Loan
- Unsecured Personal Loan
- House Finance
- Loan for Professionals
- Senior Citizen Support

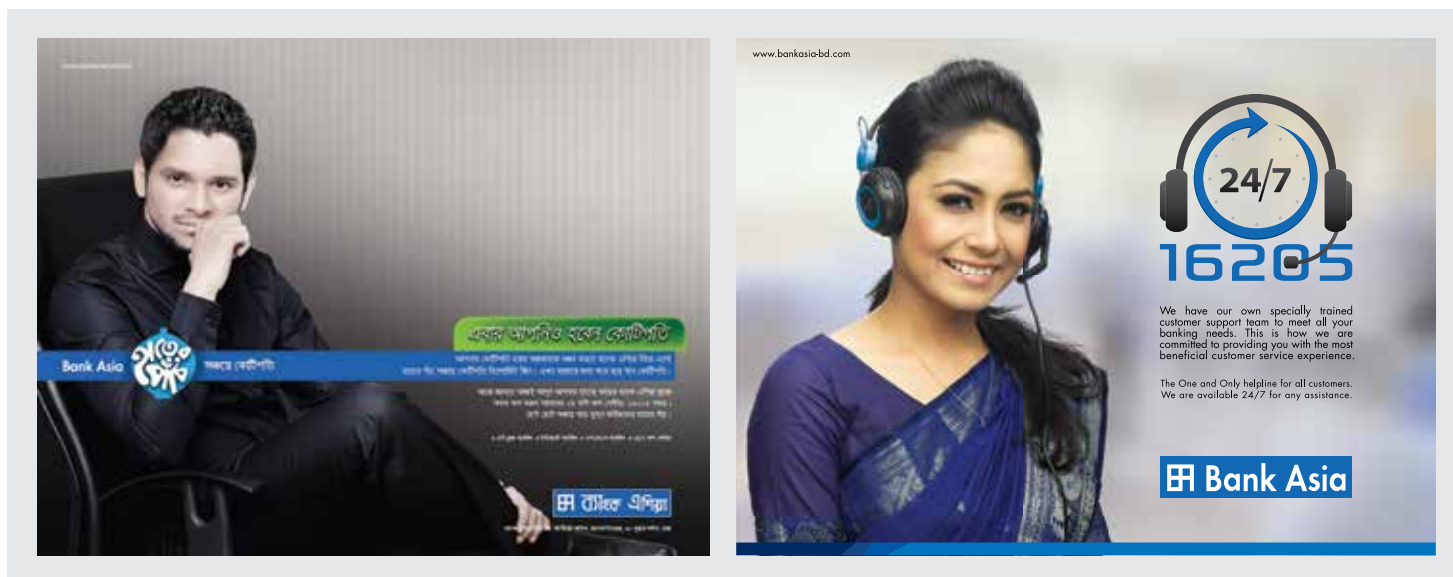
### Credit Card

- VISA Platinum Card (with Priority Pass)
- VISA Classic Local Card
- VISA Classic Dual Card
- VISA Butterfly Card
- VISA Gold Local Card
- VISA Gold Dual Card
- Hajj Card
- Travel Card (prepaid card)
- Virtual Card
- Master Silver Card
- Master Gold Card
- SME Credit Card
- LankaBangla Card Cheque

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 Bank Asia



## Treasury

### Money Market

- Overnight Lending and Borrowing
- Repo and Reverse Repo
- Swap
- Sale and Purchase of Treasury Bill & Bond
- Placement of Fund
- Term Borrowing
- Investment

### Foreign Exchange Market

- Spot
- Forward
- Currency Swap

### Deposit Products

- Saving Account
- Current Account
- Short Notice Deposit
- Fixed Deposit
- Foreign Currency Account
- Deposit Pension Scheme
- Monthly Benefit Scheme
- Double Benefit Scheme
- Triple Benefit Scheme
- Bank Asia Sanchoy Plus
- Shonchoy E Koti Poti (SKP)

## Islamic Banking

### Deposit Products

- Al-Wadiah Current Account (AWCA)
- Mudaraba Savings Account (MSA)
- Mudaraba Special Notice Deposit Account (MSNDA)
- Mudaraba Term Deposit Account (MTDA) of different tenure
- Mudaraba Hajj Savings Scheme (MHSS)
- Mudaraba Deposit Pension Scheme (MDPS)
- Mudaraba Monthly Profit Paying Deposit Scheme (MMPPDS)
- Smart Junior Saver (SJS)
- Cash Waqf

### Investment Products

- Bai Murabaha Muajjal
- Hire Purchase Shirkatul Melk (HPSM)
- Musharaka
- Quard against Accepted Bills

## Service Products

- ATM Services
- Remittance Service
- Locker Service
- Online Banking
- Internet Banking
- Phone Banking
- Mobile Banking
- SWIFT
- Centralized Trade Services
- Student File
- Travellers' Cheque
- E-Commerce
- E-Procurement
- Debit Card
- Call Centre
- Remote Banking (EBEK)
- Agent Banking

### Off-shore Banking Unit (OBU) Products

- On-shore Import & Export Bill Discounting
- Working Capital Finance
- Trade Finance
- Loans & Advances to wholly foreign owned entities
- Term loan to local entities subject to BOI approval
- Nostro account services to other local banks

### Capital Market Operation

- Brokerage Operation
- Margin Loan

# KEY EVENTS 2013

Date	Events
Jan -05	Mr. A Rouf Chowdhury, Chairman of Bank Asia distributed warm cloth to the cold hit people at Malkhanagar, Munshigonj
Jan -12	Seminar on Manager, Management & Business held at Bank's Training Institute
Jan -13	Training on Foreign Exchange for Management Trainees (MTO) at Bank's Training Institute
Jan -19	Annual Business Conference 2013 of Bank Asia held at Dhaka Regency Hotel
Jan -29	Mr. Md. Mehmood Husain, President & Managing Director of Bank Asia handed over a cheque of Tk. 5.00 lac to Professor Abdullah Abu Sayeed, Chief Executive, as donation to Bishwo Shahitto Kendro (BSK)
Feb -02	Workshop on "Prevention of Money Laundering and Terrorist Financing" held at Bank's Training Institute
Feb -25	Mr. Md. Mehmood Husain, President & Managing Director of Bank Asia handed over Zero coupon Bond Certificates to the investors
Feb -26	Foundation stone laying Ceremony at Bangabandhu Sheikh Mujib Medical University (BSMMU)
Feb -27	Mr. A. Rouf Chowdhury, Chairman of Bank Asia, handed over a cheque as financial assistance to widow of Late Major Humayun Kabir Sarkar who was killed in a mutiny at BDR in presence of Honorable Prime Minister Sheikh Hasina
Mar -09	Orientation on Islamic Banking
Mar -12	Training on 'Good Etiquette vs. Good Business and Customer Friendly Service' started at Bank's Training Institute
Mar -18	Training on Credit Management & Loan Documentation held at Bank's Training Institute
Mar -24	Bank Asia organized training on Prevention of Money Laundering & Terrorist Financing at Bank's Training Institute
Mar -26	Bank Asia donated mini buses to a rural college in Bhairab
Mar -28	Opening of Satmasjid Road Branch
Mar -31	14th Annual General Meeting (AGM) held at Officers' Club, Ramna, Dhaka
Mar -31	Mr. A Rouf Chowdhury was re-elected as Chairman of Bank Asia Ltd.
Mar -31	Mr. Mohammed Lakiotullah was re-elected and Mr. A M Nurul Islam was elected as new Vice-Chairman of Bank Asia Ltd.
Apr -02	Launching of SALAMAH, Islamic Banking brand of Bank Asia Ltd.
Apr -08	Mr. Md. Arfan Ali was promoted as the new Deputy Managing Director (DMD) of Bank Asia Ltd.
Apr -08	Opening of Dakhinkhan Branch
Apr -08	MoU signing agreement with Hajj Agencies Association of Bangladesh (HAAB)
Apr -13	Opening of Mohadebpur Branch
Apr -18	Handed over a cheque of Donation Tk. 30 lac to Bangladesh Olympic Association
Apr -27	Opening of Comilla Branch
Apr -28	Opening of Sonaimuri Branch
Apr -29	Opening of Feni Branch
Apr -30	Opening of Nimtola Branch
May -08	Training on SME Financing held at Bank's Training Institute
May -12	Training on Foreign Trade & Foreign Exchange held at Bank's Training Institute
May -14	Mr. A Rouf Chowdhury, Chairman of Bank Asia handed over a cheque of Donation Tk. 2.00 crore to Honorable Prime Minister for the victims of Rana Plaza tragedy
May -20	MoU signing agreement with Urban Design & Development Limited (UDDL)
May -26	Opening of Hemayetpur Branch
May -28	MoU signing agreement with Rakeen & BTI
May -30	Handed over a cheque of Donation Tk.1.00 lac to cancer patient
Jun -14	Achieved Best Blood Donor Award
Jun -16	Inauguration of SALAMAH Islamic Banking Service Month
Jun -22	Inauguration of construction work of BSMMU Nursing Hostel
Jun -22	Bank Asia became champion in 'Teletalk 3G Corporate Free Hit Indoor Cricket Tournament'



## KEY EVENTS 2013

Date	Events
Jul -07	Workshop on Asset and Liability Management held at Bank's Training Institute
Jul -08	Workshop on "Anti-money Laundering & Combat Financing on Terrorism" held at Bank's Training Institute
Jul -20	Semi-annual Business Conference under Cluster-1 held in Chittagong
Jul -24	Semi-annual Business Conference under Cluster-3 held in Dhaka
July -27	Semi-annual Business Conference under Cluster-2 & 4 held in Dhaka
July -29	Semi-annual Business Conference under Cluster-5 held in Dhaka
July -29	Mr. A Rouf Chowdhury, Chairman of Bank Asia has inaugurated Islamic Banking new product "Cash Waqf"
Aug -23	Handed over crest to Dr. Atiur Rahman, Governor of Bangladesh Bank at CAMLCO Conference, Cox's Bazar
Sep -03	29th Foundation Training started at Bank's Training Institute
Sep -11	Signing Agreement with Western Union for D2B (Direct to Bank Account)
Sep -28	Orientation Program on SALAMAH Islamic Banking held at Bank's Training Institute
Oct -05	Mr. A Rouf Chowdhury, Chairman of Bank Asia handed over a cheque of Donation Tk. 50 lac to Dhaka Ahsania Mission Cancer Hospital
Oct -07	Sustainability Report 2012 of Bank Asia was certified by GRI (Global Reporting Initiatives), Netherlands for Application Level "B", 1st ever in Bangladesh.
Oct -22	Workshop on "Anti-money Laundering & Combat Financing on Terrorism" held at Bank's Training Institute
Oct -27	Appreciation from Bangladesh Bank on Sustainability Report-2012 of Bank Asia
Nov -09	Training on 'General Banking to Implement Gap Analysis of Stellar-Core Banking System' held at Bank's Training Institute
Nov -12	Training on 'Good Etiquette vs. Good Business and Customer Friendly Service' held at Bank's Training Institute
Nov -15	Workshop on "Anti-money Laundering & Combat Financing on Terrorism" in Chittagong
Nov -16	Opening of Paragram Branch
Nov -18	Opening of Sonargaon Janopad Road Branch
Dec -04	Agreement with 5 commercial banks for online fee collection for MRP and MRV
Dec -12	Opening of Dinajpur Branch
Dec -17	Sustainability Report-2012 of Bank Asia was awarded by National Center for Sustainability Reporting (NCSR) for first time sustainability reporting.
Dec -17	Sustainability Report - 2012 of Bank Asia was awarded by National Center for Sustainability Reporting (NCSR) for Most Progressive Reporter 2012
Dec -19	Opening of Lichubagan Branch
Dec -21	Awarded Certificate of Merit for Best Presented Reports -2012 in the Private Sector Banks including Cooperative Banks by the Institute of Chartered Accountants of Bangladesh (ICAB)
Dec -21	Awarded Certificate of Merit in the SAARC Anniversary Award for Corporate Governance by the Institute of Chartered Accountants of Bangladesh (ICAB)
Dec -21	Training on "Anti-Money Laundering and Combating Financing on Terrorism" at Bank's Training Institute
Dec -29	Opening of three branches – Kalatia, Gazipur and Chandragonj
Dec -30	Opening of Bank Asia Bhaban Branch

### KEY EVENTS 2013



◀ Celebration of new year 2013



▶ Inauguration of Islamic product Cash Waqf



▶ D2B Signing agreement with Western Union

### KEY EVENTS 2013



◀ Inauguration of Salamah Service month



Signing MoU ▶ with UDDL



◀ Sign-off ceremony financials

# FIVE YEARS PERFORMANCE

Million Taka unless otherwise specified

## BALANCE SHEET MATRIX

Particulars	2013	2012	2011	2010	2009
Authorized Capital	15,000.00	15,000.00	15,000.00	4,450.00	4,450.00
Paid up Capital	6,936.32	6,305.75	5,254.79	3,002.74	2,144.81
Reserve Fund & Surplus	7,681.38	6,739.42	7,224.14	4,057.20	2,809.33
Total Shareholders' Equity	14,617.70	13,045.17	12,478.93	7,059.94	4,954.14
Deposits	133,489.37	110,061.78	95,131.10	86,365.64	54,832.82
Loans and Advances	104,911.26	92,328.82	82,819.97	79,504.23	50,267.92
Investments	33,933.36	25,114.90	15,950.51	12,575.70	9,663.10
Fixed Assets	5,288.35	4,520.49	4,584.55	1,837.28	1,018.38
Total Assets	163,777.74	140,361.37	117,729.41	105,198.05	68,663.20
Total Off Balance Sheet Items	67,164.26	59,215.74	47,457.25	48,974.68	27,978.82
Interest Earning Assets	150,629.28	129,078.12	108,418.60	98,949.48	65,432.19
Non-Interest Earning Assets	13,148.46	11,283.26	9,310.81	6,248.57	3,231.01

## INCOME STATEMENT MATRIX

Interest Income	14,346.31	13,296.06	10,903.58	8,381.35	6,247.49
Interest Expenses	11,166.02	9,616.35	8,202.66	5,420.58	4,498.02
Investment Income	3,053.80	1,930.64	1,285.55	1,163.49	1,012.99
Non-Interest Income	2,299.04	2,210.32	2,416.97	2,546.73	1,367.03
Non-Interest Expenses	3,117.36	2,768.87	2,361.47	2,422.13	1,512.47
Total Income	19,699.15	17,437.02	14,606.10	12,091.58	8,627.52
Total Expenditure	14,283.38	12,385.22	10,564.13	7,842.72	6,010.48
Operating Profit	5,415.76	5,051.80	4,041.97	4,248.86	2,617.04
Profit before Tax	3,520.59	2,723.00	3,432.21	3,579.52	2,286.19
Net Profit after Tax	1,459.82	908.00	1,916.21	1,929.58	1,327.18

## CAPITAL MEASURES

Risk Weighted Assets	140,976.92	106,719.00	83,664.20	100,545.90	45,150.28
Core Capital (Tier-I)	11,904.15	10,444.33	9,536.33	6,569.16	4,644.40
Supplementary Capital (Tier-II)	3,670.70	3,485.86	2,911.00	1,587.80	893.77
Total Capital	15,574.85	13,930.19	12,447.33	8,156.96	5,538.17
Capital Surplus/(Deficit)	1,477.16	3,258.29	4,080.90	-892.14	1,023.15
Tier I Capital ratio	8.44%	9.79%	11.40%	6.53%	10.29%
Tier II Capital ratio	2.61%	3.26%	3.48%	1.58%	1.98%
Total Capital Adequacy ratio Basel-I	-	-	-	-	12.27%
Total Capital Adequacy ratio Basel-II	11.05%	13.05%	14.88%	8.11%	10.01%

## CREDIT QUALITY

Classified Loans	5,878.79	5,251.48	2,249.96	1,284.25	785.07
Provision for Unclassified Loans	1,038.20	989.20	974.03	959.67	622.93
Provision for Classified Loans	3,074.43	2,641.11	772.42	354.63	355.38
Provision for Contingent Liabilities	671.64	592.16	461.59	414.12	246.02
Percentage of NPLs to total Loans and Advances	5.60%	5.69%	2.72%	1.62%	1.56%

## FOREIGN EXCHANGE BUSINESS

Import	110,738.08	106,746.15	99,414.20	110,417.89	67,378.30
Export	71,968.83	66,478.34	74,794.50	57,281.67	30,953.40
Remittance (Inward)	34,334.40	32,110.10	21,776.70	18,441.71	15,555.10

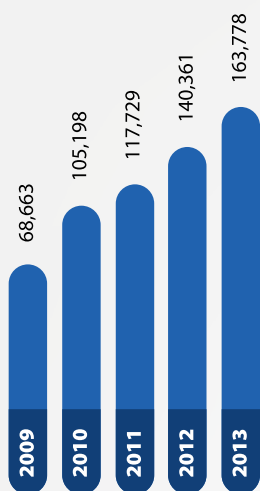
## FIVE YEARS PERFORMANCE

Million Taka unless otherwise specified

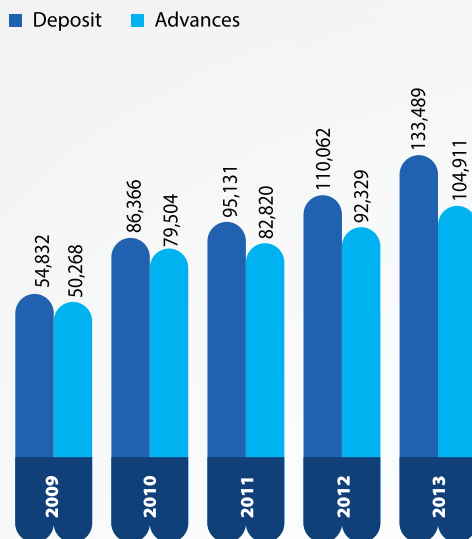
Particulars	2013	2012	2011	2010	2009
<b>OPERATING PROFIT RATIOS</b>					
Credit Deposit ratio	78.59%	83.89%	87.06%	92.06%	91.67%
Cost of Deposit	8.81%	9.49%	9.09%	7.15%	8.97%
Administrative Cost	2.63%	2.82%	2.88%	2.08%	2.76%
Yield on Loans and Advances	14.99%	15.20%	14.11%	12.72%	13.95%
Spread	6.18%	5.71%	5.02%	5.57%	4.98%
Return on Assets	0.96%	0.70%	1.72%	2.22%	2.18%
Return on Equity	10.55%	7.11%	19.61%	32.12%	32.03%
Current ratio	1.11	0.93	1.05	0.95	0.92
Debt Equity ratio	10.20	9.76	8.43	13.90	12.86
<b>PERFORMANCE RATIOS</b>					
Profit per Employee	3.38	3.40	3.18	3.43	2.54
Operating profit as % of Working Funds	3.31%	3.60 %	3.43%	4.04%	3.81%
Net Interest income as % of Working Fund	3.70%	3.61 %	3.33%	3.76%	3.76%
Burden Coverage	57.78%	63.58 %	83.8%	88.41%	77.85%
Burden ratio	0.42%	0.01%	-0.11%	-0.37%	-0.06%
Expense Coverage	79.44%	99.37 %	105.38%	113.12%	102.44%
Efficiency ratio	36.53%	35.40 %	36.88%	36.31%	36.63%
Ratio of Fees Income	21.11%	22.51 %	33.2%	32.01%	28.51%
Salary Exp. to total Overhead Exp.	46.90%	46.74%	46.75%	42.18%	39.45%
Salary Exp. to Fees Income	81.16%	73.52%	51.93%	47.71%	50.68%
Cost to Income ratio	36.53%	35.40%	36.88%	36.31%	36.63%
<b>DIVIDEND &amp; RIGHTS ISSUE</b>					
Cash	-	-	-	-	-
Stock	10% (Proposed)	10%	20%	40%	40%
Rights Issue	-	-	1,050.96	-	-
<b>SHARES INFORMATION MATRIX</b>					
No. of Shares Outstanding(after stock split in 2011)	693.63	630.57	525.48	30.03	21.45
Earnings Per Share- after split (Taka)	2.10	1.44	3.65	6.43	6.19
Number of Shareholders	18,179	17,161	16,602	14,700	10,868
Market Value Per Share- after split (Taka)	23.00	21.50	38.20	85.75	42.68
Price Earnings ratio	10.93	14.93	10.48	8.34	6.90
Net Assets Value Per Share- after split (Taka)	21.07	20.69	23.75	23.51	23.10
Dividend Cover ratio	2.10	1.44	1.83	1.61	1.55
<b>OTHER INFORMATION</b>					
Number of Branches	86	73	63	49	41
Number of SME Service Centers	6	6	7	9	3
Number of Islamic Windows	5	5	5	5	2
Number of Employees	1,600	1,485	1,270	1,237	1,031
Number of Foreign Correspondents	761	776	775	770	625

## FIVE YEARS PERFORMANCE

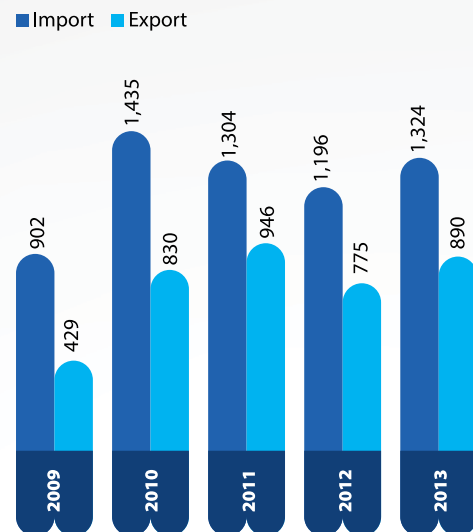
**Total Assets**  
Million Taka



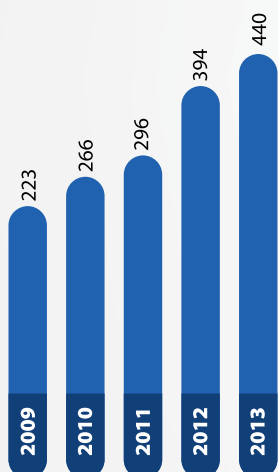
**Deposit and Advances**  
Million Taka



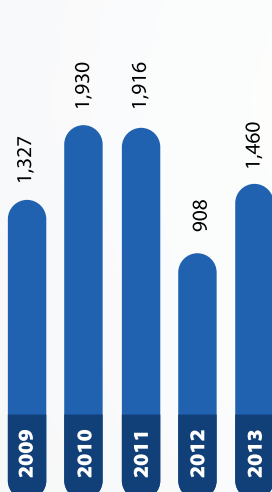
**Import & Export**  
Million USD



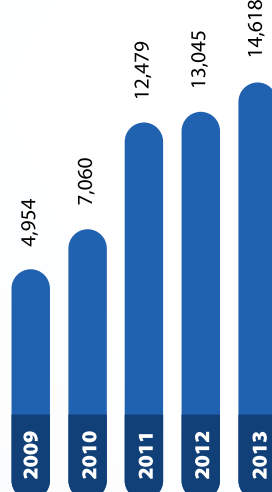
**Inward Remittance**  
Million USD



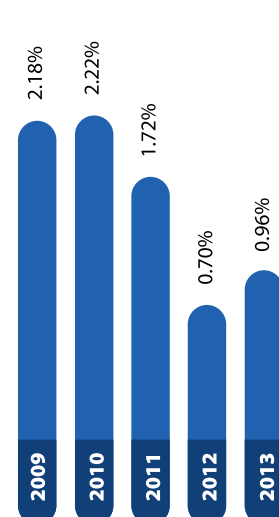
**Net Profit After Tax**  
Million Taka



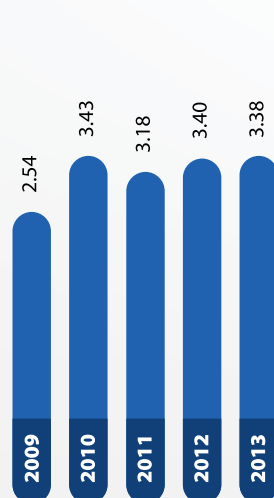
**Total Shareholders' Equity**  
Million Taka



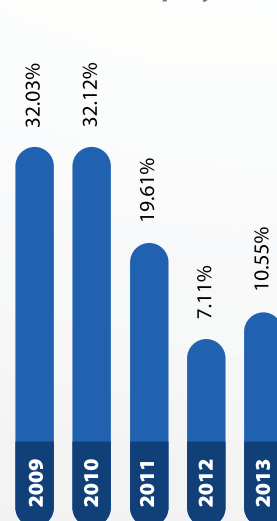
**Return on Assets (ROA)**



**Profit per Employee**  
Million Taka

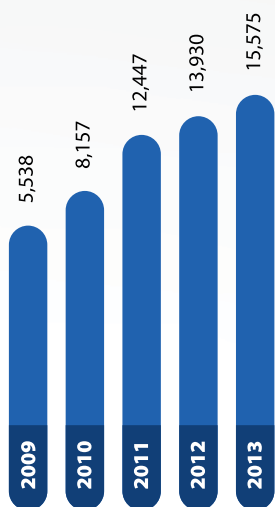


**Return on Equity (ROE)**



## FIVE YEARS PERFORMANCE

**Total Capital**  
Million Taka



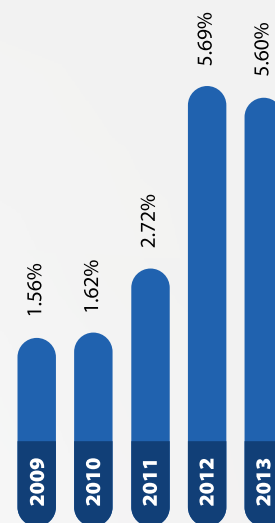
**Number of Employees**



**Number of Foreign Correspondents**

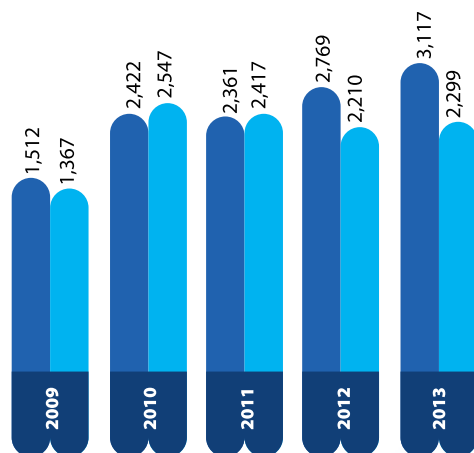


**Non-Performing Loan Ratio**

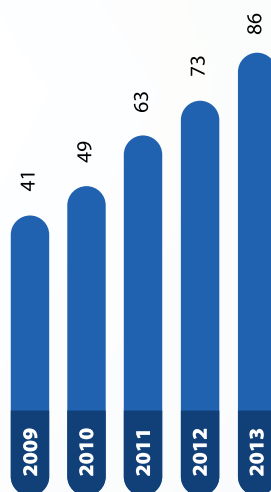


**Non Interest Income & Non Interest Expense**  
Million Taka

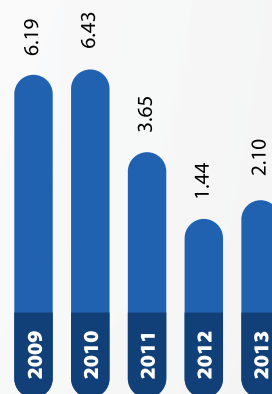
■ Non Interest Expense ■ Non Interest Income



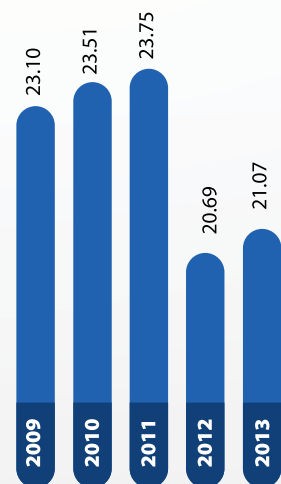
**Number of Branches**



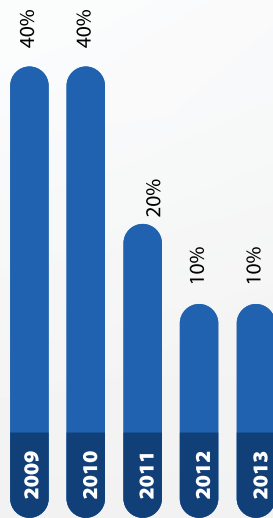
**Earnings per Share-after split**  
Taka



**NAV per Share-after split**  
Taka



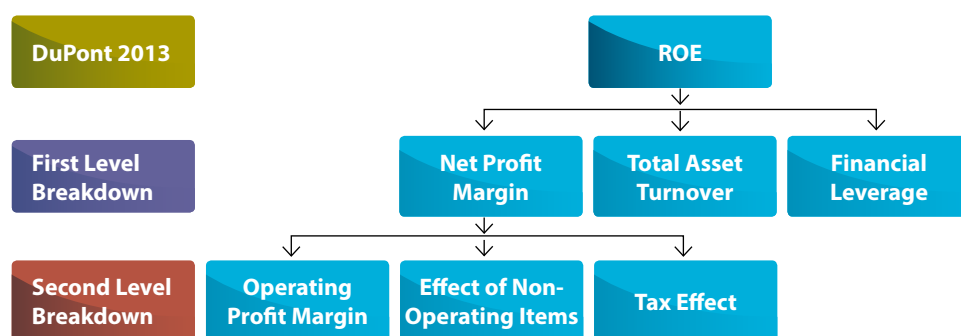
**Dividend**



(Proposed)

# DUPONT ANALYSIS-5 FACTORS MODEL

DuPont analysis is an approach to decomposing return on equity to better understand return ratios and why they change over time. Over the years, Bank Asia has maintained a strong Return on Equity (ROE) and it turned to increase in 2013 after last two consecutive years' decline. This analysis will help us to understand which factor contributed to the ROE most and which factor caused the ROE to move.



Particulars	2013	2012	2011
<b>ROE</b>	<b>10.55%</b>	<b>7.11%</b>	<b>19.61%</b>
Net profit margin	7.41%	5.21%	12.96%
Total Asset Turnover	0.1295	0.1351	0.1326
Financial Leverage	10.9945	10.1116	11.4094
Operating Profit Margin	27.49%	28.97%	27.34%
Effect of Non-operating Items	0.6501	0.5390	0.8491
Tax Effect	0.4147	0.3335	0.5583

Net profit margin consists of three important components namely operating profit margin, effect of non-operating items and tax effect as mentioned in second level break down. Operating profit margin was decreased to 27.49% compared to previous year's 28.97%. Effect of non-operating items includes loan loss and other provision which was increased to 0.6501 from 0.5390. The main reason was the decrease of CL ratio to 5.60% in 2013 from 5.69% in 2012 which caused less requirement of additional provision on loans and advances. In 2013, we kept total provision of Tk. 1,895.17 million which was Tk. 2,328.81 million in 2012, declined by 18.62%. Tax effect turned higher for the increase of profit before tax. The combined effects of these three components resulted in upward of net profit margin to 10.55% from 7.11% in 2012.

Efficiency of utilizing the assets as implied by total assets turnover which was consistent for last two years but declined to 0.1295 in 2013 as the growth of revenue is not proportionate to the growth of total assets. Bank Asia's financial leverage was increased to 10.9945 from last year's 10.1116 which helped to increase return on equity.



# RISK MANAGEMENT PROCESS

Documentation

Establishing Goals & Context

Risk Identification/ Risk Source

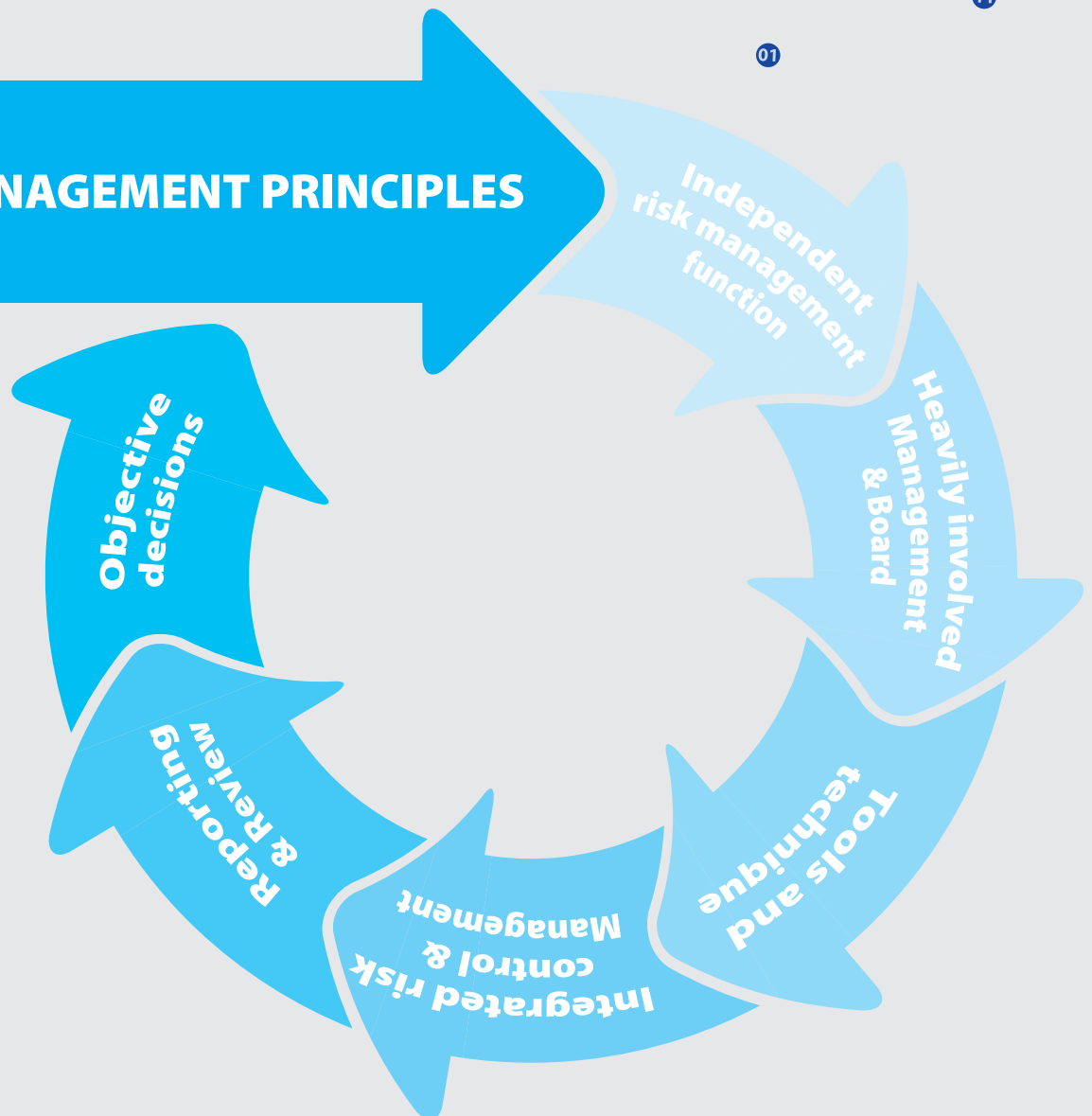
Risk Analysis/ Evaluation

Risk Assessment

Risk Monitoring and Review

Risk Control and Coverage

## RISK MANAGEMENT PRINCIPLES



# MARKET PERFORMANCE

Financial Calendar		
Audited consolidated result for the year ended 31 December 2012	Announced on	28 February 2013
Unaudited result for the first quarter ended 31 March 2013	Announced on	14 May 2013
Unaudited result for the second quarter and half year ended 30 June 2013	Announced on	29 July 2013
Unaudited result for the third quarter ended 30 September 2013	Announced on	28 October 2013

Distribution of Dividend	
(Cash%/Stock %)	10% Stock
Announcement Date	28 February 2013
Record Date	12 March 2013
Distribution Date	15 April 2013
Notice of 14th Annual General Meeting	7 March 2013
14th Annual General Meeting	31 March 2013

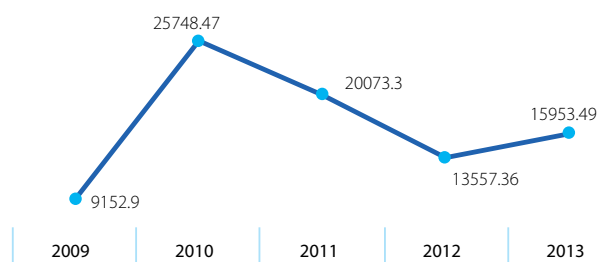
## Stock Detailed

Particulars	DSE	CSE
Stock Symbol	BANKASIA	BANKASIA
Company ID	11127	22022
Listing year	2004	2004
Market Category	A	A
Electronic Share	Yes	Yes
Market lot (After Split)	500	500
Total Number of securities (After Split)	693,632,359	630,574,872

DSE Trading Days (2013)	238
Year end closing price	23.00

## Market Capitalization

Million Taka ● share value



### Availability of information about BANK ASIA

Annual Report 2013 and other information about Bank Asia may be viewed on Bank's Website: [www.bankasia-bd.com](http://www.bankasia-bd.com)

### Investors Inquiries

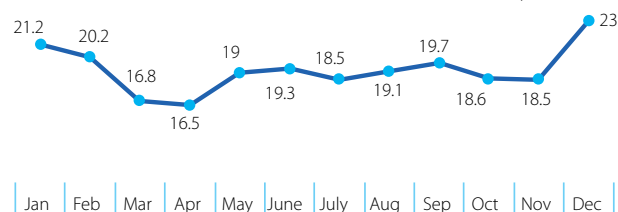
Share Department

### Corporate Office

Rangs Tower (3<sup>rd</sup> floor)  
68 Purana Paltan, Dhaka-1000  
Phone: 7110062, 7110173, 7113867  
PABX: 301,302  
E-mail: [bankasia@bankasia.com.bd](mailto:bankasia@bankasia.com.bd)

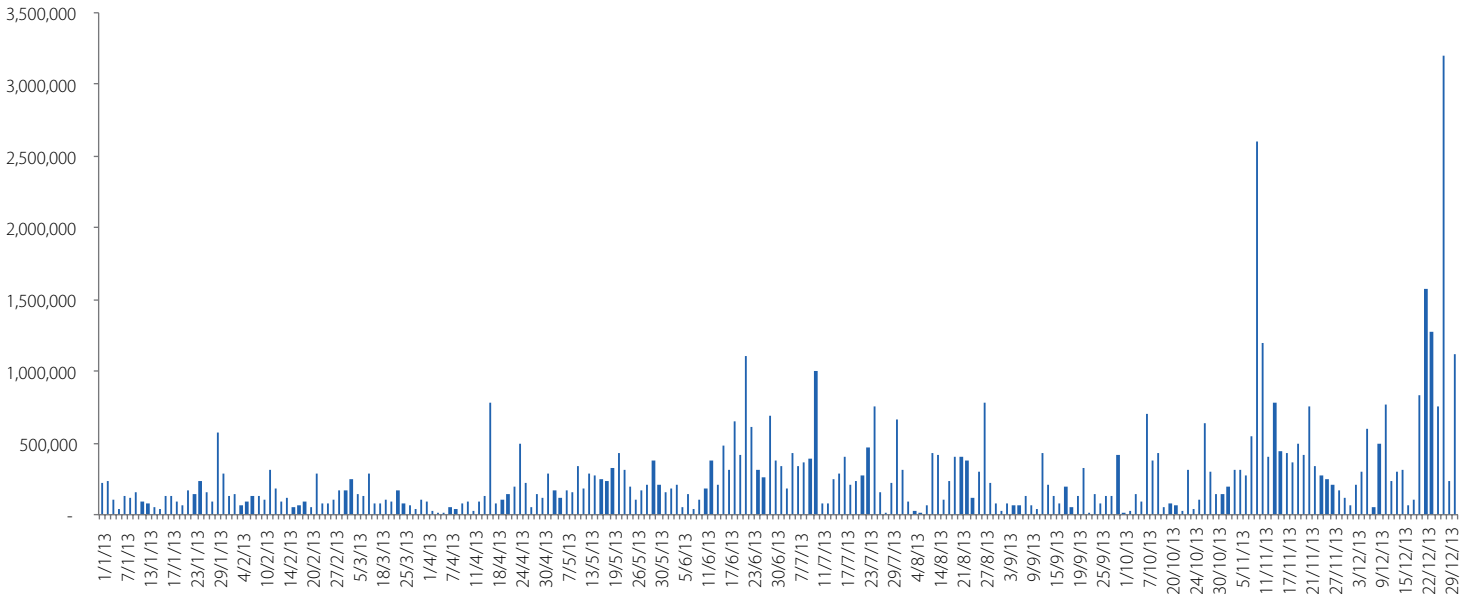
## Market price of Share 2013

Month End ● Month end price



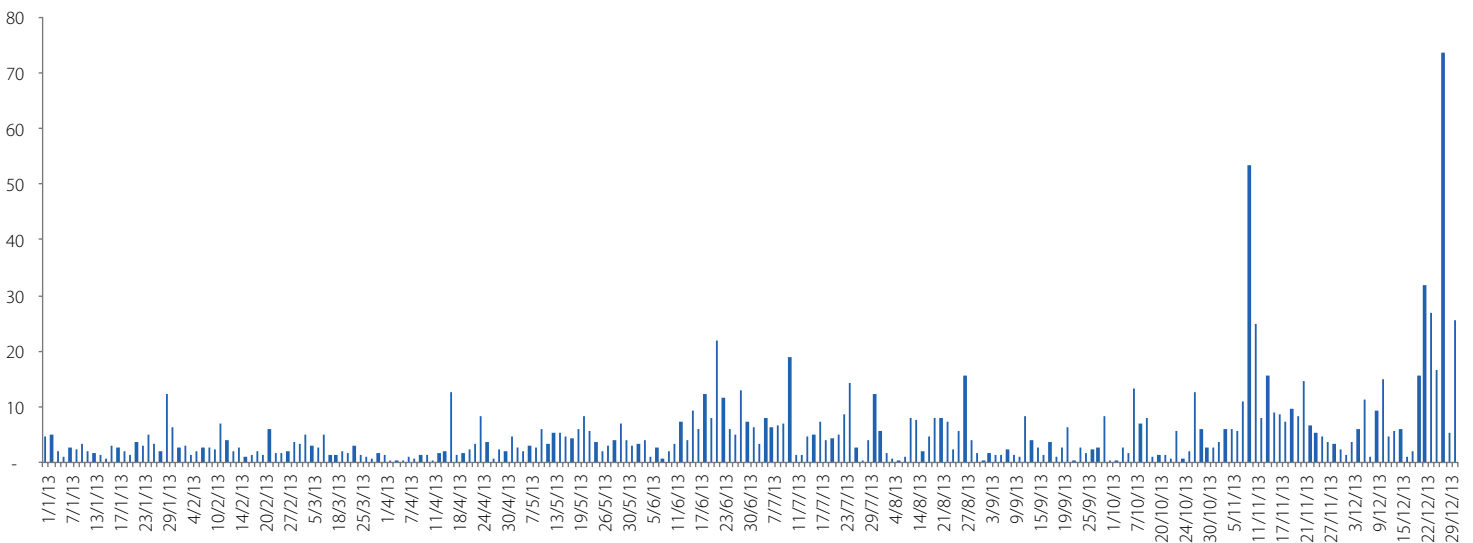
### Daily Trade Volume

No. of Share



### Daily Turnover

Million Taka



Despite the continuous political agitation in 2013, some of the barometers of Bangladesh Capital Market shows positive trend such as total market capitalization of DSE stood at Tk.2,647.79 billion as on 30th December, 2013 from Tk.2,403.55 billion as on 30th December, 2012 representing 10.16% growth and made the Market Capitalized 25.51% of GDP of Bangladesh, which was 26.27 % in 2012. Total DSE Market Turnover stood at Tk.104,924.83 billion as on 30th December, 2013 from Tk. 100,105.77 million in 2012 indicating 04.81 % growth. Similarly, DSE Broad Index DSEX stood at 4266.55 as on 30th December, 2013 from 4,219.31 as on 30th December, 2012 representing 1.12 % growth. Despite the bearish trend in capital market, Bank Asia's share price increased to Tk. 23.00 in 2013 from Tk. 21.50 experiencing a 6.98% increase. P/E ratio declined to 10.89 in 2013 which was 14.93 in 2012.

# BOARD OF DIRECTORS

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### Standing from Left

**Mr. M Irfan Syed**  
Director

**Mr. Shah Md. Nurul Alam**  
Director

**Mr. Rume A Hossain**  
Director

**Mr. Mashiur Rahman**  
Director

**Ms. Sohana Rouf Chowdhury**  
Director

**Mr. Md. Mehmood Husain**  
President and Managing Director

### Sitting from Left

**Mr. Mohammed Lakiotullah**  
Vice Chairman

**Mr. A M Nurul Islam**  
Vice Chairman

**Mr. A Rouf Chowdhury**  
Chairman

**Ms. Sabrina Chowdhury**  
Director

**Ms. Farhana Haq Chowdhury**  
Director

### Not in the Picture

**Mr. Mohd. Safwan Choudhury**  
Director

**Ms. Hosneara Sinha**  
Director

**Mr. Nafees Khundker**  
Director

**Ms. Naheed Akhter Sinha**  
Director

## DIRECTORS' PROFILE



**Mr. A Rouf Chowdhury**  
Chairman

Mr. Abdur Rouf Chowdhury is a graduate in Business management from the Massachusetts Institute of Technology, USA. He has a wide range of experience in several industries including Automobile, Telecom, Pharmaceuticals and Petroleum. He was the Resident Manager of two American Pharmaceutical companies in Bangladesh. Being in the senior management position in Jamuna Oil Company he contributed for 15 years in the market development of Petroleum products in Bangladesh. Both Rangs and Sea Resources Groups comprised of 32 companies were formed under his dynamic leadership. The huge success of 32 companies of the two groups during a short span of time is an ample proof of his dynamic leadership and progressive mind. Currently he is the Chairman of Bank Asia Ltd. He also has his dynamic foothold in the print media; he is the Director of renowned English daily The Daily Star and Bengali daily The Shokaler Khabar.



**Mr. A M Nurul Islam**  
Vice Chairman

Mr. A M Nurul Islam started his career as a lecturer of the University of Dhaka in 1961. Then he joined Civil Services of Pakistan (CSP). He worked at different capacity with the then Pakistan Government and after liberation with Bangladesh Government, he acted as Private Secretary of the Prime Minister Bangabandhu Sheikh Mujibur Rahman. He worked as a Diplomat of Bangladesh Embassy in Washington DC and worked in mobilization of development financials from the World Bank, International Monetary Fund, USAID managing the projects worth hundreds of millions of dollars. In the more recent years, he acted as President and CEO of Transcontinental Imex Inc. an international trading & consulting organization and as Director and Chairman of Audit Committee in National Bank Limited. In Bank Asia he is serving as an Independent Director of the Board.



**Mr. Mohammed Lakiotullah**  
Vice Chairman

Mr. Mohammed Lakiotullah is a post graduate from University of Dhaka. He has almost 43 years of working experience in banking industry at different ranks including Managing Director of EXIM Bank and Jamuna Bank. In Bank Asia he is serving as an Independent Director of the Board.



**Mr. Mohd. Safwan Choudhury**  
Director

Mr. Mohd. Safwan Choudhury has done his Masters from the University of Dhaka. He has an impressive professional experience and has business interest in tea manufacturing, textile and cold storage. His flagship company M. Ahmed Tea & Lands Co. Ltd. is a 4th generation tea producing company doing business since the British India. Currently he is the Chairman of Bangladesh Tea Association which represents 126 tea plantations belonging to both Bangladeshi and foreign companies. Mr. Choudhury is also involved in social development. He is the President of FIVDB, an NGO providing primary education to the underprivileged children. He is also the past President of Sylhet Chamber of Commerce & Industry.



**Mr. Rume A Hossain**  
Director

Mr. Rume A Hossain is a graduate in Mechanical Engineering from BUET and an MBA in International Business Management. He has more than 23 years of business experience in several industries such as Telecom, Pharmaceuticals, IT and Printing. He is the Managing Director of Rangs Industries Ltd. (Distributor of Toshiba) and Rangs Petroleum Ltd. (Distributor of Shell Lubricants).

## DIRECTORS' PROFILE



**Mr. Shah Md. Nurul Alam**  
Director

Mr. Shah Md. Nurul Alam obtained his MBA from the Institute of Business Administration, University of Dhaka. He has a wide range of experience in the banking industry. In his 38 years of Banking career starting from 1972, he worked for five renowned banks in Bangladesh. He held the position of CEO in Southeast Bank Ltd., Prime Bank Ltd., Mercantile Bank Ltd. In Bank Asia he is serving as an Independent Director of the Board.



**Ms. Hosneara Sinha**  
Director

Ms. Hosneara Sinha is one of the sponsor shareholders of Bank Asia. She is involved with different business houses and organizations under Sinha group. She holds directorship in various sister concerns of Sinha Group such as Sinha Apparels.



**Ms. Farhana Haq Chowdhury**  
Director

Ms. Farhana Haq Chowdhury is one of the Directors of Bank Asia Ltd. She obtained her Masters in International Relations from the University of Dhaka. She holds directorship in various sister concerns of Rangs Group such as Ranks Telecom Limited, Rangs Pharmaceuticals Limited, Rancon Engineering Limited, Rancon Power & Renewable Energy Limited etc.



**Mr. M Irfan Syed**  
Director

Mr. M Irfan Syed received his Bachelor's in Commerce from University of Dhaka and his Master's in Business Administration from California University in USA. He also earned a Diploma in Advanced Accounting from the University of Maryland, USA. Mr. Syed started his career with Banque Indosuez, Dhaka in 1986 and then moved to Hong Kong in 1988 to take up a position in international trade finance with the Bank of Credit and Commerce HK Limited. After 5 years he returned to Banque Indosuez to join their trade finance team in Dhaka. He left international banking to start his own textile trading company in 1993 and subsequently joined Beximco Textiles Division (BTD) in 1995 to help organize their marketing and commercial departments. He was instrumental in the implementation and integration of BTD's ERP system and was appointed as the Head of their Garments Division. Then he moved to USA in 2000. After spending almost a decade as business head for several non-profit organizations in the USA, Mr. Syed returned to Bangladesh.



**Mr. Mashiur Rahman**  
Director

Mr. Mashiur Rahman has over four decades of working experience in nearly all areas of banking. He started his career in 1966 as a Trainee in the National Bank of Pakistan. After liberation he worked for Sonali Bank and then joined IFIC Bank in 1983 and retired from the Bank in 2008 as Managing Director. He is serving Bank Asia as an Independent Director in the Board.

## DIRECTORS' PROFILE



**Mr. Nafees Khundker**  
Director

Mr. Nafees Khundker completed his MBA from the Institute of Business Administration (IBA), University of Dhaka. He has 18 years of banking experience mostly in the area of corporate and institutional banking. He worked for Standard Chartered Bank and Deutsche Bank in different countries including Singapore, United Arab Emirates (UAE) and Bangladesh. Recently he has established his own business institution, SASH Ltd., which deals with jewelry, commodities, structured trade and other financial products. Mr. Nafees Khundker has keen interest in sports, particularly in Tennis, Cricket and Golf.



**Ms. Naheed Akhter Sinha**  
Director

Ms. Naheed Akhter Sinha obtained her MBA in Finance from North South University. She has been involved with different business houses and organizations from her early career. She is one of the sponsor shareholders of Bank Asia. She is one of the promoter and shareholder directors of Enterprise Cluster Pte Ltd., a Singapore-based company. She is the Chairman of SkyTel Communications Ltd, and Director of Sinha Apparels Ltd.



**Ms. Sabrina Chowdhury**  
Director

Ms. Sabrina Chowdhury is one of the sponsor directors of the Bank. She obtained her graduation on business administration from state university of New York. She holds directorships of various concerns of Rangs Group such as Rangs Ltd. and Rangs Workshop Ltd.



**Ms. Sohana Rouf Chowdhury**  
Director

Ms. Sohana Rouf Chowdhury is a Business Graduate major in Economics from New York University, USA. She is one of the successful young entrepreneurs of the country. She holds directorship of various sister concerns of Rangs Group such as Rangs Motors Ltd., Rangs Ltd, etc.



**Mr. Md. Mehmood Husain**  
President and Managing Director

Mr. Md. Mehmood Husain is the President & Managing Director of Bank Asia. Prior to this, he was the Additional Managing Director of Prime Bank Ltd. Mr. Mehmood, an ex-cadet and a post graduate in Economics from the University of Dhaka, started his banking career in 1984 with National Bank as Probationary Officer. He has 29 years of long and diversified banking experience. Mr. Mehmood attended a number of professional workshops and seminars at home and abroad. He is the Joint Secretary of Association of Bankers Bangladesh and life member of Bangladesh Economic Association. He is associated with various social organizations.



# EXECUTIVE COMMITTEE OF THE BOARD

Business Review

Summary Sustainability

Financial Statements



◀ **Mr. Mohd. Safwan Choudhury**  
Chairman



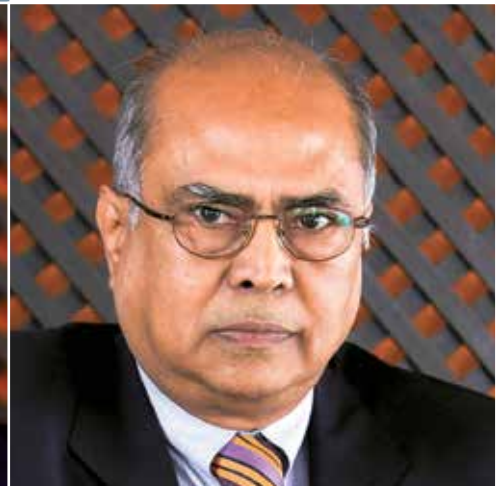
▲ **Mr. A M Nurul Islam**  
Vice Chairman



◀ **Mr. Mohammed Lakiotullah**  
Member



▲ **Mr. Rume A Hossain**  
Member



▲ **Mr. Shah Md. Nurul Alam**  
Member

## BOARD'S AUDIT COMMITTEE

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▲  
**Mr. Shah Md. Nurul Alam**  
Chairman



▲  
**Mr. Rume A Hossain**  
Vice Chairman



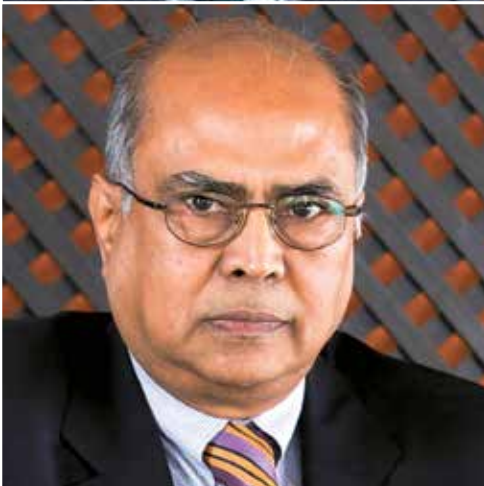
▲  
**Mr. Mohammed Lakiotullah**  
Member

# RISK MANAGEMENT COMMITTEE OF THE BOARD

Business Review  
Summary Sustainability  
Financial Statements



◀ **Mr. A M Nurul Islam**  
Chairman



▲ **Mr. Shah Md. Nurul Alam**  
Member



◀ **Mr. Mohammed Lakiotullah**  
Member



▲ **Mr. Rume A Hossain**  
Member

# OUR ACKNOWLEDGEMENT TO

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## Ex Chairmen with Present Chairman



▲ **Mr. M Syeduzzaman**  
1999-2008

▲ **Mr. Anisur Rahman Sinha**  
(2008-2010)

▲ **Mr. A Rouf Chowdhury**  
(2010 to till now)

## Ex Managing Directors



▲ **Mr. Quazi Baharul Islam**  
(1999-2000)

▲ **Syed Anisul Huq**  
(2000-2008)

▲ **Mr. Erfanuddin Ahmed**  
(2009-2011)

# OUR LEADERS

Business Review

Summary Sustainability

Financial Statements



Our Chairman with Managing Director



Our Managing Director with Deputy Managing Directors

# MANAGEMENT COMMITTEE

## Standing from Left

**Mr. Mohammad Abdul Qaium Khan**  
Senior Vice President & Head of Information and Communication Technology

**Mr. Arequl Arefeen**  
Vice President & Head of Treasury

**Mr. Imran Ahmed, FCA, CISA**  
Senior Vice President & Chief Financial Officer

**Mr. Mohammad Borhanuddin**  
Senior Executive Vice President

**Mr. Md. Abu Bakar Laskar**  
Senior Vice President & Head of Branch Operations

**Mr. Barun Kanti Saha**  
Senior Executive Vice President & Head of Special Assets Management

**Mr. Md. Zia Arfin**  
Senior Vice President & Head of International Division

**Mr. Md. Touhidul Alam Khan**  
Senior Executive Vice President & Head of Corporate Assets and Client Origination

**Mr. Mohammed Roshangir**  
Deputy Managing Director & Chief Business Officer (Corporate)



**Ms. Humaira Azam**

Deputy Managing Director &  
Chief Risk Officer

**Mr. Md. Mehmood Husain**

President and Managing Director

**Mr. Aminul Islam**

Deputy Managing Director &  
Chief Operating Officer & Company Secretary

**Mr. Md. Arfan Ali**

Deputy Managing Director & Chief Business  
Officer (SMR)

**Mr. Syed Nazimuddin**

Senior Executive Vice President & Head of  
Foreign Remittance

**Mr. Mamun Mahmud**

Senior Vice President, Head of Human Resources

**Mr. Md. Ashrafuddin Ahmed**

Senior Vice President, MD's Secretariat

**Mr. Md. Rezaul Islam**

First Vice President & Head of Logistics Support &  
Services (CC)

**Mr. Afzalul Haq**

Vice President & Head of Islamic Banking



# CLUSTER MENTORS



## ALCO





# MANAGEMENT & EXECUTIVES

## President and Managing Director

Mr. Md. Mehmood Husain

## Deputy Managing Director & Company Secretary

Mr. Aminul Islam

## Deputy Managing Director

Mr. Mohammed Roshangir  
Ms. Humaira Azam  
Mr. Md. Arfan Ali

## Senior Executive Vice President

Mr. Syed Nazimuddin  
Mr. Md. Touhidul Alam Khan  
Mr. Gaus-Ul-Wara Md. Mortaza  
Mr. Mohammad Borhanuddin  
Mr. Barun Kanti Saha

## Executive Vice President

Mr. Md. Sazzad Hossain  
Mr. Md. Shariful Islam Khan  
Mr. S.M. Iqbal Hossain  
Mr. Md. Shahabullah  
Mr. Mohammad Ziaul Hasan Molla

## Senior Vice President

Mr. Md. Abu Bakar Laskar  
Mr. Md. Ashrafuddin Ahmed  
Mr. A.K.M. Shaiful Islam Chowdhury  
Mr. Imran Ahmed, FCA, CISA  
Mr. Md. Mozaffor Hossain  
Mr. Md. Raja Miah  
Mr. Md. Zahid Hossain  
Mr. Md. Zia Arfin  
Mr. Sajjad Haider  
Mr. Mohammad Abdul Qaium Khan  
Mr. Tanfiz Hossain Chowdhury  
Mr. Md. Shaminoor Rahman  
Mr. Md. Fayezur Rahman Talukder  
Mr. Mamun Mahmud  
Mr. Md. Mostafizur Rahman

## Vice President

Mr. Munir Hussain Choudhury  
Mr. Md. Azharul Islam  
Mr. Md. Ekramul Hossain  
Mr. Afzalul Haq  
Mr. Alamgir Hossain  
Mr. Arequl Arefeen  
Mr. Md. Murshid-Al-Amin  
Mr. Tahmidur Rashid  
Mr. Md. Ashraf Hossain Chaklader  
Mr. Md. Azizul Haque Khan  
Mr. A.K.M. Mizanur Rahman

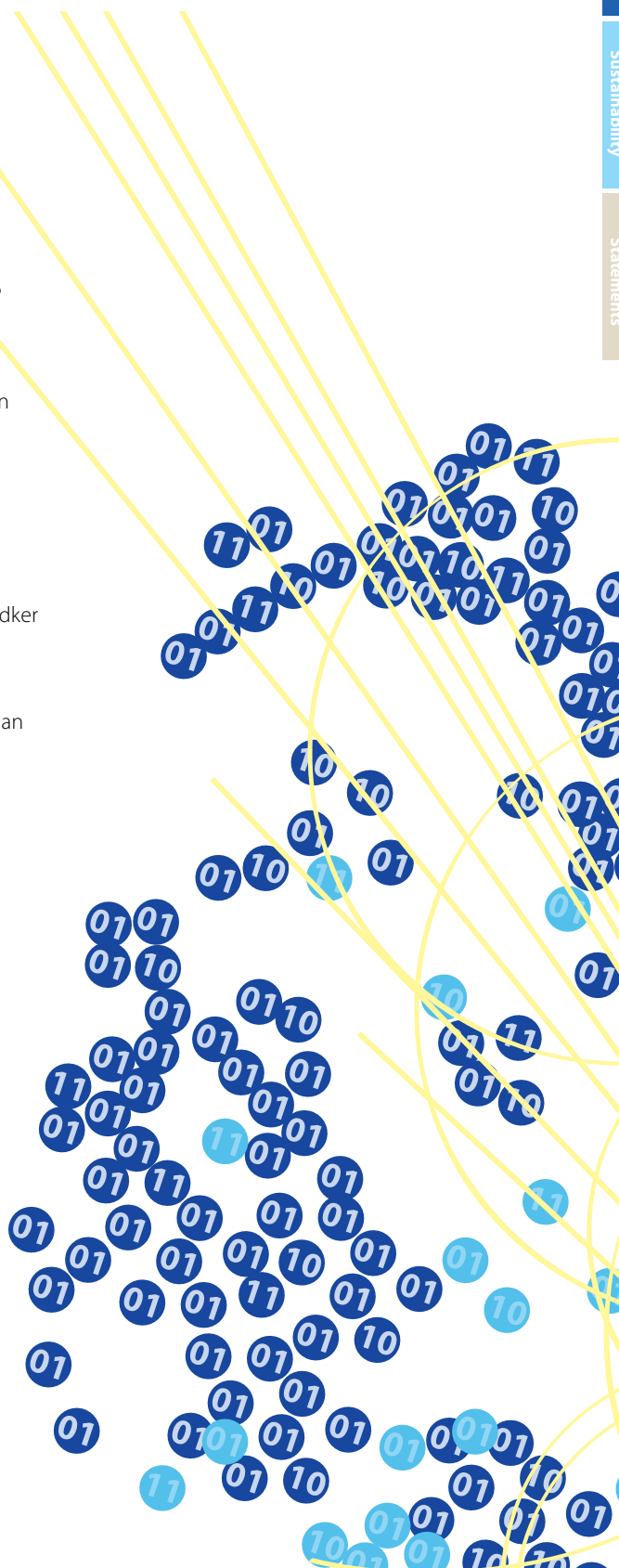
Mr. Md. Abdul Latif  
Mr. Mohammed Aminul Islam Mintu  
Mr. Sumon Das

## First Vice President

Mr. Ali Tarek Parvez  
Mr. Ashutosh Debnath  
Mr. Humayun Yusuf Kabir  
Mr. Kamal Uddin Ahmed  
Mr. Md. Saiful Islam Laskar  
Mr. Md. Shahinur Rahman, CISA, OCP  
Mr. Md. Ilias Khan  
Mr. Quazi Mortuza Ali  
Mr. Arif Hasan Khan  
Mr. Ibne Mohammad Shamsuzzaman  
Mr. Kazi Shamsul Haque  
Mr. K.S.A. Ansari  
Mr. Md. Jahangir Alam  
Mr. Md. Serajul Islam  
Mr. Syed Md. Ali Reza  
Mr. Zahirul Haque  
Mr. Faisal Ahmed  
Mr. Mohammad Burhan Uddin Khondker  
Mr. Golam Gaffar Imtiaz Chowdhury  
Mr. Md. Anisuzzaman Molla  
Mr. Mohammad Ismail Hossain  
Mr. Mohammad Mashiur Rahman Khan  
Mr. Mohammad Ibrahim Khalil, ACA  
Mr. Md. Rezaul Islam  
Mr. Mohammed Mamun-Or-Rashid  
Mr. Mehbub Hasan  
Mr. Md. Omar Hayat Chowdhury  
Mr. Mohd. Hosnezzaman  
Mr. Mohammad Shah Emran  
Mr. A. B. M. Morshed  
Mr. Md. Jasim Uddin Bhuiyan  
Mr. Md. Khairul Haque  
Mr. Emdadul Haque  
Mr. Syed Humayun Kabir  
Mr. Saiful Islam  
Mr. M.R. Chowdhury Rashed  
Mr. Md. Mohsin Jamal  
Mr. M.M. Shariful Islam  
Mr. Md. Murshed Alam  
Mr. Md. Aminur Rahman Khan  
Mr. Mohammed Rashidul Kabir Rajib

## Assistant Vice President

Mr. Md. Prashanta Samir  
Mr. Md. Tarek Hassan  
Mr. Md. Inamul Islam  
Mr. Faiz Mohammed  
Mr. Shafir Ahmed Chowdhury  
Mr. S. M. Zahid Hasan Ferdous  
Mr. Hasan A. Saimoom



## MANAGEMENT & EXECUTIVES

Mr. Ahmed A. Jamil  
 Mr. Mohammad Mainul Islam  
 Mr. Md. Mazibur Rahman  
 Mr. Towheedul Islam  
 Mr. Mohammed Shahjahan  
 Mr. A.K.M. Mohsin Uddin  
 Mr. Syed Md. Jarzis  
 Mr. M. Hasibul Alam  
 Ms. Suraiya Afroz  
 Mr. Md. Sahidul Islam  
 Mr. Moshiul Alom  
 Mr. Md. Shameem Ahmed Khan  
 Mr. Shabbir Ahmad Chowdhury  
 Mr. Mohammad Moinul Islam  
 Mr. Md. Belal Hossain  
 Mr. Rakibul Hasan  
 Mr. Mahbubur Rahman  
 Mr. Sarder Nazrul Islam  
 Mr. Md. Nizam Uddin Ahmed  
 Mr. Md. Mansur Ali Miah  
 Mr. S.M.Salahuddin  
 Mr. Mohammad Munzur Rashid  
 Mr. Azim Salam Khan  
 Mr. A.B.M.Burhan Uddin  
 Mr. Md. Kamruzzaman  
 Mr. Naimul Hasan Khan  
 Mr. Md. Fayezur Rahman  
 Mr. Mahbub A Alam  
 Mr. A.M. Saifur Rahman  
 Mr. Md. Intekhab Alam Zilani Bhuiyan  
 Mr. Zahirul Islam Khan  
 Mr. Muket Abdullah  
 Mr. Mohammad Azizul Hoque  
 Mr. Mohammad Shariful Islam  
 Mr. Salman Tariq Ali  
 Mr. Firdaus Bin Zaman  
 Mr. Mohammod Murad Hossain  
 Mr. Md. Mashirul Bor Chowdhury  
 Mr. Md. Ashraf Hossain  
 Mr. Md. Aminur Roshid  
 Mr. Abdullah Al Mahmood  
 Mr. A.H.M. Taslim Chowdhury

### First Assistant Vice President

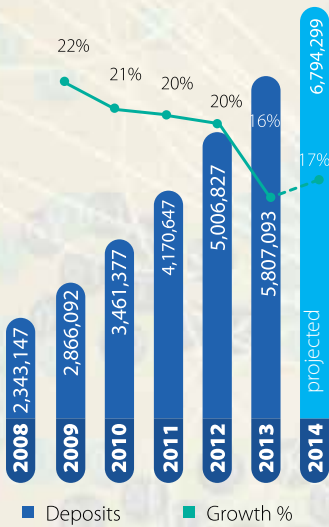
Mr. Arabinda Chowdhury  
 Mr. Salahuddin Ahmed  
 Mr. Syed Azizul Islam  
 Mr. Junaed Ahmed Khan  
 Mr. Md. Nashir Uddin  
 Ms. Shaheen Ara  
 Mr. Md. Sarwar Ali  
 Mr. Zahid Hasan  
 Mr. Rashed Mahmud  
 Mr. Md. Iftakhar Uddin Ahmed  
 Mr. Md. Saifuddin Mamun  
 Mr. Nesar Ahmed

Mr. A.K.M. Saifuddin Masuk  
 Mr. Mohammad Abul Kalam Azad  
 Mr. A.K.M. Fakhru Ahsan  
 Mr. Md. Faruk Hossain  
 Mr. Bipul Sarker  
 Mr. Zahidul Islam Khan Majlis  
 Ms. Rezwana Chowdhury  
 Mr. Kazi Asif Mahub  
 Mr. Md. Karim Uddin Azhar  
 Mr. Ali Akbar Md. Al Munsur  
 Mr. Md. Abdul Hashim  
 Mr. Kazi Habibur Rahman  
 Mr. Md. Ekram Hossain  
 Mr. Md. Ruhul Motin  
 Ms. Nafisa Habib  
 Ms. Shalma Rahman  
 Ms. Marshia Binte Saad  
 Mr. Sheikh Munirul Hakim  
 Mr. Md. Nazrul Islam Khan  
 Mr. Jakir Hossain  
 Mr. Mohammad Mizanur Rahaman  
 Mr. Mohammad Rezwanul Islam  
 Mr. Mohammad Ashikuzzaman Khan  
 Mr. Md. Hasan Ali Gazi  
 Mr. A.K.M. Iquebal  
 Mr. Mohammed Mahabubul Haque  
 Mr. Mohammad Mahbubul Haque Bhuiyan  
 Mr. Md. Shamsul Alam  
 Mr. Niaz Ahamad Rashed  
 Mr. Sultan Alauddin  
 Mr. Bashir Uddin Ahmed  
 Mr. Syed Asad Ahmed  
 Ms. Sheheli Parvin  
 Mr. Md. Habibur Rahman Talukder  
 Mr. Subir Paul  
 Mr. Shaiful Islam Khan Majlis  
 Mr. Milton Roy  
 Mr. Md. Nahid Hossain  
 Mr. Md. Khairul Basher  
 Mr. Abdur Rouf Bhuiyan  
 Mr. Nashir Uddin Ahmed Khan  
 Ms. Syeda Farjana Chanda  
 Ms. Shamima Akhter  
 Mr. A.F.M. Mosleh Uddin  
 Mr. Md. Mahbubul Alam  
 Ms. Afroza Khatoon  
 Mr. Md. Habibur Rahman  
 Mr. A.K.M. Aminul Huq  
 Mr. Benoy Bhushan Das  
 Mr. Mohammed Rezaur Rahman  
 Mr. Mamunur Rob Chowdhury  
 Mr. Mohammad Mainul Hossain Chowdhury  
 Mr. A. M. Sohrab Hossain Nahid  
 Mr. Mosharof Hossain  
 Mr. Md. Kamrul Hasan  
 Mr. Md. Foysol Ibna Wazed

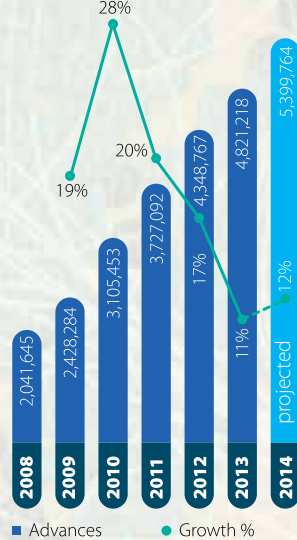
Mr. Md. Afzal Hossain  
 Mr. Md. Anisul Alam Sarker  
 Mr. Md. Mainur Rahman  
 Mr. Mohammad Omar Faroque  
 Mr. Kazi Manzur Morshed  
 Mr. Anjan Kanti Chakraborty  
 Mr. Md. Wajed Ali  
 Mr. Md. Moniruzzaman Khan  
 Mr. Tarique Kibria  
 Mr. Mohammod Tofayel  
 Mr. A.K.M. Shahidul Alam  
 Mr. Md. Fakhru Ghani  
 Mr. Chowdhury Al Jobaer  
 Mr. Tauhidur Rahman  
 Ms. Krishna Saha  
 Mr. Abdus Sabur Miah  
 Mr. M.A. Faruk Ahmed  
 Ms. Shahnaz Akter Shahin  
 Mr. Mahtab Uddin  
 Mr. Md. Abdus Sabur Khan  
 Mr. Md. Ali Akkas  
 Mr. Mynul Ahsan  
 Mr. Md. Rabiul Islam  
 Mr. Nayeemul Islam  
 Mr. Khorshed Alam  
 Mr. Sahidul Hasan Kabir  
 Mr. Md. Delowar Hossain Sidy  
 Mr. Mohammad Rafiqul Islam Shikder  
 Mr. Md. Abdullah Al Mamun  
 Mr. Md. Mohsin Kabir  
 Mr. A.B.M. Kamrul Huda Azad  
 Mr. Jiban Kumar Kundu  
 Mr. Probir Kumar Chanda  
 Mr. Md. Zahid Alamgir  
 Mr. Mohammed Zubaer  
 Mr. Mohammad Monir Ferdous Khan  
 Mr. A Z M A Ikram Shaki  
 Mr. Mohammad Kazi Mamun  
 Mr. Syed Khaled Saifullah  
 Mr. Ranjan Barua  
 Mr. Gazi Hafizur Rahman  
 Mr. Mohammad Iqbal Hossain  
 Mr. Syed Alamgir Kabir  
 Mr. Md. Refayet Hossain  
 Mr. Mohammad Saiful Alam  
 Mr. Md. Zakir Hossain Bhuiyan  
 Mr. Md. Jannath Salehin  
 Mr. Md. Jasim Uddin Khan  
 Mr. Khondakar Mujahidul Islam

# DEPOSITS AND ADVANCES STRATEGY

**Industry Deposits**  
Million Taka



**Industry Advances**  
Million Taka



- More priority to export oriented industries to help increase forex flow, earn through multi channel and also to help increase no cost fund of the Bank.
- Special attention will be given to expand SME credit portfolio to achieve relatively higher yields and also to reduce adverse effects of large volume defaults.
- Risk Management techniques to be effectively applied to ensure strong internal control over business operation.
- Identifying probable problem accounts through Early Warning System ('EWS') taking appropriate care of those and formulating exit plan, where necessary.
- Disbursement of loan to high yield generating business segments commensurate with calculative risk and maintain high quality asset portfolio.

## Deposits Strategy

- Taping different government agencies e.g. Foreign Missions, Roads & Highway, LGED, Bangladesh Bridge Authority etc. and also other different corporate houses, e.g. Foreign Air Lines, Telecom companies etc. and maintaining regular intense social interaction.
- Cross Selling of different products including retail to corporate customers.
- Exploiting the growing rural deposit basket setting- up smaller size low cost rural branches and most important channels like EBK (Ektee Bari Ektee Khamar), Agent Banking etc.
- Offering cash management services, i.e. collection of institutional accounts and effective use of EFTN service to ensure fast & secure cash service.
- Rigorous CASA campaign, Hajj deposits campaign and so on.
- Exploit mobile banking services to tap huge low ticket domestic remittance and mobile wallet to facilitate retail shopping.

**Bank Asia Deposits**  
Million Taka



**Bank Asia Advances**  
Million Taka



## Advances Strategy

- New emerging sectors like power, ship building, ship breaking, jute yarn, ceramic, pharmaceuticals industry etc. to be more focused
- Existing thrust sectors like agro based industries, leather, frozen food, textile industry to be more focused.
- Backward linkage industries to be targeted which will provide a good source of SME business through availing the benefit of supply chain management.

## MD & CFO WITH TOP TEN BRANCHES' HEADS

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# CHAIRMAN'S STATEMENT

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**Your Bank is ever more committed to sustainability not because of profitability but for making positive impacts on economic, environmental and social aspects. Good governance remains at the forefront of all priorities. Your Bank also believes in network expansion and extending global outreach.**

**Honorable Shareholders, Respected Members of the Board and the dedicated Management Team led by our President and Managing Director- Assalamu Alaikum.**

I feel proud and honored to welcome you once again to the 15<sup>th</sup> Annual General Meeting of your Bank. I would like to take this opportunity to express my heartfelt gratitude and sincere thanks for your trust and confidence upon us that together we all will take our Bank to greater height of prosperity. We humbly acknowledge your continued cooperation and support to achieve our goals.

On behalf of the Board of Directors, I have the pleasure to present the Integrated Annual Report of Bank Asia for the year 2013.

**Respectable Shareholders,**

As you all know, 2013 was a tough year in every term. Global economy did not see its expected growth and national economy suffered a set back due to election year uncertainty and lingering political turmoil especially in the latter part of the year. Resultantly, our GDP growth declined to 6.0% in FY 2013 from 6.2% in FY 2012. World economy continues to expand at a subdued pace. Over the past two years, after a noticeable down-turn, global economic activity slightly picked up in the second half of 2013. Most world regions are likely to see a moderate pick-up in activity, but growth will continue to be below potential and employment gains, especially in developed economies, will remain feeble. Bangladesh government and Bangladesh Bank through their fiscal and monetary policies provided supportive help to the economy. To maintain growth momentum they are trying to extend social safety net. During the year 2013-

1. The export of the country was USD 29.11 billion,
2. The wage earners' remittance inflow was USD 13.83 billion,
3. Foreign exchange reserve reached USD 18.07 billion for the first time.

Even in this difficult time your Bank could show its enduring strength to grow. Your Bank showed healthy growth in all key business parameters in 2013. Deposit increased to Tk. 133,489.37 million having 21.29% growth. Loans & Advances increased to Tk. 104,911.26 million

having 13.63% growth. Import increased to USD 1,323.58 million (Tk. 110,738.08 million) having 10.65% growth where export increased to USD 889.82 million (Tk. 71,968.83 million) having 14.83% growth. Inward remittance also increased to USD 439.90 million (Tk. 34,334.40 million) having 11.62% growth.

#### **Honorable Shareholders,**

We strongly believe that very soon Bank Asia will be the Bank of 'First Choice' of the people of Bangladesh. And we have reason to claim that, your Bank is standing on 'sound footing'. Our operating and net profit stood at Tk. 5,415.76 million and Tk. 1,459.82 million with a growth of 7.20% and 60.77% respectively. Your Bank did much better in restraining its growth of classified loans (CL) or non performing loans. In percentage term, CL was 5.60% of total loans and advances which was 5.69% in previous year. The management has taken a number of serious initiatives to further curbing the CL percentage by streamlining credit monitoring and visible recovery. Profitability measurement ratios like Return on Assets (ROA) and Return on Equity (ROE) are also on upward trend. ROA and ROE were 0.96% and 10.55% in 2013 which were 0.70% and 7.11% in 2012 respectively. This year we declared 10% stock dividend after keeping adequate provisions against loans, income tax, diminution of share value etc. I am sure you all are supportive to improve the health of your Bank, by keeping adequate provision that helps the Bank to absorb unwanted shocks. As your Bank is growing we can expect better dividend pay out in future.

#### **Dear Shareholders,**

We assure you that the fundamentals of your Bank are very strong. Bank Asia's total capital reached Tk. 15.57 billion in 2013 which is 11.77% higher than 2012. We have successfully built a strong capital base to ease the expansion of business in future. Your Bank is maintaining capital adequacy ratio of 11.05% against regulatory requirement of 10% and we are well prepared to welcome new BASEL III accord, as and when implemented.

Bank Asia Securities Limited, the subsidiary company of Bank Asia Limited, is maintaining

position among DSE top 20 in terms of daily turnover, but profit declined due to low turnover in the market. Another subsidiary company in UK, BA Exchange Company (UK) Limited has been performing well in remittance business. Through that exchange house, we received USD 5.24 million and GBP 1.47 million during 2013. We are expecting that the business will improve substantially in the years ahead that will bring the company to break even soon.

#### **Respected Shareholders,**

Your Bank is ever more committed to sustainability not because of profitability but for making positive impacts on economic, environmental and social aspects. Good governance remains at the forefront of all priorities. Your Bank also believes in network expansion and extending global outreach. This year your Bank opened 13 new branches covering 3 new districts that includes 5 rural branches. Mentionable that this year we have obtained licence from New York State Department for BA Express USA Inc. Hopefully, during second quarter of 2014, this 100% owned subsidiary will be able to start its operation in the USA. License of BA Exchange SDN BHD, Malaysia has also been obtained from Bank Negara, Central Bank of Malaysia. If the remittance business scenario in Malaysia becomes positive, we will carry forward with the rest of the activities for setting up another 100% owned overseas subsidiary there. This will further strengthen our global footing. Now, we have 86 branches, 6 SME Service Centers, 90 own ATMs and more than 3,700 shared ATMs all over the country to provide services to our valued customers.



#### **Human Capital**

Development of human resources is not an expenditure, it is an investment. You get the highest return from HR investment. Let's make maximum investment in quality human resources. They are the leaders, they will take the Bank forward

-A Rouf Chowdhury





Your Bank has been contributing significantly to the Government revenue collection effort. During 2013, we paid Tk. 4,247 million as income tax, VAT and Excise Duty from Bank's earnings, employee's earnings and collected at source.

From social point of view, Bank Asia intends to do something for the under privileged for their betterment. Your Bank spent Tk. 132.97 million in 2013, which is almost 91.46% higher than the previous year, on different social welfare activities including higher studies scholarship for poor but meritorious students, operation of born blind children, environment, disaster management, sports etc.

Bank Asia supported various renewable energy projects in the year and Bangladesh Bank has recognized Bank Asia as one of the Top Ten Private Commercial Banks for their contribution to green banking activities across the country. Not only that but also Bank Asia is the only Bank in Bangladesh that prepared and published full scale Sustainability Report under GRI G3.1 guidelines and was accorded application level B checked certificate by Global Reporting Initiative (GRI), Amsterdam, the Netherlands. Bank Asia's Sustainability Report 2012 has been awarded as the most progressive Sustainability Report by NCSR, Indonesia.

With its vision to have an inclusive and poverty free Bangladesh, Bank Asia had been associated with the renowned project named "Ektee Bari Ektee Khamar" under the Government of Bangladesh in 2012 which got enormous response from the remote and under privileged beneficiaries and is expected to excel the living standard as a whole.

In the year 2013, Bangladesh Bank decided to promote the complementary channel named 'Agent Banking' to reach the poor segment of the society with a range of financial services

especially in geographically dispersed locations. Bank Asia has taken initiative to implement Agent Banking in all districts of Bangladesh. The bank has successfully implemented Agent Banking pilot phase in Joynshar, Bhabanipur Bazar, Serajdikhan, Munshiganj.

Your Bank disbursed agricultural credit of Tk. 1,432.59 million to 80,876 beneficiaries during this year and also expanded SME financing substantially to contribute to the economic development of Bangladesh. At the end of the year 2013, the SME portfolio stood at Tk. 13.70 billion disbursing Tk. 20 billion through 10,527 accounts.

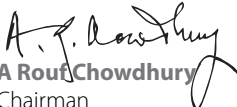
#### Respected Shareholders,

In 2014, the global growth of GDP is expected to increase 3.1% which was 2.9% in 2013. So, there must be opportunities for the emerging countries like us to grow through maximum utilization of our scarce resources. Over the years, we have maintained favorable signs of sustainable economic growth despite some natural and man-made odds. JP Morgan produced a report in April 2007 (From Ho Chi Minh Trail to Mexico) where Bangladesh was included in the 'Frontier Five'. Our country ranked fourth in growth in economically active population. I am confident that in coming days, our innovative and creative management team will tide over the challenges successfully and take the Bank to a new height of success.

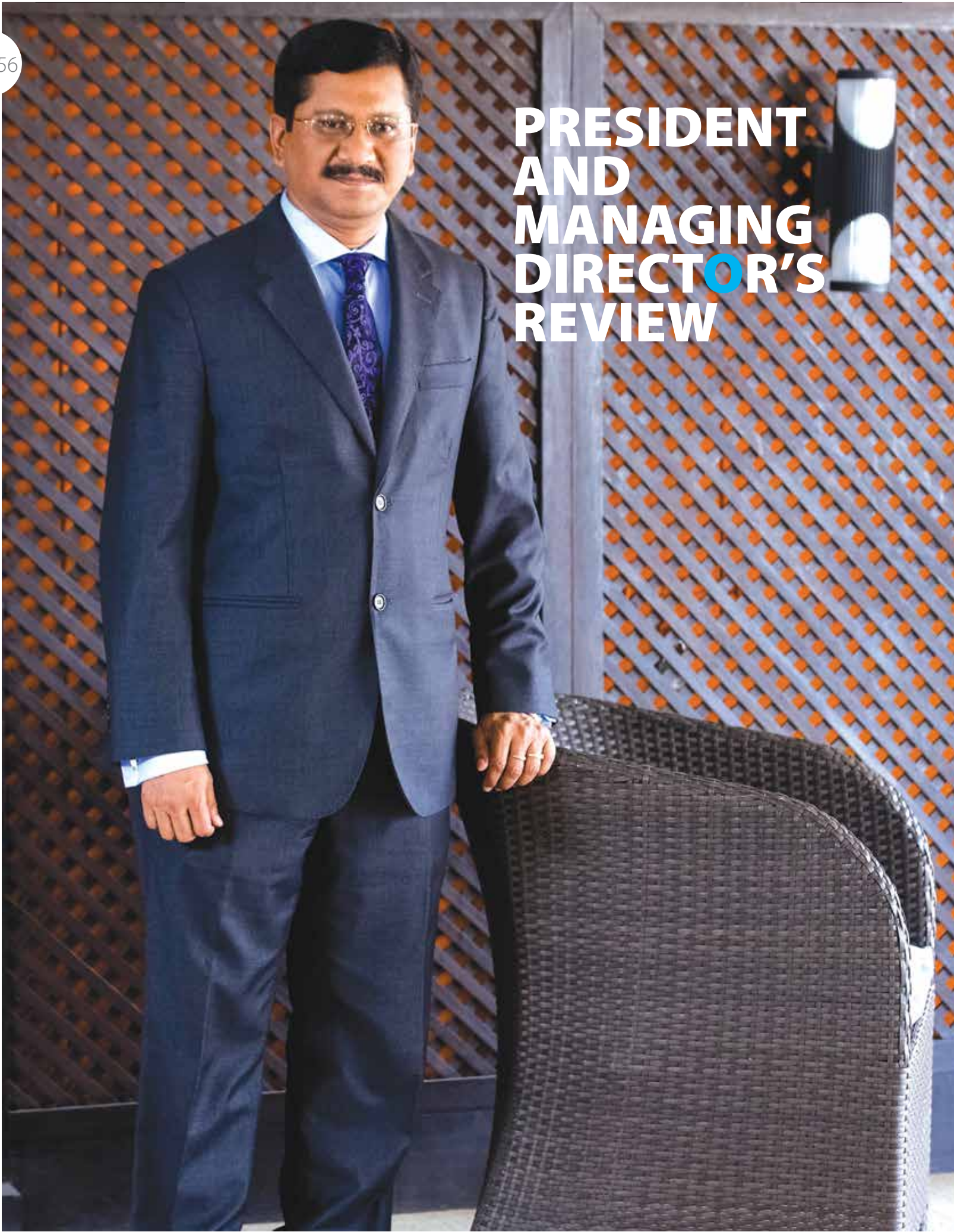
I would like to thank Bangladesh Bank and other regulatory authorities for their guidance and continuous support. I am grateful to the shareholders for their continuous trust, confidence and cooperation.

In the end, I once again express my sincere thanks to all the members of Bank Asia for their uncompromising loyalty, relentless hard work and dynamic team spirit to take the Bank forward. My request to them, kindly make Bank Asia a part of your desire. We will work together. Success is ours.

My best wishes to all of you.

  
A Rouf Chowdhury  
Chairman

# PRESIDENT AND MANAGING DIRECTOR'S REVIEW



**We have passed a challenging year 2013 mired with a lot of hurdles in the local and international arena but we were successful to squeeze best performance with the help of our dedication, firm commitment and setting appropriate strategy.**

**Like previous years I would like to explain the year 2013 keeping banking industry perspective and economic activities in mind. We have passed 2011 with capital market collapse, soaring inflation, hefty government borrowings from private banks, rise in government subsidies but fall in foreign aids; 2012 with prevailing contractionary monetary policy, declining GDP growth 6.2%, balance of payment pressure, bearish capital market and deteriorating condition of world economy. On the other hand in 2013 we saw:**

- Bottom out average inflation of 6.06% in January, rose to 6.78% in June and was 7.53% in December stemming from wage increase and supply side disruption.
- Continued strikes and stand-offs of business triggered by war crimes tribunal sentences, Islamist movement, worker protests to raise minimum wages, contention between government and opposition on caretaker government.
- Withdrawal of GSP facility by US in June in a symbolic response to dangerous condition in the garment industry that have cost more than 1,200 lives in the past year.
- GDP grew by 6% against target growth of 7.2% due to slower service sector growth to 5.7% (that is 53.9% of GDP) reflecting stagnant imports and politically inspired strikes that disrupted trade, agricultural growth slowed to 2.2% (that is 17.5% of GDP) because weather was unfavorable and rice price fall. Industry grew by 9% (that is 28.5% of GDP) with strong expansion in construction and small scale manufacturing sector.
- Export accelerated briskly (18%), but imports were flat (4.4%), thus net export growth pushed the foreign currency reserves to reach USD 18.1 billion in December 2013.
- Investment demand was sluggish due to national election period. Tighter lending by banks and alternative low cost foreign financing led private sector credit growth slower to 11.1%. Gross NPL rose in banking sector to 12.8% in current year from 11.9% in previous year. Several big scale financial scams and resultant loan defaults moved banking sector to more classified loans.

- Capital market activities remained generally weak throughout the year though gained some positive momentum in the end of the year.

From the above it is clearly understood that we have passed a challenging year 2013 mired with a lot of hurdles in the local and international arena but we were successful to squeeze best performance with the help of our dedication, firm commitment and setting appropriate strategy.

**Priorities for 2013**

- Management focused more on consolidation of its core business so that major business parameters viz. deposits, advances, import and export show moderate to satisfactory growth. Curbing non-performing loan percentage was also a major focus.
- Financial inclusion remained a strategic priority for the 2013, to contribute to poverty alleviation by way of agri credit, promoting Ektee Bari Ektee Khamar (EBEK) project and starting pilot project of Agent Banking.
- Investing more on building the community as the main focus of our corporate social responsibility
- Expanding perimeter of CTSU to provide foreign trade services centrally through more non AD branches
- Liquidity management was the most critical priorities for the year 2013 as in the backdrop of sluggish investment demand but liquid money market arbitrage earning was the main resort of profitability upkeep.

**Operating Performance**

During the year 2013, the Bank generated a 12.90% growth in the net cash inflow from operation that was Tk. 12,059.18 million in the current year and Tk. 10,680.85 million in the previous year. Such growth was due to 21.29% growth of deposit against 13.63% growth of advance. Resultantly the net interest income saw a negative growth of 14%. As we discussed above money market comfortably liquid but investment demand was sluggish throughout the year. To maintain profitability we could significantly increase investment income (Treasury and others) to the extent

of 58%, i.e. our strategic success was to utilize excess fund to generate sufficient earnings through arbitrage. By setting proper strategy we could lower cost of deposit to 8.81% in 2013 from 9.49% in 2012 that helped the Bank in generating spread at 6.18% which was 5.71% in previous year.

**Business**

Deposits of banking operation was Tk. 133,489.37 million having 21.29% growth and loans and advances was Tk. 104,911.26 million having 13.63% growth. As a result credit deposit ratio stood at 78.59%. Import of the Bank was USD 1,323.58 million having 10.65% growth. Export was USD 889.82 million having 14.83% growth and inward remittance was USD 439.90 million having 11.62% growth. In terms of budgetary achievement Bank performed quite well even in the difficult time as mentioned above; deposit 99.60%, loans and advances 89.44%, operating profit 88.78%, operating expenditure 82.51%, import 81.02%, export 85.86% and inward remittance 83.20%. The Bank saw success in restraining non-performing loans growth and curbed non-performing loan percentage to 5.60% in 2013 from 5.69% in 2012.

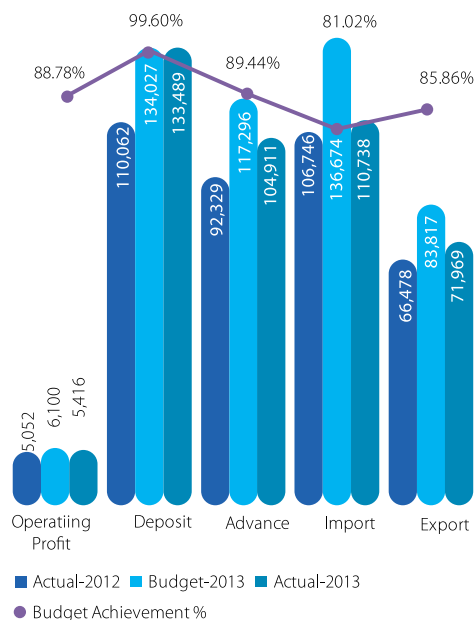
**Profitability**

Total operating profit of banking operation was Tk. 5,415.76 million in 2013 which was 7.20% higher than last year. Operating expenditure grew by only 12.59% in 2013 which was 17.25% in 2012 though 13 new branches were added to total network and 115 employees were added to human capital.

**Subsidiaries**

Bank Asia Securities Limited, a 99.99% owned subsidiary company of the Bank faced severe earnings crisis as affected investors specially having negative equity, could not generate gains from generally weak capital market throughout the year 2013. As a result the company had to transfer Tk. 640 million to interest suspense account, i.e. income recognition was suspended and showed Tk. 117.31 million net loss for the year. With a view to maintain sufficient liquidity bank management injected Tk. 1,550 million as fresh capital into the subsidiary company. BA Exchange UK Limited, another wholly owned subsidiary company of the bank sent remittance of USD 5.24 million and GBP 1.47 million which was 1.70% of total remittance mobilized by the bank. This year the company registered Tk. 11.96 million net loss. The company was 2.5 years old as of balance sheet date and payback period is set 5 years.

**Business Performance**  
(Million Taka)



## Business Units

Islamic Banking wing generated operating profit of Tk. 154.99 million which was 2.86% of total operating profit .

Off-shore banking unit generated operating profit of Tk. 51.63 million which was 0.95% of total operating profit and 183.37% higher than previous year.

Cards Department generated operating profit of Tk. 92.93 million which was 1.72% of total operating profit and 32.21% higher than last year.

## SME & Agri Sector

The Bank continued its drive towards increasing its market share in the SME and agricultural lending besides corporate and retail segments. In 2013 Bank Asia's agricultural loan outstanding was Tk. 1,919.17 million. We also increased our SME and Islamic banking activities as signified by their respective growth level as mentioned earlier.

## CSR

Bank Asia is always aware of its Corporate Social Responsibility (CSR) with an aim to ensure the bank as a socially responsible corporate entity contributing towards quality of life of the society at large without compromising our ecological conditions. During the year, Bank Asia spent an amount of Tk. 132.97 million covering a vast area of education, health and other under privileged sectors for overall betterment of the nation.

## Awards & Accolade

Bank Asia is the only bank in Bangladesh that received award as the most progressive sustainability report for its full scale sustainability report 2012 under GRI G3.1 guidelines. Bank Asia achieved Certificate of Merit for Best Presented Annual Reports 2012 in the Private Sector Banks and in the SAARC Anniversary Award for Corporate Governance by Institute of Chartered Accountants of Bangladesh (ICAB).

## Strategic priorities for 2014

- Nourishment of basic export clients. Prioritizing service for tested and prudent clients and ensuring a standard (i.e. quality) customer service for all.
- Recovery of Bad and written-off loans as key to maintain asset quality
- Maintaining stable profitability in difficult times by expenditure optimization and diversifying revenue streams looking into the math and thriving for better efficiency ratio
- Human Capital development through informal cross functional communication, more round table discussion along with formal training. Employee motivation creating congenial environment, ensuring healthy work-life balance and commensuration to energize them for taking greater challenges
- Effective use of mid market financing mainly potential medium manufacturing concerns. Direct foreign currency lending through OBU or alternative way as there is an increasing demand
- Low cost fund sourcing by way of effective financial inclusion through agent banking, mobile banking, EFTN, DTB etc.

Together we will ensure our maximum contribution for a sustainable growth of the bank to make it the most sought after bank of the country.



**Md. Mehmood Husain**

President and Managing Director

“ If past data and trend becomes the pivotal for far sighting vision, seeing the unseen opportunities, taping the untapped business potentials and exploiting the distortion in the market for business gain only then this profound business review will be of some meaning

”

60 DIRECTORS'  
REPORT

## WORLD ECONOMY

Despite improved global financial conditions and reduced short-term risks, the world economy continues to expand at a subdued pace. The main priority for policy makers worldwide should therefore be to support a robust and balanced global recovery, with a focus on promoting job creation.

In the second half of 2013 the world trade and global activity picked up. In emerging market economies, an export rebound was the main driver behind better activity. Weaker growth prospects and new risks raise new challenges to global growth and employment, and global rebalancing. Policy makers everywhere need to increase efforts to ensure robust growth.

After a marked downturn over the past two years, global economic activity is expected to slow down in 2013, both in developed and developing economies. The short-term risks associated with the situation in the Euro area, the fiscal adjustments in the United States and the economic slowdown in large developing countries have diminished, but not disappeared. At the same time, new medium-term risks have emerged, including possible adverse effects of unconventional monetary measures in developed economies on global financial stability. These risks have the potential to once again for recovery of the world economy.

Global growth is to remain subdued at 2.9% in 2013, which was lower than the previous year's 3.2%. GDP growth in the United States was 1.9% in 2013 which was 2.3% in 2012. In Japan, growth is now expected to slow more gradually which was 2.0% in 2013 same as 2012.

The Euro area is turning the corner from recession to recovery. Growth in Euro area remain in a negative corridor -0.4% in 2013 which was -0.6% in 2012. GDP growth in Developing Asia was decreased to 6.3% in 2013 from 6.4% in 2012. GDP growth in Caribbean region is 2.7% in 2013 decreased from 2.9% because of weaker export demand.

Inflation rates remain subdued in most developed economies especially the Euro area. In the advanced economy, the pickup in activity will not lead to a major reduction in output gaps and in the emerging market economies, commodity prices have fallen among improved supply and lower demand growth, notably in China. Consistent with slowing activity and stabilizing commodity prices, inflation has eased in emerging market and developing economies. And in advanced economies, inflation is currently running below target, at about 1.5% on average. Inflation in the United States moderated in 2013 down to about 1.5% from 2.2% in 2012. In most countries of South Asia inflation rate was over 5% in 2013 on an average. The inflation rate in Latin America and the Caribbean is expected to stay at about 5.6%. In Japan, it will bounce up in response to consumption tax increases.



◀ Board of Directors at 14th AGM



◀ Annual Business Conference 2013

Global FDI flows increased by 36% to an estimated 1.45 trillion rise from USD 1.35 trillion in 2012. Although inflows to developed countries appear to be recovering over 2012 despite positive signs of recovery in some developed country regions such as parts of the EU, FDI's flows to the United States failed to reverse their decline, contrary to other signs of economic recovery over the past year.

The world's largest recipient region for FDI, saw flows at a level similar to 2012. Total inflows to developing Asia amounted to an estimated USD 406 billion in 2013, which is similar to the previous year. But the performance of sub-regions continues to differ. China again ranked second in the world, estimated USD 127 billion closing the gap with the United States to some USD 32 billion. India experienced a 17% growth to USD 28 billion, despite unexpected capital outflows in the middle of the year. FDI growth slowed in the Association of Southeast Asian Nations (ASEAN), as inflows to Singapore, the largest recipient in South-East Asia, stagnated at USD 56 billion. As more FDI arrives from China and Japan in a wide range of sectors, including infrastructure, finance and manufacturing the prospects appears to be promising.

#### Outlook 2014

Global economic prospects have improved again, but the bumpy recovery and skewed macroeconomic policy mix in advanced economies are complicating policy making in emerging market economies.

In 2014, global growth of GDP is expected to increase 3.6% than the GDP growth of 2013, adjusted for inflation as the world's major economies still face many structural flaws and policy constraints that hamper additional investment and faster productivity growth. Cyclical positions and vulnerabilities vary across emerging market and developing economies. Among the other emerging markets, countries of developing Asia are to witness a slight growth improvement in 2014, up from a weaker growth performance over 2013. The upsides for the medium term growth outlook for the global economy are significant faster increases in public and private investment. Overall, growth in emerging market and developing economies is expected to increase to 5.1% in 2014. Though the global crisis has been uneven and hesitant, clear and credible strategies are required for growth and job creation. Structural reforms will be required to all major economies to lift global growth and support global rebalancing.

**Source:** World Economic Situation and Prospects  
World Economic Outlook -IMF

# BANGLADESH ECONOMY

The economy has grown at the rate of 6-7% per annum over the past few years. In Bangladesh, the economic growth decelerated to 6.0% in the last fiscal from 6.3% of the FY12, and was off-track compared to the ambitious target to 7.2%. This is because Bangladesh experienced a significant violence of political transition. Production, consumption, supply chain, investment, export and import all have already been affected by political turbulence. BBS' preliminary estimates for FY13 growth came to 6.0% but it is lower than the previous five years average of 6.2% growth. A key factor behind this was slower growth in agriculture, yet industrial growth is higher in FY13. However the investment climate suffered in the second half of the year 2013 due to a series of national strikes and consequent disruptions to the supply chain. Services growth slowed slightly down to 5.73% in FY13 from 5.96% in FY12, reflecting stagnant imports and politically inspired strikes that disrupted trade. Export growth accelerated briskly, but imports were flat, such that net exports markedly contributed to growth. Besides this, there is also evidence that retail and wholesale trade, hotel and restaurant business, transport services and tourism faced sluggish demand due to frequent national shut-downs during the year 2013. Thus the average GDP growth in developing countries was 5.0% in 2013 while on the other hand Bangladesh's growth rate remains respectable.

## Agriculture Sector

Although nearly half of Bangladeshis are employed in the overall agriculture sector, which constitutes about 18.70% of GDP, experienced a lower growth of 2.17% in FY13 compared to 3.11% in FY12. This is largely due to the base effect of two consecutive years of record growth and lower output due to the falling price of paddy/rice as well as weather related disruptions (e.g. cyclone Mahasen) in the coastal areas.

The production of food grains increased by 0.9% to 35.10 mmt in FY13 which was 34.80

mmt in FY12. Within the agriculture sector, the highest growth was achieved in the fishing sub-sector followed by the forest and related services sub-sector.

## Industry Sector

The country's industrial base remains very positive. The industrial sector in FY13 comprises 31.99% of GDP. Overall industrial growth is estimated at 9.0% in FY13, higher than 8.90% growth in FY12, mainly driven by faster growth of mining and quarrying, construction and



small scale industries. Higher remittance inflows (12.60% in FY13) and a significant increase in public investment (e.g. construction of fly overs in Dhaka and Chittagong cities, construction of highways and other public investments) may have fueled healthy construction growth in the country during the period. The manufacturing sub-sector decelerated the growth of manufacturing declined slightly to 9.3% growth in FY13 compared to 9.4% in FY12 due to subdued domestic and external demand. The growth rate of large and medium scale industry which comprises 14.28% of GDP declined to 10.32% in FY13 compared to 10.52% growth in FY12.

## Service sector

The service sector has expanded rapidly during last two decades. Almost half of the GDP is generated by the service sector which comprises 49.30% of GDP, experienced growth of 5.73% in FY13 from 5.96% in FY12, largely due to the moderate growth of wholesale and retail trade. The growth rate of wholesale and retail trade went down to 4.69% in FY13 from 5.63% in FY12. Due to lower profitability in the banking sector financial intermediation achieved a lower growth of 9.0% in FY13 compared to 11.0% in FY12. This is partly due to frequent national strikes and supply bottlenecks during the last fiscal year. Most of the service sectors remain unchanged compared to FY12 but the education sub-sector exhibited an impressive growth of 9.7% in FY13, significantly higher than the 7.2% of FY12, possibly due to the growth of new institutions of higher education.

## Fiscal Sector

### Expenditure

The current expenditure in the revised FY13 budget was 15.2% higher than the actual FY12 budget. The total public expenditure in the revised FY13 budget amounted to Tk. 1,893.3 billion, mainly by increased ADP expenditure. ADP of Tk. 523.7 billion in the revised FY13 budget turned out 39.6% higher than the actual FY12 ADP, it fell short of the target by 4.8%. The actual utilization of ADP during FY13 was 96.0% of the revised allocation. Total ADP expenditure increased by 45.3%, while current expenditure increased by only 2.0%, total government expenditure is estimated at Tk. 1679.1 billion which is 13.3% higher than FY12 and 88.7% of FY13 budget. At the same time, the other

expenditure category which includes subsidies on petroleum and electricity increased by 57.2% to Tk. 340.2 billion in FY13 which is also higher than the FY13 budget.

### Revenue

During FY13, revenue collection was 95.3% of the annual budgeted amount which was Tk. 1,396.7 billion almost equal to the target. The revenue collection in the revised FY13 budget increased by 21.8% over the actual FY12 revenue. The tax revenue which constitutes 83.6% of the total revenue receipts increased by 22.7% compared to 19.7% growth in FY12. The non-tax revenue displayed lower growth rate of 17.4% in the FY13 compared to 44.8% increase in the preceding fiscal year. The total revenue receipts as percentage of GDP rose to 13.5% in FY13 compared to 12.5% in FY12.

## External Sector

In the external sector, the surplus current account balance in FY13, reflecting the increasing inflows of remittances shored up by continued export expansion and declining imports. Import growth was sluggish in FY13, mainly because of the significant fall in food import demand, lower petroleum imports and slower demand of manufacturing output import. Remittance growth of 12.6% in FY13 is higher than the 10.2% growth in FY12. With a higher growth in export of Bangladesh in international market and growth in remittance, the value of Taka become appreciated and stood 77.75 per USD on February, 2014.

### Export

Total exports in FY13 had a strong growth over the same period of FY12. Aggregate exports increased by 11.2% in FY13 to USD 27,027.40 million from USD 24,301.90 million in FY12. Export earnings increased to USD 29,113 million upto December 2013. This growth was mainly due to increased exports of jute goods, leather, frozen food, woven garments and knitwear products while exports of raw jute, tea and terry towels declined compared to FY12. But unless there is a dramatic change in politics, export will suffer and once export receipts fall, it will affect financial sector, employment and related service sectors seriously.

### Import

Import payments remained sluggish during the year. Import payments (fob) in FY13 were USD 33,576.0 million registering a positive growth of 0.8% compared to USD 33,309.0 million in FY12. Overall import payment was USD 33.97 billion upto December 2013. This reflects the higher domestic production, lower imports of food-grains. Imports of intermediate goods mainly used for manufacturing output decreased by 1.3%. Overall opening of LCs for imports decreased by 2.8% during FY13.

### Remittance

Remittance inflows play an effective role in poverty alleviation, supporting development process and in humanizing standards of living. Remittance growth of 12.6% which was USD14,338 million in FY13 is higher than USD 12,734 million in FY12, though this growth did slow during the second half of the year. This slowdown is a function of a 34% drop in the number of migrant workers between July-April FY13 relative to the same period in FY12. Remittance inflow stood at USD 13,832 million upto December 2013.

## Balance of Payment

The exports earnings increased to USD 27,027.40 million from USD 24,301.90 million and import payments increased marginally to USD 33,576 million from USD 33,309 million in FY13 over FY12. Trade deficit declined to USD 7,010 million in FY13 from USD 9,320 million in FY12. During the first quarter of FY14 export earnings had a growth of 17% and at the same time import payment declined to 11%, which ultimately reduced the trade deficit. The rate of growth of workers' remittance inflows increased by 12.60%, which was USD 14,338 million in FY13 from USD 12,734 million in FY12, also strengthening the current account balance. As a result, current account balance moved to a surplus of USD 2,525 million as compared to a deficit of USD 447 million in FY12. The overall balance of payments registered a huge surplus of USD 5,128 million in FY13 compared to a surplus of USD 494 million in FY12.

## Inflation Rate

Average inflation, using the 1995/96 base year, has been declining steadily over the past fifteen months, from a peak of 10.96% in February 2012 to 7.51% in November 2013. This decline was driven by a steady fall in point to point food and non-food inflation until October 2012. Since then food inflation began to rise and in June 2013, it was 8.53%. Non-food inflation fell from a peak of 13.96% in March 2012 to 6.79% a year later. However, point to point nonfood inflation has increased to 6.99% in June 2013 and core inflation (non-food, non-fuel) has also increased since March 2013. The rise in food inflation is pushing up average inflation which bottomed out at 6.06% in January 2013 and has risen to 6.78% in June 2013.

## Exchange Rate

The value of Taka is appreciating gradually and to avoid excessive volatility of exchange rate, Bangladesh Bank has continued its interventions in FY13 by net purchase of foreign currencies amounting to USD 4.54 billion during FY13. With a higher growth in export, strong growth in the flow of remittance and sluggish payments of import, the value of Taka become appreciated by 5.2% in FY13 and real exchange rate data indicates a marginal impact on export competitiveness. The nominal exchange rate of Taka increased to Tk. 77.77 per US dollar as of end June 2013 compared to Tk. 81.82 per US dollar as of end June 2012 and stood at Tk. 77.75 per US dollar on February, 2014.

## Monetary Policy

Bangladesh Bank has decided to keep policy rates unchanged and contain reserve money growth to 15.5% and broad money growth to 17.2% by December 2013. Bangladesh Bank employs repo, reverse repo, BB bill rates as policy instruments for influencing financial and real sector prices. Repo rates and reserve requirement ratios unchanged following the fifty basis point rate cut in January 2013. Effective from 1 February, 2013 Bangladesh Bank has revised downward the repo and reverse repo rates by 50 basis points and set them at 7.25% and 5.25%, respectively. Moreover, the growing liquidity in the banking system suggests that an easing of reserve requirement ratios is also unnecessary.

## Money Supply

Broad money (M2) recorded a 16.7% growth in FY13 compared to 17.4% in FY12, which was increased to 17.2% by December 2013. Reserve money (RM) grew by 15.5% in June, 2013 compared with 8.99% growth during the same period of the preceding year. The lower than projected growth of RM during the year was due to excess government borrowing from Bangladesh Bank. During FY13, domestic credit growth fell short of the program rate due to shortfalls in private sector credit growth, while credit to public sector crossed the program level. Total domestic credit grew by 11% where the public sector declined from 18.7% to 11.7% and private sector from 19.7% to 10.9% in FY13.

## Interest Rate

The interest rates offered by the commercial banks slightly narrowed down to 8.2% in FY13 from 8.5% in FY12. The lending rate was 13.7% compared to 13.8% in FY12. The interest rate spread stood at 5.5% for all banks from 5.4% in FY12.

## Call Money Rate

In the call money market, Bangladesh Bank's policy measures resulted in stable where weighted average interest rate ranging from 7.2% to 11.5% during FY13 which was 9.8% to 19.7% in FY12. During FY13 the average volume of trade in the call money market increased by Tk. 367.7 billion, which was 36.1% higher than that of FY12.

## Foreign Exchange Reserve

Improved external balances are reflected in the accumulation of international reserves reached at 15.32 billion in FY13 which is sufficient to cover 5.5 months projected import payments. This was 47.8% higher than 10.36 billion in FY12. At the end of December, 2013 stood at USD 18.07 billion. It is mentionable that the balance of foreign currency reserve becomes the second highest position in South Asia. The main reason is that during the first nine months of 2013, the overseas employment of female workers increased remarkably to 41,064 from 27,515 in 2012 according to the Bureau of Manpower and Training (BMET) data.

## Sovereign Ratings

Bangladesh achieves Ba3 (Moody's) stable rating for 4th consecutive years (2010-13) and BB-(S&P) sovereign rating with stable outlook for four consecutive years (2010-13). However, these stable ratings indicate better economic structure, financial soundness, and stable banking sector in the economic environment of Bangladesh.

## Outlook – The Challenges

The central bank's forecast -

- GDP is slightly revised up for FY14 ranges between 5.8% and 6.1%. The International Monetary Fund (IMF) projected 5.5% growth and Asian Development Bank (ADB) 5.8%. This is because Bangladesh tends to experience significant violence due to political transition.
- To achieve the desired GDP growth, private sector credit growth targeted at 16.5%.
- Inflation is targeted to decline to 7% which will be a major challenge.

Although the world economy is projected to gain strength this year with signs of rebound in developing countries and high-income economies the growth in Bangladesh would slow down mainly for political turmoil and unrest in the garment sector. However, the projected pickup would depend on macroeconomic stability, sustained policy reforms and progress in reducing supply-side constraints.

### Source

Bangladesh Bank  
Asian Development Outlook 2013 Update.

# BANKING INDUSTRY IN BANGLADESH

## Market Segment

The banking industry in Bangladesh is mainly divided into two sectors, such as Specialized Banks (SBs) and Commercial Banks (CBs). At present, there are 56 scheduled banks operating all over the country. Out of these, 4 are state-owned banks, 4 specialized banks, 31 are private commercial banks and 8 are islamic commercial banks and the remaining 9 are foreign commercial banks (including one Islami bank). At present, total branches of the existing 56 banks stood 8,482 where the number of rural branches are 4,852.

## Regulation of the Banking Industry

Bangladesh Bank Order 1972 and the Bank Companies Act 1991 and subsequent amendment in 2013 mainly guide the commercial banks in Bangladesh. Bangladesh Bank, being the central bank exerts supervisory controls over the banking sector. Bangladesh Bank (BB), the central bank of Bangladesh formulates and implements monetary policies, manages foreign exchange reserves and supervises banks and non-banks.

## Banking Sector in Bangladesh

The Bangladesh banking sector relative to the size of its economy is comparatively larger than many economies of similar level of development and per capita income. Access to banking services for the population has improved during the last three decades. The number of depositors increased 63% and stood 6.12 crore over the last five years.

## Structure of the Banking System in Bangladesh as on June, 2013

Billion Taka

Bank Types	No. of Banks	No. of Branches	Total Assets	% of Industry Assets	Deposits	% of Deposits	NPLs to Total Loans Ratios (%)	Return on Assets (ROA)%	Return on Equity (ROE)%
SCBs	4	3,499	2,013.15	26.75	1,522.88	26.75	26.4	0.6	11.7
DFIs	4	1,476	424.02	5.63	301.84	5.30	26.2	-0.5	-28.9
PCBs	38	3,386	4,628.21	61.49	3,551.17	62.38	6.6	0.4	5.5
FCBs	9	66	461.26	6.13	316.95	5.57	4.7	3.4	19.7
Total	55	8,427	7,526.51	100	5,692.84	100	11.9	0.6	8.2

## Monetary Aggregates (Y-o-Y growth in percent)

Items	Actual			Jul '13 MPS Prog.	Jan '14 MPS Prog.
	FY11	FY12	FY 13	June 14	June 14
Net Foreign Assets	6.2	7.2	50.4	8.4	10.0
Net Domestic Assets	24.7	19.3	11.0	19.0	18.6
Domestic Credit	27.5	19.2	10.9	17.2	17.8
Public Sector Credit (incl. Govt.)	34.6	17.4	11.1	19.5	22.9
Private Sector Credit	25.8	19.7	10.8	16.5	16.5
Broad money	21.4	17.4	16.7	17.0	17.0
Reserve money	21.0	9.0	15.0	16.5	16.2

Banks are engaged in upgrading the socioeconomic status of the country by investing money to productive sectors. However, in the context of globalization and operation of market economy these institutions are facing immense competition with regard to speedy transaction of financial intermediation and as such they are to provide their service as efficiently and effectively as possible. Moreover, BB has issued license to 9 new banks which have already started their operation throughout the year 2013. So the competition in the banking sector rises robustly and banks face new challenges.

# IMPORT AND EXPORT STRATEGY

## Country Vs. Bank Asia Growth & Market Share



Deposits (BDT) Advances (BDT) Export (US \$) Import (US \$) Remittance (US \$)

- Country (Dec-13 over Dec-12)
- Bank Asia (Dec-13 over Dec-12)
- Bank Asia Market Share in 2013
- Bank Asia Market Share in 2012

## Import & Export Strategy

- Arranging credit lines for foreign currency from international agencies to facilitate international trade business particularly import clients at a competitive rate and the country as a whole will get benefit of building foreign exchange reserve.
- Marketing for not only established business houses but also the potential clients having strong entrepreneurship spirit to grow.
- Garments sector will be more focused where tested and potential clients will be in the portfolio basket under the regime of calculative risk return trade-off.
- Emerging ship building and ship breaking sectors will explore new opportunities which the Bank will tap for increasing international trade.
- Industries having backward linkage will yield better opportunity and reduce risk exposure.

### Bank Asia Import

Million Taka



### Bank Asia Export

Million Taka



# REVIEW OF OPERATIONS OF BANK ASIA IN 2013

In the year 2013, Bank Asia Limited has secured GRI's application level check "B" certification on Sustainability Report 2012, a milestone in the banking sector of Bangladesh. The Bank has been growing steadily over the years and the year 2013 is not any exception although the global and national economy was experiencing tough time.

Political instability has hindered the business growth to a large extent. We faced many difficulties but were able to maintain growth momentum during this reporting period. Deposit reached Tk. 133,489 million with a remarkable growth of 21.29% due to diversified customer oriented services and at the same time maintaining low cost of deposit. Loans and advances was 13.63% higher than the preceding year and stood at Tk. 104,911 million. International trade business was largely affected by political agitation. Our Bank's trade business growth rate surpassed industry growth rate. Bank's import increased by 10.65% and stood at USD 1,324 million (Tk. 110,738 million). Export was also increased by 14.83% and reached USD 890 million (Tk. 71,969 million). Inward remittance exhibited a satisfactory growth of 11.62% and reached USD 440 million (Tk. 34,334 million) against country's negative growth of 2.43%. Increase of operating efficiency yielded operating profit with a moderate growth of 7.20% and attained Tk. 5,416 million as against Tk. 5,052 million in 2012. Net profit after tax stood at Tk. 1,460 million compared to Tk. 908 million in the previous year, registering a remarkable growth of 60.77%. The Bank did much better in restraining growth of classified loans (CL) and the year ended with 5.60% classified loan ratio which was 5.69% in the previous year that caused less requirement of additional provision on loans and advances. In 2013, we kept provision on loans and advances for Tk. 1,568.80 million which was Tk. 2,090 million in 2012, declined by 24.95%.

The Bank is standing on sound footing where strong capital base is playing a key role for smooth business expansion. This strong capital base helped the Bank to maintain a very satisfactory capital adequacy ratio (CAR) of 11.05% against regulatory requirement of 10%. The size of Balance sheet is also increasing and

reached Tk. 163,778 million with a growth of 16.68% over previous year.

To keep pace with the growing demand of customers for our innovative services and a balanced distribution of network, the Bank opened 13 new branches in 2013. The whole network of Bank Asia now consists of 86 branches, 6 SME service centers, 5 Islamic windows, 90 own ATMs, 1 brokerage company with 5 brokerage branches in Bangladesh and 1 exchange house in UK. The Bank has obtained license for BA Express USA Inc. from New York State Department which is expected to start operation from second quarter of 2014. All these operations are interconnected and integrated through state of the art networking technology.

## Corporate Financing

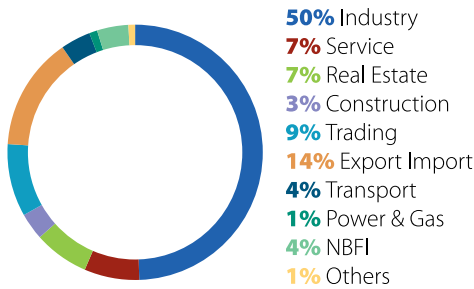
Bank Asia's Corporate Banking has been serving some of the large clients of the country with efficient services and customized solutions. With the growth of the corporate client base and to match their business requirement, Corporate Assets & Client Origination has been restructured and segregated into six units to let the clients enjoy more specialized services as these units are run by experienced personnel in their specified areas.

- General Credit: deals with all credit except the below mentioned specialized credit.
- Syndications & Structured Finance: deals with arranging funds for large project diversifying the risk amongst the partner banks.
- Project Finance: deals with corporate houses to facilitate their project's financial requirement more in tune with expected cash flow. Recently the unit financed in various sectors like Auto Bricks, Jute Mills, ICT (IGW, ICX, Wimax etc.) energy saving bulb, Education and Health Care business etc.
- Export Finance: caters the unique need of the exporters, specially the garments sector, which has positioned the country amongst the top global exporters.



◀ Dird Felt Limited, a geotextile manufacturing unit financed by Bank Asia

**Sectoral distribution of Corporate Finance in 2013**



- Trade Finance (Offshore & Others): provides financial solutions to customers of export processing zone and facilitates bill discounting, term financing etc. to on shore clients.
- Impaired Assets Management: assists the clients who need to restructure their portfolio to run their operations smoothly.

The policies of Corporate Assets product has been formulated in the year 2012 addressing present and future challenges for Corporate Banking Business.

To prepare the employees for the future challenges, after Training Need Assessment (TNA) of Officials of Branches and Corporate Office, Corporate Assets and Client Origination Division arranged several numbers of Training and Development programs, workshops in the year 2013.

**Syndication Finance Unit**

The Syndication Finance Unit of Bank Asia provides customized financial solutions to the corporate clients as term Loan and working capital, which creates values and contributes towards the growth of the country's economy. Syndicated loans allow arranging funds for large projects spreading the risk amongst the partner banks. Clients also enjoy the benefits of having access to larger pool of funds from multiple financial institutions but have to deal with one Agent bank and one set of documentation. We are proud to be one of pioneer banks in syndication and structured financing. As a lead arranger Bank Asia successfully completed 14 large Syndicated deals raising around Tk. 10,413.00 million, which include manufacturing, power, poultry, steel, and telecom. It has already created the best avenues in the market through structuring of various products, syndication arrangement, advisory services including acquisition & merger and agency services. Bank Asia also finances both Greenfield, existing as well as BMRE (Balancing, Modernizing, Rehabilitation, and Expansion) programs besides restructuring facility. The Syndication Finance Unit is successful in providing agency function to 5 (five) Syndicated facilities where 20 (twenty) Banks/FIs are involved.

**Major activities in 2013**

- Participated under Syndication facility in power sector, poultry sector, steel sector, telecom sector with a total amount of Tk. 5,154.00 million.
- Created a new milestone through undertaking arrangement to finance pioneering projects in the porcelain industries, a step towards diversifying the country's export sector.

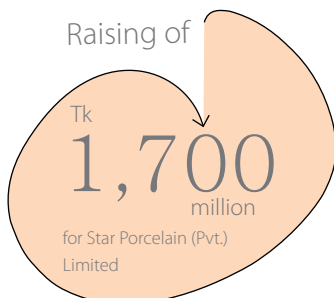
Bank Asia, as the lead arranger, signed Memorandum of Understanding (MoU) for raising of Syndicated Term Loan of Tk. 1,700.00 million for Star Porcelain (Pvt.) Ltd. of Porcelain Tableware manufacturing industry, for production of 30,000 pieces per day. Subsequently the Syndication Finance Unit successfully raised the fund. The target market of the product will be Europe and Middle East, Far East & North America and South America.

Our Syndicated client - Nina Holdings Limited, fully adjusted Syndicated Term Loan- 1 facility of Tk. 471.58 million & Syndicated Term Loan - 2 facility of Tk. 150.00 million respectively.

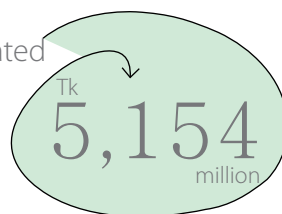


Signing MoU with Star Porcelain Pvt. Ltd.

14 large Syndicated deals



Participated



in power, poultry, steel & telecom sector

## Mid-market Assets Financing

Mid-market Assets & Client Origination (MACO) has been formed in 2013 with a view to handle the credit proposals of mid-market assets ranging from Tk. 5.00 million to Tk. 100.00 million. The main objective of this division is to manage the mid-market assets i.e. low-end corporate assets and emerging corporate assets and to maintain strong, effective relationship with the clients of this segment.



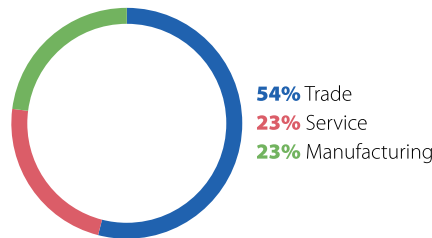
## Small and Medium Enterprise (SME)

SME financing is now at the focal point of the banking sector for its significant role in socioeconomic development. Financing the SME's has opened a door for the banks to channel their investment in a socially desirable as well as profitable business segment. Besides, it has created an opportunity for the banks to diversify its investment portfolio and minimize the risk there against. The essence of SME financing under the present days banking context has guided the bank in offering tailor-made financial products and services for the clients belonging to SME business segments. Moreover, the span of SME activities of the bank also covers entrepreneurship development, cluster financing, SME client promotion etc.

In line with the Banks' greater intention to contribute to the poverty eradication and economic development, Bank Asia has been sincerely putting its efforts to amplify its SME related activities. In the year 2013, the SME portfolio stood at Tk. 13,703.30 million as compared to Tk. 12,958 million at the end of 2012. The Medium segment recognition criteria have been set in accordance with Bangladesh Bank definition covering single borrower exposure up to Tk. 100 million with effect from December 31, 2012.

Bank Asia Limited has signed an agreement with SME Foundation. Under this agreement Bank Asia received fund from SME Foundation as Pre-Finance for financing the Electric & Electronic product manufacturing cluster of Jurain and Shyampur area which was a remarkable success. We are also sponsoring and participating in various road-shows, fairs, seminars, symposiums for the development of the sector and enjoying significant result of these efforts from the entrepreneurs' end.

SME sectoral contribution in 2013



Bank Asia is firmly committed to expand its activities in bringing greater number of SME under banking network and offer innovative and technology oriented financial solutions.

## Consumer Finance

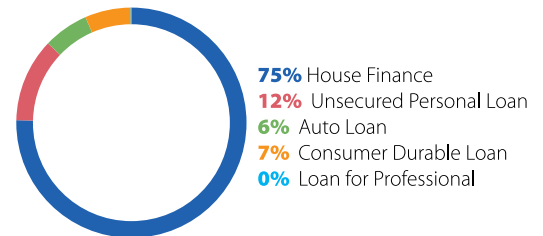
Growth opportunities in banking industry, especially in retail segment have witnessed a fast growth in the last couple of years due to high consumption. Our consumers are becoming more willing to opt for consumer loans as the population in urban areas has a great demand for consumer credit because of their changing lifestyles. Personal loan, home loan and auto loan remained the top three consumer credit types in 2013. Discovering the latest market trends and analyzing future market growth for the consumer lending

industry in Bangladesh the Consumer Credit Department (CCD) of Bank Asia has diversified its products and facilities with privileged features for its customers.

(Million Taka)

Product Name	Outstanding as on 2013
House Finance	2,505.90
Unsecured Personal Loan	391.16
Auto Loan	211.31
Consumer Durable Loan	213.90
Loan for Professional	3.72
<b>Total</b>	<b>3,325.99</b>

Consumer Finance Outstanding as on 31.12.2013



## Agricultural / Rural Credit

The objective of Agri/Rural credit of our Bank is to bring the low income groups in financial inclusion by providing adequate fund. Till date 283,834 beneficiaries have received benefit from Bank Asia Ltd.

As per the Agricultural/Rural Credit Policy and Programs of Bangladesh Bank, all scheduled Banks have to disburse 2% of their total loans and advances of 31 March of the previous fiscal year as agri credit. At the end of the fiscal year, the un-disbursed loan amount of the target amount of any Bank will be retained by Bangladesh Bank for 1 year against which

Mustard field financed by Bank Asia



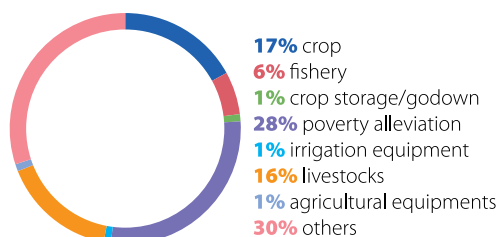
Chilli Field financed by Bank Asia @ 4% interest rate

Bangladesh Bank will provide interest to the said Bank at bank rate. Bank Asia achieved its target for last 2 consecutive years.

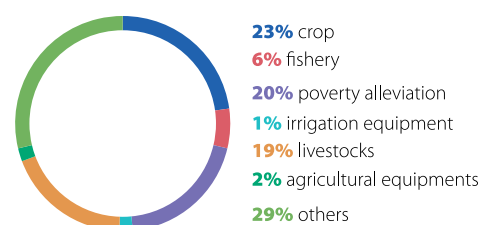
During 2012-2013 Bank Asia had a target to disburse Tk. 1,570.00 million as Agricultural/Rural credit. We disbursed Tk. 1,586.25 million which is 101% of the target. We have also targeted to disburse Tk. 1,570.00 million during the period 2013-14.

As on 31-12-2013, the status of the Agricultural/Rural Credit is as under:

#### Outstanding as on 31.12.2013



#### Disbursement



Particulars	Million Taka		
	Own Network	NGO Network	Total
Disbursement (from 01-01-2013 to 31-12-2013)	52.59	1,380.00	1,432.59
Outstanding (as on 31-12-2013)	93.92	1,825.25	1,919.17
No. of Beneficiary	43	80,833	80,876

## Special Finance Program

### Finance to cultivate maize, pulse, spice & oil seed @4%

During the period, we disbursed Tk. 0.40 million to a farmer in Faridpur at 4% interest rate for cultivating pulse, oil seed, spice and maize directly through our rural branches. We are promoting and advertising this facility features through our branches to encourage the farmers.

### Electrification in the off-grid areas

Bank Asia is committed to enlighten every rural home with green electricity.

During the year 2013, we have disbursed Tk. 30.00 million to import and installation of Solar Home Systems in the off grid areas through an NGO. This electrification programme has benefited around 1,500 houses with total of 6,500.

Bank Asia is committed to enlighten every rural home with green electricity.

## Sectoral Distribution of Credit

The Bank's loans and advances portfolio increased to Tk. 104,911.26 million achieving a growth of 13.63%. Sector wise distribution of loans and advances is as follows-

SL. No	Sectors/Sub-Sectors	2013		2012	
		Million Taka	% of Funded Loan	Million Taka	% of Funded Loan
<b>1</b>	<b>Industries</b>				
	Agriculture and Jute	3,216.35	3.07%	4,699.89	5.09%
	Cement	1,046.49	1.00%	1,336.11	1.45%
	Chemicals	1,219.17	1.16%	1,083.59	1.17%
	Electronics	986.86	0.94%	1,085.75	1.18%
	Food and Allied	5,883.24	5.61%	3,465.63	3.75%
	Paper	3,583.73	3.42%	3,102.54	3.36%
	Readymade Garments	7,924.20	7.55%	3,272.49	3.54%
	Real Estate	3,947.28	3.76%	3,145.33	3.41%
	Steel	6,882.16	6.56%	3,945.06	4.27%
	Textile	6,985.00	6.66%	5,870.50	6.36%
	Others	15,264.79	14.55%	23,821.94	25.80%
	<b>Sub total</b>	<b>56,939.28</b>	<b>54.27%</b>	<b>54,828.83</b>	<b>59.38%</b>
<b>2</b>	<b>Infrastructural</b>				
	Power	1,713.70	1.63%	906.36	0.98%
	Telecom	847.55	0.81%	1,369.68	1.48%
	Construction	3,232.80	3.08%	1,164.47	1.26%
	Transport	3,597.30	3.43%	3,849.95	4.17%
	<b>Sub total</b>	<b>9,391.36</b>	<b>8.95%</b>	<b>7,290.46</b>	<b>7.89%</b>
3	Commercial Lending	26,100.36	24.88%	21,950.24	23.77%
4	Export Financing	812.30	0.77%	516.19	0.56%
5	House Building Loan	204.98	0.20%	283.86	0.31%
6	Consumer Credit Scheme	3,326.87	3.17%	2,893.33	3.13%
7	Small and Medium Enterprise	2,605.57	2.48%	2,487.98	2.69%
8	Staff Loan	814.29	0.78%	605.22	0.66%
9	Credit Card	951.90	0.91%	865.30	0.94%
10	Non-Banking Financial Institutions	3,764.36	3.59%	607.41	0.66%
	<b>Total</b>	<b>104,911.26</b>	<b>100.00%</b>	<b>92,328.82</b>	<b>100.00%</b>





Orientation Program on Islamic Banking for Heads of Branches

private sector credit expansion. In spite of government's huge bank borrowing, there was no shortage of fund. That's why; this was a year of liability management rather than managing assets. In 2013, Inter-bank O/N market started with a range of 11.75%-12% in 1st quarter which started to fall in 2nd quarter and ranged between 6.90% to 7.10% avg. and ended up at the range of 6.75% to 7.25% avg. Yield of Treasury securities also fell by around 18% to 20% in year 2013. Treasury invested a large volume of fund in govt. securities and term placements with FIs by using different money market products to maximize the effective earning from money market.

### Islamic Banking

Bank Asia commenced Islamic Banking services in 2008 and the bank has five Islamic Banking windows in Dhaka, Chittagong and Sylhet Divisions. In 2013, the Bank inaugurated its Islamic Banking brand 'SALAMAH' (means purity) which is now one of the promising Islamic Banking brands of the Banking industry of Bangladesh. Since inauguration Bank Asia is leading among the Islamic Window operators, due to its strict shariah based products and unique profit distribution module for Mudaraba deposit based on income sharing ratio (ISR). To ensure high quality service delivery and better customer satisfaction, Islamic Banking has got an ongoing training program to update our human resources on Islamic Banking principles, products and services. Besides Islamic Windows, our Islamic Banking service is available in SALAMAH Desks established in every Branch/ SME Center through Real-Time Online Banking System under Islamic Banking software HIKMAH.

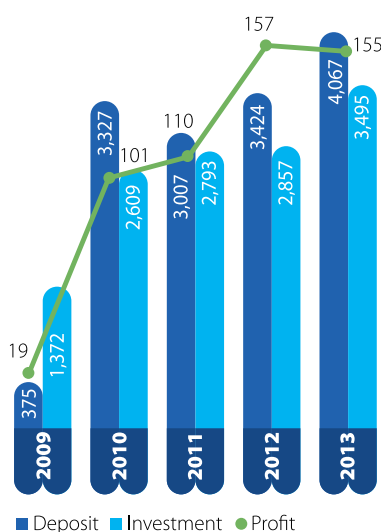
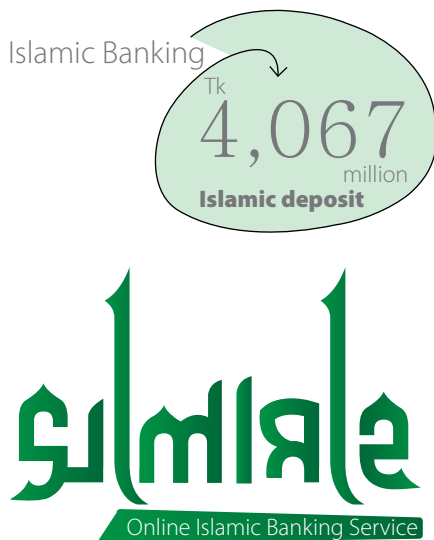
As on the balance sheet date, Islamic deposit reached Tk. 4,067 million, Investment / Asset Tk. 3,495 million and profit stood Tk. 155 million.

### Asset Liability Management

Treasury's primary objective was to mitigate the balance sheet gap in cost effective manner. During year 2013, treasury maintained uninterrupted liaison with higher management about asset liability position, commitment of bank, market liquidity scenario through ALCO (Asset Liability Committee). ALCO members sit in regular and/or special meeting with ALCO paper to respond to the regular or unusual market behavior. In the year 2013, Treasury on different occasions, approached management for reducing dependency on rate sensitive chunk deposit on the ground that market rate is falling and there is very low chance of credit growth. ALCO took precautionary measures to successfully reduce the volatility in deposit base. From the beginning of second half in 2013, treasury time to time initiated FDR rate reductions vide ALCO and remain proactive in market. During the year, all liquidity indicators including CDR (Credit Deposit Ratio), MCO (Maximum Cumulative Outflow), MTF (Medium Term Funding) ratio were within desired limit.

### Foreign Exchange

Over the year, treasury maintained bank's net open position and FC liquidity in a prudent manner to manage exchange rate risk involved in commercial transactions of on-shore and off-shore banking units. In 2013, country experienced huge surplus in current account balance due to lower import payment, higher export and moderate remittance growth, higher FDI and foreign aid along with increasing number of private sector FC borrowing from foreign sources. Country FX reserve achieved record 42% growth in year 2013 to surpass the \$18 billion mark at year end. Over the year, Bangladesh Bank procured \$4.33 billion from interbank to mop up surplus FC fund.



### Treasury Operations

Treasury is involved in identifying and measuring the risks associated in the business and accordingly minimizing or hedging those risks using various financial tools and products to stabilize the balance sheet and maximize profit for bank. In the process, treasury operates through the integrated efforts of Money, FX, and ALM to achieve the desired goal.

### Money Market

The year 2013 was a new challenge for Treasury as it was very much flat in both money and forex market. Market was liquid due to modest

Then again, the value of taka appreciated significantly to Tk. 77.75 per US dollar at year end from Tk. 79.75 per US dollar at the beginning. Over the year, Treasury constantly kept reporting about fund position and its risk exposure to higher management. In 2013, treasury handled higher volume of wage earners' remittance, import payment settlement, export proceeds and earned substantial amount of exchange earnings for the bank as compared with previous year.

### International Trade

Bank Asia Limited since its inception has been keeping pace with the growing need of its customers with especial focus on the corporate clients, helping the potential customers to explore new market and bringing the diversification to have steady and sustainable growth in the international trade activities.

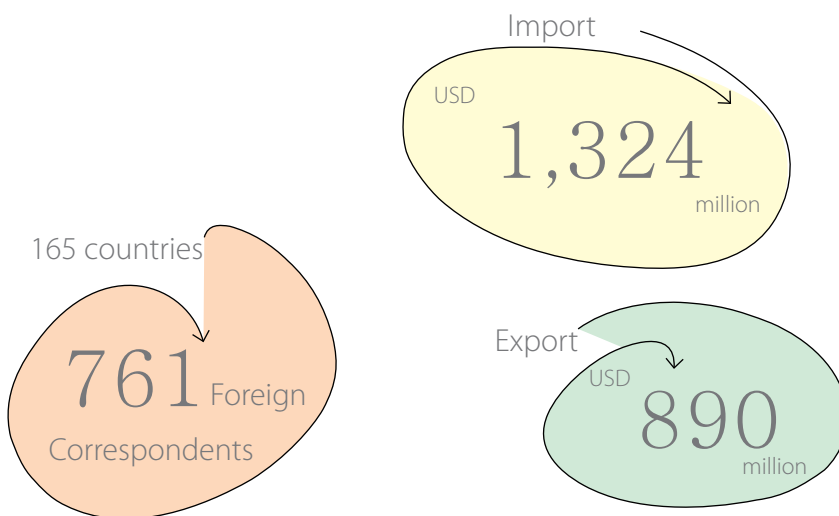
Bank Asia has continuously developed strong correspondent relationship with 761 foreign banks in 165 countries of the world and enhanced the overall credit line with foreign banks by more than 10%. In 2013, Bank Asia has enhanced the rebate/fee income from our foreign correspondents by more than 55%. Our excellent reputation in meeting our commitment and strong financials enabled us in securing Credit lines (both funded and non-funded) from Asian Development Bank, International Finance Corporation (private sector arm of World Bank Group) and other world renowned Banks.

In 2013, Import showed a sustained growth which was USD 1,323.58 million (Tk. 110,738.08 million) registering a growth of 10.65% as compared with 2012 and the total export of the Bank stood at USD 889.82 million (Tk. 71,968.83 million) which was 14.83% higher than that of 2012. Total inward and outward remittance was USD 439.90 million (Tk. 34,334.40 million) and USD 31.01 million (Tk. 2,345.30 million) respectively. Moreover Bank Asia issued guarantees against counter-guarantees of international banks for USD 98.23 million registering a superb growth of more than 144% than that of 2012. In the last quarter of 2013, Bank Asia Limited SWIFT unit introduced SWIFT Alliance Message Management 7.0.71 so that all branches can be linked up with SWIFT uninterrupted with more than 10,000 Live Institutions in 251 countries around the world.

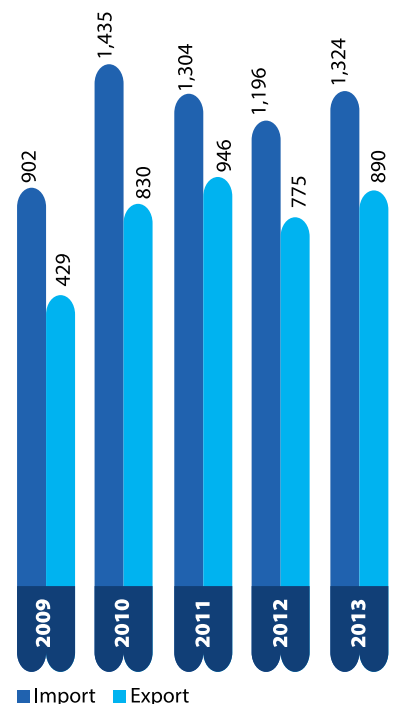
### Central Trade Services Unit (CTSU)

Central Trade Services Unit (CTSU) is an innovative milestone in the contemporary banking arenas. CTSU is the first platform for facilitating non-AD branches foreign trade operations with a separate AD license issued from Bangladesh Bank for this purpose. The main objective of CTSU is to act as a platform for all non-AD branches of Bank Asia to facilitate their trade related transaction like Imports, Exports, Remittance, Bank Guarantee, LC Advising and Transferring etc. on behalf of its clustered non-AD branches.

After inception, CTSU has been clustering 52 Non-AD branches of the bank throughout the country. The business volume of all non-AD branches has been increasing robustly day by day with active support of CTSU. In 2013, CTSU's export reached to USD 50.88 million (Tk. 4,408.30 million) and import reached to USD 130.95 million (Tk. 10,909.20 million) making a growth of 30% & 46% respectively.



### Import & Export Million USD



## Offshore Banking

Bank Asia has established one Offshore Banking Unit (OBU) in Chittagong Export Processing Zone (CEPZ) with a view to cater the banking requirement of non-resident customers. Offshore Banking acts as a unique solution for banks across the globe to carry out international banking business involving foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment. The deposit of the Bank's OBU was USD 9.81 million and Advance was USD. 32 million in 2013. Import and Export was USD 9.57 million and 31.04 million respectively. In 2013, Off-shore Banking Unit earned a profit of USD 0.74 million which is 183% higher than that of 2012.

## Foreign Remittance

The term Remittance generally means "Inward Wage Earners' Foreign Remittance" in Bangladesh. The significant role in strengthening national economy that remittance plays has made it inseparable from now-a-days banking service. Relentless service, maximum dedication, continuous communication and client satisfaction contributed in upholding Bank Asia's name and fame home and abroad. The total inflow of Inward Remittance of Bank Asia in 2013 was USD 440 million (Taka 34,334.40 million), a 11.62% growth over the previous year. Due to devaluation of USD, our volume in BDT fails to reflect the achieved growth. Our contribution in country inflow increased 3% in 2013 as against 2% in 2012 where the position is 9th in 2013 in comparison with 13th in 2012 among all banks in Bangladesh.

This year Bank Asia's collection network has increased by establishing direct drawing

arrangement with 6 Exchange Houses, raising the total count to 41 in 9 countries. This year, we have been able to put our initial foot-steps in Qatar.

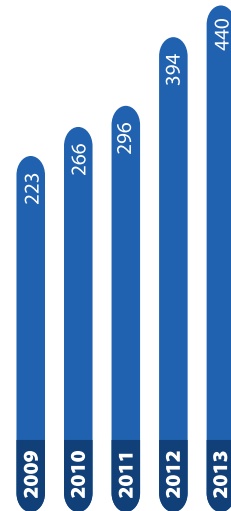
In 2012, as the first and only bank in Bangladesh, Bank Asia introduced Payza.com to facilitate easy inflow of hard-earned foreign currency across the globe as a form of Service Export in non-physical form which has become more responsive in the year 2013.

Bank Asia is one of the most successful names in maintaining relationship with the NGO sub-representatives. Beneficiaries are being facilitated from around 1,500 locations of 13 NGOs for smooth and hassle free disbursement of Remittance. Bank Asia's active participation in the Eldorado Network, a 10 Bank web-based remittance processing system, has also given beneficiaries the variation and ease in collecting their money. Finally, aptly supported by automation, our errorless processing through Bangladesh Electronic Fund Transfer Network (BEFTN) has given us the edge above the others.

We have signed agreement with Robi Axiata Limited for disbursement of foreign remittance. Test phase has been introduced through around 200 locations in greater Comilla region, and in less than one month, in December 2013, we have been able to facilitate satisfactory service to more that 150 happy clients. Hopefully, over 2,000 locations will be introduced in 2014.

Our success in remittance arena has attracted the interest of Western Union, which is world-renowned for its Cash disbursement product of Foreign Remittance. Now, for the first time in Bangladesh, they are going to introduce Credit to beneficiary's bank account also. Bank Asia is proud to accomplish all technical and other procedures, and we expect, in the first quarter of 2014 this product will be launched.

**Inward Remittance**  
Million USD



■ Inward Remittance

41 exchange houses, 9 countries  
USD 440 million inward remittance

First & only Online Payment Gateway Service Provider in Bangladesh  
Payza.com

13 NGOs  
1,500 outlets  
400,000 beneficiaries



◀ Signing agreement with Bangladesh Bancnet Limited for rendering Mobile Financial services all over Bangladesh.

Bangladesh has instances of Foreign Remittance disbursement in Cash over the counter mode from its own branches, NGO sub-representatives and from outlets of telecom partners. But, for the first time, we have managed to include nationwide 370 outlets of Singer Bangladesh Limited, the retail giant, in our foreign remittance cash disbursement network. This is another First in the remittance sector of Bangladesh. Within less than one month, in December 2013, the total beneficiaries handled by Singer is above 200.

We have obtained license for BA Express USA Inc. from New York State Department of Financial Services. Hopefully, during the second quarter of 2014, this 100% owned subsidiary will be able to start its operation in USA. License of BA Exchange SDN BHD, Malaysia has also been obtained from Bank Negara, Central Bank of Malaysia. If the remittance business scenario in Malaysia becomes positive, we will carry forward with the rest of the activities for setting up another 100% owned overseas subsidiary.

Besides regular activities, Foreign Remittance Department has also signed agreement with Bangladesh Bancnet Limited for rendering Mobile Financial services all over Bangladesh. The product is planned to be launched during the second quarter of 2014.

### Cards

Bank Asia Cards Department has launched its commercial operation in the year 2007. Since then it has been operating very successfully and profitably in comparison to other market players. Last year total revenue of cards department was Tk. 278.00 million.

We have passed last couple of years very successfully in terms of keeping the delinquent rate at the lowest in the card industry by maintaining very close monitoring of portfolios. Bank Asia's international visa credit card is being used in more than 50 countries of 6 continents very satisfactorily. We have already developed and introduced wide ranges of Master Card & VISA Card local and international (Classic and Gold branded products) including a brand new VISA tuntuni card, a mini version credit card first time in Bangladesh for small income group people.

Bank Asia introduced virtual and SME card for aspiring students and professionals. Now anyone can enjoy the privilege of payment of membership fee of foreign professional and scientific institutions and fees for application, registration, admission, examination (TOEFL,

Bank Asia Cards Department actively participated in the ICAB Annual Picnic-2013



SAT etc.) in connection with admission into foreign educational institutions via internet with Bank Asia Virtual Card. Moreover to mitigate urgent cash requirement for business or to buy production materials from merchants, to visit abroad for business purpose or to attend fair, Bank Asia introduced SME card which can meet all of the purposes by offering speedy approval, 45 days interest free period as well as dual currency. The bank has issued LankaBangla card cheque to make possible for NBFIs to issue card cheque for its customers. The bank also introduced International Prepaid Hajj Card.

We have been offering very attractive value added services like dual currency card, card cheque, instabuy/easy buy facility, e-statement, free sms alert service, softpay, softturn, 24 hours call center service from a short code 16205, ATM facility etc. We have signed so many agreements with different companies like Nokia, Lenevo, Panasonic, Toshiba, City cell etc. to offer "Easybuy" facility to buy products and services now and pay through interest free 3 to 12 installments.

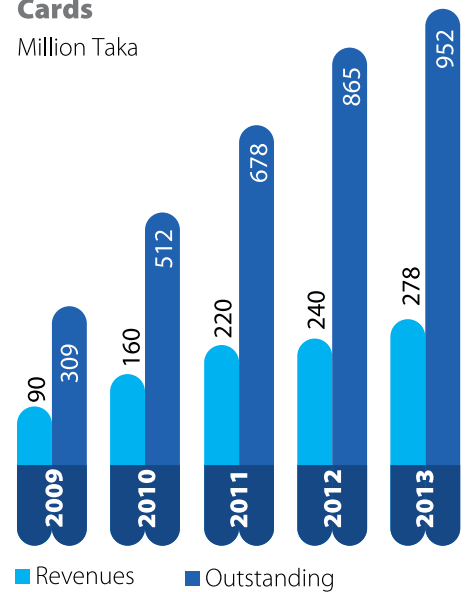
In 2013, Cards Department launched two prestigious product named Bank Asia Platinum Card and Priority Pass, primarily issued among top level executives of the Bank. Cards Department also participated in ICAB Annual Picnic 2013 to promote its diversified products to the Corporate sector.

In order to promote Bank Asia's card products and increase usage of credit cards among the customers, two loyalty campaigns were arranged in 2013:

1. Cash Back Program: On the occasion of Eid-ul-Fitr and Eid-ul-Azha, 2.50% cash back offered and an amount of Tk. 1,694,108.46 and Tk. 798,657.69 respectively has been credited back to customer's card account.

### Cards

Million Taka



2. Top 20 User: The top 20 users were rewarded by giving attractive prizes on Eid-ul-Azha.

Cards Department is also concerned about social and human responsibility. Due to sudden death of 15 valued customers of Bank Asia's Cards Department, their relatives claimed Tk. 1,522,107.57, to adjust their outstanding against their credit card dues which have been adjusted accordingly.

Cards Department manages all its documents and fillings digitally under "go green" concept. The bank is committed to introduce even better products and value added services in days ahead to satisfy its valued cardholders. It has made an extensive product diversification plan to make it available for the all ranges of plastics money users in the year 2014.

## Information and Communication Technology

The application of Information and Communication Technology (ICT) concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all banks and indeed a prerequisite for local and global competitiveness. The adoption of ICT improves the banks' image and leads to a wider, faster and more efficient market. It has also made work easier and more interesting, improved the competitive edge of banks, improved relationship with customers and assisted in solving basic operational problems.

In 2013 Bank Asia ICT Department has taken lots of initiatives for smooth and risk free business operations. Some of the initiatives are as follows:

### Business Process Analysis & Documentation (BPAD) Project

ICT has taken initiatives as per our management desire to identify the lapses/weaknesses of the existing business and operational procedure processes. A Team was formed to analyze and document our existing Business Process. After that the team prepared a detail GAP analysis report in the areas of Trade Finance, General Banking, Credit and Finance & Accounts. 256 GAPs have been identified in the GAP analysis process. This year we have completed 94% of development work and have started implementation process.

### Process reengineering

Online Credit Approval Systems (OCAS) have been developed by own Software Company ERA InfoTech Ltd. which has to be implemented all the branches. This year ICT department

- tested OCAS in three branches and rest of the branches will be completed by 2015.
- taken initiative of Month/Year end process centrally which required less man-hour
- improved and developed in various MIS related reporting system like browser-based Basel II report, Stress testing, NPL Monitoring, RIT, CTR under BB goAML project, various reports of risk management department.
- incorporated new policy for daily backup process that makes the backup & restore process faster.

### Capacity buildup and upgradations

ICT department has implemented i-Stelar, a newer version of Stelar which is a real-time online browser based banking Software which is more secure and user friendly with built in Oracle® Fusion Middleware. Forty six branches are running through i-Stelar and remaining branches will run the software by the June 2014. Our Islamic CBS HIKMAH, Offshore Banking, Pay Roll (ORBITS) will be migrated to browser based software gradually.

Bank Asia has enrolled for own public IPV4 address block /22 which have been allocated by APNIC. As a result we are getting internet link redundancy for smooth operation of various services like net banking, EBK, Agent Banking & Western Union. It is mentionable that very few or renowned banks are using their own public IP where Bank Asia is one of them.

We also implemented own Router Infrastructure that increased capacity of WAN link vendors which enables us to get more bandwidth and link redundancy at branch connectivity.

This year Bank Asia has expanded 10 more new branches where ICT department provided all kinds of technical setup and facilities.

As a part of continuous ICT learning Certified Ethical Hacking (CEH), Oracle Certificate Professional (OCP) and Advance Networking Training provided to selected ICT personals where they have achieved CEH and OCP certification which helps to understand the risk, security and vulnerabilities, efficiency of on demand MIS reporting requirement, Monitoring & Core Banking System Performance tuning and application advance security on our network & own real IP provided by APNIC.

### Green Banking initiatives

To ensure implementation of Green banking we have started SMS alert to customer instead of

frequent paper based information generation. We have implemented Virtual Desktop & N-Computing System at branch level which will reduce a lot of power consumption. Digital Documentation Management Infrastructure will save natural resource reducing paper based documentation. We are providing credit cards e-statement through e-mail.

### IT security and Risk Management

We have taken initiative to improve IT Security of Bank Asia. Latest version of Windows Operating System 2013 Server, Active Directory Service has been obtained which is more secured and user friendly and up to date. We have planned to configure a single sign in environment which enable a user to enter the same ID and password to logon to multiple applications. Bank Asia is trying to incorporate all regularities of BB requirements and compliance.

For functionality testing of Disaster Recovery (DR) site we have run from DR the CBS operation site successfully and smoothly. We also have established a 3<sup>rd</sup> data Backup site where we are keeping at Banking Data after day end operation.

### Agent banking infrastructure

This year Bank Asia has initiated 'Agent Banking' operation to provide financial service for non-bank people. ICT department has established secure network infrastructure and software to accumulate the automated process.

Bank Asia will keep expansion of strong IT infrastructure in the days ahead. We believe that with a strong technology driven setup it will be able to extend world-class banking service to the valued customers. It is time for business and technology to work more intimately in achieving banking goal for product and services.



◀ Opening of Bank Asia's Comilla Branch

## Alternative Delivery Channels

Alternative Delivery Channel (ADC) is a distribution channel strategy used for delivering financial services without relying on bank branches. Through these channels bank enjoys faster to get access to market and customers get instant access to all bank products via 24/7 service channels. Customers now able to make payments and transfers, pay utility & Card bills, School/ University fees, contact the bank online and also to use other bank's channels.

### ATM

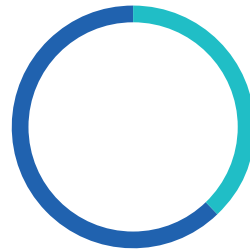
To have access to banking services round the clock 24/7 ATM is an excellent channel. 62% of cash transactions of Bank Asia are done through its 90 own ATMs and more than 3,700+ share ATMs all over the country. Our bank is planning to invest continuously in a bid to increase and widen its ATM network significantly.

### Debit Cards

More than 205,000 VISA debit cards are issued against SB and CD account to facilitate ATM, POS transactions at all ATMs (3,700+) in Bangladesh to access their account 24x7 in 365 days. Card holders are able to purchase in VISA enabled POS machines (30,000+) in various merchant locations all over Bangladesh. Debit Card operations including new Issuing, replacement, activation and PIN request are automated which reduced Debit Card issuance time to 2-3 days from 7-9 days as well as 82,000 pages of paper and 8,000 courier service cost.

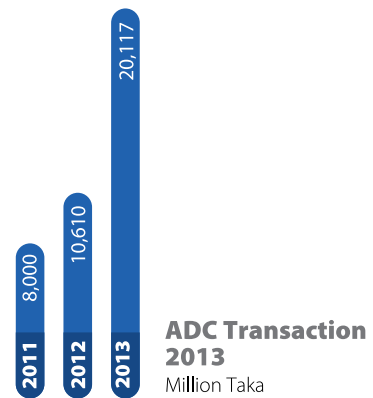
### e-Procurement System

Bank Asia has introduced banking service for e-Government Procurement (e-GP). To ensure digitalization of different government project Electronic Procurement system has been provided by five branches. At present most of the government organizations are facilitating e-Government Procurement system that will help in ensuring equal access to the Bidders/ Tenderers over the country which also ensures efficiency, transparency and accountability in the public procurement process in the country. As regards of e-Procurement, detailed information for client operation such as registration at e-GP system, Bank and Branch information are available at [www.eprocure.gov.bd](http://www.eprocure.gov.bd)



### Number of Cash Transaction 2013

Branch transaction **38%**  
ADC Transaction **62%**



Contract signed with Passport office for collection of MRP/MRV fees

### Passport Fees Collection

Recently Bank Asia has signed contract with Passport office for collection of MRP/MRV fees throughout all branches of Bank Asia. The Government of Bangladesh has initiated Online Banking Payment systems for MRP & MRV Project. In addition of Bank branch & collection booth, using different channels like Debit/ Credit Card, ATM, Mobile and internet banking customers could be able to pay the different fees of MRP/MRV. This will ensure digitalization of project which provides more facility as well as to reduce misappropriation of Government fund.

### Mobile (SMS) Banking (M-banking)

Short Message Service (SMS) is allowing the interchange of short text message between mobile phone devices. Based on this, Bank Asia launched its first generation Mobile Banking facility. Customers can access to their account using M-banking from all mobile phone operator in collaboration with SSL anytime from anywhere of the country. All they need to send a simple SMS to "6969" for instant access to their accounts, get their account information, make

fund transfer and pay bills. Bank Asia is also providing alert message on debit transactions to make them aware to prevent fraudulent transactions. Our 2<sup>nd</sup> generation mobile banking facility will enable small savings, withdrawn, utility bill payment, foreign and domestic remittance to the doorstep of maximum clients at minimum cost.

### Tele Banking

Tele banking is the newer addition to the e-product value mix. Though still under development, this system will enable the clients to have access to many of our banking facilities simply by dialing 16205 from their telephone. At present, services available through this medium include account balance inquiry, transaction information, pin code change etc.

### Internet Banking

Bank Asia's Internet Banking (My Banking) module allows clients to get a clear state of their financial position and transfer fund to any account within the bank anytime from anywhere in the world. Our clients are also able to enjoy Mobile Talktime recharge facilities

for all Telco using net banking. Internet banking security shields the system from any unauthorized users and hackers from all around the globe. Internet banking employs encryption and firewall to protect transactions and queries through internet. This security saves the software and the system from the attack of virus and hackers on the internet. Our bank is planning to introduce dual factor authentication for all internet based transactions to make more secure transactions.

### E-Commerce & Utility Bill Payment

Electronic commerce is generally considered to be the sales aspect of e-business. In order to exchange data to facilitate the financing and payment aspects of business transactions. This is an effective and efficient way of communicating within an organization and one of the most effective and useful ways of conducting business. Currently Bank Asia Visa Debit Card Holder is facilitating e-commerce transaction such as e-ticket purchasing, flexi-load etc. Utility bill payment such as WASA, DESA, Qubee bill payment also available under internet banking of Bank Asia.

### Contact Center

Centralized Contact Center solution through short code 16205 is now used round the clock 24/7 in full fledge to address the business needs and queries. Customers may avail total banking support such as detail about bank, product information, accounts related information, Interest rate and exchange rates, cards information, nearest branch and ATM locations, retail and SME services and personal loan from

any PSTN or mobile phones. Contact Center systems enable to manage our resources better, serve clients with greater efficiency- making it possible to lower costs and/or improve the service quality of bank.

### Ektee Bari Ektee Khamar (EBEK Project)

Bank Asia Limited is the leading Bank of implementing Ektee Bari Ektee Khamar (EBEK), a government project for the ultra-poor people of Bangladesh focusing Poverty eradication and reducing poverty level down to 25% within 2015. Government wants to help the poor people by encouraging savings, providing grants, engaging & monitoring their economic activities as a group (Samitee) in each village of Bangladesh. Bank Asia started online banking service for Ektee Bari Ektee Khamar in June 2012.

It was a prestigious event that the Honorable Prime Minister of Bangladesh has inaugurated the online banking (Bank Asia Designed, Developed and Implemented) services on October 9, 2013 at Bangabandu Conference Center, Dhaka.

By operating this project, Bank Asia opened new window to intensively work for the rural people, specially for the poor people and make a strong relationship with local administration, social and local leaders (Union Parishad Chairman's and Upazilla Chairman's).

Bank Asia is now providing EBK Banking services in 35 districts having 252 upazillas and 1,208,960 beneficiaries. Already more than 601,352 beneficiaries are getting services under this project & rest of the people will be added within next 6 months. This operation is spread

over 21,816 villages of 2,424 unions. Bank Asia provides online banking services through this EBK project to unbanked people in the above districts of Bangladesh.

It is mentionable that Bank Asia's model of financial inclusion, management, financial transitions for EBK obtain 1<sup>st</sup> Prize (E-Business and Financial inclusion category) in Manthan Award in partnership with World Summit Award, Department of Information Technology, Government of India, and various other stakeholders like similar organizations engaged in promoting digital content inclusiveness in the whole of South Asian & Asia Pacific nation for development.

▶ Mr. Quazi Mortuza Ali, FVP & Head of ADC of Bank Asia is briefing functions of digital banking to Honbl'e Prime Minister Sheikh Hasina prior to formal launching of Digital Banking.



**EBEK Services at a Glance :**

Particulars	December- 2013	Plan - 2014
Districts	32	35
Upazila	231	252
Union	2,251	2424
Villages	20,259	21,816
No of Agents	347	350
No of Samitees	20,243	21,816
Total Beneficiary enrolled	601,352	1,208,960
Total Transactions (Tk. in million )	220.65	555.00
Government Grant Disbursement (Tk. in million )	882.46	1,200.00
Number of Loan Disbursement	93,127	300,000
Total Deposit (Tk. in million )	2,034.74	3,300.00

With experience of implementation of EBK Project, Bank Asia is now capable enough to provide services to all government projects like Social Safety net Programs (Senior Citizen allowances, Insolvent Autism Allowances, Payments for Widow or divorced women allowance, Payments of Freedom Fighters allowance, Wages of Road maintenance workers, Student Stipends and related allowances, Food Security allowances (Cash payments), Teachers Salary both Government Primary and non-Government High school etc.). By this time we have made the contract with Passport department to receive the fees, collection of Gas bills, electric bill (Palli Bidduth and DESHA), and WASA bills.

initiative to implement Agent Banking in all districts of Bangladesh. Upon approval from Bangladesh Bank, Bank Asia appointed agents in Bhabanipur, Joinser, Rajanagor, Nimtola of Sirajdikhan and Chowkbazar of Sreenagar while appointment of agents in Chitrokoat, Noagaon (Matborerhat), Lotobdi, Shekhernagar of Sirajdikhan, Boramukam Bazar of Lauhajang and Dewbhog of Sadar upazila in Munshiganj district is under process.

The bank successfully implemented Agent Banking pilot phase in Joynshar, Bhabanipur Bazar, Serajdikhan, Munshiganj and within short time more than 150 accounts are operating for deposit and withdrawal transaction regularly. Bank Asia has been providing services for

collection of small value deposit and cash withdrawal, Government Payment under social safety net through Agent Banking activities. All transactions are real time and authenticated with high-tech biometrics device.

For expansion & Security enhancement, Bank Asia is planning to provide smart card with biometrics option for better authentication of all types of transactions. In the years to come, new retail base which is considered the only solution for sustainable low cost deposits in this area where banking will be done through remote access system like Mobile, POS, Agent etc.

**Agent Banking Services:**

The following services will be covered under Agent Banking:

- Collection of small value cash deposit and cash withdrawal;
- Inward foreign remittance disbursement;
- Facilitating small value loan disbursement and recovery of loans, Installments;
- Facilitating utility bills payment ;
- Cash payment under social safety net programme of the Government ;
- Facilitating fund transfer;
- Balance inquiry;
- Generation and issuance of mini bank statements;
- Collection and processing of documents in relation to account opening, loan application, credit and debit card application from public;

**Agent Banking**

Though it is a new concept in Bangladesh, globally Agent Banking is increasingly utilized as important distribution channels for financial inclusion. For strengthening the ongoing financial inclusion programme through bringing un-banked people into the banking channel, country's commercial banks have been allowed to introduce Agent Banking.

Bangladesh Bank decided to promote this complimentary channel to reach the poor segment of the society with a range of financial services especially geographically dispersed locations. Bank Asia has taken



▶ An Agent Booth in Joynshar, Serajdikhan, Munshiganj



- Post sanction monitoring of loan and advances and follow up of loan recovery.
- Other functions like deposit collection, payment of insurance premium etc.
- Sale of crop and other insurances

With the aim of Agent Banking implementation, 64 districts, 485 upazilas, 4,146 unions and 68,000 villages where 5 million account holders will avail their banking services in 5,000 Agent points by 2015. This will ensure banks capacity to serve a large number of populations while maintaining better deposit/ advance ratio and lower capital requirement for bank's operation. Bank Asia will find new frontier to keep the growth robust and steady. Therefore we believe the future banking leadership will be in the hand of retail banks. Bank Asia new venture Agent Banking will usher the bank to a new world of business prospect and possibility.

### Central Clearing

Central Clearing Department of Bank Asia has been supporting whole banking operation substantially in terms of clearing settlements of deposit collections and payments of Bank in BACH and operates Electronic Fund Transfers (EFT) by central apart to keep safety delivery of MICR cheque books, PO & DD to all our global customers of bank (including Islamic wings and cards) over the years and generates image and earnings for bank.

This department handles around 5 thousand average number of transactions in BACH for total value of Tk. 3 billion and 1200 Electronic Fund Transfers (EFT) for Tk. 25 million centrally every day. In this regards CCD maintains reconciliation and makes adjustment with Bangladesh Bank account and all other banks regularly. The Central clearing rotates its functions in 3 independent units namely; BACH, BAEFT and MICR unit and engage with diversified ways of payment service and contributes substantial in green banking of the Bank.

In 2013, the Bank executed more than 1 million (1,258,970) transactions under BACH for amounting Tk. 629.21 billion and processed 567,430 EFT instructions for tk. 27.55 billion to different banks instead of issuing PO/DD/TT which directly contributed to Green Banking and helps to cost minimization.



Mr. A Rouf Chowdhury, Chairman of Bank Asia inaugurating Bank Asia's Agent Banking pilot phase, for the first time in Bangladesh at Serajdikhan Munshigonj at presence of Mr. Dasgupta Asim Kumar, Executive Director of Bangladesh Bank

We also arranged 8(eight) inhouse EFT trainings for 30 officials of different branches and now the EFT service is directly being rendered from 25 branches including 3 branches of Chittagong division, Bogra branch, Chatkhil Branch, FRD and ADC (Alternative Delivery Channel).

During the year, we successfully completed the job of lead bank payment responsibility through BACH & EFT for Apollo Ispath Limited and Dividend warrant payments of some jaunts company centrally like Summit Power, Confidence Cement and Meghna Cement etc to and from different destination without any record of complain. The department was audited by ICCD and ended with no major irregularities.

In 2014, we will go for internet based EFT service and to mitigate the attempts of defrauding over cash counter, automated MICR cheque scrutiny and posting from cash counter of each branch will be executed. We will also go for RTGS/Commencement for permission of agent banking & NPS to work under road map of Bangladesh Bank.

EFT Transaction Billion Taka



BACH Transaction Billion Taka



## Credit Administration

The function of Credit Administration Department (CAD) is basically a back office activity that supports and controls extension & utilization of credit. Its main function is to centrally load the credit limit and security documents as per terms & conditions of sanction letters, check major security documents, work with CIB & other regulatory report and monitor Past Due and SMA loans. As the Bank is growing in terms of number and size of loans, diverse products and clients, complex process and procedures for compliance requirements, particularly in relation to reporting and maintaining prudential standards, the role of credit administration department is challenging & crucial.

### Major Activities in 2013:

**111,330  
Systemized jobs**

- Systemized 111,330 jobs including change of limit, terms & conditions, change of interest rate, installment size, modification, authorization of EOL / L/C, time extension of composite limit and other exceptional transaction of OD, L/C, LTR etc. along with deferral.

**Checked  
documentation  
3,124 borrowers**

- Checked of 34,644 major documents of 3,124 borrowers amounting Tk. 215,175.00 million.

- Checked security documents physically against 320 borrower of 16 Branches.

- Monitored 38,112 accounts (Past due, SMA loans etc.) and reviewed 12,192 expired loan accounts for preventing further classification. Deferral monitoring of 250 clients of all branches.

**CIB Downloaded  
20,495  
uploaded  
43,782**

- Downloaded CIB reports of 20,495 borrowers and uploaded 43,782 accounts through online system. The unit also corrected 140 cases of directorship / ownership and 328 cases of More Candidate Match (MCM) of CIB database from Bangladesh Bank.

**Submitted  
151 statements**

- Submitted 151 statements to Bangladesh Bank and other bodies (monthly/quarterly /half yearly/yearly) through conventional way and 88 through RIT after checking, processing & compiling huge number of borrowers (approx. 28,711 borrowers).

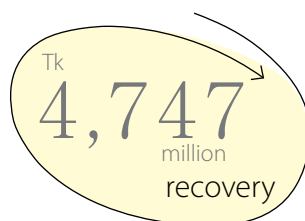
## Recovery

Special Asset Management Division (SAMD) is one of the vital departments of the Bank entrusted to deal with Non-Performing assets of the Bank, rescheduling, amicable settlement and write-off proposals, provide in-house legal services and monitor pending cases. The law officers are engaged in providing in-house legal opinion, drafting of various deeds & agreements on various matters in discharging Bank's day to day dealings. We also closely monitor and follow-up the court cases and maintain liaison with the Bank's panel lawyers for speedy disposal of suits filed by the Bank and/or filed against Bank.

In the year 2013, SAMD with the help of respective branches has recovered Tk. 4,747 million from classified loan accounts including recovery of Tk. 24.79 million from written-off accounts. Moreover, 189 accounts have been rescheduled/settled and total of Tk. 10,676.37 million has been regularized/ rescheduled by the effort of the division.

During the year 2013, out of total 156 Artha Rin suits valuing Tk. 5,730.29 million, a total number of 37 Artha Rin Suits valuing Tk.

1,484.85 million have been decreed in favor of the Bank. On the other hand, an amount of total Tk 169.42 million has been recovered from the suit related accounts: 11 accounts have been finally disposed off/withdrawn upon receipt of the compromised amount of Tk. 75.61 million, 03 accounts against which Court has awarded certificate of ownership and possession in bank's favor for Tk. 2.26 million (partial recovery) and 07 pending suit accounts for Tk. 91.61 million (partial recovery).



## Finance and Accounts

With a view to ensuring safe, secure, stable & effective banking activity, Finance & Accounts Department of Bank Asia is operating with utmost efficiency and professionalism under the direct supervision and guidance of the Chief Financial Officer (CFO). Additionally, Central Clearing Department and Bank Asia Securities Ltd. are functioning under CFO's supervision. The FAD team consists of proactive, intelligent and dedicated members who have proven track-records of rendering successful and smooth operation with due enthusiasm and commitment.

Finance and Accounts Department is comprised of 6 units headed by highly qualified professionals on respective domain. These units are as follows:

- Financial control
- Management Information System (MIS)
- Financial Reporting
- Capital management
- IS/IT security assurance
- Investment

The FAD is engaged with a vast schedule of banking operations which includes the following major responsibilities:

- Preparation of financial statements monthly, quarterly, semi-annually, annually. Financial Analysis and subsequent reporting to the Management and Board.
- Preparation, controlling, monitoring, analyzing budget related issues
- Major focus is concentrated upon the controlling and monitoring of all types of financial payments and payment related activities.
- Provide necessary MIS and analysis to top management and Board for decision making.
- Perform system diagnosis to ensure data integrity and reliability
- Development of functional specifications and system design specifications for various IT solution requirements of the department.
- Ensure authorization compliance, compliance of all internal polices and procedures of the bank, review and upgrade existing internal policies.
- Ensure timely submission of various statements with appropriate status in prescribed format to our regulators
- Assist and maintain correspondence with our institution concerned to ensure compliance on observations, queries from regulators, internal management and external stakeholders.
- Coordinate and supervise for preparing and guiding in connection with our regulator's required statements in country and abroad.
- Preparation of Capital adequacy statement based on Basel-II.
- Ensure TAX and VAT compliance

## Internal Control and Compliance

Banking is a diversified and complex financial activity. Its activity involves high risk; the issue of effective internal control system, corporate governance, transparency, accountability has become significant issues to ensure smooth performance of the operations of the Bank.

A sound internal control function plays an important role in contributing to the effectiveness of the internal control system. Internal Control is the process, affected by a

company's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Internal Controls are the policies and procedures established and implemented alone, or in concert with other policies or procedure, to manage and control a particular risk or business activity or combination of risks and business activities to which the company is exposed or in which it is engaged.

Bank Asia Limited has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Bank is managed and controlled in a sound and prudent manner. The Bank identifies its weakness through internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the Bank has established an Audit Committee to monitor the effectiveness of internal control system of the Bank. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the Bank and ensure that the management has taken appropriate actions as per the recommendations of the auditors and the Internal Control and Compliance Division (ICCD). As per approved audit plan, the ICCD completed the audit and inspection tasks of 79 branches and 18 numbers of Corporate Office divisions/departments in 2013.

The MANCOM of the Bank reviews on a yearly basis the overall effectiveness of the control system of the Bank and provide feedback to the Board of Directors on the effectiveness of

internal control policy, practice and procedure. Internal control team conducts comprehensive internal audit of the internal control system of the Bank. The significant deficiencies indentified by Internal Control team are reported to the Audit Committee of the Board.

## Logistic Support

Logistic support a vital functional area of the Bank which builds necessary infrastructure for the Bank to operate effectively and smoothly. The key functions of logistic support are to deal with branch expansion, procurement of all office equipment as required; hiring support staff, maintain insurance policy, repair and maintenance.

During the year, LSSD team successfully overcome few big challenges -

- In 2013, Bank Asia opened 13 (thirteen) new branches at different places of the country. One of the branch namely Bank Asia Bhaban Branch was opened in bank's own property at 39, Agrabad, Chittagong.
- The Bank purchased floor space at Mitford, Dhaka and Narayangonj in the existing branch premises. Besides this, the Bank purchased a land with building at Ring Road, Shyamoli, Dhaka for opening a new branch.
- Under CSR program of the Bank, a Dormitory for Nurses at Bangabandhu Sheikh Mujib Medical University (BSMMU) and an OPD (Outdoor Patient Department) at Holy Family Red Crescent Medical College & Hospital (HFRMCH) is under construction where two new branches of Bank Asia will be opened.



Opening of Bank Asia's Nimtala Branch

## Human Resource Management

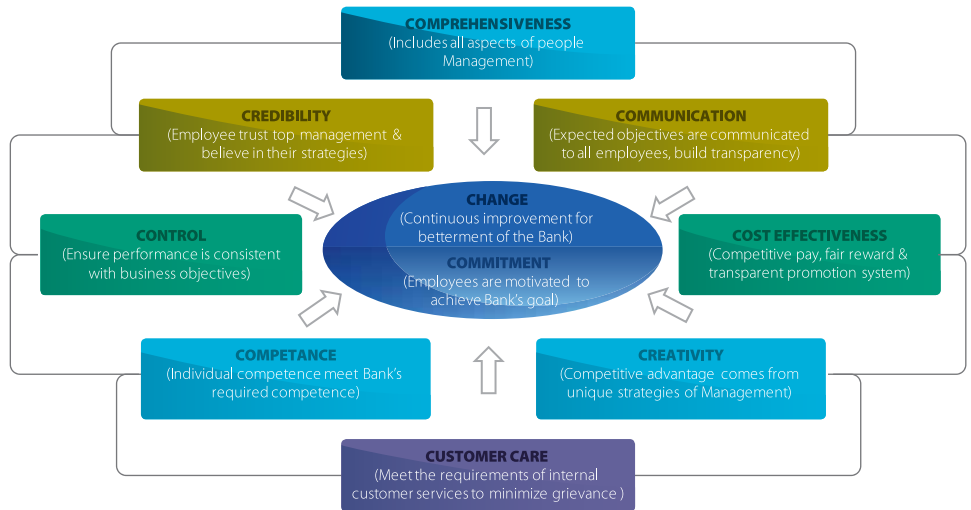
“Human Resources” the greatest strength of Bank Asia Limited have the ability to go beyond and constantly bring about changes for the betterment and success to achieve the Bank’s goal.

Human Resource Division has the responsibility of energizing, developing, retaining and attracting talents and ensures the “Right Person in Right Place in Right Time with Right Position”. It’s all about living with our vision, values, codes, leadership, governing principles in our daily life and deliver upon the brand promise – “For A Better Tomorrow”.

### Human Resource Principles in Bank Asia

Bank Asia Limited aims to be a leader in providing quality and value added financial services to its local and global business relationships. It is our firm belief that business must not only be conducted according to the highest standards of economic efficiency but the highest ethical standards as well.

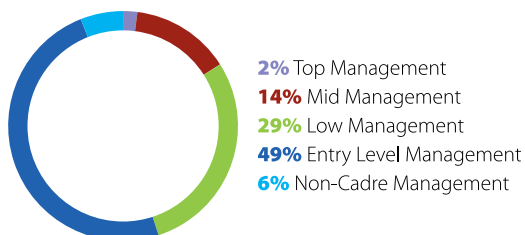
Human Resource Management (HRM) evolved from the task-oriented nature of personnel administration to a strategy-focused extension of the Bank. HRM is driven by several business principles and Bank Asia follows one of them, which is “Ten C”, a multinational model of Human Capital principles:



### Existing Workforce/ Total Headcount

Bank Asia concluded the year 2013 with total number of 1,600 workforce which seceded into five management levels, such as Top Management (SVP and above), Mid Management (FAVP to VP), Low Management (Sr. Officer to SEO), Entry Level Management (Trainee Officer to Officer) and Non-Cadre (Teller, Receptionist & Support Staff). A graphical snapshot is given below:

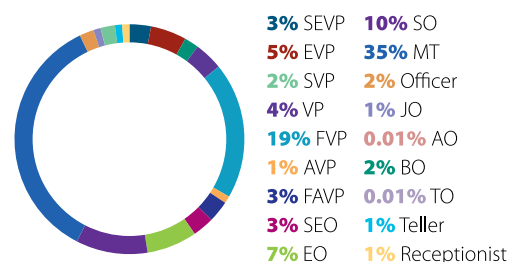
% of Total Headcount



### Newly acquired talents/ New Joiners

Bank Asia is preferred place for work for its existing and new talents. In the year 2013, the bank acquired a total number of 210 new talents. A job grade-wise snapshot is given below of newly acquired talents:

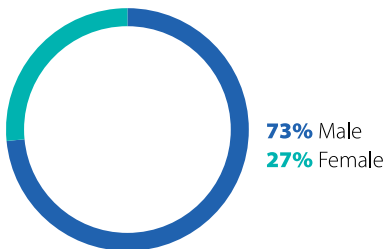
% of new joiners job grade



**Gender Positioning**

Bank Asia is very keen to create and offer equal opportunities in employment, learning & development and career advancement for both genders. Out of total number of 1,600 employees, 424 employees are female and rest 1,176 employees are male. As such, a profound commitment is reflected in the Bank's employment policy and service rules. Existing gender positioning is given below:

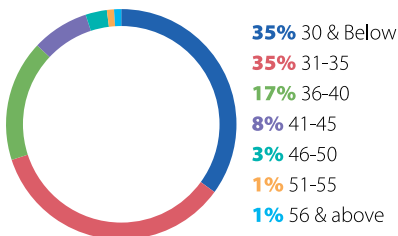
**Gender Positioning**



**Age Group**

Age group of total 1,600 workforce is shown in the following chart:

**Age group**



**Performance Measurement System**

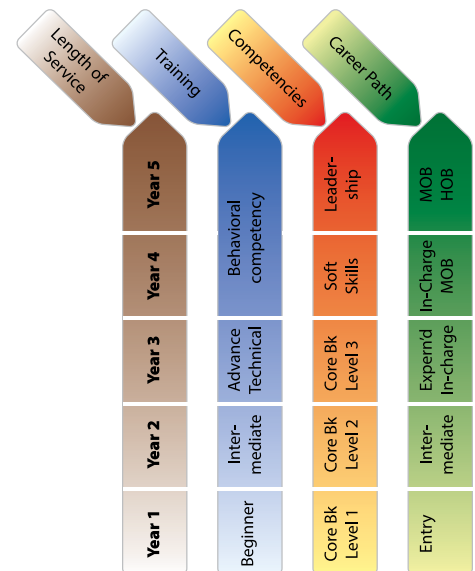
Bank Asia is solely depending on the contribution of its existing talents. In the year 2013, Bank Asia introduced a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-à-vis set target of a given year. We have infused 80/20 strategy in performance measurement system, as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings:

- Reduce the number of decisions and make decisions based on objectivity and facts.
- Quantify the achievement of goals
- Focus on facts and see where individual improvement is/are needed.
- As individual initiative grows, it becomes more difficult to remain as close to the operational details as it is, in such case, KPI results can bring back to reality.
- Employees are clear about his/her obligations to deliver during the year and accordingly would be able to plan to meet the expectation.
- Last but not least, unbiased performance evaluation at the end of the year.

**Training & Development**

The principal activities of Training & Development is to boost the knowledge and competency vis-à-vis enhance the efficiency of its existing talents; with this focus, Bank Asia design and implement training and development plans to ensure that all individuals have at all times the necessary knowledge, skills and competencies and that they are continuously being developed for performance excellence in their current jobs and future responsibilities.

Having importance on training and development, Bank Asia designed career paths and planning for career succession align with individual training plan to ensure all individuals are accorded and receive full consideration for developmental opportunities to enhance their competencies, leadership skills and for career advancement. A model training and career plan is given below:



**Investment on Human Resources**

At Bank Asia we care about our people and their development. Bank Asia invested a lot to its employees on Training and Development in order to boost the knowledge and competency vis-à-vis enhances the efficiency of its existing talents. Last two years accomplishments and participants and man-hour plan for year 2014 is given below:

Particulars	Year 2013	
	No. of Participants	Total Man Hour
In House Training	1,493	27,591
External Training (B.Bank, BIBM, Training on other institute)	239	4,296
Foreign Training	11	336
Total No. of Participants & manhour	1,743	32,223

### Learning & Development

Knowledge & skill development is a continuous process and to keep our employees abreast of all the latest developments in the banking sector, the bank continues to organize training & workshop to the officers & Executives in an effort to improve their professional efficiency. The bank always lays the highest importance on training of its employees as a continuous process of human resources development. Bank Asia is maintaining its own training institute which is equipped with all modern study aid and course materials.

### Future Plan

For sustainability and maximization of company goal, the bank concentrates in the following areas-

- International standard Training & Development center along with
  - Class room, having capacity of 40 participants
  - One Conference room, accommodates at least 25 participants
  - One Library
  - Dormitory accommodates at least 25 participants at a time
  - One Computer lab for 20 to 25 participants
  - Office room for Head of Training & Development and 4 Offices for other officers and another 3 Offices for faculty members
  - Other logistic services such as Dining Hall, Prayer room will be available
- On-line KPI based performance appraisal
- On-line training program
- Bank Asia Behavioral Competency dictionary
- Core Skills and Behavioral competencies inventory of HR

### Corporate Liability Marketing Division (CLMD)

The Corporate Liability Marketing Division (CLMD) was formed during the end of 2011. The core objective of CLMD is to build a sustainable pool of low cost transaction accounts besides booking term/fixed deposits.

The unit currently operates in a two way model. One is the Direct Sales, through which the liabilities i.e. the deposits are being marketed through this unit's own Resources/Relationship Managers, and the latter is the Branches Channel, where the customer/deal prospecting, sales, proposition, negotiation and acquisition is being concluded along with a strategic partnership with the deal initiating/managing/parking branch.

Since its inception CLMD has contributed in booking almost Tk. 6.35 billion in liabilities across different product categories. During this period a set of large size Government Transaction Accounts mostly Collection Account Mandates has also been won.

Besides regular deal acquisition engagements, CLMD had also taken the following ongoing initiatives –

- Structured, developed and disseminated a full blown corporate deposit acquisition proposition - upholding the Bank's ownership & management, values, financial strengths and network/presence both locally and in abroad
- Developed a Cash Deal Profitability Analysis Model especially for assessing the viability & justification of cash management deals
- Came up with new ideas/initiatives for business growth, such as – Tail A/C Management & Vendor A/C Management initiatives across the Branches Channel
- Initiated a Cash Management Mapping proposition for exploring opportunities from the Existing Corporate Customers across the Branches Channel
- Contributed in deposit product sales and marketing training

Liquidity management is quintessential for effective working capital management. At CLMD, we understand that liquidity management requires visibility control and optimization of balances across customer accounts.

Thus we continuously attempt to emerge as one of the key relationship revenue contributors within the Bank.



◀ 29th foundation training program

## Anti Money Laundering Department

Money Laundering and Terrorist Financing have become very important issues in recent years. Following the 9/11 terrorist attacks in New York and Washington, national and international compliance and regulatory frameworks rapidly expanded to include Combating Money Laundering and the Financing of Terrorism (CFT) as a central focus. Money Laundering is being employed by launderers worldwide to conceal the proceeds earned from criminal activities. Money laundering has a major impact on a country's economy as a whole, impeding the social, economic, political, and cultural development of societies worldwide. Combating money laundering and terrorist financing is therefore key element in promoting a strong, sound and stable financial sector. The money launderers and terrorist financiers are inventing more and more complicated and sophisticated procedures and using new technology for money laundering and terrorist financing. To address these emerging challenges, the global community has taken various initiatives against Money Laundering and Terrorist Finance.

Money laundering risk comprises of money laundering and terrorist financing. For mitigating the risks, the management of Bank Asia has formed Anti Money Laundering Department. The bank also nominated CAMLCO, Deputy CAMLCO and BAMLCO who independently would make the bank compliant on AML matters. The regulatory requirements are being complied with and the guidelines are being followed by the bank properly.

CAMLCO of our Bank has been participating in the CAMLCO Conference every year organized by Bangladesh Bank. Bank Asia has been arranging district level AML related training as lead bank for officials of all schedule Banks operating in the district(s) selected by Bangladesh Bank since the year 2007. Anti Money Laundering Department (AML), Corporate Office always arranges and conducts AML workshops to train all the employees of the Bank and about 94% of total employees (Branch/Corporate Office) obtained AML& CFT related training for growing awareness and consciousness regarding these matters.



Bank Asia's CAMLCO Mr. Aminul Islam, DMD Handing over Crest to BB Governor at CAMLCO Conference, Cox's Bazar

AML/CFT Training	No. of employees attend AML/CFT Training	% of training
Training organized by Anti Money Laundering Department	1,059	94
Training with Foundation course and other related courses	425	

a) Training organized by the Anti Money Laundering Department independently:

Name of Month	No. of Training	No. of Participants
January	01	32
February	01	38
March	01	40
2013 July	01	64
October	01	33
November	02	115
December	03	139
<b>Sub total</b>	<b>10</b>	<b>461</b>

b) Foundation Course and other courses (Anti Money Laundering & Terrorist financing)

Particulars	No. of Training	No. of Participants
Foundation Course	02	56
Cash Management	01	34
<b>Total</b>	<b>03</b>	<b>90</b>

Anti Money Laundering Department conducts Audit & Inspection independently at least once in every year for all the Branches, SME Service Centers and Islamic Windows of our Bank to identify lapses/irregularities related to account opening, preparation and update of KYC and other related issues, preparation of accurate Transaction Profile (TP) and to build up the knowledge about AML issues/matters. Moreover, Anti Money Laundering Department has been meeting up the queries of foreign banks which would help to open and maintain the foreign bank's account (Nostro Accounts) under US Patriot Acts as well as the respective country's law of land. The Department also attends to the account queries of Bangladesh Bank, Income Tax Office, National Board of Revenue (NBR), VAT, Central Intelligence Unit, Customs & Bonds Commissionerate Office and Anti Corruption Commission (ACC) office.

## Branch Operations Division (BOD)

As a latest rearrangement of operational supervision of the Bank, Board of Directors in their 241 meeting held on December 13, 2012 has approved this newly born division named Branch Operations Division (BOD). Main role of BOD is to make the branches functional by bridging gap between Branches and different Departments of the Corporate Office. Branch Expansion Unit (BEU), Compliant Cell (CC), Branch Operations Unit (BOU) and Quality Assurance Unit (QAU) are the units under this division.

During the year 2013, Bank has successfully opened 13 branches and procured 02 Evening Banking license. All sorts of complaint / grievances received duly attended and resolved in the appropriate manner. Besides, this division also monitor branch premises, internal environment, safety & security measures and logistics support.

This division also

- Conducted Deposit Mobilization Campaign on June, 2013 and procure low cost deposit of Tk. 379 million in 12,935 new savings accounts.
- Modified Account Opening Form, Deposit slip and resolved long unutilized/ undelivered ATM cards and Non MICR Cheque Books
- Centralized all circulars through single point controlling number.

## Risk Based Capital Adequacy

The Bank has formed a strong capital base by way of various capital enhancement initiatives with a view to promote more integrated management of market and counter party credit risk and also operational risks. As per Pillar-3 revised RBCA (Risk Based Capital Adequacy) guidelines of Bangladesh Bank, all scheduled banks have to publish their capital adequacy disclosure framework for market participants i.e. stakeholders as a key information about the bank's Minimum Capital Requirement (MCR) under pillar I of Basel II and exposure to various risks related to capital adequacy to meet probable loss of assets. Details of required disclosures both in qualitative and quantitative form are laid out in a separate segment.

## Corporate Governance

Corporate governance is a concept referring to the ideal mode of ensuring firm's accountability to its various stakeholders through a strict system of internal controls and procedures. Since the responsibility of maintaining a good corporate governance system lies on the board of directors, Board of Directors of Bank Asia always keeps line with the related rules & regulations of various regulatory bodies. The corporate governance of Bank Asia is of superior quality placing the fairness, transparency, accountability and responsibility on its top most priority. Our disclosures on status of compliance on BSEC and Bangladesh Bank guidelines demonstrate strong compliance culture of the Bank. The details of corporate governance practice of Bank Asia are discussed in a separate segment of summary sustainability report.

## Corporate Social Responsibilities

Bank Asia has always been continuing its efforts to look beyond short-term quantitative gains rather concentrates on issues that make the institution socially responsible institution. It gives all out efforts towards sustainable balanced growth. At Bank Asia we believe in socially beneficial activities in order to link the society with the growth of our institution in a fair manner. We consider socially responsible activities as a part of our culture, identity and business practice. We are committed to social and environmental well being and strive to ensure sustainable balanced growth in economic, social and ecological arena. In the year 2013, Bank Asia performed various CSR activities alongside its three major programs – Higher Study Scholarship, Ophthalmological Operation and Operating Computer Learning Centers (CLCs). The Bank's contribution in CSR was Tk. 132.97 million in 2013 against Tk. 69.45 million in 2012 which registered a growth of 91%. CSR activities will get accelerated pace in future to unveil more potential deserving areas. Detailed CSR activities, programs and projects are described in a separate segment.

## Green Banking

Throughout the world environmental safety and greener economy has become globally acclaimed concern. Bank Asia has incorporated environmental factors in its mainstream business since inception. Energy efficient

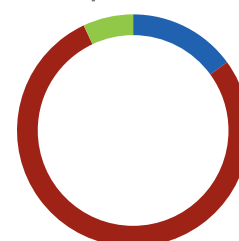
in-house Management through reduction of energy & resource consumption such as reduction of use of paper, maximum use of day light and environment friendly business activities by financing to renewable energy and carbon offset projects, brick fields using Hybrid Hoffman Kiln (HHK) and Tunnel Kiln Technology, CNG conversion projects, effluent treatment plant etc. are prime focus of the Bank. All these remarkable green banking initiatives received praiseworthy recognition from Bangladesh Bank placing Bank Asia amongst the top ten Banks. Details of our Green Banking activities, programs and projects are described in a separate segment of summary sustainability report.

## Bank Asia Securities Ltd. (BASL)

BASL started its independent commercial operation from April 17, 2011 having 07 outlets across the country. In 2013 one extension office of BASL has been windup due to lower presence in the premises. The paid-up capital has been enhanced at Tk. 2,000.00 million in June 2013 from Tk. 450.00 million.

The capital market has experienced bearish trend throughout the year 2013 but some of the barometers of the capital market shows positive trend close to the end of year 2013. Total market capitalization of DSE stood at Tk.2,647.79 billion as on December 30, 2013 from Tk. 2,403.55 billion as on December 30, 2012 representing 11.00% growth.

Break up of Total Income



15% Commission Income  
78% Net Interest Income  
7% Other Income



BASL has been preserving the position of 'DSE Top-20' in terms of daily turnover throughout the year. Operating loss stood at Tk.117.30 million in 2013. BASL has kept Tk. 641.34 million in suspense account against negative equity balance during the year which will be recognized as income when client equity become is positive balance. Number of total clients reached at 5,149 in 2013 which was 4,853 in 2012. Margin loan outstanding was Tk.5,580.29 million in 2013 compared to Tk.4,913.96 million in 2012.

## BA Exchange Company (UK) Limited

In recent history Money Service Businesses (MSBs) in the UK are facing the most difficult trading conditions. This was primarily as a result of Barclay Bank's decision which acquired 70% to 80% of the businesses with almost monopoly power. The sudden account closure notice from them forced many MSBs to cease full operations. In this prevailing adverse scenario, our stronger control as well as the support of the Bangladesh Government, banking facilities have been provided by Sonali Bank (UK), to a number of selected Companies and due to our systems we were fortunate to be one of those.

Even facing all these difficulties B A Exchange is committed to improving efficiency yet still complying with requirements of the various regulators and interested parties, we strive to continue to provide a first class service to our diaspora in the UK, to give the best service and care we can to our customers and offer them a safe, secure and efficient channel to remit their hard earned money to their loved ones back home.

In the year 2013, the significant highlights of B A Exchange was the recent introduction of Online Remittance Module (ORM), this offers the remitters a facility to send money from the comfort of their home or on the go but without

the need to drag themselves away from a far. B A Exchange was the first to introduce this unique service among the UK based Exchange Companies sending money to Bangladesh. The bank received USD 5.24 million and GBP 1.47 million remittance in 2013 compared to USD 7.71 million in 2012 through this subsidiary company.

## Evaluation of Quarterly Reports

The Board of the Directors evaluated the quarterly reports every year. The Management prepared the financials and submitted to the Board for approval. The Board examines the financials with due diligence in order to ensure the financial statements are fairly stated. Thereafter the Board approved the financials with recommendation in various aspects such as reducing non-performing loan, increase of profitability and other key issues for improvement of financial performance.

## Additional Statements

The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-

(i) Industry outlook and possible future developments in the industry.	Discussed in the Directors' report.
(ii) Segment-wise or product-wise performance.	Discussed in the Directors' report.
(iii) Risks and concerns.	Discussed in a disclosure on Risk Based Capital under Pillar -3 of Basel- II and CRO's report.
(iv) A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Given in separate statement.
(v) Discussion on continuity of any Extra-Ordinary gain or loss.	The Bank did not make any extra-ordinary gain or loss in 2013.
(vi) Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	Given in notes to the financial statements at note no. 40.
(vii) Utilization of proceeds from public issues, rights issues and/or through any others instruments.	In 2013, the bank did not go for any public issues and right issues.
(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	The financial results of the bank was not deteriorated after the company went for Rights Offer.
(ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	No significant variance occurred between quarterly financial performance and annual financial statements.
(x) Remuneration to directors including independent directors.	Discussed in the Corporate Governance segment of summary sustainability report.
(xi) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities.
(xii) Proper books of account of the issuer company have been maintained.	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities.
(xiii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities.

(xiv) International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities.
(xv) The system of internal control is sound in design and has been effectively implemented and monitored	The system of internal control is sound in design and has been effectively implemented and monitored. A detailed discussion is given under Internal control and compliance of Directors report.
(xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	There are no significant doubts on the Bank's ability to continue as a going concern.
(xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	In 2013, the Bank's net profit was Tk. 1,459.82 million which was increased by 60.77% over previous year. Bank's CL ratio declined to 5.60% in 2013 from 5.69% in 2012 which caused less requirement of additional provisions for loans and advances. In this regard, we kept provision of Tk. 1,568.80 million which was Tk. 2,090.36 million in 2012, declined by 24.95% in 2013.
(xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Given in separate statement.
(xix) If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	The Bank has been declaring dividend every year.
xx) The number of Board meetings held during the year and attendance by each director shall be disclosed.	Discussed in the Corporate Governance segment of summary sustainability report.
(xxi) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- a) Parent/Subsidiary/Associated Companies and other related parties (name wise details); b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); c) Executives; d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Discussed in the Corporate Governance segment of summary sustainability report.
(xxii) In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- a) a brief resume of the director; b) nature of his/her expertise in specific functional areas; c) names of companies in which the person also holds the directorship and the membership of committees of the board.	Discussed in the Corporate Governance segment of summary sustainability report and Directors' Profile.

## Our Gratitude and Thanks

We want to continue on doing the best and ensure prolonged development in the economy, society, lifestyle and thus every sphere of our country in line with our vision.

Our sustainable banking operation is attributed to our prudent Board of Directors, effective Management, enthusiastic and skillful employees and trust bestowed upon us by our valuable clients and shareholders. We are thankful to them for continuing such confidence on the fact that Bank Asia will be able to offer the best possible solution to our loyal clients.

We would like to convey our earnest gratitude to the Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission (BSEC), National Board of Revenue (NBR), Government and other concerned authorities for their guidance, valuable suggestion and continuous support. Our Board of Directors, Management and staffs of the bank are devoted to achieve the priceless goals of the bank and to maximize shareholders value through combined efforts and strengths.

On behalf of the Board of Directors,

  
Mr. A M Nurul Islam  
Vice Chairman & Director

  
Mr. Mohammed Lakiotullah  
Vice Chairman & Director

A dynamic, high-speed photograph of a water splash against a blue background. The water is captured in mid-air, creating a complex, crystalline structure of droplets and air bubbles. The central part of the splash is bright white, while the surrounding water is a deep, vibrant blue. The overall effect is one of freshness and movement.

**SUMMARY  
SUSTAINABILITY  
REPORT**

# AWARDS AND RECOGNITION FOR SUSTAINABILITY REPORT



Mr. Md. Mehmood Husain, President and Managing Director and Mr. Imran Ahmed, CFO of Bank Asia with Ms. Asthildur Hjaltadattir, Interim Director Network Relations and Ms. Cristine Koblung, Network Relations Coordinator of GRI, Amsterdam at the NCSR Sustainability Reporting Award 2013 Ceremony in Jakarta





**BANGLADESH BANK**  
(Central Bank of Bangladesh)

Dr. Atiur Rahman  
Governor

October 22, 2013

### Message

I am much heartened to know that Bank Asia Limited has secured GRI's application level check certification on its Sustainability Report for 2012, a milestone event in sustainability reporting in the banking sector of Bangladesh.

Issuance of sustainability report on annual basis, separately or as part of a bank's overall annual report, is urged and encouraged by Bangladesh Bank's guidance circular on mainstreaming of corporate social responsibility. I congratulate Bank Asia Limited for being the first bank thus far in Bangladesh to produce a sustainability report of quality required for earning a formal GRI certification, signaling the embracing of social responsibility in corporate ethos and objectives of the bank.

I hope this will be viewed by other banks and financial institutions in Bangladesh as a worthy example to emulate.

(Dr. Atiur Rahman)



## 2013

- Certificate of Merit from the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Presented Annual Reports-2012 in the Private Sector Banks including Cooperative Banks.
- Certificate of Merit in the SAARC Anniversary Award for Corporate Governance from the Institute of Chartered Accountants of Bangladesh (ICAB).
- Achieved commendation for first time Sustainability Report 2012 in the 9th Sustainability Reporting Awards by National Center for Sustainability Reporting (NCSR) in Pejaten, Jakarta for Sustainability Report 2012 of Bank Asia.
- Achieved special commendation for Most Progressive Reporter 2012 by National Center for Sustainability Reporting (NCSR) in Pejaten, Jakarta for Sustainability Report 2012 of Bank Asia.
- Recognized by Bangladesh Bank as one of the top 10 commercial banks for significant contribution to green banking in Bangladesh.



**MESSAGE FROM  
THE PRESIDENT  
AND MANAGING  
DIRECTOR**



**The Bank continues its efforts to look beyond short-term quantitative gains, and to concentrate on issues that make the institution socially responsible and have given all-out efforts towards sustainable balanced growth.**

Bank Asia does not look for profit maximization rather it injects value creation model through acting as catalyst in excelling economic activities. Building the community is an integral part of its mainstream business. During the year the bank has spent Tk. 132.97 million against Tk. 69.45 million in 2012, exhibiting a remarkable growth of 91%. Bank Asia started its journey 14 years ago with a vision of a poverty free Bangladesh by placing highest consideration to human rights and dignity. One of its mission statements focuses on technology driven services to attain ultimate excellence. With these your Bank embedded sustainability at the core of its heart since inception. Preparing and

publishing the 2<sup>nd</sup> Sustainability Report is just another official milestone.

Since incorporation in 1999 Bank Asia embraced sustainability in its corporate culture and consistently proved its pledge to support communities and the environment by instigating various social projects and financing activities.

Several incidents in the corporate industry of the country placed heavily in the mind of business leaders that reemphasized the need of sustainability reporting, the overarching objective is to increase corporate transparency, accountability to investors, consumers and civil society, helping them to manage risks and limit impacts.

To ensure sustainable growth and effective operation that is maintaining right balance between creating greater corporate transparency and limiting negative impacts, development of human capital is absolutely essential. To that respect Bank Asia conducted 32,223 man hours of training involving 1,743 participants. Our commitment to this is reflected in our employment policy and service rules. The current gender mix is female 27% and male 73%. Our 87% staff members are aged below 40 years which denotes that Bank Asia is in young, dynamic and capable hands.

Bank Asia spent Tk. 30.74 million in education including computer learning of distant

underprivileged children, higher studies scholarship of poor but meritorious students, graduation of lady nurses, etc. Another aspect of building the community is to help the health sector. Like previous year Bank Asia spent Tk. 72.58 million including ophthalmological operation of born blind children, cancer treatment of poor through Ahsania Mission Cancer and General Hospital and contribution to develop infrastructure for health sector like construction of nine storied building for Holy Family Red Crescent Medical College & Hospital, nine storied building for graduate nursing hostel at Bangabandhu Sheikh Mujib Medical University (BSMMU) etc.

Bangladesh is natural disaster prone country being a delta at the bank of Bay of Bengal. Natural and man made disasters frequently rocks the plain living Bangladeshi. A number of cyclones hit the country during 2013 but the most notorious was Savar Building collapse a purely man made tragedy. This is considered to be the deadliest garment factory accident in history. Bank Asia donated Tk. 21.14 million including Prime Minister's relief fund and support to cold-hit people etc. All employees of Bank Asia has donated their one day basic salary willingly for compensation of the victims of Rana plaza tragedy.

The Bank continues its efforts to look beyond short-term quantitative gains, and to concentrate on issues that make the institution socially responsible and have given all-out efforts towards sustainable balanced growth.

In the end I express my sincere thanks and gratitude to all stakeholders and sincerely acknowledge their active engagement towards Bank Asia's dream of a poverty free Bangladesh that is sustainable in economic, social and environmental respects.

**Md. Mehmood Husain**

President and Managing Director

# REPORT PARAMETER

The year 2013 reporting is our second Sustainability Report based on GRI reporting framework G3/ G3.1 guidelines with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social impacts including both positive and negative contribution.

## Reporting scope

This report intends to touch upon all significant environmental, economic and social impacts resulting from Bank Asia's activities in the financial year 2013. As this is our second sustainability report, and there is no significant changes regarding scope, boundary, or measurement methods and explanation of the effect of any restatement of information comparing to the previous report. The sustainability report will be prepared once in a year describing activities and achievements through out the year.

## Boundary of the report

The report boundary of the year 2013 covers only banking operation run by corporate office, its branches, SME service centers and other direct networks in Bangladesh. Impacts of the activities of our subsidiaries, NGO networks or our suppliers in other countries are not within the scope of this report.

Bank Asia has two subsidiary companies, one in Bangladesh and another in UK, but no joint venture. As owner the Bank controls the activities of its subsidiaries. Bank Asia Securities Limited (BASL), a majority owned subsidiary is incorporated in Bangladesh and acts as a stock broker and stock dealer in capital market. The

financial statements of the BASL are prepared on a going concern basis under historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRS).

BA Exchange Company (UK) Ltd. a wholly owned subsidiary is incorporated in UK and primary responsibility is remittance channeling to Bangladesh from UK market. Financial statements of BA Exchange UK are prepared on a going concern basis under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities.

## Feedback

We welcome any feedback on our sustainability reporting. For further information and comments, please contact Sustainability Reporting Team of the Bank led by Mr. Imran Ahmed, FCA, CISA, CSRS, Chief Financial Officer, Mr. Md. Bashir Uddin Ahmed, CSRS, First Assistant Vice President, Finance & Accounts Division, Mr. Md. Shamim Hasnat, Executive Officer, Finance & Accounts Division. They may be reached through

## Bank Asia Limited

Corporate Office, Rangs Tower  
(2<sup>nd</sup> to 6<sup>th</sup> Floor)

68, Purana Paltan, Dhaka-1000, Bangladesh

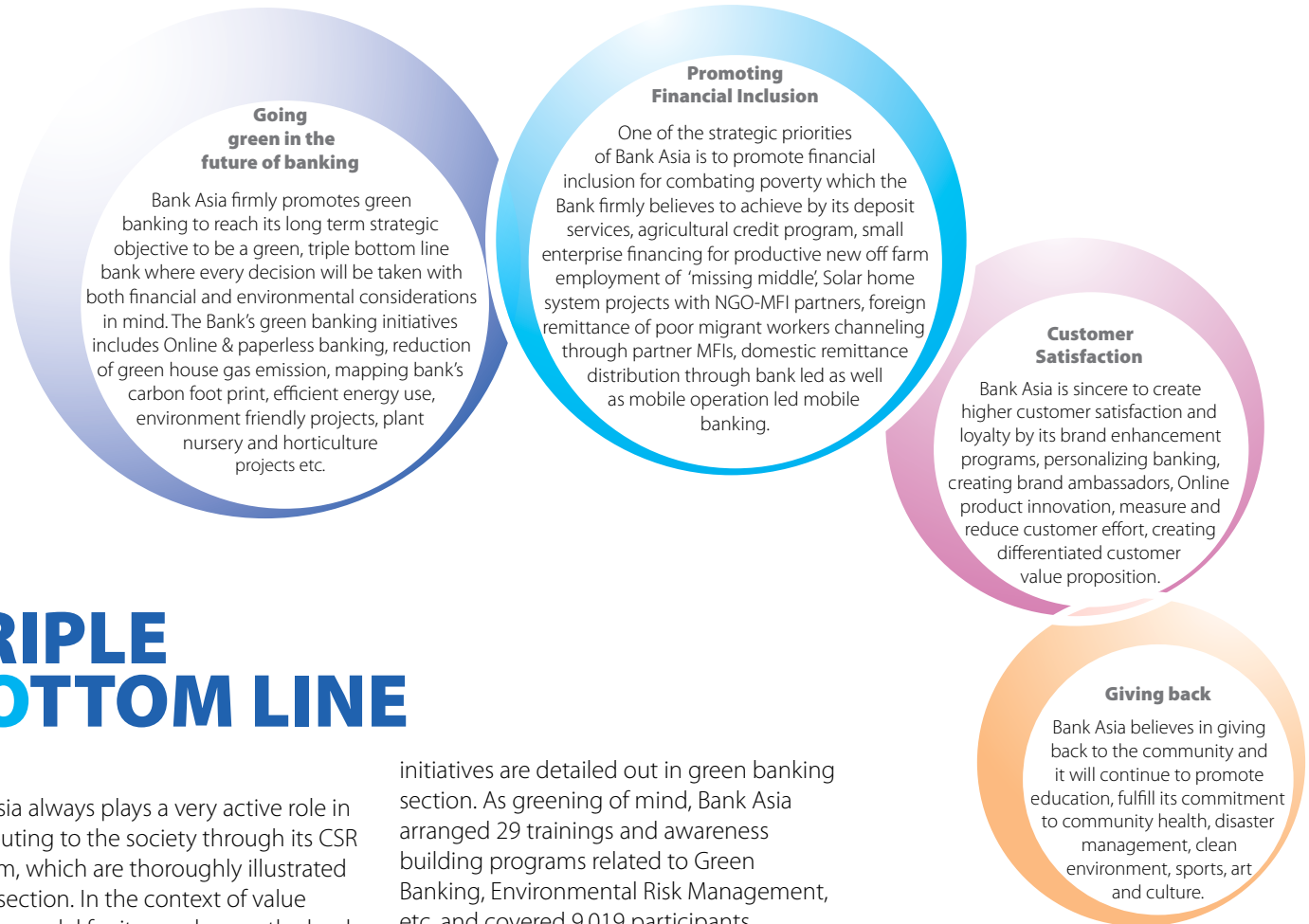
Tel: +88 - 02- 7110042, +88 - 02- 7110062

E-mail: sustainability@bankasia.com.bd

Web: www.bankasia-bd.com



# STRATEGIC FOCUS FOR SUSTAINABILITY



## TRIPLE BOTTOM LINE

### People

Bank Asia always plays a very active role in contributing to the society through its CSR program, which are thoroughly illustrated in CSR section. In the context of value creation model for its employees, the bank has made footprints by achieving:

- Operating profit and Net profit per employee was Tk. 3.38 million and 0.91 million respectively.
- 32,223 man hours training per employee in the year 2013

initiatives are detailed out in green banking section. As greening of mind, Bank Asia arranged 29 trainings and awareness building programs related to Green Banking, Environmental Risk Management, etc. and covered 9,019 participants including our clients and our employees.

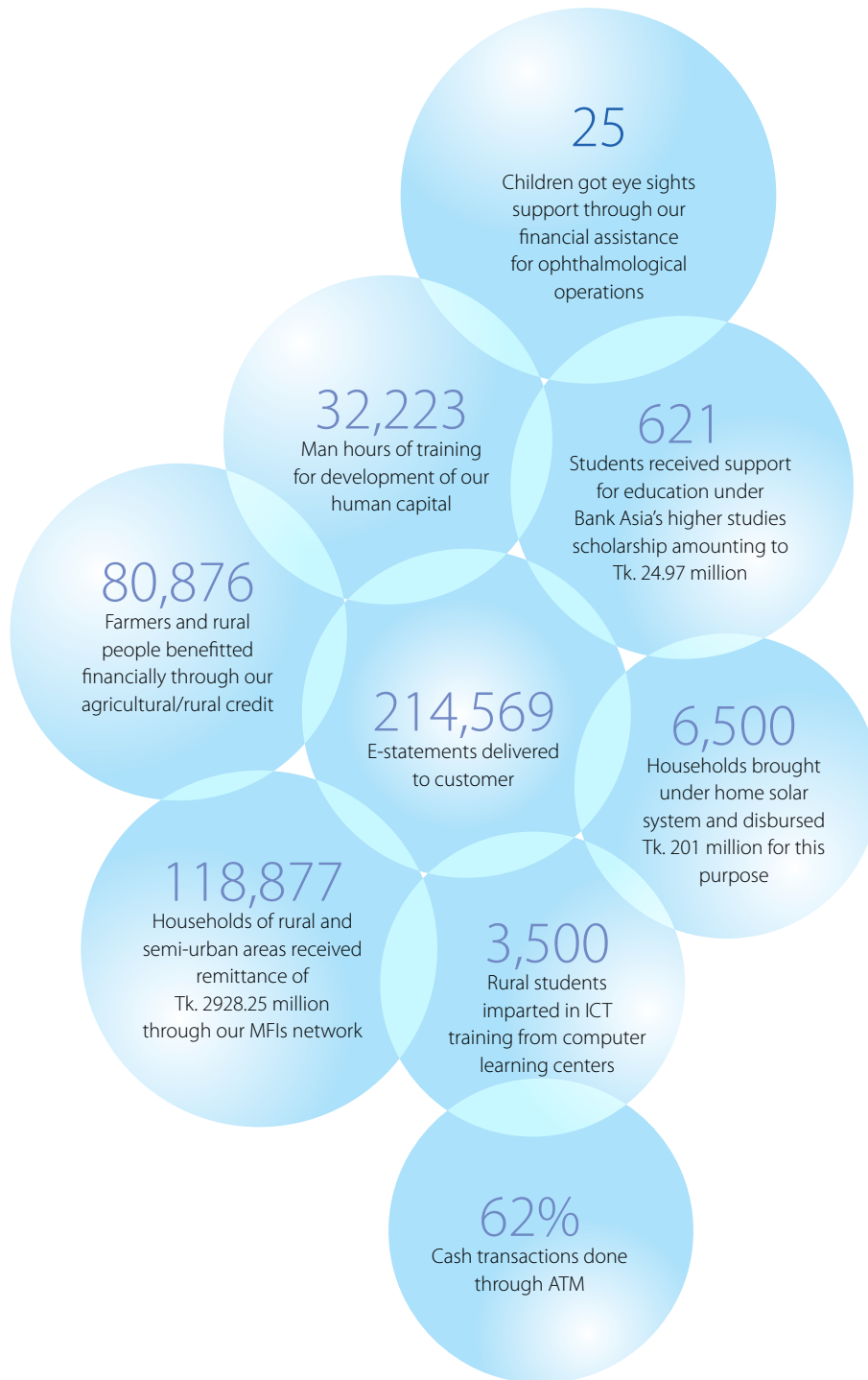
### Profit

Net profit of Bank Asia was Tk. 1,459.82 million.

### Planet

As one of the strategic focuses of Bank Asia, 'going green' movement includes efficient energy consumption, paperless office, financing renewable energy etc. Bank Asia's achievements in green

# SUSTAINABLE BANKING OPERATIONS: KEY HIGHLIGHTS



# CORPORATE PROFILE

## Bank Asia Limited

was incorporated on September 28, 1999 as a private commercial bank with the aim of contributing for the development of the economy by bringing superior quality technology driven banking products and services.

In 2001 Bank Asia set a milestone by acquiring the Bangladesh operations of the Bank of Nova Scotia of Canada, first in the banking history of Bangladesh. At the beginning of the year 2002, the bank again acquired the Bangladesh operations of Muslim Commercial Bank Limited of Pakistan.

Bank Asia has associated Islamic banking, Off-shore banking, SME financing & many more specialized services with its core banking activities. To excel in this new era of technological triumph, Bank Asia has successfully introduced mobile banking, cutting edge ICT, state of the art network solution, 24/7 ATM service & many other e-products.

Bank Asia maintains an environment of strong corporate governance that helps to maintain its excellent brand image; reflected by consistent financial performance for its stakeholders. To attain sustainability we focus more on strategic priorities measured by quantitative and qualitative determinants.

Besides maintaining a steady growth Bank Asia always prioritized in the structural and moral development of the society. From the very beginning it started its Corporate Social Responsibility (CSR) activities for the development of our country's unprivileged segments in the areas of education, health, environment, sports, arts & cultures and the likes.

### Nature of ownership and legal form

Bank Asia Limited was formed as a public limited company under the Companies Act 1994, and governed by the Banking Companies Act 1991. The bank obtained certificate of incorporation on September 28, 1999 and banking license on October 06, 1999. It went for public offering on September 23, 2003 when its shares were listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).



No significant changes have been taken place during the reporting period regarding size, structure, ownership of Bank Asia.

### Number of countries where the organization operates

Bank Asia runs its operation only in Bangladesh. However, the bank has a fully owned subsidiary named 'BA Exchange Co. (UK) Limited' to facilitate as speedy and dependable medium for remitting the hard-earned money of expatriates back home. It started its operation in London on May 16, 2011.

### Scale of the reporting organization

As of the end of 2013, our Bank's operating profit is Tk. 5,415.76 million and total assets are Tk. 163,777.74 million. The Bank's capital adequacy ratio is 11.05%.

<b>No. of employees</b>	1,640 (1600 of Bank & 40 of Subsidiaries)
<b>No. of branches</b>	86
<b>Total operating income</b>	8,533.12 million
<b>Total debt &amp; equity</b>	149,160.04 million & 14,617.70 million
<b>No. of ATMs</b>	90 own & 3700+ shared
<b>No. of credit cards</b>	27,667
<b>SME center</b>	6
<b>No. of debit cards</b>	205,358

### Branch network

Currently we have 92 branches and SME service centers across the country spread over different zones that includes 82 branches, 4 SME agricultural branch and 6 SME service centers. Geographically 49 are placed in capital Dhaka, 27 in Chittagong the 2<sup>nd</sup> largest commercial hub after Dhaka, 7 in Sylhet zone one of the leading remittance flow area, 4 in Khulna zone the 2<sup>nd</sup> international port city and adjacent to world's largest mangrove forest, 4 in Rajshahi the silk city and world's finest mango production area and 1 in Barisal the main rice producing center of Bangladesh. All these branches and SME centers are efficiently supervised and monitored by 5 cluster mentors who take care of their overall performance indicators on a regular basis. Every year on an average 10 new branches are added to our branch network.

### Membership with associations

- Bangladesh Institute of Bank Management (BIBM)
- Bangladesh Association of Banks (BAB)
- Association of Bankers Bangladesh (ABB)
- The Institute of Bankers Bangladesh (IBA)
- The American Chamber of Commerce in Bangladesh (AmCham)
- Bangladesh Foreign Exchange Dealers' Association (BAFEDA)
- Bangladesh Association of Publicly Listed Companies (BAPLC).



# STAKEHOLDERS ENGAGEMENT

Bank Asia believes in the proper stakeholders engagement in every aspects of its banking activities. We identify our stakeholders conducting thorough impact analyses in respect of

- Responsibility; Bank Asia has direct legal responsibility to regulators, tax authority etc.
- Influence; decision making of the bank is influenced to reach its intended goals by shareholders and employees etc.
- Proximity; the local community that influence heavily our daily operation
- Dependency; those who are dependent on our operational performance, e.g. business partners, and those whom we are dependent, e.g. customers
- Representation; those who represent Bank Asia to the outside world, e.g employees, board and those whom we face for various decision making purposes. e.g. business association leaders, local community leaders

Impact analyses from the aspects of governance, economic, environment and social influences help us recognize and respond to emerging risks and opportunities and meet the expectations of those who shape our operating environment. Continuous engagement with stakeholders is integral to the success of our business.

We prioritize stakeholders' issues based on materiality mapping determining the level of relevance and significance on economic, environmental, social and financial impacts.

The following table discusses on various aspects of stakeholders, their engagement process and our response:

## Our stakeholders



Our stakeholders	Ways of inclusion	Their priorities	Our response
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer feedback management</li> <li>Ongoing market research and product innovation</li> </ul>	<ul style="list-style-type: none"> <li>Good return from deposits</li> <li>Fast services delivery with excellence</li> <li>Preferential pricing, charges and commission</li> <li>Strict Shariah compliance in Islamic products and services</li> <li>Product varieties catering market demand</li> <li>Online banking solutions with secured transactions, privacy and confidentiality</li> </ul>	<ul style="list-style-type: none"> <li>ALCO sits every month to decide pricing and rates based on market analyses</li> <li>All network nodes are run by online Core Banking System (CBS)</li> <li>E products like mobile banking, internet banking, tele banking, electronic fund transfer, etc. ensures hi-tech banking needs</li> <li>Separate online CBS for Islamic products</li> <li>Front desks and relationship managers ensures fast and high quality service delivery following one to one relationship</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>CSR activities</li> <li>Scholarship</li> </ul>	<ul style="list-style-type: none"> <li>Compensation for adverse direct or indirect impact for bank's activities</li> <li>Support to under privileged people</li> <li>Support to basic need for living</li> </ul>	<ul style="list-style-type: none"> <li>Strongly consider environmental and social impact and restrain from adverse impact upon society</li> <li>Target segment is underdeveloped and under privileged people</li> <li>Significant contribution to education, health, disaster management and environmental sector</li> </ul>
<b>Shareholders/investors</b>	Annual General Meeting (AGM), Extraordinary General Meeting (EGM), annual & semi annual report, publishing quarterly financials and Price Sensitive Information (PSI) in newspapers	<ul style="list-style-type: none"> <li>Healthy return on investments and stable dividend policy</li> <li>Growing earnings</li> <li>Sound governance and risk management</li> </ul>	<ul style="list-style-type: none"> <li>Maintained attractive plough back ratio</li> <li>Timely repayment of debt with stated return</li> <li>Established superior risk management culture</li> <li>Transparency and integrity in financial reporting</li> </ul>
<b>Board &amp; management</b>	<ul style="list-style-type: none"> <li>Decisions are taken based on financial and business delegation of different levels</li> <li>Any major decisions must be placed to board for approval</li> </ul>	<ul style="list-style-type: none"> <li>Governance principles, policies &amp; procedures formulation</li> <li>Strategic focus &amp; value creation</li> </ul>	At least one board meeting in every month, executive committee meeting, audit committee meeting, Board members meet management on various occasions like annual & semi annual business conferences, bank's anniversary celebration
<b>Employees</b>	<ul style="list-style-type: none"> <li>Business conferences, tele conferences, video conferences etc.</li> <li>Training, workshops and orientation program</li> <li>Group emails, intranet circulation</li> </ul>	<ul style="list-style-type: none"> <li>Inflation adjustment in pay package planning</li> <li>Periodical salary review to adjust with cost of living index</li> <li>Proper job description as per individual skill set</li> <li>Regular training</li> <li>Healthy working environment and workplace safety</li> <li>Performance driven career progression</li> </ul>	<ul style="list-style-type: none"> <li>Salary package adjusted in line with market competitiveness and inflation</li> <li>32,223 man hours training for human capital in 2013.</li> <li>Well set KPIs for performance and inherent quality analysis</li> <li>All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise</li> <li>Ensure continuous learning and application ground for career build-up</li> </ul>
<b>Government &amp; regulatory authorities</b>	Strict compliance with applicable laws, rules and regulations	<ul style="list-style-type: none"> <li>Proper compliance with laws &amp; regulations</li> <li>Timely reporting as per requirement</li> <li>Timely payment of right amount income tax and VAT</li> </ul>	We ensure proper compliance and timely reporting to government bodies and regulators
<b>Subsidiaries</b>	<ul style="list-style-type: none"> <li>Policies formulation</li> <li>Agreed upon strategic goals</li> </ul>	Goals & Strategic focuses are based on local environment analyses & regulatory purview	We review local market and environment before setting its strategic priorities ensuring proper representation from subsidiaries
<b>Business partners</b>	Procurement management, training and communication	<ul style="list-style-type: none"> <li>Fair trade, fair enlistment,</li> <li>Sustainable and stable growth of the bank</li> </ul>	<ul style="list-style-type: none"> <li>Free from any bias or coercion from influencing quarters</li> <li>Ensure fair play and competition to award work order</li> <li>Timely payment to vendors</li> </ul>

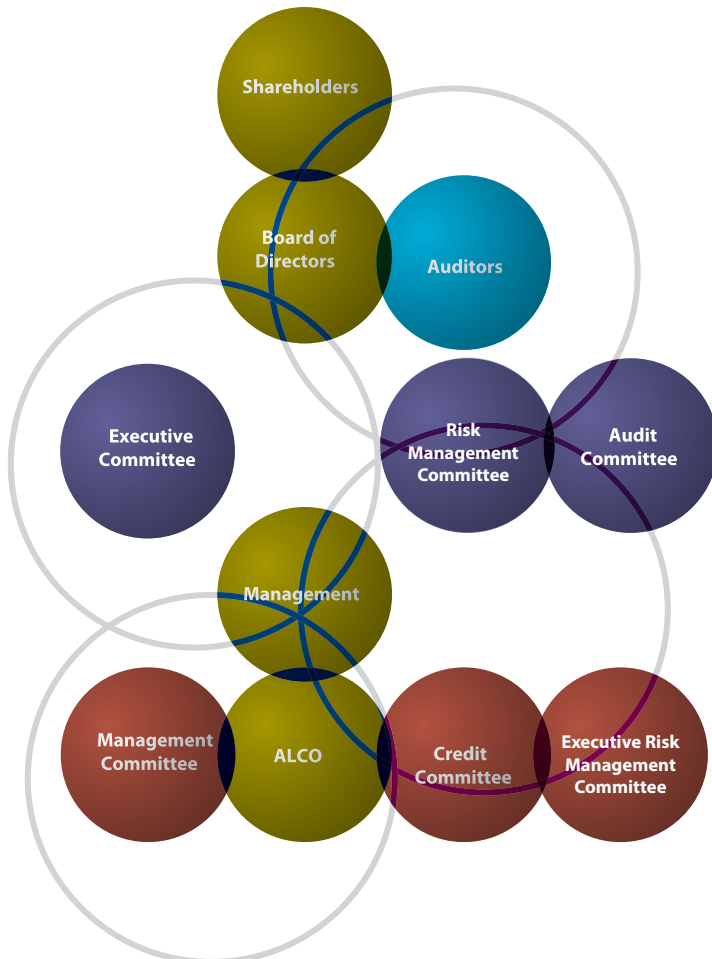
# GOVERNANCE, COMMITMENT AND STAKEHOLDERS

## Corporate governance

Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way an organization (or company) is directed and administered. Fairness, transparency, accountability and responsibility are the standards of Corporate Governance. It is about commitment to values and ethical conduct of business.

In Bank Asia, corporate governance means increasing the stakeholders' value by being efficient & professional to the organization, transparent and accountable to the shareholders and responsible to the society and the environment. The board of directors plays a key role in corporate governance. It is their responsibility to endorse the organization's strategy, develop directional policy, appoint and supervise senior executives and to ensure accountability of the organization to its owners and regulatory authorities.

Bank Asia Limited, as a publicly listed company, is a highly regulated company where Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) play a very significant role in establishment and adherence to norms and regulations. In this regard, BSEC's notification SEC/CMRRCD/2006- 158/134/ Admin/44 dated August 07, 2012 inserted many important issues like inclusion of independent directors in the board of directors and audit committee etc.



## Board of Director's mechanism and independence

Bank Asia complied with relevant guidelines of Bangladesh Bank as well as Bangladesh Securities and Exchange Commission while forming its board of directors. The number of members in the board of Bank Asia is 14 (fourteen) excluding the managing director. In the Board 4 (four) members are Independent Director and all of them are highly educated, esteemed professional and/or successful businessman with long experience in banking industry. The board approves the bank's budget and business plan and reviews those on quarterly basis so as to give directions as per changing economic and market environment. The board reviews the policies and manuals of the various segments of businesses in order to establish effective risk management in credit and other key areas of operations.

## Executive committee

The Executive Committee (EC) of the board of Bank Asia was first constituted in January 2010 to ensure efficient, competent, compliant and secured structure for approval of credit proposals and business decisions. The number of members in executive committee is 5 (five) nominated by the board from directors. The EC

time to time reviews policies and guidelines issued by Bangladesh Bank regarding credit and other operations that are customized and adopted by the management after approval of the board of directors. EC approves credit proposals as per approved policy of the board.

## Audit committee

The audit committee of the board of Bank Asia was first constituted in January 2003 with the objectives of generating a platform for a compliant and secured banking. Audit committee takes up responsibilities to supervise the management and control various risk factors coming up from banking operation, to strengthen the internal control system and to act as a connecting force between internal and external auditors in order to bring a disciplined banking operation. Audit committee reviews the financial reporting process, the system of internal control and management, the audit process, compliance with laws and regulations, and its own codes of business conduct.

The audit committee also examines the status of implementation of Bangladesh Bank guidelines and bank's own policies and manuals. The audit cell of the board and the internal audit team of the bank undertake various special audits as per advice of the audit committee. They also meet with the external auditors to discuss about audit plan, the risk management processes and preparation of the financial statements as per BAS and IAS.

## Risk Management committee

To minimize risk while implementing the policies and business plan of the Bank, the Board has formed a Risk Management Committee as per the guidelines of Bangladesh Bank. The Committee will supervise whether the risks arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity and other sources are identified, measured and adequate systems are in place to minimize such risks. Currently 5 (five) members are in the Risk Management Committee.

## Management committee

The management committee (MANCOM) is responsible for recommending strategy and monitoring business performance of the bank and its subsidiaries. The MANCOM operates under delegated authority from the board and membership of the management committee consists of the president and managing director, deputy managing directors, c-level executives and the heads of major operational departments. The current number of MANCOM members is 17: Mr. Md. Mehmood Husain-President & Managing Director, Mr. Aminul Islam- Deputy Managing Director & COO, Ms. Humaira Azam- Deputy Managing Director & CRO, Mr. Md. Arfan Ali- Deputy Managing Director & CBO (SMR), Mr. Syed Nazimuddin-Senior Executive Vice President, Mr. Md. Touhidul Alam Khan- Senior Executive Vice President, Mr. Mohammad Borhanuddin, Senior Executive Vice President, Mr. Barun Kanti Saha- Senior Executive Vice President, Mr. Md. Abu Bakar Laskar- Senior Vice President, Mr. Imran Ahmed, FCA, CISA, Senior Vice President, Mr. Mohammad Abdul Qaium Khan-Senior Vice President, Mr. Md. Zia Arfin-Senior Vice President, Mr. Mamun Mahmud-Senior Vice President, Mr. Ashrafuddin Ahmed- Senior Vice President, Mr. Arequl Arefeen-Vice President, Mr. Afzalul Haque- Vice President and Mr. Md. Rezaul Islam-First Vice President.

## ALCO

The Asset Liability Committee –ALCO, comprising the senior management, take strategic decisions on fixation of asset liability pricing, on liquidity management in the context of changing market scenarios. In monthly ALCO meetings, relevant issues like economic forecast, market status, peer group analysis, projections on interest rate and exchange rate and spreads, balance sheet gap in liquidity structure & interest rate sensitivity of gap, pertinent ratio analysis, internal transfer pricing, regulatory & other audit compliance are discussed on continuous basis. When needed special ALCO meetings are held to respond to the unusual or seasonal market behavior or other volatile market scenarios. In the year 2013, ALCO sited for total fourteen times with regular and special agenda for balance sheet management. Proactive measures of ALCO kept the credit deposit ratio within a comfortable

range that helped the bank to earn through foreign exchange and money market products of treasury line.

## Credit committee

Bank Asia's credit committee is formed with a group of highly knowledgeable senior management who are responsible for assessing the credit worthiness and ability to repay debt of prospective borrowers. As per complete and critical assessment, the committee recommends for approval or decline the credit proposal and put observations where necessary. Based on the recommendations, credit proposals are approved or declined by the managing director or executive committee of the board or the board as per delegation of authority.

## SRP committee

The Supervisory Review Process (SRP) committee is formed under the second pillar of Basel II capital accord. Bank Asia has developed internal methodology to assess requirement of additional capital to address risks that have not been considered under minimum capital requirement (MCR), i.e. credit risk, operational risk and market risk. The SRP committee is a representation of senior management working under board. The committee consists of 9 (nine) members: President and managing director (chairman of the committee), chief risk officer, chief business officer, chief operating officer, chief business officer -SMR, chief financial officer, head of internal control and compliance, head of treasury operations and head of risk management. Core responsibilities of the committee is to ensure that bank has comprehensive Internal Capital Adequacy Assessment Process (ICAAP) and adequate level of capital is maintained and reported considering appropriately the level of residual risk, concentration risk, liquidity risk, reputational risk, strategic risk, settlement risk, core risk guidelines risk, environmental and climate change risk. A separate risk management committee (RMC) supervises day-to-day risk identification, mapping and mitigation.



## Independent director

As part of good governance in the organization participation of independent opinion in the Board is considered as an important instrument. Independent directors in the Board exert an independent view on the policies and decisions of the Board and ensure that the policies and decisions are for the best interest of the whole bank. Bank Asia has appointed 4 (four) independent directors in the Board. They are Mr. A M Nurul Islam a renowned bureaucrat and three renowned retired bankers Mr. Mohammed Lakiotullah, Mr. Shah Md. Nurul Alam and Mr. Mashur Rahman.

The Independent Directors are also member of the sub-committees of the Board. Two of them are the members of the Executive Committee, two of them are the members of the Audit Committee, and all of them are the members of the Risk Management Committee.

## Retirement and election of directors

According to clause 128, and 129 of the Articles of Association of the Bank, 4 (four) directors retired before the 14 Annual General Meeting (AGM) held on March 31, 2013. All the retiring directors were eligible for re-election as director and they were re-elected at the AGM. As per Articles of Association of Bank Asia, the retired & re-elected directors were:

Sl. No.	Name of Directors	Mode of Change
1.	Ms. Naheed Akhter Sinha	Retired & Re-elected
2.	Ms. Hosneara Sinha	Retired & Re-elected
3.	Mr. Nafees Khundker	Retired & Re-elected
4.	Mr. Mohammed Lakiotullah	Retired & Re-elected

In addition, some other changes in directorship during the year were as follows:

Sl. No.	Name of Directors	Date of Change
1.	Mr. Shah Md. Nurul Alam	Withdrawal of nominated directorship by Amiran Generation Ltd. on 28. 01. 2013
2.	Mr. Shah Md. Nurul Alam	Appointed as Independent Director by Board on 13. 02. 2013.
3.	Ms. Mahrina Dia Chowdhury	Resigned on 07. 12. 2013

### Statement of meeting and attendance

#### a. Board Meeting

Statement of Board meetings held and the attendance of Directors from 01.01.2013 to 31. 12. 2013:

Sl No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A Rouf Chowdhury	29	29	0	
2.	Mr. A M Nurul Islam	29	29	0	
3.	Mr. Mohammed Lakiotullah	29	26	3	
4.	Mr. Shah Md. Nurul Alam	29	29	0	
5.	Mr. Mohd. Safwan Chowdhury	29	12	17	
6.	Mr. Rumea A Hossain	29	29	0	
7.	Ms. Hosneara Sinha	29	0	29	
8.	Ms. Farhana Haq Chowdhury	29	2	27	
9.	Mr. M Irfan Syed (Alternate Director of Mir Shahjahan)	29	9	20	
10.	Ms. Naheed Akhter Sinha	29	0	29	
11.	Mr. Nafees Khundker	29	3	26	
12.	Mr. Faisal Samad (Alternate Director of Ms. Mahrina Dia Chowdhury)	24	0	24	Up to 05. 12. 2013
13.	Ms. Sohana Rouf Chowdhury (Alternate Director of Mr. Murshed Sultan Chowdhury)	29	5	24	

The Board has granted leave of absence against the absentee directors of the meeting.



◀ Board Meeting

### b. Executive Committee Meeting

Statement of Executive Committee (EC) meetings held and the attendance of Directors from 01. 01. 2013 to 31. 12. 2013:

SI No.	Name	Total meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Mohd. Safwan Choudhury	23	10	13	
2.	Mr. Rume A Hossain	23	22	1	
3.	Mr. Mohammed Lakiotullah	23	23	0	
4.	Mr. A M Nurul Islam	23	23	0	
5.	Mr. Shah Md. Nurul Alam	23	23	0	

The EC has granted leave of absence against the absentee directors of the meeting.

### c. Audit Committee Meeting

Statement of Audit Committee meetings held and the attendance of Directors from 01. 01. 2013 to 31. 12. 2013

SI No.	Name	Total meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Shah Md. Nurul Alam	20	20	0	
2.	Mr. Rume A Hossain	20	19	1	
3.	Mr. Mohammed Lakiotullah	20	20	0	

The Audit Committee has granted leave of absence against the absentee director of the meeting.

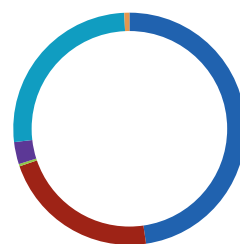
## Position of the Chairman of the Board of Directors and the President and Managing Director

The functional responsibilities of the Chairman of the board and of the President and Managing Director are kept separate and independent of each other.

The Chairman is responsible for leading the board and overseeing the entire functioning of the bank is as per corporate governance framework. Mr. A Rouf Chowdhury is the current Chairman of the Board. Through his dynamic leadership, he is leading the Bank towards the success.

The Managing Director leads the bank by developing, designing and implementing the strategic plan in the most time-efficient and cost effective manner. The President and Managing director, Mr. Md. Mehmood Husain is also responsible for developing long term business plans and the day-to-day operation. He is also accountable to the shareholders and the board of the bank.

### Shareholding Structure



<b>47.71%</b>	Sponsor & Director
<b>22.05%</b>	General Public
<b>0.32%</b>	Foreign Investments
<b>3.09%</b>	Investment Companies
<b>26.12%</b>	Institutions
<b>0.71%</b>	Non Resident Bangladeshi

## Shareholding structure

Category	No. of shareholders	No. of shares	% of total holdings
Sponsor & Director	25	330,909,211	47.71
General Public	17,503	152,975,106	22.05
Foreign Investments	2	2,203,860	0.32
Investment Companies	111	21,468,345	3.09
Institutions	390	181,163,697	26.12
Non Resident Bangladeshi	148	4,912,140	0.71
<b>Total</b>	<b>18,179</b>	<b>693,632,359</b>	<b>100.00</b>

## Classification of shareholders by holding

At the end of year 2013, the classification of shareholders by holding was as follows:

Holding	No. of shareholders	% of total holdings
less than 5,000	15,725	2.11
5,000 to 50,000	2,041	3.95
50,001 to 100,000	124	1.28
100,001 to 200,000	78	1.62
200,001 to 300,000	34	1.23
300,001 to 400,000	18	0.90
400,001 to 500,000	15	0.96
500,001 to 1,000,000	49	5.23
1,000,001 to 10,000,000	77	31.76
over 10,000,000	18	50.96
<b>Total</b>	<b>18,179</b>	<b>100.00</b>

## Pattern of shareholding

Breakup of shareholding pattern as per clause 1.5 (xxi) of Bangladesh Securities and Exchange Commission notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under Section 2CC of the Securities and Exchange Ordinance, 1969, is as follows:

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

SI No.	Name of the Company	Shareholding Structure
1	a) Bank Asia Securities Limited	99.997% owned by Bank Asia
2	b) BA Exchange Company (UK) Limited	100% owned by Bank Asia

b) Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouse and minor children (name wise details)

SI No.	Name of the Directors	No. of shares held as on 31-12-2013
1	Mr. A. Rouf Chowdhury and his Spouse	17,180,063
2	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	27,168,200
3	Mr. Mohammed Lakiotullah's Spouse (Independent Director)	924
4	Mr. Rume A Hossain and his Spouse	35,681,153
5	Ms. Hosneara Sinha and her Spouse	35,618,351
6	Ms. Farhana Haq Chowdhury and her Spouse	30,318,393
7	Mr. A M Nurul Islam (Independent Director)	Nil
8	Mr. Nafees Khundker and his Spouse	28,713,273
9	Ms. Sohana Rouf Chowdhury (Alternate Director of Mr. Murshed Sultan Chowdhury)	21,466,671
10	Mr. M Irfan Syed (Alternate Director of Mr. Mir Shahjahan)	14,290,267
11	Ms. Naheed Akhter Sinha and her Spouse	37,777,753
12	Mr. Shah Md. Nurul Alam (Independent Director)	Nil
1	Chief Executive Officer	Nil
2	Company Secretary and his Spouse	18,400
3	Chief Financial Officer	Nil
4	Head of Internal Audit	Nil

c) Executives:

1	Mr. Mohammed Roshangir	Nil
2	Ms. Humaira Azam	Nil
3	Mr. Md. Arfan Ali	Nil
4	Mr. Md. Touhidul Alam Khan	Nil
5	Mr. Barun Kanti Saha	Nil

d) Shareholders holding ten percent (10%) or more voting interest in the company: Nil

## Mechanism to provide advice to the Board

Bank Asia maintains transparent and close communication with its shareholders. With this view we publish annual & semi annual report, publishing quarterly financials and price sensitive information (PSI) in newspapers for shareholders, investors, capital market experts, and other equity participants in a complete, fair, accurate, timely and understandable manner within the framework of generally accepted accounting principles and legislation provisions.

Our bank's shareholders can also use their query rights or can provide any recommendations or direction to the board of directors at the annual general meeting and the board answers all questions of shareholders. Prior to AGM, the meeting date, venue and agenda are announced and also the annual report is submitted to the shareholders through our bank's website or through different channels. After getting feedback from shareholders at AGM, the board then directs the management to implement the recommendations of the shareholders. If the Management requires making any change in policy or practice, the board approve those changes; otherwise if this authority of approval is beyond the power of the board, this can be approved by the shareholders of Bank Asia Ltd at AGM through voting. In applicable cases extra ordinary general meeting (EGM) of general shareholders may be called. So far 14 AGMs and 8 EGMs have been successfully arranged.

## Avoiding conflict of interest

In financial intuitions there exists high possibility of arising conflicts of interest between board of directors and the management of the company. To avoid such unwanted situation Bank Asia has separated the responsibility/authority of these two interest groups of the bank. To avoid conflict of interest and also to make accountable the bank has already taken the following measures:

- Loan to the directors is restricted subject to full filing certain terms and conditions of regulatory guidelines.
- If there is any related party transaction, the management discloses the matter in the Annual Report and it is also approved by the general shareholders in AGM.
- Executive committee of the board can approve loan to anyone up to a limited portion.
- Audit committee regularly reviews the financial and other related statements and gives recommendation to the management regarding any changes in policy and also presents to the board for further evaluation.
- Board of directors approval is needed for loan re-scheduling.

## Auditors

At the 14th Annual General Meeting held on 31st March, 2013 the Shareholders re-appointed M/s. SF Ahmed & Co, Chartered Accounts as external auditors of the Bank for the year 2013. The external Auditor in their audit of 2013 covered 80% of risk weighted assets of the Bank.

## Expenditure related to Board of Directors

For attending the Board Meeting, Audit Committee Meeting, Executive Committee and Risk Management Committee, the Directors receive an honorarium of Tk. 5,000 each. During 2013, the expenditures incurred related to directors were Tk. 1,720,000 for Directors' honorarium and Tk. 131,840 for Directors' Traveling purpose. During 2012, the expenditures incurred related to Directors' honorarium was Tk. 2,003,240 and for Directors' Traveling was Tk. 156,560.

## Expenditures Related to AGM

In 2013, the Bank arranged one Annual General Meeting. For this purpose, total expenses were Tk. 8,778,868. This cost included rent of AGM venue, Entertainment for the Shareholders and Printing of notices, minutes and Annual Report. In 2012, total expenses were Tk. 17,359,645.

## Status of Compliance

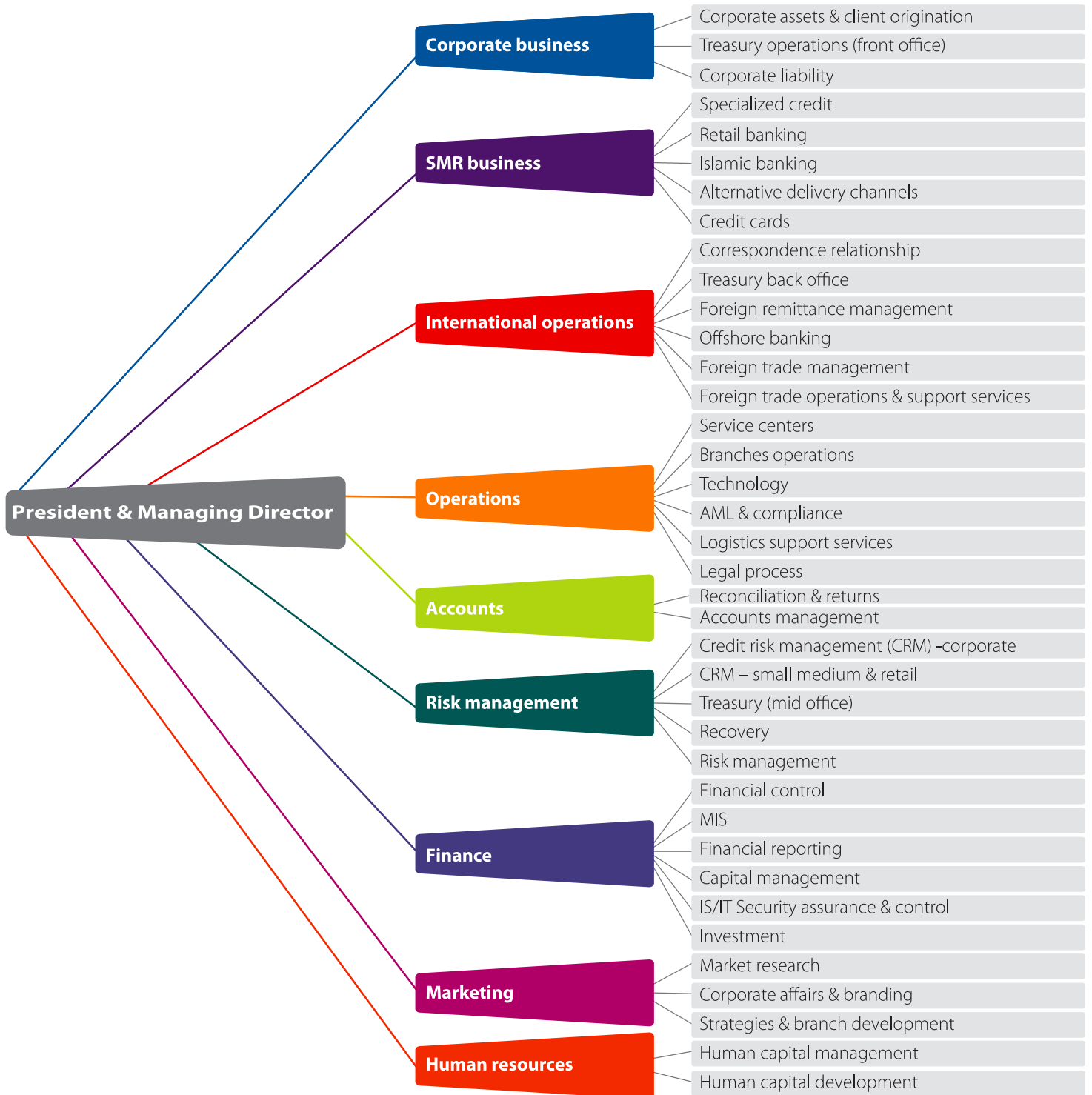
Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969: (Report under Condition No. 7.00) is exhibited in a separate segment.

## Credit Rating

A Credit Rating estimates the credit worthiness of an individual, a corporate or even a country. Typically, a credit rating tells a lender or an investor the probability of the subject being able to payback a loan. A poor credit rating indicates a high risk of defaulting on a loan and thus leads to high interest rates or refusal of a loan by the creditors.

In an effort to keep the existing and potential investors in the financial sector fully informed about the financial health of the banking institution, and to improve the functioning of the capital market of the country, Bangladesh Bank has made credit rating for Banking industry mandatory effective from January 2006. Taking this into consideration, Bank Asia appointed CRAB (Credit Rating Agency of Bangladesh) for rating of the Bank. Bank Asia has been rated as AA3 for long term and ST-2 for short term for the year 2012, which will be valid up to June, 2014. The credit rating of 2013 is under process.

# Organogram



# ENVIRONMENTAL PERFORMANCE

## Energy

### Energy Savings

Our new Corporate Office, where we have moved during the year 2011 has been designed to utilize maximum usage of natural lights, which reduces energy consumption substantially compared to other conventional building. Around one third of the bulbs being used in this office are of energy savings type. We are saving around 40% electricity (used for lighting purpose) by using the day light in our Corporate Office. Our electronic mail system has been operating since 2005, which is being extensively used for internal as well as external communication. Electronic communication substantially reduces paper consumption thereby reduce deforestation.

### Energy Consumption

Million Taka	
	2013
Energy Type	Total
Electricity	49.11
Fuel & CNG	10.73

### Solar powered branches

We have installed solar panels in our 7 branches located at Patherhat, Madhobdi, Dohajari, Hajigonj, Faridpur, Elephant Road and Lalmatia.

### Financing renewable energy and carbon offset projects

During the year 2013, we have disbursed Tk. 1,432.59 million to 80,876 farmers, which helps sequestration of carbon.

### Reducing Energy & Resource Consumption

Instruments of Green Banking offered by Cards Division include E-Statement, SMS Banking, SMS Alert, Net Banking, E Fund Transfer, and Digital Attendance and E Mail corresponding, which help reducing printing paper. Our Cards Department through its digital filling system where more than 200,000 pages of various files have been digitally archived and indexed and at present these archiving process is executing through own system. During the period from January' 13 to December'13, consumption of paper by Bank Asia is Tk. 17.24 million. During 2013, Bank Asia produces "BANGLA NOBOBORSHO" greeting cards which are offered to the existing and prospective customers, regulators and other valued partners of the Bank through Branches, different Business Units and High Officials. Unlike every year, the Bank has planned to develop e-Cards for its stakeholders this year.

Period: January to December'13

Particulars	Quantity	Cost of Conventional Practice (Million taka)	Cost of Green Banking Concept (Million taka)
1 E-Statement	214,569	2.15	
2 SMS Banking	239,331	2.37	0.06
3 SMS Alert	432,654	4.32	0.17
4 Net Banking	84,167	0.84	
5 E- Fund Transfer	36,535	0.38	
6 Digital Attendance	438	0.001	
7 E-Mail corresponding	126,777	1.27	
<b>Total</b>	<b>1,134,471</b>	<b>11.32</b>	<b>0.17</b>

**Net Savings Tk. 11.15 million**

## Solar home systems

Bank Asia is committed to enlighten every rural home with green electricity. At present, only about 35% of the rural households in Bangladesh have access to grid electricity. For the rest of the areas are not connected to the national grid, life comes to almost a standstill there after sun-set. Giving priority in this sector, Bank Asia has been supporting to import and install solar home systems in the off grid area. During the year 2013, we have disbursed Tk. 30 million for installation of 1500 Solar Panel in various rural Off-Grid areas of the country.

## Water usages

Bank Asia is very much conscious about efficient use of water. As a financial institution its use of water is already very much restricted. Major consumption of water is for drinking purpose. Our bank is also non compromising about ensuring pure and safe drinking water for its employees and visitors. But normal supply water in Bangladesh is not safe for drinking. Therefore, to overcome the situation every branches and corporate office are supplied with specially procured filtered mineral water. The management of the bank takes special care so that wastage of water is minimum. Total consumption is controlled by monitoring per employee drinking water cost per month. During 2013, Bank Asia spent Tk. 178.25 per employee per month for safe drinking water.

## Waste management

The process involved in dealing with the waste generated by day to day banking activities, food consumption, physical wear & tear of computer and office equipment, obsolete furniture & fixture and newspapers. Being a financial institution Bank Asia does not deal with any hazardous waste.

- Both sides of papers are used and wasted papers are collected using bins after shredding
- Donate/ sell old equipment and furniture for charity
- Food wastes are collected by community cleaners on daily basis
- Toner, cartridges and newspapers disposed of through community cleaners.

## Greenhouse gas emission

### Saving CO2 emission

For observing Earth day an instruction mail was circulated through our intranet service to all our employees regarding switching off the AC system at our corporate office and branches. For awareness building on World Environment Day Bank Asia spent Tk. 172,500.00 in this year. For observing Earth day, an instruction mail was circulated through our intranet service to all our employees regarding switching off the AC system at our corporate office and branches.

## Reducing carbon footprint

As part of our commitment for our green economy we have signed a participation agreement with Bangladesh Bank under refinance scheme on August 10, 2011 for lending in solar energy, bio- gas, and effluent treatment plant & hybrid Hoffman kiln (HHK). Bank Asia financed Tk. 35 million for 2 ETP installations.

## Initiative to reduce the bank's adverse impact on environment

Bank Asia by principle always averts financing in environment hazardous business. The bank has decided not to finance any tobacco related business, and all offices of the bank are declared smoking free zone.

## Bank Asia and green banking

Bank Asia always believes in growing in a responsible manner maintaining eco-friendly environment which is essential for our survival. Since its inception, Bank Asia has been committed towards safe, clean and green environment. As a Bank, we play an intermediary role between economic development and conservation of the environment. Our Green Banking activities are on multidimensional areas which include both in-house Green activities and external green activities towards supporting Green Economy.

The Bank's working environment encourages usage of e-mails, relying on online instructions for communication, extensive usage of energy savings bulbs. These steps show the Bank's efforts towards encountering in-house environment management as part of supporting green banking. Our Green Banking Policy Guidelines and Green Office Guide have been circulated to all our employees for creating awareness on Green Banking activities & providing instructions about conserving energy, water, saving paper, etc. During 2013, a circular was issued for all Head of Branches & SME Centers regarding selecting 'Green Employee' who will take all sorts of initiatives as per Green Banking Policy Guideline, Green Banking Office Guide and Bangladesh Bank's Circulars. Bank Asia developed its own Environmental Policies which proves

our commitment to the Environment for a sustainable future. We have unified our sustainable operations under the "Green Banking Unit" equipped with permanent employees. The Audit Committee of the Board is selected as the High Powered Committee of our Green Banking Unit for reviewing the Green Banking activities. As greening of mind, we have arranged 29 trainings and awareness building programs related to Green Banking, Environmental Risk Management, etc. and covered 9,019 participants including our clients and our employees during this year.

In view of highlighting our Green Banking activities and creating awareness amongst our stakeholders, our "Half Yearly Financial Position, 2013" incorporates Green Banking activities. This report reflects the major activities of Green Banking arena and the key activities of our Sustainable Banking Operations. The Articles on Green Banking, sustainability reporting were published in different newspapers which reflect our Green initiatives to our employees, our stakeholders and all subscribers of those newspapers.

Bank Asia has introduced Thin Client / Virtual Desktop in few branches at Teller area to use Core Banking System (CBS) and other software. By replacing desktop computers with Thin Clients (required only 24W power) dramatically reduce power consumption, Carbon emissions and space consumption. Beside this, it reduces electronic garbage significantly. In 2013, as part of our Green Banking initiative Bank Asia has spent significant amount for beautification, tree plantation, installation of solar panels, environment friendly brick plant based on HHK (Hybrid Hoffman Klin) technology etc. Strategic Plan is enhanced to define our strategy in the coming years.

### Online Banking

Bank Asia has been one of the pioneers in introducing Online Banking and it covers 86 branches/ SME centers, 90 own ATMs, more than 3,700 shared ATMs. Clients can also have access to their accounts through Internet & Mobile Banking. Online banking system is a great way to reduce wastage of paper.

### Beautification

Bank Asia is committed to protect the environment and in an effort to do so it has undertaken different beautification program. For city beautification, the bank spent Tk. 470,000 during the year 2013.

### Others

Bank Asia spent Tk. 2.57 million on the occasions of Victory Day, International Mother Language Day, different socio-cultural and religious program during the year 2013. Bank Asia granted Tk.100,000 to Bangladesh Proibesh Andolon (BAPA) and Tk. 172,500.00 to awareness building on World Environment Day.

### Compliance

During 2013, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations on communities.

Our perseverance and persistency in achieving excellency glorified us being ranked as one of the Top 10 commercial Banks of the country for our contribution to Green Banking as reported by Bangladesh Bank two times in a row

# ECONOMIC PERFORMANCE

## Bank Asia's value addition during 2013

Value added statement shows how much value (wealth) has been created by the bank through utilization of its capacity, capital, manpower and other resources and how it is allocated among different stakeholders i.e. employees, shareholders, government etc.

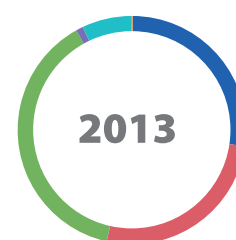
In the year 2013, bank's net value addition was Tk. 5,362 million; 27% distributed to employees as salaries, 26% to shareholders as dividend & reserve, 38% to government as income tax and rest of the amount used for business expansion and growth.

## Value Added Statements

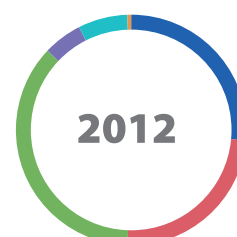
Million Taka

Items	2013	2012
Income from banking services	19,699	17,437
Less: Cost of services & supplies	(12,442)	(10,753)
Value added by banking service	7,257	6,684
Non-banking income	-	-
Provision for loans & Off-balance sheet exposure & others	(1,895)	(2,329)
<b>Total</b>	<b>5,362</b>	<b>4,356</b>

Distribution of value addition	2013		2012	
	Amount	%	Amount	%
To employees as salaries	1,462	27%	1,294	29%
To providers of capital as dividend & reserve	1,398	26%	1,175	27%
To Government as income tax	2,042	38%	1,789	41%
To expansion & growth				
Retained profit	62	1%	(267)	-6%
Depreciation	379	7%	338	8%
Deferred Taxation	19	0%	26	1%
	461		98	
<b>Total Value Addition</b>	<b>5,362</b>	<b>100%</b>	<b>4,356</b>	<b>100.00%</b>



27%	Employees as salaries
26%	Providers of capital as dividend & reserve
38%	Government as income tax
1%	Retained profit
7%	Depreciation
0.4%	Deferred Taxation



29%	Employees as salaries
27%	Providers of capital as dividend & reserve
41%	Government as income tax
-6%	Retained profit
8%	Depreciation
1%	Deferred Taxation

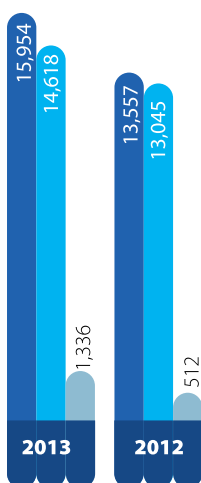


## Economic value addition during the year

Economic value added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks. Shareholders/ Equity providers are always conscious about their return on capital invested. As a commercial banking company we are deeply concerned about delivery of value to all of our shareholders/ equity providers.

### Market Value Added

Million Taka



- Total market value of the equity
- Total book value of the equity
- Market Value Added

## Contribution to National Exchequer

Bank Asia has contributed significantly to the government's effort of revenue collection. As a corporate entity, the bank pays tax and VAT on its own income according to prevailing laws of the country. Besides, the bank deducts income tax, VAT and excise duty at source from customers and suppliers and deposits the same to the national exchequer. During the year 2013, the bank contributed Tk. 4,247.04 million to national exchequer that was Tk. 3,182.08 million in 2012.

Million Taka

Particulars	Year		
	2013	2012	2011
Invested fund by shareholders			
Shareholders' equity	14,617.70	13,045.17	12,478.93
Add: Cumulative Provision for loans/ investment/ off-balance sheet items, offshore banking units and others	5,100.99	4,392.28	2,385.67
Total invested fund by shareholders	19,718.69	17,437.45	14,864.60
Average invested fund by the shareholders [A]	18,578.07	16,151.03	11,838.42
Earnings for the year			
Profit after taxation	1,459.82	907.99	1,916.21
Add: Provision for loans/ investment, off-balance sheet items and Offshore banking units	1,895.17	2,328.81	609.76
Less: written off during the year	1,341.14	455.83	-
Earnings for the year [B]	2,013.85	2,780.98	2,525.98
Average cost of equity (based on Shanchay Patra rate issued by the Government of Bangladesh) plus 2% risk premium [C]	14%	14%	14%
Cost of average equity [D= A x C]	2,600.93	2,261.14	1,657.38
Economic Value Added [B-D]	(587.08)	519.84	868.60

## Market Value Added Statement

Market value added statement shows the difference between the market value of the bank and the capital contributed by shareholders i.e. book value of equity. During the year 2013, total market value of the bank was Tk. 15,953.54 million and total book value of equity is Tk. 14,617.70 million i.e. addition of market value was Tk. 1,335.84 million.

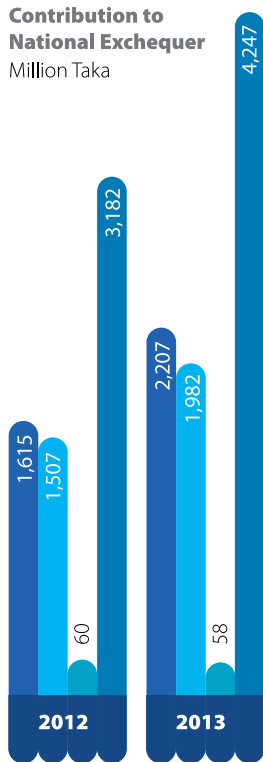
Million Taka

Particulars	Year	
	2013	2012
Total market value of the equity	15,953.54	13,557.36
Less: Total book value of the equity	14,617.70	13,045.17
<b>Market Value Added</b>	<b>1,335.84</b>	<b>512.19</b>

Million Taka

Particulars	Year	
	2013	2012
Income tax payment on bank's earnings	2,206.97	1,615.00
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	1,982.34	1,507.00
Income tax payment by the employees	57.73	60.08
<b>Total Payment</b>	<b>4,247.04</b>	<b>3,182.08</b>

**Contribution to National Exchequer**  
Million Taka



- Income tax payment on bank's earnings
- Income tax, VAT and Excise duty deducted at source from various payment and services by the bank
- Income tax payment by the employees
- Total Payment

**Supporting the entrepreneurs through SME service centers**

A key agenda of our fair banking is reaching more people with a wider array of financial solutions. Our commitment in providing financial service to any viable business of any size or nature derives us in flourishing in Corporate, Agro/SME financing etc. Our SME banking service is playing a key role in making sure that our service reaches to all echelon of society. With 6 SME Service Centers & 86 branches in urban & rural areas Bank Asia provides Tk. 20,029 million to 5,772 small and medium enterprises/loans for expansion or promotion of their business which ultimately created productive new off-farm employment. We continue to support the promising small



Participation of Bank Asia in the South Asian Grassroots Women Entrepreneur's Fair 2013

entrepreneurs till last year through SME and micro financing and other sophisticated products and services tailored to their specific needs, impacting the lives of mass people. We introduced 4 fully equipped agricultural branches to widen the access to finance and assist our agro community with the most specialized and innovative banking solution available.

**Empower communities through agriculture/rural credit**

Bank Asia has disbursed Tk. 1,432.59 million (Tk. 52.59 million through own network and Tk. 1380 million our NGO network) as short- and long-term credit in agriculture/rural sectors during 2013. This financing helped to create enormous employment opportunities in farms, especially in the fields of crops & fisheries. Total numbers of beneficiaries were 80,876.

**Financial inclusion in economically disadvantaged areas**

**Ektee Bari Ektee Khamar Project (EBEK)**

EBEK, one house one farm, is a government's poverty alleviation project for the poorest, Bank Asia started in June 2012. Bank Asia provides online banking services through this EBEK project to unbanked people with good reputation in Bangladesh. Bank Asia is now operating EBEK Banking services to 35

districts having 252 Upazillas and 1,208,960 beneficiaries. Already more than 601,352 beneficiaries are getting the services under this project & rest of the people will be added within next 6 months.

**Agent Banking**

Bangladesh Bank decided to promote to promote the poor segment of the society with financial services especially geographically dispersed locations. Bank Asia has taken initiative to implement Agent Banking in all districts of Bangladesh. Bank Asia successfully implemented Agent Banking pilot phase in Joynshar, Bhabanipur Bazar, Serajdikhan, Munshiganj and within short time more than 150 accounts are operating for deposit and withdrawal transaction regularly. Bank Asia has been providing services for collection of small value deposit and cash withdrawal, Government Payment under social safety net through Agent Banking activities. All transactions are real time and authenticated with high-tech bio-metric device. With the aim of Agent Banking implementation, 64 districts, 485 upazilas, 4,146 unions and 68,000 villages where 5 million account holders will avail their banking services in 5,000 Agent points by 2015.

**Foreign remittance**

Total inflow of Inward Remittance of Bank Asia in 2013 was USD 440 million (Tk. 34,334 million), a 11.62% growth over the previous year. Due to devaluation of USD, our volume in BDT fails to reflect the achieved growth. Therefore our contribution in country inflow is increased

3% in 2013 as against 2% in 2012 where the position is 9th in 2013 with comparison to 13th in 2012 among all banks in Bangladesh.

For the first time, Bank Asia has managed to include nationwide 370 outlets of Singer Bangladesh Limited, the retail giant, in our foreign remittance cash disbursement network. During 2013, the total beneficiaries handled by Singer are above 200.

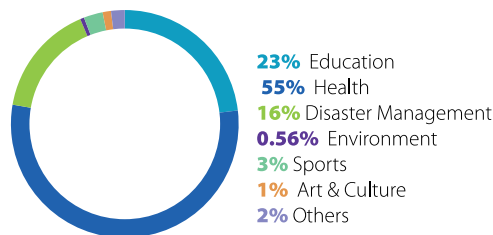
Another success in remittance arena is Western Union which is well-known for its Cash disbursement product of Foreign Remittance. Now, for the first time in Bangladesh, they are going to introduce Credit to beneficiary's bank account also. Bank Asia is proud to accomplish all technical and other procedures and expected to launch this product within the first quarter of 2014.

Besides regular activities, Foreign Remittance Department has also signed agreement with Bangladesh Bancnet Limited for rendering Mobile Financial services all over Bangladesh. The product is planned to be launched during first quarter of 2014.

## Community investment strategy

### Community investment

One of the major strategic focuses of Bank Asia to attain sustainability is giving back to the community where it operates through its Corporate Social Responsibility (CSR) programs. Bank Asia's CSR expenditures have consistently grown in last couple of years. In the year 2013 its CSR expenditures was Tk. 132.97 million, which was 91.48% higher than previous year. All the donations made under CSR program had noble social cause. Bank's stakeholders were immensely benefitted by way of its community based social programs; education support where total donation was Tk. 30.74 million, health support Tk. 72.58 million, disaster management including support for climate refugees Tk. 21.15 million, environment Tk. 0.74 million patronizing sports Tk. 3.61 million and art & culture Tk. 1.58 million and others Tk. 2.58 million.



## Indirect economic impacts

As one of the leading financial services provider in Bangladesh, Bank Asia has an extensive role in the economy and society. Bank Asia makes a positive difference to society and local, regional and national economies where we operate through our community initiatives and investments. We help foster local economic development and stimulate growth and innovation through loans, credit and other financing to organizations of all sizes. In particular, Bank Asia is a major supporter of SMEs across Bangladesh and invests in community programs, which enable youth and those less fortunate, to create brighter economic futures for them. During 2013, Bank Asia disbursed SME loan of Tk. 20,029 million.

## Financial assistance from government

Bank Asia does not receive any financial assistance from the government and also does not contribute to any political organization. But we support all the public policy developed for the betterment of nation and we never lobby for making any policy in favor of us.

## Compliance

Bank Asia is very much conscious about legal and regulatory compliances. The bank reports regularly to the central bank, the Bangladesh Securities and Exchange Commission, tax & VAT authorities on required compliance issues. During 2013, the bank has not faced any penalties for non-compliance with applicable laws and regulations for running its economic activities in Bangladesh.



◀ Mr. Md. Mehmood Husain, President & Managing Director of Bank Asia handing over a cheque of Tk. 500 million to Mr. Sanjit Kumar Biswas, commissioner of Large Tax Payer Unit (LTU) for Advance Income Tax

# SUSTAINABLE HR DEVELOPMENT

## Employee Profile

We strive to make Bank Asia a preferred workplace to work by creating a performance driven culture that rewards success and encourages employees to take control of their personal development. Through the process of learning and rewarding we intent to enable individuals to think, behave, take actions and make decision independently.

## Salary policy

We target a fair human resources management by using a performance based system. Our salary policy is the same in all branches and service points for the beginner level. In addition, to drive further development of individual skill sets and competencies, speaking foreign languages is compensated. There is no incident of discrimination has been occurred in terms of remuneration provided to male and female employees.

## Benefits to employees

Every employee is paid salary on monthly basis, which is a combination of basic salary, fringe benefits and other benefits disbursed on 25th of each month or previous working day if 25th is holiday. Bank Asia's benefit schemes are as follows:

### Fringe benefit schemes

- House rent allowance
- Conveyance allowance
- Medical allowance
- Entertainment allowance
- House maintenance allowance
- Utilities allowance
- Car maintenance allowance

### Other benefit schemes

- Group health insurance
- Benevolent
- Leave fare assistance
- Furniture allowance
- House building loan (HBL)
- Car loan
- Provident fund loan
- Mobile phone allowance (talk time)
- Mobile handset allowance
- Ex-gratia payment

## End service benefit plans

Bank Asia provides the following benefit plans to its employees on severance or retirement according to individuals' entitlement

- Provident fund
- Gratuity
- Superannuation
- Leave encashment

## Minimum notice period regarding operational changes

Minimum notice period before switching job is 3 months for regular employees and 1 month for contractual employees. Minimum notice period before changing department is 1-30 days as per situation or demand of concern branch/department.

## Total employee

Out of total number of 1600 employees, 250 employees are female and rest 1,350 employees are male. As such, a profound commitment is reflected in the Bank's employment policy and service rules. Bank's employees are mainly concentrated on branches in terms of number and in 2013 total employees' composition in branch and corporate office was 73% and 27% respectively.

### Total employee distribution

Offices	2013		2012	
Corporate office	434	27.12%	426	28.69%
Branches	1166	72.88%	1059	71.31%

## New employee

210 new employees were recruited during 2013, among which 74% for branches as a part of network expansion of the bank and remaining 25% for corporate office to ensure effective and timely support to branches.

Offices	2013		2012	
Corporate office	54	25.71%	59	27.44%
Branches	156	74.29%	156	72.56%

## Employees by diversity

Bank Asia ensures equal opportunity as an employer irrespective of locality, gender or ethnicity. Local employees (99.69%) dominated in diversity composition.

Offices	2013	2012
Local	1,595	1,480
Indigenous	5	5

## Employees by region

Bank's employees are mainly spread over to Dhaka and Chittagong. It retains the highest number of employees in Dhaka, which was 71.50% in 2013 for corporate office and branches in Dhaka city.

Region	2013	2012
Dhaka	1,144	1,057
Chittagong	299	288
Sylhet	66	65
Rajshahi	39	33
Barisal	8	6
Khulna	38	36
Rangpur	6	0

## Gender positioning

Bank Asia has been maintaining a very balanced male and female ratio, which was not only reflected in the board of directors but also in the bank management at different levels. Among our female colleagues 1 is in top level management, 13 in mid level and 410 in low level management.

### Gender positioning of directors

Board Level	2013		2012	
	Male	Female	Male	Female
Directors	9	4	10	4

### Gender positioning of employees

Management Tier	2013		2012	
	Male	Female	Male	Female
Top Level	30	1	30	1
Mid-Level	206	13	173	12
Low Level	940	410	857	412

Male employees are dominating executive level, which is around 94%. Comparatively female employees mainly belong to non-executive level and holds 30.37%.

### Gender positioning by position

Position	2013		2012	
	Male	Female	Male	Female
Executive	236	14	203	13
Non-Executive	940	410	857	412

### Gender positioning by employment level

Employment Level	2013		2012	
	Male	Female	Male	Female
Permanent	1176	424	1,060	425

## Age distribution

87% of staff members are aged below 40 years which signifies that Bank Asia is in young, dynamic and capable hands.

Age Group	Male	Female	Total
30 & Below	370	193	563
31-40	612	217	849
41-50	163	13	176
51-60	28	1	29
61+	3	0	3
<b>Total</b>	<b>1,176</b>	<b>424</b>	<b>1,600</b>
Percentage	73.50%	26.50%	100%

## Employee turnover rate by gender

Male and female employees turnover rate is almost equal in terms of percentage. Overall employee turnover rate is very low in the Bank which is around 5.62% of total employees in 2013.

Gender	2013		2012	
	No.	%	No.	%
Male	64	3.78%	47	4.28%
Female	26	1.53%	20	4.69%

## Employee turnover rate by region

As per demographic scenario, employees of Dhaka city left the Bank in 2013 which was 74% of total employees left.

Region	2013	2012
Dhaka	67	49
Chittagong	16	14
Sylhet	3	3
Rajshahi	0	1
Barisal	0	0
Khulna	4	0
Rangpur	0	0

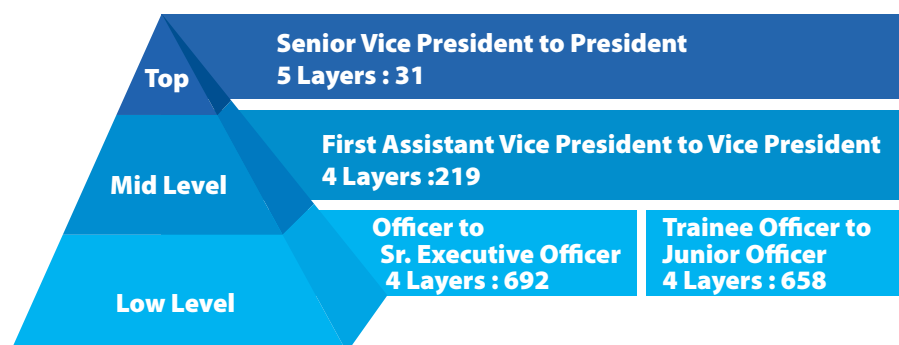
## Performance management system

Bank Asia is solely depending on the contribution of its existing talents. In the year 2013, Bank Asia introduced a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-à-vis set target of a given year. We have infused 80/20 strategy in performance measurement system, as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings:

- Reduce the number of decisions and make decisions based on objectivity and facts.
- Quantify the achievement of goals
- Focus on facts and see where individual improvement is/are needed.
- As individual initiative grows, it becomes more difficult to remain as close to the operational details as it is, in such case, KPI results can bring back to reality.
- Employees are clear about his/her obligations to deliver during the year and accordingly would be able to plan to meet the expectation.
- Last but not least, unbiased performance evaluation at the end of the year.

## Parental leave

Return to work after parental leave is 100% for both male and female.



## Learning & development

Knowledge & skill development is a continuous process and to keep our employees abreast of all the latest developments in the banking sector, the bank continues to organize training & workshop to the officers & executives in an effort to improve their professional efficiency. The bank always lays the highest importance on training of its employees as a continuous process of human resources development.

Bank Asia is maintaining its own training institute which is equipped with all modern study aid and course materials.

### Training by gender

Gender	2013		2012	
	Persons	Hours	Persons	Hours
Male	1,354	24,538	1,141	21,144
Female	389	7,685	315	7,920

### Training by position

Position	2013		2012	
	Persons	Hours	Persons	Hours
Executive	340	3,887	204	2,544
Non-Executive	1,403	28,336	1,252	26,520

### Training by different institutes

Particulars	Year 2013	
	Persons	Hours
In House Training	1,493	27,591
Bangladesh Bank	15	144
BIBM	34	1008
Overseas / Foreign Training	11	336
Training by other institute	190	3,144
<b>Total No. of Participants &amp; man hour</b>	<b>1,743</b>	<b>32,223</b>

Bank has organized 2 (two) foundation training courses each 3 weeks long for entry level employees to improve knowledge base and proficiency in banking. To create AML & CFT awareness, training institute has individually organized 10 (ten) AML training courses where 461 participants are participated.

## Sustainability training

As greening of mind, Bank Asia arranged 29 Trainings and awareness building programs related to Green Banking, Environmental Risk Management, etc. and covered 9,019

participants including our clients and our employees. Among all the knowledge development initiatives the followings are significant:

- For highlighting Green Banking activities and creating awareness amongst the stakeholders, our "Half Yearly Financial Position, 2013" incorporates Green Banking activities which reflect the major activities of Green Banking and the key activities of Sustainable Banking Operations.
- The Articles on Green Banking, sustainability reporting were published in different newspapers which reflect our Green initiatives to our employees, our stakeholders and all subscribers of those newspapers.

Mr. Md. Touhidul Alam Khan, SEVP & HOCACO, Mr. Imran Ahmed, FCA, CISA, CFO and Mr. Md. Bashir Uddin Ahmed, First Assistant Vice President & Financial Controller, from Finance & Accounts attended training program on "G4 Bridging Module Course on Sustainability reporting" held at Kuala Lumpur, Malaysia from August 21-25, 2013.

As per Bangladesh Bank policy on green banking, banks are to publish independent annual report as per GRI format under the third phase.



◀ Mr. Md. Touhidul Alam Khan, SEVP & HOCACO, Mr. Imran Ahmed, FCA, CISA, CFO and Mr. Md. Bashir Uddin Ahmed, First Assistant Vice President joined "G4 Bridging Module Course on Sustainability reporting" held at Kuala Lumpur, Malaysia from August 21-25, 2013.

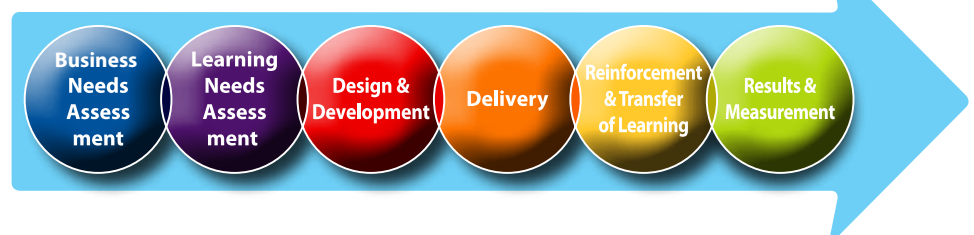
## Occupational health, safety and environment

Board and management of Bank Asia strongly believe safe & healthy work place is a precondition for sound mentality of employees to deliver desired services to valued customers. So the bank is very careful about ensuring modern, healthy & safe workplace for its employees. All the branches, SME service centers and SME/agriculture branches and every department of corporate office are well decorated having sufficient breathing spaces. A team of logistics supports and services department of the bank is specially entrusted to visit regularly to monitor cleanliness, safety measures and other amenities remains ensured in all outlets. If found any deviation, take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.

## Learning value chain

LVC (learning value chain) is a value creation framework that was learning and knowledge enhancement as strategic levers. LVC framework helps focus L&D initiatives of an organization to contribute to the value chain of the same. LVC process has the following 6 stages:

### Learning Value Chain



## Human rights, child labor & other issues

Human Right issue is particularly relevant for organizations that operate in industries/ regions where the protection of human rights is of significant concern. As this is a significant concern for a business to be sustainable in long term, we integrated the human right issue in all our economic decisions. Including human right provision in all kinds of investment agreements is a part of our strategy to reduce the risks of investment. And also we do not make any investment agreements and contracts that violate human rights. Bank Asia also does not tolerate child, forced or compulsory labor.

In 2013, no incident of discrimination and violation involving rights of indigenous people and forced & child labor has been recorded.

## Anti money laundering training

Bank Asia is committed to preventing money laundering and terrorist financing. We recognize our obligations to prevent the financial channels and products from being used by money launderers and terrorist organizations for illicit purposes. Bank Asia is also against any actions of soliciting, collecting or provisioning funds that come with the intention to support terrorist acts or organizations. To create AML & CFT awareness, our employees have attended 13 (thirteen) AML training courses where 551 officials are attended during the year 2013.

## Policy, practices, and proportion of spending on suppliers

For running day to day operations Bank Asia works with a wide range of suppliers and maintains good relationship with them. We work to create value through collaboration with them and strive for fairness in all interactions with suppliers. Our chain of suppliers consists of the following parties:

- Construction Contractor
- Graphics and interior designers
- Advertisement agency
- Newspaper
- Printing maintenance
- Stationary suppliers
- Mineral water suppliers
- Transport facilitator
- ATM, hardware, software service providers
- Nursery
- Security agency

Selection of supplier is managed centrally by the corporate office. The bank applies its own policy and practice for selecting these suppliers. It mainly takes into account the following criteria before selection:

- Status of compliance with government rules and regulation by the suppliers.
- Our bank doesn't make any collaboration with suppliers that employs child labor, creates environmental hazards, violates human rights etc.

We fully maintain these criteria in case of selecting suppliers. Bank Asia has a number of security service providers which specialize in all aspects of building security. All security providers practice the highest standards of training and operation. Their training incorporates all aspects of the law including human rights and non-discrimination.

## Practices related to customer satisfaction

We take initiatives to conduct customer survey on the basis of their satisfaction over the product & services that we offered to them. We already finalize the survey questionnaire and getting feedback from the customers, but we didn't yet complete the overall procedure but we expect that within a very short time we conclude the procedure and the findings we get from the survey helps us a lot to diversify our products and services.

Therefore it is mentionable that our customers can always inform us on their expectations via different channels (i.e. via e-mail, letter, personal visit etc). The bank has an in-house policy and practice of measuring customer satisfaction.

## Statement on compliance

In the year 2013, Bank Asia has been able to comply with all the regulations of Bangladesh government regarding use of product and services, information about product and services, marketing, communications, advertising, promotion. No incidents of fines/penalties have been recorded this year concerning the above mentioned issues.

Our Bank always maintained the fundamental principle of business regarding protecting customer privacy. Customer's information/ data is not available to anyone other than the client himself and the Banks concerned personnel who is responsible for maintaining the data. We haven't received any complaints relating to breaches of customer privacy and losses of data in 2013.



◀ Workshop by Ric Power, AML/CFT consultant at International Training & Capacity Building and project manager of go AML software

# BUILDING THE COMMUNITY

Bank Asia is always aware of its Corporate Social Responsibility (CSR) with an aim to ensure the Bank as a socially responsible corporate entity contributing towards quality of life of the society at large without compromising an ecological condition. During the year, Bank Asia spent an amount of Tk. 132.97 million for the overall betterment of the nation.

Bank Asia Ltd, from the very beginning, concedes CSR activities as a part of its culture, identity and business practice. The basic driver of our CSR practice consists of values that have been taken place within business where our

efforts continues to look beyond short-term quantitative gains, and concentrate on issues that make the bank a socially responsible institution. We are committed to social and environmental well being and strive to ensure sustainable balanced growth in economic, social and ecological arena. In the year 2013, Bank Asia has performed various CSR activities alongside its three major programs – Higher Study Scholarship, Ophthalmological Operation and Operating Computer Learning Centers (CLCs). The Bank's total CSR activities from the period of 1 January to 31 December, 2013 are presented below.

## Donation in Social projects

Initiatives	Donation (Taka)	Beneficiaries
Education	30,742,888	8,147
Health	72,583,782	28
Disaster Management	21,146,675	Not Numbered
Environment	742,500	Not Numbered
Sports	3,611,500	Not Numbered
Art & Culture	1,575,750	Not Numbered
Others	2,574,800	Not Numbered

## Education

**Bank Asia Higher Studies Scholarship**  
Higher Study Scholarship program for rural poor and meritorious students, who are studying in public universities, is the major CSR activity of Bank Asia Ltd. The Bank initiated the program in 2005 for those students who have merit and dream to serve society, but not the means to pursue higher studies. The scholarship is given through the Bank's rural branches on the basis of SSC and HSC results. So far, 621 students have been provided the scholarship. Each of the students gets Tk. 34,000.00 annually as scholarship. In the year 2013, Bank Asia Ltd spent around Tk. 24.97 million for this purpose.

**Operating Computer Learning Centers**  
In collaboration with D.Net Bank Asia has been operating Computer Learning Centers (CLCs) in different rural schools since 2006 in order to impart IT literacy to the rural students. The motto of the program is to educate and make young generation acquaint with the state-of-the-art knowledge of ICT. In the year 2013, above 3,500 young students were imparted ICT training through 25 CLCs set up in rural areas of the country. Those who have been provided training are using their ICT knowledge in their profession or got avenue of earning. A total of 25 teachers have been provided ToT so that they can train up the young learners properly. In 2013 (Jan-Dec), Bank Asia spent Tk.1.00 million for operating 25 CLCs in different parts of the country.

**Scholarship to Graduate Nurses of the BSMMU**  
Bank Asia under its CSR program provides scholarship and food grant to 25 graduate nursing students of Department of Graduate Nursing in Bangabandhu Sheikh Mujib Medial University (BSMMU) from 2011 to help the nurses lead a healthy life and continue their studies peacefully. A total of Tk. 0.57 million was provided to them as scholarship during the year 2013.

Handing over a cheque of Tk. 20 million to Prime Minister's relief & welfare fund



Bank Asia Higher Studies Scholarship at Malkhanagar



## Health

### Ophthalmological Operation of cataract-affected children

Bank Asia has been opening Ophthalmological Operation of all recoverable born-blind children in Bangladesh in collaboration of Bangladesh Eye Hospital (BEH) since 2005. The objective of this program is to provide the handicapped and the underprivileged children necessary financial support so that they can see the light of the world through ophthalmological operation and be a part of mainstream of the society. The Bank bears entire cost of cataract-related eye operation, whose parents cannot afford the high cost of operations. The Bank spent Tk. 0.30 million in 2013 for cataract operations of born-blind children of 25 beneficiaries.

### Bank Asia supports construction of a Nurse Hostel in the BSMMU

Bank Asia as a part of corporate social responsibility is extending entire financial support for construction of an nine-storied 'Nursing Student Hostel' at Bangabandhu Sheikh Mujib Medical University (BSMMU) to mitigate acute accommodation problem of graduate nursing students. Total cost of the project has been earmarked Tk.7.00 crore. Mr. A Rouf Chowdhury, Chairman of the Bank and Mr. Pran Gopal Dutta, Vice Chancellor of the BSMMU laid foundation stone of the Nursing Student Hostel at Kazi Nazrul Islam Avenue, Paribagh, Dhaka on February 26, 2013 subsequent to signing of a Memorandum of Understanding (MoU). The 'Department of Graduate Nursing', first time in Bangladesh,

was introduced in 2010 with Prof (Dr.) Shahana Akhter Rahman, Dean of Nursing Faculty realizing the local and international demands of nurses. Initially 20 students were admitted but due to acute accommodation crisis at least six students had to scramble in each room that forced them to lead a poor life. As soon as Bank Asia came to know the gloomy situation, it had a meeting with top authorities of the BSMMU and decided to solve the problem by constructing a modern hostel. Earlier the Bank introduced scholarship and food grants for 1st batch students from 2011 for helping them lead a healthy life and continue their studies peacefully.

### OPD of HFRCMCH

Bank Asia is also extending financial support for construction of Outdoor Patient Department (OPD) building for Holy Family Red Crescent Medical College & Hospital at the premises at New Eskaton Garden Road in the capital city Dhaka. The 9 storied building is projected to complete by two years is expected to help outdoor patients seeking medical support avoid hazard and receive the treatment smoothly.



Financial assistance to widow of Late Major Humayun Kabir Sarkar who was killed in a mutiny at BDR head quarter's



Earth digging of Nurse's Hostel in the BSMMU



Outdoor Patient Department (OPD) building for Holy Family Red Crescent Medical College & Hospital

**Blood Donation program**

As part of socially responsible people, we the members of Bank Asia formed Bank Asia Donor Group in November, 2013 marking the 14th Anniversary of the Bank. The objectives of the group are to donate blood when and where necessary, donate eye posthumously, promote and encourage all levels of people to come forward to this priceless donation. Already about 100 members formally joined the donor group platform and started donating blood. Bank Asia was recognized again as the Best Blood Donor Financial Organization in the country by Bangladesh Red Crescent Blood Donor Society in 2013.



◀ Blood Donation Program organized by Chittagong Zone of Bank Asia



▶ Handover a Cheque to Ahsania Mission Cancer and General Hospital

**Other health related donations**

Bank Asia donated Tk. 3.00 million to Ahsania Mission Cancer & General Hospital and Tk. 0.50 million to SHEBA Health Care Clinic of BAFWA. The Bank also extended support to individuals and institutions as a part of its CSR activities.

**Disaster management**

As a responsible corporate citizen, Bank Asia is committed to the welfare of the community at large. The Bank responds promptly to support the affected humanity. In 2013, Bank Asia donated Tk. 20.00 million to the Prime Minister's Relief & Welfare Fund to help government carry out its humanitarian activities smoothly.

It also donated Tk. 0.48 million to a victim family of BDR carnage as a part of regular support. The Bank also distributed warm cloths among cold-hit people in different parts of the country during severe cold spell of December and January and stood beside the victims of Rana Plaza victims with sufficient support.

Amount in Taka

Initiatives	Expenditures	Beneficiaries
Prime Minister's Relief & Welfare Fund	20,000,000	Not Numbered
Support to victim army family in BDR carnage	480,000	1
Support to cold-hit people	666,675	Not Numbered
<b>Total</b>	<b>21,146,675</b>	

**Environment**

**City Beautification**

During the year 2013, Bank Asia spent Tk. 0.47 million for city beautification purposes.



◀ The President & Managing Director of Bank Asia handing over a cheque of Tk. 5 lac to President of Bangladesh Air Force Women's Welfare Association to establish Sheba Health care Clinic for 4<sup>th</sup> class employees of BAFWA

Amount in Taka

Initiatives	Expenditures	Beneficiaries
City Beautification	470,000	Not Numbered
Bangladesh Poribesh Andolon (BAPA)	100,000	Not Numbered
Awareness building on World Environment Day	172,500	Not Numbered
<b>Total</b>	<b>742,500</b>	

## Sports

During the year 2013, Bank Asia contributed Tk. 3.61 million for organizing events of Bangladesh Olympic Association, Lancer Cup Golf Tournament, Corporate Cricket Tournament and others.

Bank Asia champions  
'Teletalk 3G Corporate Free Hit Indoor Cricket  
Tournament'



Amount in Taka

Initiatives	Expenditures	Beneficiaries
Donation to Bangladesh Olympic Association	3,000,000	Not Numbered
Corporate Cricket Tournament	100,000	Not Numbered
Handball Team of MAH Memorial School & College	11,500	Not Numbered
Lancer Cup Golf Tournament	500,000	Not Numbered
<b>Total</b>	<b>3,611,500</b>	

## Art & Culture

Bank Asia always supports promotion of art and culture. The Bank sponsored Tk. 1.58 million for various arts and cultural program including BRAC-Setouchi Triennial, photo exhibition, Bangla Borsho Biday and Borsho Boron and organizing cultural programs by Chhayanaut, Lok Nattya Dal, Aranyak Natya Dal, Padatik Nattya Sangstha and others.

Amount in Taka

Initiatives	Expenditures	Beneficiaries
BRAC-Setouchi Triennial-2013	1,000,000	Not Numbered
Prangone Mor (Nattya Goshthi)	46,000	Not Numbered
Padakkhep (cultural organization)	40,000	Not Numbered
Padatik Nattya Sangshad	23,000	Not Numbered
Bangla Barsha Bidaya O Barsha Baron Sammilan Parishad	46,000	Not Numbered
Lok Nattya Dal	23,000	Not Numbered
Aranyak Nattya Dal	23,000	Not Numbered
Sponsor for musical concert in Savar	300,000	Not Numbered
Chhayanot	17,250	Not Numbered
Sponsor for Photo Exhibition	57,500	Not Numbered
<b>Total</b>	<b>1,575,750</b>	

## Other Social Projects

Bank Asia donated/sponsored/spent Tk. 2.57 million on the occasions of Victory Day, International Mother Language Day, different socio-cultural and religious program during the year 2013.

Amount in Taka

Initiatives	Expenditures	Beneficiaries
ELCOP	150,000	Not Numbered
Message on International Mother Language	694,600	Not Numbered
Donation to BTCL Colony Zamia Mosque	50,000	Not Numbered
Donation for BAMDA picnic	15,000	Not Numbered
Message on Victory Day	992,450	Not Numbered
SME Women Entrepreneurship Fair-2013	115,000	Not Numbered
Padakkhep Bangladesh	23,000	Not Numbered
Senbagh Kallyan Samity	23,000	Not Numbered
Santosh Gupta Smriti Parishad	50,000	Not Numbered
Horizon Sebok Samity	17,250	Not Numbered
Lions Club	34,500	Not Numbered
Rotary Club	74,750	Not Numbered
Aguner Poroshmoni program	5,750	Not Numbered
Zonta Club & Shishu Bikash Kendra	34,500	Not Numbered
Dhaka Ahsania Mission program	57,500	Not Numbered
Nari Kantho Foundation	17,250	Not Numbered
Donation to Shahid Sangbadik Selina Parvin Smriti Parishad	20,000	Not Numbered
Donation for SAHIK (organization for hearing impaired children)	20,000	Not Numbered
Support for Commonwealth Association for Health and Disability	100,000	Not Numbered
T&T Club	34,500	Not Numbered
Bankers' Puja Parishad	34,500	Not Numbered
Siddhi Gono Puja Parishad	11,250	Not Numbered
<b>Total</b>	<b>2,574,800</b>	

### Bank Asia Scholarship drives Yeahia's dream to destination

It was totally a herculean task for Yeahia and his widow mother to bear expenses in the University of Dhaka. He had no ability to buy a single book, even Xerox copy of study material although third-quarter of his first year study passed away. The lumpsum amount of TK. 10,000.00 and monthly Bank Asia Higher Study Scholarship money of Tk. 2,000.00 helped him bought books and study materials.

Yeahia Al Mamun, now an Asst. Superintendent of Police (ASP) of Bangladesh Civil Service, received Bank Asia Scholarship under the Bank's Tarail (upazila) Branch of Kishoreganj district in 2006.

The eldest of four brothers, Yeahia lost his father in 1997 when he was in class six. His mother was solely a housewife. Amid grave financial crisis he completed SSC with the

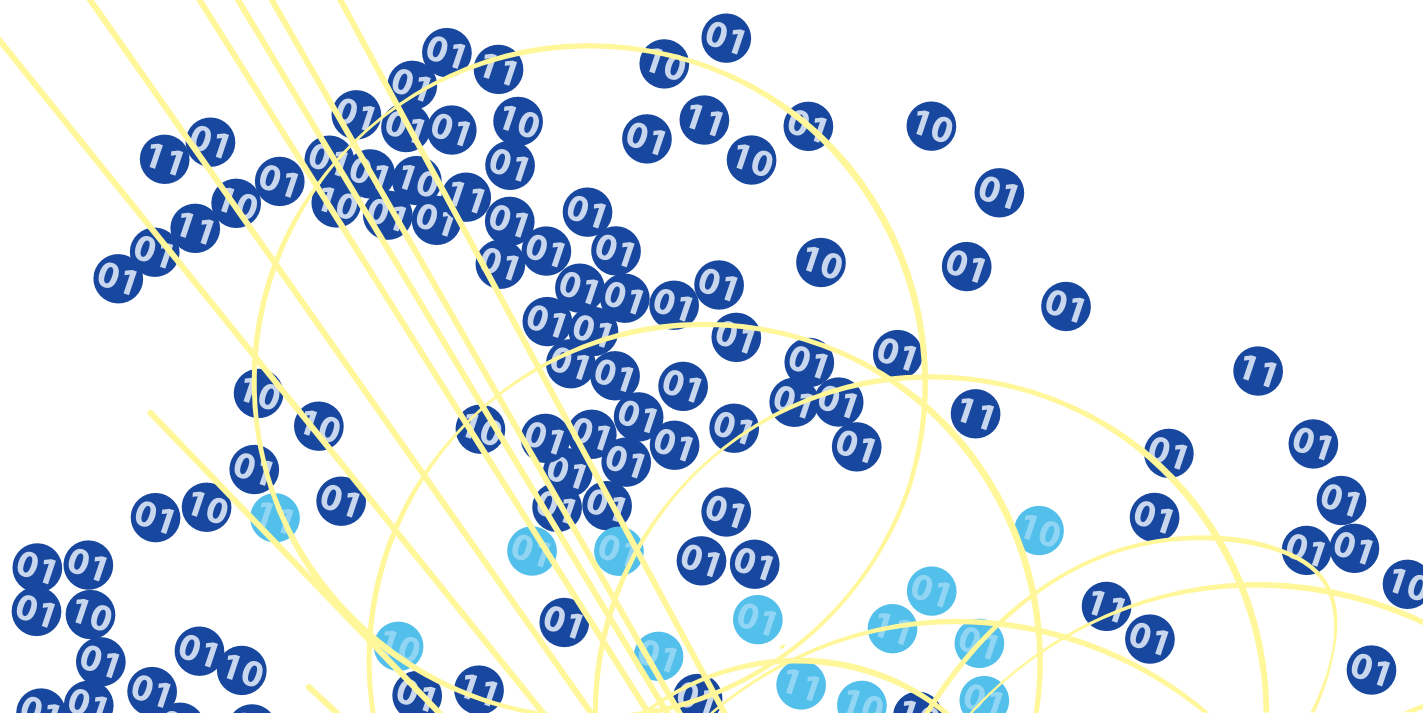


highest GPA from his school. The problem mounted when he got admission into college, and then in the university. It is very vivid in my memory that I was just full of tears when I got the news via my brother-in-law. It seemed like peeping of hope in my life. And I started to dream again, Yeahia asserted. Days went on! From then Bank Asia became a part of my life. I felt like a member of Bank Asia family. When I saw the beautiful signboard of any branch of Bank Asia, I indicated my friends with pride that that's the bank from which I received higher study scholarship. I always want to be involved with any kind of activity that helps insolvent people in our society and elsewhere. I believe such kind of supports will ease the problems of our insolvent people. This is the way how Bank Asia adds prosperity to the local community by its dynamic network/arrangement.

# SIGNIFICANT 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 2013 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (TK)
Rangs Properties Ltd.	Common Directors & Close family members Director	Office Rent	57,166,513
Ranks Telecom Ltd.	-do-	Mobile Phone	9,094,836
Romask Ltd.	-do-	Printing	16,055,174
Rangs Industries Ltd.	-do-	Electronics items providers	1,046,700
Rancon Service Ltd.	-do-	Maintenance	11,246,748
Rangs workshop Ltd.	-do-	Car repair and Services	1,174,503
Ranks ITT Ltd.	-do-	Network Connectivity fees	14,936,823
DHS Motors Ltd.	-do-	Car providers	12,357,262
Shield Security Service Ltd.	-do-	Security Service providers	97,733,479
ZRC Engineering Ltd.	Close family members of the Director	Transportation	11,017,652
Green Bangla Nursery	-do-	Green Plant Suppliers	293,372
The Shokaler Khabor	-do-	Advertising	2,395,132
Reliance Insurance Ltd.	-do-	Insurance Service	16,737,489
The Daily Star	-do-	Advertising	2,938,090
Hajj Finanace Ltd.	Common Directors	Lease Rental	2,026,216
ERA Infotech Ltd.	Associate Company	Software vendor	46,224,912
Hajj Finanace Ltd.	Common Directors	Lease obligation for lease Car	12,758,766
ERA Infotech Ltd.	Associate Company	Investment in Share	6,300,000
<b>Total</b>			<b>321,503,667</b>



## FROM CHIEF RISK OFFICER'S DESK



**The year 2013 has come to a close, making Bank Asia Ltd. 14 years old. What does this translates into for the various valued stakeholders. While the banking industry itself has passed through one of the most critical and complex time in Bangladesh, it has become even more challenging for the Management of the bank to further strengthen this institution where Corporate Governance standard will always hold the first place in the agenda of the Board and Bank Asia as a whole.**

However in a volatile market where the Regulators are still striving to bring in stability by introducing fresh regulations and tested applications of advanced economies for not only infusing transparency and discipline in the market but also to ensure smoother transition of the financial industry itself, risk management evolvement and adoption became an extremely critical as well as a dynamic process. Although to be able to inculcate it in the culture of the bank and starting to grow within its parameters has opened the door for "sustainability" on a forward looking long term approach, yet we need to put in a lot more in terms of work and time.

We started our disclosures in a more disciplined and detailed manner from last year. Now our goal is to make it further transparent and

eloquent for all our stakeholders as we believe this will improve the quality of our report and market confidence will be further enhanced in us because so far, all our efforts have been aligned to a strict in-house compliance regimen rolled out over the last two years and in keeping with our key regulator Bangladesh Bank.

Prolonged disruption in the in-country politico-economic front augured trouble for the overall industry and markets. Related uncertainties resulted in non-performance even in the well-running sectors, non-investment for expansion/new projects, stagnancy in retail and property sector and in every business sphere throughout the year giving a big blow to GDP itself. This in turn in a micro level did not allow any substantial improvement in non-performing loan (NPL) position over 2012. Past failure in commodity business, experience of financial debacles shook the confidence in the financial sector further. Stricter stance by the banks to lend out conservatively staggered the expansion in private sector credit. With the slow implementation of ADP and very low government borrowing, excess liquidity started to bring down rates in the market. This excess liquidity like the early days did not make its way in property and capital market at random as bankers as well as entrepreneurs started to "wait and watch" in such a scenario.

Bank Asia Ltd. in the meantime carried on with the implementation of a number of initiatives including "Sustainability Report" keeping strategic focus of measured growth, service excellence, HR development, system advancement and performance management attracting highest level of priority. Additions to policy framework and practical monitoring measures of risk management revalidated the commitment of Bank Asia Ltd. Board and Management to all our shareholders, markets, partners and regulators not only for growing this book in a soft market but also for a robust running of the current portfolio.

### **Credit Risk**

Despite everything in the past, whatever difficulties we have faced we have also been able to overcome. So "doing business as usual- maybe in an unusual turf" directed our priorities more towards an even stricter and systematic approach of business acquisition and managing risks inherent to the existing book, while continuing risk dispersion of the

portfolio. Finally we were able to bring down our commodity trading exposure below 18% from 48% of early 2011. The vacuum was covered by a strategically planned manufacturing portfolio, export oriented industries, infrastructure related work and supply contracts clearly reflecting the long-term aspiration of reaching a sustainable profit growth. This shift helped the portfolio from any major turbulence and in turn supported industrial and infrastructure growth of the country at a macro level. In addition well defined and demarcated exposures were made between Small Enterprises, Middle Market and the Corporate Asset & Client Origination teams for appropriate focus and smoother operation enhancing quality of diligence while supporting the integrity and independence of the decision making process .

The NPL position created mainly from commodity, textile and garment exposures continued to see a downside throughout the year 2013, which was a norm for the industry and recovery process was also slow. These NPLs emanated mainly from early rescheduled accounts and some temporary hiccups in trade related lines (garments as well as other manufacturing) arising out of non-movement of goods and inability to collect receivables from the market in the face of blockades and strikes creating long standstill. With the existing reality NPL position very slightly improved from 5.69% to 5.59% over 2012.

As the 2009-10 cycle of excess liquidity is back again, this idle liquidity and lull in investment again can open the cycle of fund flow in undesired places and this can pose a barrier to a healthy portfolio growth again. As such we proactively ran some projects and exercises as follows to make sure we do not fall in the same trap of 2012 and 2013:

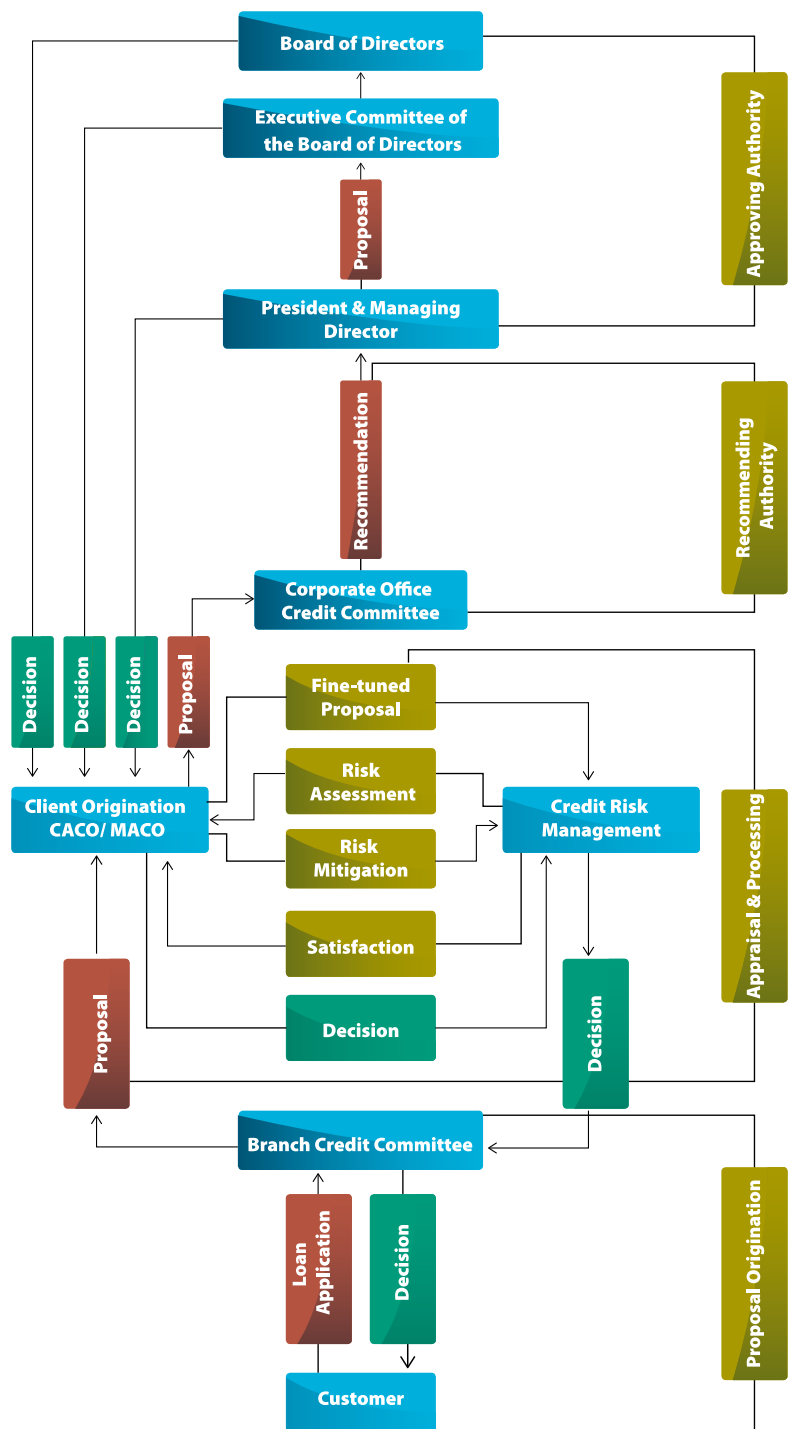
Clearly differentiating various sectors and seeing a pattern over the years to decipher what sort of defense mechanism needs to be in place, what is the outlook so as to ascertain our view of growth, hold or reduction in the specific sector etc.

1. Broader classification of the overall portfolio within exposure wise bands (for example corporate, middle market, small enterprises etc).
2. Strengthening credit monitoring system through introducing various globally recognised models (transition matrix, daily past due monitoring etc).

We have also started working to develop our own internal rating based model to enable the use of our capital to an optimum level within the BASEL II Internal Rating Based Approach.

To contain the NPL and any further deterioration of the portfolio the Bank further empowered the management team (originally a very high powered committee put in place comprising of three DMDs along with recovery head as early as June'12) by putting one of the senior most Recovery Head under the Zonal Head and DMD along with a full bodied team. Arrangement was also made to put in a team to call on clients for Dhaka and other places at regular intervals to ensure necessary follow ups were made according

### CREDIT APPROVAL SYSTEM OF BANK ASIA



to commitments. Branch-wise (with NPLs) common monthly meeting, including one offs and as and when required basis meetings (in emergency)- discussing alternative account strategy and monitoring progress was also done at branches and in Corporate Office. All other systems put in place earlier to remain in effect for the handling of the NPL portfolio as we carry on.

Meanwhile compliance to earlier rolled-out policies starting with successful adoption of credit evaluation form, various financing models and facility structures (e.g. export, leasing, supply & work order, commodity, ship-breaking etc.) and environmental policies were carried out in a much structured way.

We were fully focused towards quality business dispensation, cleaning up of the book and no further deterioration of the existing portfolio.

#### Market & Liquidity risk

Taka continued to strengthen throughout the year on the back of major increase in Foreign Currency reserve (majority denominated in US Dollars) after a major slide in 2011 end /2012 beginning and steadied at an even stronger level further reducing exchange risk in the portfolio which is almost 95% USD denominated. Market also started to loosen up in liquidity and competition for high rate deposits subsided with the prevailing country situation. Low import, sight imports being replaced by deferred import (with the availability of lower cost supplier's credit, financing UPAS documentary credits), bilateral agencies (although low) providing foreign currency loans to top tier clients replacing taka lending and low government borrowing added to the excess liquidity. Bank Asia had a 21.35% growth in deposits and rate sensitive institutional deposits further declined adding strength to overall balance sheet. Throughout 2013 Bank Asia remained liquid and AD ratio continued to remain below 80%, ending at 78.55% in the last quarter. Meanwhile our effort will be to fill in the gaps identified through stress testing to ensure comfortable liquidity going forward. Last year we also adopted globally used advanced models like

- i) Value at Risk Model, used by top banks to assess risk related to the Foreign Exchange position and

- ii) Interest rate related system based stress testing.

#### Operational Risk

After introducing Branches Control, anti-money laundering and some system based structuring to prevent fraud in 2012, the bank has started to concentrate in getting the human resources up to speed as key to success of handling operational risk lies in a knowledge base supported by a very strong system.

The Risk Management Division was strengthened with the hiring of highly technical hands in line with raising problems and various issues challenging the every-day running of the business. In-depth analysis of possibilities that can create a problem in future are now continually being identified and the bank's Executive Risk Management Committee (ERMC) is actively having all kind of options discussed in detail before recommendations on remedial actions to the newly formed Risk Management Committee (RMC) of the Board. Introduction of various risk analysis models for treasury, credit and special assets were implemented. Still we need to make greater efforts to embed operational risk culture, environment and practice for the overall betterment of the institution.

Training the overall population for detecting suspicious transactions by the Chief Compliance Officer in all the branches in a disciplined manner who now review the account entries of certain nature to identify suspicious transactions to bring them up to speed and more emphasis on branches those deal with inward remittances are on.

While we continued to adopt "Risk Control Self-Assessment" (RCSA) process throughout all the functions to understand process gaps, Internal Control & Compliance Department was further strengthened by segregating their functions as per Bangladesh Bank guidelines, who continued periodical and surprise audit of the branches and departments at the corporate office. The Audit Committee of the Board also continued to play a critical role through recommendations for improving the quality of the book.

#### Environmental & Social Risk

After coming up with the environmental policies in 11 major business segments (having further sub-segments) facilitating "Green

Banking" we made it mandatory for the credits to be having the necessary compliance and we incorporated Environmental risk rating (Envrr) in all our credit proposals. We have already made some direct lending to auto brick fields, solar-panel makers etc. We have made it compulsory to ensure that no new financing in "red" category is done and existing ones are brought up to a "green" or acceptable level. We have been able to save 40% in electricity bills in Bank Head Office by using natural light. E-sanctions, e-mails and seven solar powered branches, financing in renewable energy and carbon offset projects were steps toward making the initial efforts only. Yet our move is for making this business a sustainable one which improves the quality of "life" in the long run.

#### Information Security Risk

To remain at the top in technology Bank Asia has continued to power its existing ICT Division keeping with the market pace. We started using web based i-stellar, which is now running smoothly and we expect to cover all our branches by June 2014. Our system up-gradation to ensure security of the IT transactions is a constant process and we have not had a single event of breach till date. We now have our own in house "Certified Ethical Hacker" to ensure monitoring and securing our systems. We are expecting Online Credit Approval System (OCAS) to be fully operative within this year.

#### Conclusion

Bank Asia Limited has progressed well in comparison to peers and even some of the first and second generation banks as we have not made any short cuts and willing to take all the necessary steps to avoid any slip. Our sincere commitment with the passion to "excel" cannot stop our journey "for a better tomorrow". On a final note we will remain fully devoted to compliance and transparency to mitigate risk at an optimal level so that we can build our business on the concrete foundation of "sustainability".

Yours Sincerely



**Humaira Azam**  
Deputy Managing Director &  
Chief Risk Officer



# BASEL II PILLAR 3 MARKET DISCIPLINE

Annual Disclosure for the year ended  
December 31, 2013

The public disclosure of prudential information is an important component of Basel Committee on Banking Supervision's framework of capital measurement and capital adequacy, known as Basel II. Bangladesh Bank has specified the standard of disclosure through Guidelines on Risk Based Capital Adequacy (December 2010). The standard aims to enhance the transparency in Bangladeshi financial market by setting minimum requirement for the disclosure of information on the risk management practice and capital adequacy.

In line with the Bangladesh Bank BRPD Circular no. 35 of 29 December 2010 as to Guidelines on 'Risk Based Capital Adequacy for Banks', following detailed qualitative and quantities disclosures are provided in accordance with the central bank directions covering scope of capital adequacy framework, capital of the bank, risk exposure and assessment methodology, risk mitigation strategies and capital adequacy of the bank.

## 1. Scope of application

### Qualitative Disclosures

- a) The name of top corporate entity in the group to which this guidelines applies

#### **Bank Asia Limited**

The consolidated financial statements of the Bank include the financial statements of i) Bank Asia Limited ii) Bank Asia Securities Limited and iii) BA Exchange Company (UK) Limited.

Bank Asia holds 99.99% & 100% shares of Bank Asia Securities Limited and BA Exchange Company (UK) Limited respectively.

The bank has an approved disclosure policy to observe the disclosure requirements set out by the Bangladesh Bank and International Financial Reporting Standard (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accounts of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) where relevant to the bank.

- b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group:

A brief description of these institutions are given below:

#### **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 Banking Companies 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 86 branches, 6 SME centres and 90 own ATM booths. The Bank has two subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh and BA Exchange Company (UK) Limited incorporated in United Kingdom. The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

- (i) that are fully consolidated
- (ii) that are given a deduction treatment; and
- (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted)

#### **Bank Asia Securities Limited**

Bank Asia Securities Limited, 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 which has commenced its business on the 17 April 2011.

#### **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 wholly owned subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.

c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable for the bank
<b>Quantitative Disclosures</b>	
d) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable for the bank

## 2. Capital Structure:

### Qualitative Disclosures

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or Tier 2.

The composition of regulatory capital is different than accounting capital. In line with Basel regime the structure of regulatory capital consists of Tier 1, Tier 2 & Tier 3. However the capital structure of Bank Asia Ltd consists of only Tier 1 and Tier 2 capital.

Tier 1: capital of Bank Asia Ltd consists of Paid up capital, statutory reserve and retained earnings.

Tier 2: capital of the bank consists of 50% revaluation reserve for fixed asset & securities, 10% of revaluation reserve against equity instruments, subordinated debts and general reserve.

Tier 3: currently the bank does not maintain any tier 3 capital instrument.

### Quantitative Disclosures

		Amount in BDT Million	
SI	Particulars	Solo	Consolidated
<b>a)</b>	<b>Tier-I (Core Capital)</b>		
a.1	Paid up capital	6,936.30	6,936.30
a.2	Non-repayable share premium account	-	-
a.3	Statutory reserve	4,208.08	4,208.08
a.4	General reserve	-	-
a.5	Retained earnings	759.75	699.45
a.6	Minority interest in subsidiaries	-	-
a.7	Non-cumulative irredeemable preference shares	-	-
a.8	Dividend equalization account	-	-
<b>a.9</b>	<b>Sub-Total (a.1 to a.8)</b>	11,904.15	11,843.36
<b>b)</b>	<b>Tier-II (Supplementary Capital)</b>		
b.1	General Provisions (provisions for unclassified loans + provision for Off-balance sheet exposure)	1,709.84	1,709.84
b.2	Asset revaluation reserves up to 50%	1,193.80	1,193.80
b.3	Revaluation reserve for equity instruments up to 50%	158.80	158.80
b.4	Subordinate debt	600.00	600.00
b.5	Other reserve	8.20	8.20
<b>b.6</b>	<b>Sub-Total (b.1 to b.5)</b>	3,670.70	3,670.70
<b>c)</b>	<b>Tier-III (Eligible for market risk only)</b>		
c.1	Short-term subordinated debt	-	-
<b>c.2</b>	<b>Sub-Total (c.1)</b>	-	-
<b>d</b>	<b>Total Eligible Capital (a.9+ b.6+ c.2)</b>	15,574.85	15,514.56

### 3. Capital Adequacy

#### Qualitative Disclosures

##### Capital calculation approach

With regard to regulatory capital computation approaches (Minimum Capital Requirement) the bank is following the prescribed approach of Bangladesh Bank. Below are risk wise capital computation approaches that the bank is currently applying:

- Credit Risk - Standardized Approach (SA)
- Market Risk - Standardized Approach (SA)
- Operational Risk – Basic Indicator Approach (BIA)

##### Capital of the Bank

In parallel to business growth, the bank is effectively manages its capital to meet regulatory requirement considering the risk profile. Below are few highlights:

- Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (CAR) is 10%, whereas as on December 2013 the CAR of the bank was 11.05%.
- During the same period Minimum Capital Requirement (MCR) of the bank was BDT 14,097.70 million and eligible capital was BDT 15,574.85 million; i.e. the bank hold BDT 1,477.16 million surplus capital.

##### Reduction of Capital Requirement through increasing Rated Clients

As per Basel-II norms capital adequacy i.e. buffer capital is a must for banks to protect the unexpected losses against the risk profile and future business growth of the bank. Under the Standardized Approach of the RBCA guidelines of Basel-II, counterparties credit rating are determined on the basis of risk profile assessed by the External Credit Assessment Institutions (ECAIs) duly recognized by Bangladesh Bank to derive risk-weights of exposures under the portfolio of claims. According to the guideline, the rated exposures of a bank will reduce the Risk Weights and the regulatory capital requirement as well as create the room to expand the business of the bank. This will also enable the bank to assess the creditworthiness of the borrowers as well, to an acceptable level.

To withstand these challenges, the Board of Directors & the Senior Management of the bank emphasized rigorously round the year 2013 on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. Accordingly, the Risk Management Unit of the bank along with Corporate Asset and Client Origination (CACO) & Credit Risk Management (CRM) team has taken all-out efforts to increase the number of corporate borrower's exposures under rated. They are constantly taking the initiatives through guidance of the Senior Management; series of meetings, correspondence, awareness program with the allied concerns i.e. branches of the bank & ECAIs. As a result of strong persuasion & drive, the number of rated borrowers of the bank increased to 179 nos. at the end of the year 2013 from 160nos a year ago. A review of the capital relief (both funded & non-funded exposure) reveals that till December 31, 2013, we have achieved total capital relief of Tk.2,598.00 million from the rated borrowers.

#### Quantitative Disclosures (as on December 2013)

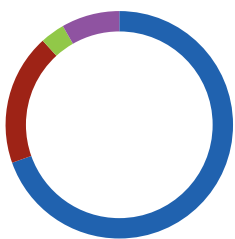
		Amount in BDT Million	
Sl.	Risk Category	Solo	Consolidated
Details of Risk Weighted Assets (RWA)			
<b>a</b>	<b>Credit Risk</b>		
a.1	On- Balance sheet	98,096.90	99,389.50
a.2	Off-Balance sheet	26,308.40	26,308.40
<b>a.3</b>	<b>Total Credit Risk (a1+a2)</b>	124,405.30	125,697.90
<b>b</b>	<b>Market Risk</b>	4,917.30	4,937.30
<b>c</b>	<b>Operational Risk</b>	11,654.50	12,661.30
	<b>Total RWA</b>	<b>140,977.10</b>	<b>143,296.50</b>

A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities

## Detail of Risk Wise Minimum Capital Requirement (MCR)

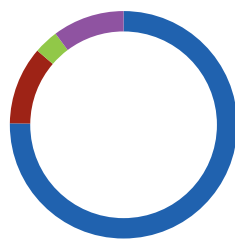
<b>a</b>	<b>Credit Risk</b>		
a.1	On- Balance sheet	9,809.69	9,938.95
a.2	Off-Balance sheet	2,630.84	2,630.84
<b>a.3</b>	<b>Total Credit Risk (a1+a2)</b>	12,440.53	12,569.79
<b>b</b>	<b>Market Risk</b>	491.73	493.73
<b>c</b>	<b>Operational Risk</b>	1,165.45	1,266.13
<b>Total Minimum Capital Requirement</b>		14,097.70	14,329.70
<b>Total Maintained Capital</b>		15,577.50	15,517.20
<b>Total Capital Surplus</b>		1,479.80	1,187.50
<b>Detail of Tier wise Capital of the Bank</b>			
1	Tier-1 Capital	11,904.15	11,843.86
2	Tier-2 Capital	3,670.70	3,670.70
3	Tier-3 Capital	-	-
<b>Total Capital</b>		15,574.85	15,514.56
<b>Total Capital Adequacy Ratio (CAR) [Total capital/RWA]</b>		11.05%	10.83%
<b>Tier 1 CAR [Tier 1 capital / RWA]</b>		8.44%	8.27%

## Risk Composition-2012



**69.58%** Credit risk on Balance sheet  
**18.66%** Credit risk off Balance sheet  
**3.49%** Market Risk  
**8.27%** Operational Risk

## Risk Composition-2013



**75.21%** Credit risk on Balance sheet  
**11.1%** Credit risk off Balance sheet  
**3.48%** Market Risk  
**10.21%** Operational Risk

## 4. Credit Risk:

### Qualitative Disclosures

The general qualitative disclosure requirement with respect to credit risk, including:

Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.

An NPA (impaired) is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc except term loan below Tk 10 lac.

Classified loan is categorized under following 03 (three) categories:

- > Sub-standard
- > Doubtful
- > Bad & Loss

#### Any continuous loan will be classified as

- i. 'Sub-standard' if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months.
- ii. 'Doubtful' if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months
- iii. 'Bad/Loss' if it is past due/overdue for 09 (nine) months or beyond.

#### Any Demand Loan will be classified as

- i. 'Sub-standard' if it remains past due/overdue for 03 (three) months or beyond but not over 06 (six) months from the date of expiry or claim by the bank or from the date of creation of forced loan.
- ii. 'Doubtful' if it remains past due/overdue for 06 (six) months or beyond but not over 09 (nine) months from the date of expiry or claim by the bank or from the date of creation of forced loan.
- iii. 'Bad/Loss' if it remains past due/overdue for 09 (nine) months or beyond from the date of expiry or claim by the bank or from the date of creation of forced loan.

#### Term loan will be classified as

(A) In case of any installment(s) or part of installment(s) of a Fixed Term Loan

amounting upto Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans:

- i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as 'Sub-standard'.
- ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Doubtful".
- iii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be

#### Classified as "Bad/Loss"

(B) In case of any installment(s) or part of installment(s) of a Fixed Term Loan

amounting more than Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans:

- i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as "Sub-standard".
- ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Doubtful".
- iii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Bad/Loss".

Definitions of past due and impaired (for accounting purposes)

> Description of approaches followed for specific and general allowances and statistical methods	Types of loans and advances	Provision				
		UC	SMA	SS	DF	BL
	Consumer House building and professional	2%	2%	20%	50%	100%
	Consumer 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	5%	0%	5%	5%	100%
	Small and medium enterprise finance	0.25%	0.25%	20%	50%	100%
	Others	1%	1%	20%	50%	100%

> Discussion of the Bank's credit risk management policy	<p>The Bank has a well structured delegation and sub-delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for any credit approval in line with the credit committee consisting of the senior management of the bank. Credit proposal processing, assessment of risks and mitigates there against, placing before credit committee, seeking approval from the competent authority, assisting in completion of documentation formalities and above all maintaining relationship with the branches and customers have so long been done by Credit Risk Management (CRM). The function of CRM department has redefined by (i).Credit Assessment, (ii). Credit Monitoring, (iii). Credit Information &amp; Policy Development for smoothly execution of the credit risk management through segregating internal units. Separate segments for Corporate, Retail, SME, Credit Cards have been formed in order to diversify the credit risk. Towards mitigating the risks, Bank Asia has developed a robust credit approval system. Under the ongoing system, the approval and disbursement of all business loans are centralized at Corporate Office. The credit proposals recommended by branches are scrutinized by CRM Department. Sanctions are conveyed to the Branches after getting approval from Credit Committee of Corporate Office or Board of Directors if needed. Limits are loaded into the system by Credit Administration Department but it is not operative until the branch complies all the terms and conditions incorporated in the sanction advice. The above arrangement ensures the segregation of duties &amp; responsibilities and thus minimizes the credit risk.</p> <p>In the process of restructuring credit operation mechanism as per guidelines of BB, recently, a new division has been created namely "Corporate Assets &amp; Client Origination (CACO)" to maintain a healthy credit portfolio by managing risk at the portfolio level as well as at the individual transaction level. Credit proposal format is also redefined as it is one of the key tools to maintain quality portfolio since its informs us risk, credit requirement, performance, liability position, compliance, financial position, environmental issues, effective rate of return, details of business etc. of the customer to mitigate credit risk.</p> <p>The standardized approach is applied for risk weighting of exposure as per directive of Bangladesh Bank. It requires banks to use risk assessment. The Bank is following Credit Risk Grading (CRG) manual for assessing a borrower and making decisions of disbursing loans and advances/ investments while nominating the External Credit Assessment Institutions (ECAIs) duly recognized by Bangladesh Bank to derive risk-weights of exposures under the portfolio of claims. Maximum counterparty/group exposure are limited to 15% (funded) of the bank's capital base as stipulated by BB where a higher limit is required for projects of national importance subject to prior approval of Bangladesh Bank. The single borrower exposure limit has been increasing day by day of the bank with the increase of the total capital of the bank. But the management of the bank is exercising the prudential limit to a single borrower in order to minimize concentration risk of the bank considering the security coverage, satisfactory performance, credit risk grading status, earning potentials, capital requirement, etc. against the limit.</p>
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### Quantitative Disclosures

(as on December 2013)

Particular	Amount in BDT Million
	Outstanding
<b>a) Total gross credit risk exposures broken down by major types of credit exposure</b>	104,911
i) Chief Executives & Others senior executives	148
ii) Consumers	38,515
iii) Industries	56,857
iv) Infrastructural	9,391

<b>b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure</b>	104,911
Dhaka Division	69,185
Chittagong Division	30,576
Khulna Division	1,332
Rajshahi Division	2,370
Barisal	126
Sylhet Division	1,324
<b>c) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure</b>	104,911
Commercial lending	26,100
Export financing	812
House building loan	2,653
Consumer credit scheme	961
Small and medium enterprises	2,606
Staff loan	667
Credit card	952
Non-banking financial institutions	3,764
Agricultural and jute	3,216
Cement	1,046
Chemical	1,219
Electronics	987
Food and allied	5,883
Paper	3,584
Readymade garments	7,924
Real estate	3,947
Steel	6,882
Textile	6,985
Power	1,714
Telecom	848
Construction	3,233
Transport	3,597
Other	15,330
<b>d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure</b>	
<b>By major industry or counterparty type Sector wise past due loan</b>	
<b>Classification categories:</b>	
Sub- Standard	517.38
Doubtful	544.31
Bad and Loss	4,817.09
<b>Total</b>	<b>5,878.79</b>

**Specific and general provisions (Required)**

Provision on classified loans and advances / investments	3,074.43
Provision on unclassified loans and advances / investments	1,038.19
Provision on Off-balance sheet exposures	671.64
<b>Total General Provision</b>	1,709.84
<b>Total Specific Provision</b>	3,074.43

**f) Gross Non Performing Assets ( NPAs)**

Non Performing Assets ( NPAs) to Outstanding Loans Advances	5.60%
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**Movement of Non Performing Assets ( NPAs)**

Opening balance	5,251.48
Additions	29,954.33
Reductions	20,327.02
Closing balance	5,878.79

**Movement of specific provisions for NPAs**

Opening balance	2,641.11
Less: Interest waiver during the year	0.12
Add: Provisions made during the period	1,519.80
Less: Write-off	1,209.66
Add: Write-back of excess provisions	123.31
Closing balance	3,074.43

**Sector wise Non-Performing Loan (NPL)-2013**

Figure in crore Taka

<b>Name of the Sector</b>	<b>NPL amount</b>
Agriculture	8.18
RMG	26.36
Textile	21.61
Ship building	-
Ship breaking	11.27
Other manufacturing industry	351.22
SME	17.12
Construction	0.27
Power, Gas	0.84
Transport, storage and communication	18.57
Trade Service	64.23
Commercial real state financing	19.92
Residential real estate financing	4.22
Consumer credit	14.60
Capital market (loan provided for brokerage or merchant banking)	-
Non-bank financial institutions	-
Others	29.47
<b>Total</b>	<b>587.88</b>



## 5. Equities: Disclosures for Banking Book Positions

### Qualitative Disclosures

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons

Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.

The equity markets are traditionally volatile with a high-risk, high-returns profile. As such investors in the equity market have to plan and strategies to reduce their risks and increase their returns. Equity investments must therefore go hand in hand with a good risk management plan in place. In an uncertain marketplace like the present, investor cannot afford to place all hope in only one thing. Therefore, it is very important to protect the total investment value by means of diversification.

Bank Asia has been operating in the capital market of Bangladesh since 2009. The Bank invested in shares both in primary as well as secondary market. Bank Asia has been started its own portfolio operation from May 04, 2010. Since then the Bank was mainly involved in "Own Portfolio Management" activity.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Investments in shares of Bank Asia are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. The Bank recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best interest of the Bank.

The Management of the Bank has constituted an Investment Committee / team comprising of members from the senior executives of the Bank who have sound experiences and knowledge on Capital Market activities.

Investment team of Bank Asia reviews status of the own portfolio investment on regular basis and follows top-down approach where they review and analyze economy outlook, Sectoral growth and specific company analysis. Company specific risk is minimized through proper diversification. To manage market risk, we follow economic research. Moreover, it has been noted that, the major source of market risk comes from the frequent change of regulation. Thus, it is important to maintain close relationship with the regulator body and keep aware if there is any upcoming regulation change.

Our investment in shares are being monitored and controlled by the Investment Committee are reflected in accounts through proper methodologies and accounting standards of the local & international. Investments are valued on mark to mark basis on a particular period

### Quantitative Disclosures

Sl.	Particular	Amount in BDT Million
a)	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value:	Not Applicable
b)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period (2013)	Nil
	Total unrealized gains (losses)	246.84
c)	Total latent revaluation gains (losses)	Nil
	Any amounts of the above included in Tier 2 capital.	Nil
d)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	Nil
d.1	Specific Risk	91.9
d.2	General Market Risk	91.9
d.3	Total (d1+d2)	183.8

## 6. Interest Rate Risk In the Banking Book

### Qualitative Disclosures

The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement

Interest rate risk is the potential that the value of the On Balance Sheet and the Off Balance Sheet position of the Bank would be negatively effected with the change in the Interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis.

Bank has also been exercising the Strees Testing using the Duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital Adequacy Ratio (CAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Under the assumption of three different interest rate changes i.e. 1%, 2% and 3%.

### Quantitative Disclosures

(as on December 2012)

Sl.	Particular	Amount in BDT Million		
1	Market Value of Assets	168,649.4		
2	Market Value of Liabilities	147,405.8		
3	Leverage Adjusted Duration of Liabilities (DL)	0.95		
4	Weighted Average of DA	1.42		
5	Duration GAP (DA-DL)	0.59 years		
6	Yield to Maturity (YTM -Assets)	9.86%		
	Yield to Maturity (YTM -Liability)	9.49%		
	Magnitude of Interest Rate Change	1%	2%	3%
7	Fall in Market Value of Equity	(904.5)	(1,808.9)	(2,713.3)
	<b>Stress Testing</b>	Minor	Moderate	Major
8	Regulatory capital (after shock)	14,673.1	13,768.7	12,864.3
9	RWA (after shock)	140,072.7	139,168.3	138,263.9
10	CAR (after shock)	10.48%	9.89%	9.3%

## 7. Market Risk

### Qualitative Disclosures

Views of BOD on trading/ investment actives	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding last year to finance asset growth and trade related transaction.
Methods used to measure Market risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.
Market risk Management system	The Treasury Division manage market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. Alco meets at least once in a month.
Policies and process for mitigating market risk	There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the Bank meets on a daily basis to review the prevailing market condition, exchange rate, forex position and transactions to mitigate foreign exchange risks.

**Quantitative Disclosures (as on December 2012)**

Sl.	Particular	Amount in BDT Million
	The capital requirement for:	
	Interest Rate Risk	283.1
	Equity Position Risk	183.8
	Foreign exchange	24.8
	Commodity Risk	-
	<b>Total capital requirement against Market Risk</b>	<b>491.7</b>

**8. Operational Risk****Qualitative Disclosures**

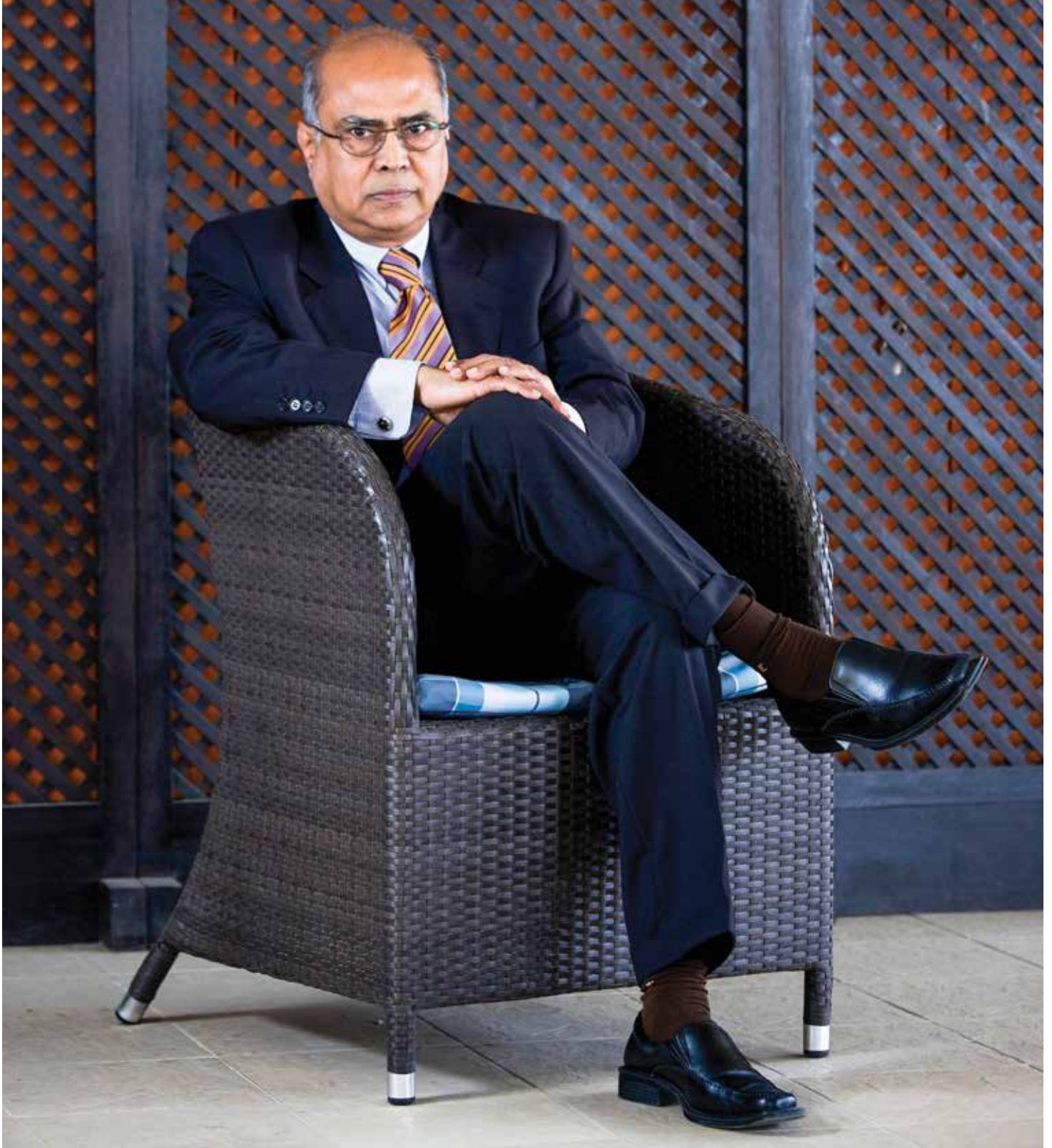
Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board oversees the activities of Internal Control & Compliance Division to protect against all operational risk.
Performance gap of executives and staffs	Bank has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. BA's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.
Potential external events	No potential external event is expected to expose the Bank to significant operational risk.
Policies and processes for mitigating operational risk	Operational risk, defined as any risk that is not categorized as market or credit risk, is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. It is inherent in every business organization and covers a wide spectrum of issues. In order to mitigate this, internal control and internal audit systems are used as the primary means. The Bank Asia Limited manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the bank stays in line with industry best practice and takes account of lessons learned from publicized operational failures within the financial services industry. Bank Asia Limited has operational risk management process which explains how the bank manages its operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with central bank requirements. Operational risk management responsibility is assigned to different level of management within the business operation. Information systems are used to record the identification and assessment of operational risks and to generate appropriate regular management reporting. Risk assessment incorporates a regular review of identified risks to monitor significant changes. On top of that, as part of recent development, the bank is in the process of adoption of globally recognized operational risk assessment tools, e.g. Risk Control Self Assessment for assessment of all possible operational risk and adoption of Key Risk Indicator (KRI) to help the bank to set operational risk trigger parameters.
Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

**Quantitative Disclosures**  
(as on December 2013)

Particular	Amount in BDT Million	
	Solo	Consolidated
Capital Requirement for Operational Risk under MCR	11,65.50	12,66.130

# REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE

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**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 by the Board in the 248th meeting held on February 28, 2013 consisting of the following members:**

Names	Status with the Board	Status with the Committee
Mr. Shah Md. Nurul Alam	Director	Chairman
Mr. Rumea A. Hossain	Director	Vice Chairman
Mr. Mohammed Lakiotullah	Vice Chairman	Member

The Company Secretary acts as Secretary of the Committee.

In the year 2013, the Audit Committee held 20 (twenty) meetings in which, the following issues, among others, were reviewed and discussed:

- External Audit Report of the Bank and the recommendations made there under.
- Bangladesh Bank comprehensive inspection report and the recommendations made there under.
- Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance (ICC) Division of the Bank.
- 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.
- The corrective measures taken by the management in regard to the lapses pointed out by the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.

- 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.
- Management Report on Accounts of the Bank for the year ended on 31.12.2012.
- Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance thereof.
- The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

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.

### Reporting

The committee in the meetings has taken particular notes of lapses detected by the Internal Audit Team and the actions taken by the management towards correction, helped improving the recovery of classified loans and initiating measures for lowering the quantum of NPLs. The committee as well assisted instituting recovery mechanisms, constituting a robust credit administration and, carefully reviewed the internal control system and procedures including IT operation to secure the Bank from foreseeable shocks. The process of continuous monitoring was established for avoidance of errors and omissions and, repetition of lapses as are detected by the internal and external auditors.

The minutes of the Audit Committee Meetings with the observations and the recommendations of the Audit Committee were circulated among the members of the committee and to the Board of Directors of the Bank for information.



**Shah Md. Nurul Alam**  
Chairman  
Audit Committee

# BANK ASIA SHARIAH SUPERVISORY COMMITTEE

We, at Bank Asia Limited, always consider the Shariah compliance as the most significant and strategic priority in Islamic Banking. Our products & services are designed in conformity with the principles of Islamic Shariah. We have constituted "Bank Asia Shariah Supervisory Committee" consisting of qualified Faqihs (experts on Islamic jurisprudence), Islamic Scholars and professionals to ensure Shariah compliance in each and every aspect of our Islamic Banking operations.

**Bank Asia Shariah Supervisory Committee** consists of the following members:

Name	Position in the Committee
Mufti Abdur Rahman	Chairman
Mufti Muhammad Abdul Mannan	Member
Mohammad Mofazzal Hussain Khan	Member
Md. Mukhlesur Rahman	Member
Dr. Gazi Md. Zahirul Islam	Member
M. Azizul Huq	Member
Mohammed Lakiotullah	Member
Md. Mehmood Husain	Ex-Officio Member
Afzalul Haq	Ex-Officio Member



◀ Bank Asia Shariah Supervisory Committee Meeting

# REPORT OF BANK ASIA SHARIAH SUPERVISORY COMMITTEE

FOR THE YEAR 2013

During the Year 2013, Bank Asia Shariah Supervisory Committee met in 2 (two) meetings. In these meetings the Committee discussed and reviewed different issues of the Islamic Banking operations of the Bank and gave guidance & opinions related to compliance of Islamic Shariah.

It is mentionable that the duty of the Shariah Supervisory Committee is to give independent opinions and necessary guidelines by observing and reviewing the activities of the Bank. On the other hand, the responsibility of the bank is to ensure that the bank conducts its business under Islamic Banking operations in accordance with guidance and verdict of Shariah Supervisory Committee.

The Committee, after reviewing the Shariah Inspection Reports, Balance Sheet and Profit & Loss statement (Unaudited) of Islamic Banking of the Bank for the year 2013, gives the following opinion:

1. In the investments of Islamic Banking Windows, buying & selling are being done by ensuring physical and/or constructive possession on the goods under Bai Murabaha Muajjal Mode.
2. The agreements for investments have been made in accordance with the Guidance of Shariah.
3. Profit has been distributed to Mudaraba Depositors on the basis of pre-declared Income Sharing Ratio (ISR) in accordance with Shariah.
4. According to Principles of Shariah, no income has been detected as doubtful.
5. Compensation amounts have been kept separate and not included in Bank's income.


6. According to Shariah inspection report, no Shariah violations and lapses in investment operations have been detected.
7. Sincerity of the officials working at five Islamic Banking Windows to comply with Islamic Shariah is appreciable. Bank Management has, however, been advised to arrange continuous training for improving professional competency of dealing officials to overcome different Shariah challenges in the ever-changing business scenario and to take effective steps for awareness building among the clients highlighting importance of Shariah compliance in Islamic Banking.

May Allah give us tawfeeq in gaining His satisfaction through implementing Shariah in every sphere of our life. Ameen.



**Mufti Abdur Rahman**  
Chairman  
Bank Asia Shariah Supervisory Committee

# CREDIT RATING

**Credit Rating Agency of Bangladesh Limited** 

Ref: AGL (01)/RCM/130618/2013-1952/1940 30 June 2013

**Mr. Md. Mehmood Husain**  
President and Managing Director  
Bank Asia Limited  
Rangs Tower  
68 Purana Paltan  
Dhaka 1000.

Subject: Credit Rating - Bank Asia Ltd.

Dear Sir,


We are pleased to inform you that Credit Rating Agency of Bangladesh Ltd. (CRAB) has assigned the following ratings to Bank Asia Limited:

Particulars	Ratings
Long Term	A+
Short Term	ST-2
Outlook	Stable

ST - Short Term

The entity rating is valid up to 30 June 2014. The ratings may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We hope the Rating Awards will serve the intended purpose of your organization.

Yours Sincerely,  
  
**Hamidul Haq**  
Managing Director

Sena Kalayan Bhaban, 195 Motijheel Commercial Area, Level: 16, Suite: 1601 & 1602, Dhaka: 1000, Bangladesh  
Phone: (88 02) 9571497, 9571238, 7175368, 7125439, 7118615, Fax: (88 02) 9563837, Email: info@crab.com.bd, Web: www.crab.com.bd

# CORPORATE GOVERNANCE

 **PODDER & ASSOCIATES**  
Cost and Management Accountants

**Compliance Certificate**  
On  
**Corporate Governance**  
To the Shareholders of  
**Bank Asia Limited**

"Podder & Associates", being one of the "Professional Accountants" of Bangladesh, takes the gratification to study and opine in attainment of Compliance on Corporate Governance by **Bank Asia Limited** for the period ended 31 December 2013. This is completed in accordance with the guideline set by Bangladesh Securities and Exchange Commission by the notification SEC/CHRRCD/2006-158/134/Admn/44, dated 07 August, 2012.

Accomplishment of compliance on corporate governance is the conscientiousness of the management of the Company. Our study is limited to the measures and execution of such as per guideline by BSEC. It is neither an audit nor expression of opinion on the financial statements of the Bank.

As per our study and observation on the best of information & explanations provided, **Bank Asia Limited** has complied with the conditions of Corporate Governance set by Bangladesh Securities & Exchange Commission.

On the above note, we also state that such compliance is neither an assurance as to the future capability of the Bank nor the efficiency or effectiveness by which management has conducted the affairs of the Bank.

  
Jayanta Kumar Podder  
Chief Executive Officer  
Podder & Associates

Date: 06 MAR 2014  
Place: Dhaka, Bangladesh

333/1, Floor: 8/12, Sector: Bagicha (2nd & 3rd Floor), Dhaka-1000, Phone: 8811288, 8813229, E-mail: info@thepodders.com, Web: www.thepodders.com



# CORPORATE GOVERNANCE AUDIT

Status of compliance with the condition imposed by the Commission's Notification No. letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969

Condition No.	Title	Compliance Status (Put ✓)		Remarks (IF ANY)
		Complied	Not Complied	
1	Board of Directors			
1.1	Board's Size			
	The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty).	✓		As of 31.12. 2013 total number of directors was 13 (thirteen) including the managing director, upto 28th February total number of director was 15 (fifteen)
1.2	Independent Directors			
(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		As of 31.12.2013 the Bank had 3 independent directors. On 08.02.2014 another independent director was appointed and now the Bank has 4 (four) independent directors .
(ii)	For the purpose of this clause 'Independent directors' means a director-			
a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/ her family members also should not hold above mentioned shares in the company;	✓		
c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	✓		
d)	Who is not a member, director or officer of any stock exchange;	✓		
e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	✓		
f)	Who is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	✓		
g)	Who shall not be an independent director in more than 3 (three) listed companies;	✓		
h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	✓		
i)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
(iv)	The post of independent director(s) can not remain vacant for more than 90(ninety) days.	✓		
(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		

Condition No.	Title	Compliance Status (Put ✓)		Remarks (IF ANY)
		Complied	Not Complied	
(vi)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) term only.	✓		
1.3	Qualification of Independent Director (ID)			
(i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
(ii)	The person should be a Business Leader/ Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12(twelve) years of corporate management /professional experiences.	✓		
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	✓		
1.4	Chairman of the Board and Chief Executive Officer			
(i)	The position of the chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the chairman and the chief executive officer.	✓		
1.5	Directors Report to the Shareholders			
(i)	Industry outlook and possible future developments in the industry.	✓		
(ii)	Segment-wise or product-wise performance.	✓		
(iii)	Risks and concerns.	✓		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	✓		
(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	✓		
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	✓		
(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc.	✓		
(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		
(x)	Remuneration to directors including independent directors.	✓		
(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
(xii)	Proper books of account of the issuer company have been maintained.	✓		
(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		

Condition No.	Title	Compliance Status (Put ✓)		Remarks (IF ANY)
		Complied	Not Complied	
(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
(xix)	If the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.	✓		
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
(xxi)	The Pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
(xxi) c)	Executives;	✓		
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:	✓		
(xxii) a)	A brief resume of the director;			
(xxii) b)	Nature of his/her expertise in specific functional areas;	✓		
(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.0	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
2.1	The company shall Appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles,responsibilities and duties of the CFO, the Head of internal Audit and the CS.	✓		
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		

Condition No.	Title	Compliance Status (Put ✓)		Remarks (IF ANY)
		Complied	Not Complied	
3.0	Audit Committee			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	✓		
3.1	Constitution of the Audit Committee			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
(ii)	The Board of Directors shall appoint members of the audit committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience,	✓		
(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		
(v)	The company secretary shall act as the secretary of the Committee.	✓		
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the Audit Committee			
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of Audit Committee			
(i)	Oversee the financial reporting process.	✓		
(ii)	Monitor choice of accounting policies and principles.	✓		
(iii)	Monitor Internal Control Risk management process.	✓		
(iv)	Oversee hiring and performance of external auditors.	✓		
(v)	Review along with the management, the annual financial, statements before submission to the board for approval.	✓		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
(vii)	Review the adequacy of internal audit function.	✓		
(viii)	Review statement of significant related party transactions submitted by the management.	✓		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		

Condition No.	Title	Compliance Status (Put ✓)		Remarks (IF ANY)
		Complied	Not Complied	
(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		
3.4	Reporting of Audit Committee			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	✓		
3.4.1 (ii) a)	Report on conflicts of interests;			
b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		
c)	Suspected infringement of laws, including securities related laws, rules and regulations;	✓		
d)	Any other matter which shall be disclosed to the Board of Directors immediately.	✓		
3.4.2	Reporting to the Authorities			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	✓		
3.5	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
4.0	External/ Statutory Auditors			
	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:			
(i)	Appraisal or valuation services or fairness opinions.	✓		
(ii)	Financial information system design and implementation	✓		
(iii)	Book-keeping or other services related to the accounting records or financial statement	✓		
(iv)	Broker –dealer services	✓		
(v)	Actuarial services	✓		
(vi)	Internal audit services	✓		
(vii)	Any other services that the audit committee determines.	✓		
(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		

Condition No.	Title	Compliance Status (Put ✓)		Remarks (IF ANY)
		Complied	Not Complied	
5.0	Subsidiary Company			
(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	✓		
(ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	✓		For the 2nd Subsidiary-BA Exchange Company (UK) Limited, the Bank appointed the independent director on 25.02.2014
(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		
(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	✓		
(v)	The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.	✓		
6.0	Duties of Chief Executive Officer (CEO) and Chief Financial Officer(CFO)			
	The CEO and CFO shall certify to the Board that:-			
(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the company's code of conduct.	✓		
7.0	Reporting and Compliance of Corporate Governance			
(i)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

# CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER'S STATEMENT OF RESPONSIBILITIES

(In line with the Securities Exchange Commission (SEC) notification dated August 07, 2012)

The preparation and presentation of financial statements accurately and appropriately is the responsibility of the management accordingly we state that:

1. We have reviewed the balance sheet and profit and loss account (stand alone and consolidated), and all the schedules & notes to the accounts, and the Cash Flow statements for the year ended December 31, 2013 that are prepared under the historical cost convention. However, the director's report other reports include updated information that were available till the publication of the Annual Report 2013. The financial statements were prepared in accordance with the Financial Reporting Standards (BFRS) and comply with Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1997 and other applicable laws and regulations.
2. We have also reviewed director's report and other reports for accuracy and appropriateness. Best of our knowledge and information, these reports do not contain any untrue statement of a material fact.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects a true and fair view of Bank's affairs, and the financial conditions, results of operations and cash flows of the Bank as of, and for, the year under report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions enter into by the Bank during the year are fraudulent, illegal or violating business ethics and codes of conduct that ensure by external auditors and the audit committee, which estimates a high degree of judgments.
5. We along with those charge with governance, are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Bank, and we have:
  - a) Designed such disclosure controls and procedures to ensure that material information relating to the Bank, including its consolidated subsidiaries, is known to us by others within those entities, particularly during the period in which this report is being prepared.
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting.
  - c) Evaluated the effectiveness of Company's disclosure, controls and procedures.
  - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the year under report that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting.
6. We have disclosed based on our recent evaluation, wherever applicable, to the Bank's internal and external auditors, inspection team of Bangladesh Bank and other regulatory bodies and also to the audit committee of the board.
  - a) There have no deficiencies in the design and operation of internal controls, that could adversely affect the Bank's ability to record, process, summarize and report financial data, and there have been no material weakness in internal control over financial reporting including any corrective action with regard to deficiencies.
  - b) There were no significant changes in internal controls during the year covered by the report.
  - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in notes to the financial statements.
  - d) There were no instances of fraud of which we were aware, that involves management or the employees to have a significant role in Bank's internal control system.
7. We affirm that we have not denied any personal, access to the audit committee of the bank (in respect of matters involving alleged misconduct) and we have provided protection to whistle blowers from unfair termination and other unfair or prejudicial employment practices.
8. We further declared that all Board Members and senior managerial personnel have affirmed compliance with the codes of conduct for the current year.



**Chief Financial Officer**  
(Imran Ahmed, FCA, CISA)



**Chief Executive Officer**  
(Md. Mehmood Husain)

# CHIEF FINANCIAL OFFICER'S REPORT

– A Financial Risk Management Perspective



**As a financial institution bank has to function always in challenging environment and continues its efforts to work out for a sustainable growth strategy and be better protected against new or emerging risk. Continuous alignment of business strategy with impending financial and business risks are absolutely essential for banks in performing their social responsibilities through unlocking human dimensions and achieve desired goals.**

Safe Secure Stable  
banking with Bank Asia

## Economic Value Added (EVA)

The complex activities of financial institutions are very much susceptible to high risk of default against which shareholders require higher rate of return in the form of risk premium over risk free rate of return. EVA shows true return from their invested capital. Bank Asia has been maintaining positive economic profit for last couple of years but turned negative this year which is Tk. -587.08 million if 2% risk premium over Govt. Sanchaypatra is considered. During the year, we had to write off classified loans amounting to Tk. 1,341.14 million which was only Tk. 455.83 million in the previous year, i.e. 194.22% growth was registered in 2013. Though such write-off did not affect profitability as done against built provision but impacted shareholders' invested fund that was impacted shareholders' available return. Tk. 18,578.07 million in 2013 and Tk. 16,151.03 million in 2012 having growth of 15%. So we have to put our all out efforts to recover the written off loans to enhance shareholders' wealth.

## Capital planning

The combination of a global financial crisis, increased uncertainty and greater revolutions has expanded dramatically the role of sound capital planning process at financial institutions around the world. We have to understand the risk measurement inherent in our business strategies and be able to meticulously calculate

capital requirement as capital is the most vital component for business expansion. Bank Asia is very much serious to maintain adequate capital. As part of this, first priority is given on rating large loan borrowers to reduce capital requirement. In future rating of SME borrowers will also be taken as a priority. Additionally, curbing classified loan is a prerequisite for maintaining healthy capital which the Bank has adopted by strengthening recovery initiatives and applying various risk management techniques. All these efforts help the Bank to maintain adequate capital for most of the periods. Every year, the bank work out 5 years capital planning considering industry analysis under the purview of business and financial risk. As of balance sheet capital fund was Tk. 15,574.85 million and capital adequacy ratio was 11.05% against regulatory requirement of 10% on risk weighted assets. It is pertinent to mention here that at the capital growth the Bank will find it difficult to fulfill the requirement of upcoming Basel- III capital accord. Therefore, the Board and the Management are considering to organize retreat program where strategies will be set for capital planning. In the mean time the Bank is planning to issue a bigger ticket subordinated bond as Tier-2 capital within a year or two.

## Budgeting

Budgeting is a part of strategy and acts as controlling tool for desired future outcome



under changing scenarios. But Bank Asia is not typical in preparing conventional budgeting rather it views beyond budgeting where numeric value does not play the key role. It adopts industry analysis, commanding area analysis in the hybrid budgeting model considering both top down and bottom up approach. It covers all profit centers and corporate office departments. Budget is reviewed monthly and variance is scrutinized for finding necessary directions. Bank Asia sets its annual budget quite strategically in line with its vision, mission and long term goals for a sustainable growth. Apart from giving targets for deposit, advance, export, import, expenditure etc., Bank Asia also gives ratio targets to all its branches with a view to achieving targets through mathematical accuracy.

During the year 115 head counts were added to our human capital to make total employees 1,600 and 13 new branches were added to make the total branches, SME service centers network size 92. Major challenges during the year 2013 were disposing of the bulging idle funds, declining of higher cost of funds, sliding in non performing loans, all time high provision requirement, pressure in money market due to persistent fall in capital market and excessive government borrowing.

Our persistence were stricter commitment to compliance, continuous guiding the Head of branches from corporate office, focus on responsibility and accountability and relentless drive, drive for deposit, drive for new business booking and drive for loan loss recovery. Such assiduous effort paid off; operating profit per employee stood at Tk. 3.38 million in 2013, which was Tk. 3.40 million in 2012, deposit per employee stood at Tk.83.43 million in 2013 against Tk. 74.12 million in 2012, advance per employee stood at Tk. 65.57 million in 2013 against Tk. 62.17 million in 2012. AD Ratio or Credit Deposit Ratio (CDR) was maintained around 79% throughout the year which indicates healthy liquidity management.

Million Taka

Particulars	2013	2012	Growth	2013 Target	2013 Target achievement
Loans and advances	104,911	92,329	13.63%	117,296	89.44%
Deposits	133,489	110,062	21.29%	134,027	99.65%
Shareholders' equity	14,618	13,045	12.19%	-	-
Reserve fund & surplus	7,681	6,739	14.05%	-	-
Capital fund	15,575	13,930	11.83%	-	-
Operating expenses	3,117	2,769	12.79%	3,778	82.61%
Operating profit	5,416	5,052	8.17%	6,100	89.80%
Import	110,738	106,746	3.74%	136,674	81.02%
Export	71,969	66,478	8.26%	83,817	85.86%
Remittance (Inward)	34,334	32,110	6.93%	41,268	83.20%

Key performance indicators (KPIs) of banking operation

Particulars	2013	2012
<b>Operating Performance (Statement of Comprehensive Income)</b>		
Total Revenue	8,533	7,821
Operating Profit	5,416	5,052
Profit Before Tax	3,521	2,723
Profit After Tax	1,460	908
EPS	2.10	1.31
<b>Statement of Financial Position (Balance Sheet)</b>		
Shareholders Fund	14,618	13,045
Property, Plant & Equipment	5,288	4,520
Current Asset	100,766	98,501
Current Liability	90,608	105,371
Net Current Asset	10,158	(6,870)
Long Term Liability	51,361	21,945
Long Term Liability to Current Liability	56.68%	20.83%
<b>Key Performance Ratios</b>		
	<b>Percentage (%)</b>	
Yield on Advances	14.99	15.20
Cost of Deposits	8.81	9.49
Cost of Fund	11.44	12.31
Cost of Operation	2.63	2.82
Spread	6.18	5.71
Net Interest Margin	2.92	3.54
Burden Ratio	.42	0.01

During the year Bank Asia Limited showed stable operating profit efficiency, which was Tk. 5,416 million and 7.21% higher than previous year whereas operating expenses was 3,117 million and 12.57% higher than previous year. The Bank's return on equity was 10.55%. However, Bank's total contribution to National Exchequer was Tk. 4,247.04 million in the year 2013 which was 33.49% higher than previous year.

Net cash generated from operating activities increased to Tk. 12,059 million in 2013 from Tk. 10,681 million in 2012, i.e. 12.90% growth, which also indicates bank's efficient liquidity management. However, as on balance sheet date EPS stood Tk. 2.10 which was Tk. 1.31 in 2012. EPS was increased due to significant decrease of provision requirement for loans

and advances compared to previous year and increased shareholders' equity. It is worth noting here that total number of shares was 693,632,359 as on balance sheet date in 2013 against 630,574,872 shares in the previous year.

#### Dividend

In terms of dividend payment Bank Asia always showed consistency in providing stock dividend and thereby strengthening capital base for smooth business expansion.

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Dividend	24%S	25%S	30% (20%B +10%C)	25%S	25%S	23%S	40%S	40%S	20%S	10%S
Million Taka	144	186	279	279	349	401	858	1,201	1,051	631

Being inclined to general shareholders the Bank distributed 40% dividend in high growth years. In low growth year like 2012 the Bank returned to its 10% dividend distribution bracket. In the year 2013 though smart growth year the Board of Directors had no choice but to declare 10% dividend amounting to Tk. 693 million.

#### Financial control

Our thrust over cost optimization was imbedded in our financial controlling mechanism, which was depicted by 12.57% growth of operating expenses due to net inclusion of 115 numbers of employees, 13 branches etc. Burden ratio of the Bank was only 0.42% in 2013 which also indicates that Bank Asia was not dependent wholly on interest income to meet its operational expenses.

#### Asset quality

Classified loan ratio stood 5.60% this year than 5.69% in the previous year. Total Cumulative provision was Tk. 5,100.99 million this year which was Tk. 4,392.28 million in the last year.

On the other hand, total provision provided from current year profit was Tk. 1,895.17 million which was only Tk. 2,328.81 million in the previous year, i.e. requirement decreased by 18.62% during 2013.

#### Capital

Total regulatory capital stood at Tk. 15,574.85 million segregated into Tk. 11,904.15 million or 76.45% in Tier-1 and Tk. 3,670.70 million or 23.55% in Tier-2. With this the Bank's capital adequacy ratio (CAR) stood at 11.05% against minimum capital requirement (MCR) of 10% of total risk weighted assets which demonstrate strong capital base. Tk. 631 million was added to Tier-1 capital through 10% stock dividend, Tk.182.80 million added to Tier-2 capital though maintaining general provision and revaluation of government security. Total number of credit rated corporate customers stood at 179, which reduced risk weighted assets and helped capital saving by Tk. 2,598.00 million.

Last five years manpower strength (number) was as under:

#### Staff Strength



#### Staff summary as of 31<sup>st</sup> December 2013

Age Group	Male	Female	Total
30 & Below	370	193	563
31-40	612	217	849
41-50	163	13	176
51-60	28	1	29
61+	3	0	3
<b>Total</b>	<b>1,176</b>	<b>424</b>	<b>1,600</b>
Percentage	73.50%	26.50%	100%

87% of staff members are aged below 40 years which signifies that Bank Asia is in young, dynamic and capable hands.

#### HR accounting

Bank Asia has always been very vibrant about human capital management and cautious to set up HR applications and best practices for developing employee talent and leveraging employee skills in the organization. Bank Asia significantly considers human resources management at corporate level, professional level, social level and overall national level. In this process Bank Asia tries to identify and report investment made in human resources.

The total value of Human Capital has been ascertained Tk. 10,195 million in the year 2013 and Tk. 9,893 million in 2012 in present value of future earning model (Lev & Schwartz) by discounting total benefits payable to employees, which was considered minimum expected earnings from them up to retirement.

Category wise break down is presented in the table below:

Category	2013			2012		
	No. of Employee	Per Capita Value	Total Value	No. of Employee	Per Capita Value	Total Value
Executives	250	12.71	3,177	216	16.78	3,625
Officers	1,350	5.20	7,018	1,269	4.94	6,268
<b>Total</b>	<b>1,600</b>		<b>10,195</b>	<b>1,485</b>		<b>9,893</b>

Million Taka

As per model we have capitalized the total value of employees as Human Capital. 3.05% growth in the value of human capital in 2013 over 2012 was due to net addition of 115 head counts of experienced and fresh recruitments

that was required for the expansion of the business and for ensuring the better quality of the service and customer satisfaction. In this process Bank Asia increased its year to year training expenditure to excel employee performance

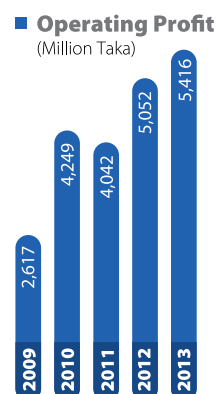
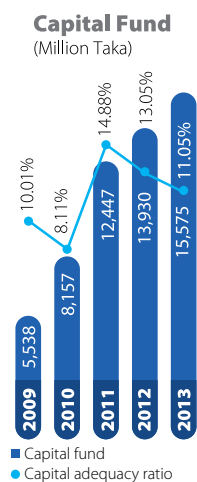
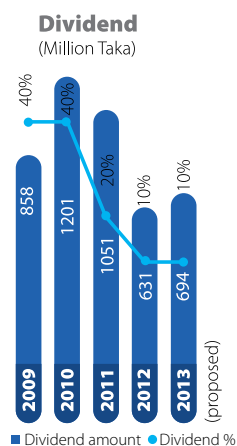
### Balance Sheet Including Human Capital

abridged for banking operation

	Million Taka	
	31/Dec/13	31/Dec/12
<b>Assets</b>		
Cash	9,709	6,594
Balance with other banks	1,363	3,704
Money at call & short notice	-	220
Investment	33,933	25,115
Loans & Advances	104,911	92,329
Fixed Assets	5,288	4,520
Human Assets:		
Individuals' value	10,195	9,893
Value of investments	9	8
Other assets	8,573	7,880
<b>Total Assets</b>	<b>173,970</b>	<b>150,262</b>
<b>Capital &amp; liabilities</b>		
Borrowing	1,945	3,825
Subordinate bond	600	600
Deposits	133,489	110,062
Shareholders' equity	14,618	13,045
Human capital	10,205	9,901
Other liabilities	13,126	12,829
<b>Total Capital &amp; liabilities</b>	<b>173,970</b>	<b>150,262</b>

### Brief economic environmental and social performance

<b>Economic responsibility</b>	No of loans	<b>+15%</b>
	Nos. of deposit customer	<b>+16%</b>
	Nos. of savings customer	<b>+19%</b>
<b>Environmental responsibility</b>	Electricity consumed	<b>5,777,085 kwh</b>
	Oil	<b>54,198 ltrs</b>
	CNG	<b>178,852 m3</b>
	Local business travel	<b>7,269,008 km</b>
	Paper used	<b>27,167 reams</b>
<b>Social responsibility</b>	Staff strength	<b>+8%</b>
	Benefits and emoluments	<b>+14%</b>
<b>Shareholders responsibility</b>	Profit after tax	<b>1,460 million BDT</b>
	Shareholders fund	<b>14,618 million BDT</b>
	Share price	<b>23.00 BDT</b>



### Brief economic and social performance

As always clarity and integrity in reporting are part of the fundamental commitment of Finance and Accounts team of Bank Asia by which we try to shape the business strategy of the Management and the Board. We are the motivated workforce and devoted in ensuring Safe Secure Stable banking with Bank Asia. We expect that the year 2014 will be better off in value creation and financial risk management.

**Imran Ahmed, FCA, CISA**  
Chief Financial Officer

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANK ASIA LIMITED

We have audited the accompanying consolidated financial statements of Bank Asia Limited and its subsidiaries (the Group) as well as the separate financial statements of Bank Asia Limited (the Bank) which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2013, and the consolidated and separate profit and loss statements, consolidated and separate cash flow statements, consolidated and separate statements of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes and annexures thereto. The financial statements of one of subsidiaries, BA Exchange Company (UK) Limited as of 31 December 2013 were audited by other auditors which were relied upon by us.

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

Management is responsible for the preparation and fair presentation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in the relevant notes 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 Companies Act 1991 and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

## **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the separate financial statements of the Bank. The procedures selected depend on the auditors' 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 and error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements of the Group and also 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 the 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 2013 and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in the relevant notes.

### Report on other legal and regulatory requirements

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

- (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) to the extent noted during the course of our audit work performed on the basis stated under the auditors' responsibility section in forming the above opinion on the consolidated financial statement of the Group and the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:
  - (i) internal audit, internal control and risk management arrangements of the Group and the Bank appeared to be materially adequate;
  - (ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (c) financial statements of all subsidiaries of the Bank have been audited by us, except BA Exchange Company (UK) Limited which was audited by other auditors, have been properly reflected in the consolidated financial statements;
- (d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (e) the consolidated balance sheet and consolidated profit and loss statement of the Group and the separate balance sheet and separate profit and loss statement of the Bank dealt with by the report are in agreement with the books of account;
- (f) the expenditures incurred during the year were for the purposes of the business of the Bank;
- (g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (i) the information and explanations required by us have been received and found to be satisfactory; and
- (j) we have reviewed over 80% of risk-weighted assets of the Bank and we have spent approximately 3,200 man hours for the audit of the books and account of the Bank.

Auditors

**S.F. AHMED & CO**

Chartered Accountants

House # 51 (3rd Floor). Road # 9, Block-F

Banani, Dhaka 1213, Bangladesh

Dated, March 05, 2014

# CONSOLIDATED BALANCE SHEET

at 31 December 2013

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	4(a)	9,710,625,661	6,595,671,727
In hand (including foreign currencies)	4.1(a)	1,623,748,920	1,164,965,704
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	8,086,876,741	5,430,706,023
<b>Balance with other banks and financial institutions</b>	5(a)	1,368,921,853	3,710,892,710
In Bangladesh		1,330,150,719	1,924,092,237
Outside Bangladesh		38,771,134	1,786,800,473
<b>Money at call and on short notice</b>	6(a)	-	220,000,000
<b>Investments</b>	7(a)	34,111,552,052	25,268,882,682
Government		30,512,642,417	19,511,797,233
Others		3,598,909,635	5,757,085,449
<b>Loans and advances/investments</b>	8(a)	107,942,564,235	93,410,427,870
Loans, cash credits, overdrafts, etc/investments		104,106,039,712	89,186,791,710
Bills purchased and discounted		3,836,524,523	4,223,636,160
<b>Fixed assets including premises, furniture and fixtures</b>	9(a)	5,310,777,180	4,548,895,099
<b>Other assets</b>	10(a)	6,622,755,197	7,480,601,751
<b>Non - banking assets</b>		-	-
<b>Total assets</b>		165,067,196,178	141,235,371,839
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	11(a)	2,359,117,075	4,275,010,476
<b>Subordinated non-convertible zero coupon bonds</b>	11(aa)	599,998,411	599,998,411
<b>Deposits and other accounts</b>	12(a)	133,682,889,808	110,175,528,580
Current/Al-wadeeah current accounts and other accounts		17,318,034,961	14,844,632,927
Bills payable		1,667,720,280	1,502,901,195
Savings bank/Mudaraba savings bank deposits		12,827,249,596	10,613,363,599
Fixed deposits/Mudaraba fixed deposits		101,869,884,971	83,214,630,859
Bearer certificates of deposit		-	-
Other deposits		-	-
<b>Other liabilities</b>	13(a)	13,867,771,828	13,070,669,484
<b>Total liabilities</b>		150,509,777,122	128,121,206,951
<b>Capital/shareholders' equity</b>			
Total shareholders' equity		14,557,419,056	13,114,164,888
Paid-up capital	14.2	6,936,323,590	6,305,748,720
Share premium		330	330
Statutory reserve	15	4,208,075,877	3,503,958,171
Revaluation reserve	16(a)	2,705,391,603	2,592,675,837
General reserves		8,166,144	8,166,144
Retained earnings	17(a)	699,449,908	703,603,495
Non-controlling (minority) interest	17(b)	11,604	12,191
<b>Total liabilities and shareholders' equity</b>		165,067,196,178	141,235,371,839

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>	18	67,164,264,930	59,215,736,602
Acceptances and endorsements		22,488,214,073	24,478,480,979
Letters of guarantee		17,820,912,163	9,877,524,764
Irrevocable letters of credit		17,909,992,216	16,854,877,413
Bills for collection		8,945,146,478	8,004,853,446
Other contingent liabilities		-	-
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		<b>67,164,264,930</b>	<b>59,215,736,602</b>

See annexed notes, for Bank Asia Limited



Chairman



Director



Director



Director



President and Managing Director



Auditors  
S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani, Dhaka-1213  
Dated, March 05, 2014

## CONSOLIDATED

**PROFIT AND LOSS STATEMENT**

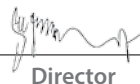
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Amount in Taka	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>OPERATING INCOME</b>			
Interest income	20(a)	14,718,904,894	13,888,800,933
Interest paid on deposits and borrowings, etc	21(a)	(11,675,083,980)	(10,182,880,501)
<b>Net interest income</b>		<b>3,043,820,914</b>	<b>3,705,920,432</b>
Investment income	22(a)	3,055,009,284	1,840,646,106
Commission, exchange and brokerage	23(a)	1,912,082,603	1,881,617,259
Other operating income	24(a)	504,516,651	456,577,293
		5,471,608,538	4,178,840,658
<b>Total operating income (A)</b>		<b>8,515,429,452</b>	<b>7,884,761,090</b>
<b>OPERATING EXPENSES</b>			
Salaries and allowances	25(a)	1,487,461,781	1,322,836,874
Rent, taxes, insurance, electricity, etc	26(a)	388,742,958	346,012,541
Legal expenses	27(a)	9,144,734	7,470,346
Postage, stamp, telecommunication, etc	28(a)	68,512,059	57,517,258
Stationery, printing, advertisements, etc	29(a)	70,553,652	71,173,902
Managing Director's salary and fees	30	13,000,000	12,200,000
Directors' fees	31(a)	1,840,750	2,190,240
Auditors' fees	32(a)	1,956,800	1,930,785
Depreciation and repairs of Bank's assets	33(a)	387,349,133	347,908,531
Other expenses	34(a)	786,170,032	705,479,815
<b>Total operating expenses (B)</b>		<b>3,214,731,899</b>	<b>2,874,720,292</b>
<b>Profit before provision (C=A-B)</b>		<b>5,300,697,553</b>	<b>5,010,040,798</b>
Provision for loans and advances/investments			
General provision		49,000,849	15,174,646
Specific provision		1,519,802,819	2,075,183,808
		1,568,803,668	2,090,358,454
Provision for off-balance sheet items		79,485,283	130,572,366
Provision for diminution in value of investments	34(c)	247,053,414	100,220,768
Other provisions		-	7,877,361
<b>Total provision (D)</b>		<b>1,895,342,365</b>	<b>2,329,028,949</b>
<b>Total profit before tax (C-D)</b>		<b>3,405,355,188</b>	<b>2,681,011,849</b>
Provision for taxation			
Current tax	13.4.1(a)	2,055,629,854	1,804,625,023
Deferred tax	13.4.2(a)	19,186,932	26,445,459
		2,074,816,786	1,831,070,482
<b>Net profit after tax</b>		<b>1,330,538,402</b>	<b>849,941,367</b>
<b>Appropriations</b>			
Statutory reserve	15	704,117,706	544,599,399
General reserve		-	-
		704,117,706	544,599,399
<b>Retained surplus</b>		<b>626,420,696</b>	<b>305,341,968</b>
<b>Attributable to:</b>			
Equity holders of Bank Asia Limited		626,421,283	305,340,948
Non-controlling (minority) interest		(587)	1,020
		626,420,696	305,341,968
<b>Earnings Per Share (EPS)</b>	37(a)	1.92	1.23

See annexed notes, for Bank Asia Limited



Chairman



Director



Director



Director



President and Managing Director



Auditors  
S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani, Dhaka-1213  
Dated, March 05, 2014



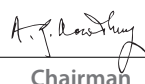
## CONSOLIDATED

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Amount in Taka	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>Cash flows from operating activities (A)</b>			
Interest receipts		16,971,625,817	14,650,869,920
Interest payments		(11,662,030,769)	(10,164,442,793)
Fees and commission receipts		1,912,082,603	1,881,617,259
Cash payment to employees		(1,455,244,654)	(1,172,836,874)
Cash payment to suppliers		(142,189,633)	(134,592,764)
Income tax paid		(2,221,014,583)	(1,614,561,904)
Receipts from other operating activities	35 (a)	683,238,602	897,957,106
Payments for other operating activities	36 (a)	(2,346,233,760)	(1,092,167,921)
<b>Operating profit before changes in operating assets &amp; liabilities</b>		<b>1,740,233,623</b>	<b>3,251,842,029</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans and advances to customers		(14,532,136,365)	(9,979,709,207)
Other assets		197,172,716	(552,228,677)
Deposits from customers		23,507,361,228	14,938,972,076
Trading liabilities		(359,393,401)	3,048,267,191
Other liabilities		(29,143,504)	(94,131,807)
<b>Net increase in operating liabilities</b>		<b>8,783,860,674</b>	<b>7,361,169,576</b>
<b>Net cash from operating activities</b>		<b>10,524,094,297</b>	<b>10,613,011,605</b>
<b>Cash flows from investing activities (B)</b>			
Investments in treasury bills, bonds and others		(11,000,845,184)	(8,125,466,733)
Sale/ (Purchase) of trading securities		2,151,875,814	(1,064,329,054)
Purchase of fixed assets		(1,120,518,175)	(244,948,397)
<b>Net cash used in investing activities</b>		<b>(9,969,487,545)</b>	<b>(9,434,744,184)</b>
<b>Cash flows from financing activities (C)</b>			
Payment for finance lease		(2,035,865)	(16,601,538)
Subordinated Non-Convertible Zero Coupon Bond		-	599,998,411
<b>Net cash from/(used) in financing activities</b>		<b>(2,035,865)</b>	<b>583,396,873</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>552,570,887</b>	<b>1,761,664,294</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>10,529,761,537</b>	<b>8,768,097,243</b>
<b>Cash and cash equivalents at end of the year</b>		<b>11,082,332,424</b>	<b>10,529,761,537</b>
<b>Cash and cash equivalents:</b>			
Cash		1,623,748,920	1,164,965,704
Balance with Bangladesh Bank and its agent bank(s)		8,086,876,741	5,430,706,023
Balance with other banks and financial institutions		1,368,921,853	3,710,892,710
Money at call and on short notice		-	220,000,000
Prize bonds		2,784,910	3,197,100
		<b>11,082,332,424</b>	<b>10,529,761,537</b>

See annexed notes, for Bank Asia Limited



Chairman



Director



Director



Director



President and Managing Director



S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani, Dhaka-1213  
Dated, March 05, 2014

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

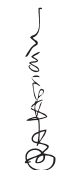
Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Share premium	Revaluation reserve	General reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 01 January 2012	5,254,790,600	2,959,358,772	330	2,934,436,025	8,166,144	1,449,223,838	12,605,975,709	10,000	12,605,985,709
Transferred during the year	-	544,599,399	-	-	-	(544,599,399)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	-	(341,760,188)	-	-	(341,760,188)	-	(341,760,188)
Issue of bonus shares	1,050,958,120	-	-	-	-	(1,050,958,120)	-	-	-
Issue of right shares	-	-	-	-	-	-	-	-	-
Dividend paid to Minority interest	-	-	-	-	-	-	-	(2,000)	(2,000)
Non-controlling interest on retained earnings	-	-	-	-	-	-	-	3,162	3,162
Net profit for the year	-	-	-	-	-	849,937,176	849,937,176	1,029	849,938,205
<b>Balance at 31 December 2012</b>	<b>6,305,748,720</b>	<b>3,503,958,171</b>	<b>330</b>	<b>2,592,675,837</b>	<b>8,166,144</b>	<b>703,603,495</b>	<b>13,114,152,697</b>	<b>12,191</b>	<b>13,114,164,888</b>
Transferred during the period	-	704,117,706	-	-	-	(704,117,706)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	-	112,715,766	-	-	112,715,766	-	112,715,766
Issue of bonus shares	630,574,870	-	-	-	-	(630,574,870)	-	-	-
Net profit for the year	-	-	-	-	-	1,330,538,989	1,330,538,989	(587)	1,330,538,402
<b>Balance at 31 December 2013</b>	<b>6,936,323,590</b>	<b>4,208,075,877</b>	<b>330</b>	<b>2,705,391,603</b>	<b>8,166,144</b>	<b>699,449,908</b>	<b>14,557,407,452</b>	<b>11,604</b>	<b>14,557,419,056</b>

For Bank Asia Limited

  
Chairman

  
Director

  
Director

  
Director

  
President and Managing Director



Auditors  
S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani, Dhaka-1213  
Dated, March 05, 2014

# BALANCE SHEET

AT 31 DECEMBER 2013

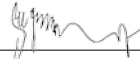
	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	4	9,708,569,284	6,593,971,845
In hand (including foreign currencies)	4.1	1,621,692,543	1,163,265,822
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	8,086,876,741	5,430,706,023
<b>Balance with other banks and financial institutions</b>	5	1,362,883,245	3,703,560,536
In Bangladesh	5.1	1,325,297,321	1,922,508,491
Outside Bangladesh	5.2	37,585,924	1,781,052,045
<b>Money at call and on short notice</b>	6	-	220,000,000
<b>Investments</b>	7	33,933,356,023	25,114,904,514
Government		30,512,642,417	19,511,797,233
Others		3,420,713,606	5,603,107,281
<b>Loans and advances/investments</b>	8	104,911,261,053	92,328,818,525
Loans, cash credits, overdrafts, etc/investments		101,074,736,530	88,105,182,365
Bills purchased and discounted		3,836,524,523	4,223,636,160
<b>Fixed assets including premises, furniture and fixtures</b>	9	5,288,348,327	4,520,492,208
<b>Other assets</b>	10	8,573,325,470	7,879,626,940
<b>Non - banking assets</b>		-	-
<b>Total assets</b>		163,777,743,402	140,361,374,568
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	11	1,944,757,246	3,825,000,476
<b>Subordinated non-convertible zero coupon bonds</b>	11 aa	599,998,411	599,998,411
<b>Deposits and other accounts</b>	12	133,489,374,641	110,061,775,383
Current/Al-wadeeah current accounts and other accounts		17,124,519,794	14,730,879,730
Bills payable		1,667,720,280	1,502,901,195
Savings bank/Mudaraba savings bank deposits		12,827,249,596	10,613,363,599
Fixed deposits/Mudaraba fixed deposits		101,869,884,971	83,214,630,859
Bearer certificates of deposit		-	-
Other deposits		-	-
<b>Other liabilities</b>	13	13,125,909,087	12,829,429,952
<b>Total liabilities</b>		149,160,039,385	127,316,204,222
<b>Capital/shareholders' equity</b>			
<b>Total shareholders' equity</b>		14,617,704,017	13,045,170,346
Paid-up capital	14.2	6,936,323,590	6,305,748,720
Share premium		330	330
Statutory reserve	15	4,208,075,877	3,503,958,171
Revaluation reserve	16	2,705,391,603	2,592,675,837
General reserves		8,166,144	8,166,144
Retained earnings	17	759,746,473	634,621,144
<b>Total liabilities and shareholders' equity</b>		163,777,743,402	140,361,374,568

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>	18	67,164,264,930	59,215,736,602
Acceptances and endorsements		22,488,214,073	24,478,480,979
Letters of guarantee		17,820,912,163	9,877,524,764
Irrevocable letters of credit		17,909,992,216	16,854,877,413
Bills for collection		8,945,146,478	8,004,853,446
Other contingent liabilities		-	-
<b>Other commitments</b>		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		<b>67,164,264,930</b>	<b>59,215,736,602</b>

See annexed notes, for Bank Asia Limited



Chairman



Director



Director



Director



President and Managing Director



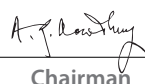
Auditors  
S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani, Dhaka-1213  
Dated, March 05, 2014

# PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Amount in Taka	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>OPERATING INCOME</b>			
<b>Interest income</b>	20	14,346,305,946	13,296,056,631
Interest paid on deposits and borrowings, etc	21	(11,166,022,060)	(9,616,349,333)
<b>Net interest income</b>		3,180,283,886	3,679,707,298
Investment income	22	3,053,795,319	1,930,644,106
Commission, exchange and brokerage	23	1,801,303,009	1,760,313,609
Other operating income	24	497,738,396	450,010,835
		5,352,836,724	4,140,968,550
<b>Total operating income (A)</b>		8,533,120,610	7,820,675,848
<b>OPERATING EXPENSES</b>			
Salaries and allowances	25	1,448,943,946	1,281,947,224
Rent, taxes, insurance, electricity, etc	26	370,253,838	326,555,893
Legal expenses	27	8,863,980	7,050,981
Postage, stamp, telecommunication, etc	28	64,863,116	53,917,490
Stationery, printing, advertisements, etc	29	69,798,722	70,023,477
Managing Director's salary and fees	30	13,000,000	12,200,000
Directors' fees	31	1,720,000	2,003,240
Auditors' fees	32	1,090,550	1,064,535
Depreciation and repairs of Bank's assets	33	379,304,597	338,464,389
Other expenses	34	759,520,827	675,643,443
<b>Total operating expenses (B)</b>		3,117,359,576	2,768,870,672
<b>Profit before provision (C=A-B)</b>		5,415,761,034	5,051,805,176
Provision for loans and advances/investments			
General provision		49,000,849	15,174,646
Specific provision		1,519,802,819	2,075,183,808
		1,568,803,668	2,090,358,454
Provision for off-balance sheet items		79,485,283	130,572,366
Provision for diminution in value of investments		246,883,553	100,000,000
Other provisions		-	7,877,361
<b>Total provision (D)</b>		1,895,172,504	2,328,808,181
<b>Total profit before tax (C-D)</b>		3,520,588,530	2,722,996,995
Provision for taxation			
Current tax	13.4.1	2,041,583,693	1,788,554,541
Deferred tax	13.4.2	19,186,932	26,445,459
		2,060,770,625	1,815,000,000
<b>Net profit after tax</b>		1,459,817,905	907,996,995
<b>Appropriations</b>			
Statutory reserve	15	704,117,706	544,599,399
General reserve		-	-
		704,117,706	544,599,399
<b>Retained surplus</b>		755,700,199	363,397,596
<b>Earnings Per Share (EPS)</b>	37	2.10	1.31

See annexed notes, for Bank Asia Limited


  
Chairman

  
Director

  
Director

  
Director

  
President and Managing Director

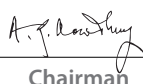
  
Auditors  
S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani, Dhaka-1213  
Dated, March 05, 2014

# CASH FLOW STATEMENT

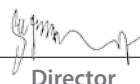
AT 31 DECEMBER 2013

	Notes	Amount in Taka	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>Cash flows from operating activities (A)</b>			
Interest receipts		16,558,158,931	14,058,125,618
Interest payments		(11,152,968,849)	(9,597,911,625)
Fees and commission receipts		1,801,303,009	1,760,313,609
Cash payment to employees		(1,416,726,819)	(1,131,947,224)
Cash payment to suppliers		(141,434,703)	(134,592,764)
Income tax paid		(2,206,968,422)	(1,614,561,904)
Receipts from other operating activities	35	675,246,382	991,168,994
Payments for other operating activities	36	(1,209,233,751)	(1,061,834,044)
<b>Operating profit before changes in operating assets &amp; liabilities</b>		<b>2,907,375,778</b>	<b>3,268,760,660</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans and advances to customers		(12,582,442,528)	(9,421,195,123)
Other assets (Investment in subsidiaries need to be segregated)		198,987,567	(524,875,620)
Deposits from customers		23,427,599,258	14,927,193,296
Trading liabilities		(1,880,243,230)	2,598,257,191
Other liabilities		(12,093,188)	(167,287,948)
<b>Net increase in operating liabilities</b>		<b>9,151,807,879</b>	<b>7,412,091,796</b>
<b>Net cash from operating activities (A)</b>		<b>12,059,183,657</b>	<b>10,680,852,456</b>
<b>Cash flows from investing activities (B)</b>			
Investments in treasury bills, bonds and others		(11,003,630,094)	(8,125,466,733)
Sale/(Purchase) of trading securities		2,176,093,675	(1,038,926,592)
Purchase of fixed assets		(1,119,603,415)	(244,124,176)
Investments in subsidiaries		(1,556,500,000)	-
<b>Net cash used in investing activities</b>		<b>(11,503,639,834)</b>	<b>(9,408,517,501)</b>
<b>Cash flows from financing activities (C)</b>			
Payment for finance lease		(2,035,865)	(16,601,538)
Subordinated non-convertible zero coupon bonds		-	599,998,411
<b>Net cash from/(used) in financing activities</b>		<b>(2,035,865)</b>	<b>583,396,873</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>553,507,958</b>	<b>1,855,731,828</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>			
		-	-
<b>Cash and cash equivalents at the beginning of the year</b>		<b>10,520,729,481</b>	<b>8,664,997,653</b>
<b>Cash and cash equivalents at end of the year</b>		<b>11,074,237,439</b>	<b>10,520,729,481</b>
<b>Cash and cash equivalents:</b>			
Cash		1,621,692,543	1,163,265,822
Balance with Bangladesh Bank and its agent bank(s)		8,086,876,741	5,430,706,023
Balance with other banks and financial institutions		1,362,883,245	3,703,560,536
Money at call and on short notice		-	220,000,000
Prize bonds		2,784,910	3,197,100
		<b>11,074,237,439</b>	<b>10,520,729,481</b>

See annexed notes, for Bank Asia Limited



Chairman



Director



Director



Director



President and Managing Director



Auditors  
S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani, Dhaka-1213  
Dated, March 05, 2014

# STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2013

Particulars	Amount in Taka							Total
	Paid-up capital	Statutory reserve	Share premium	Revaluation reserve	General reserve	Retained earnings		
Balance at 01 January 2012	5,254,790,600	2,959,358,772	330	2,934,436,025	8,166,144	1,322,181,668	12,478,933,539	
Statutory reserve	-	544,599,399	-	-	-	(544,599,399)	-	
Revaluation reserve	-	-	-	(341,760,188)	-	-	(341,760,188)	
Issue of bonus shares	1,050,958,120	-	-	-	-	(1,050,958,120)	-	
Issue of right shares	-	-	-	-	-	-	-	
Net profit for the year	-	-	-	-	-	907,996,995	907,996,995	
<b>Balance at 31 December 2012</b>	<b>6,305,748,720</b>	<b>3,503,958,171</b>	<b>330</b>	<b>2,592,675,837</b>	<b>8,166,144</b>	<b>634,621,144</b>	<b>13,045,170,346</b>	
Balance at 01 January 2013	6,305,748,720	3,503,958,171	330	2,592,675,837	8,166,144	634,621,144	13,045,170,346	
Statutory reserve	-	704,117,706	-	-	-	(704,117,706)	-	
Revaluation reserve	-	-	-	112,715,766	-	-	112,715,766	
Issue of bonus shares	630,574,870	-	-	-	-	(630,574,870)	-	
Issue of right shares	-	-	-	-	-	-	-	
Net profit for the year	-	-	-	-	-	1,459,817,905	1,459,817,905	
<b>Balance at 31 December 2013</b>	<b>6,936,323,590</b>	<b>4,208,075,877</b>	<b>330</b>	<b>2,705,391,603</b>	<b>8,166,144</b>	<b>759,746,473</b>	<b>14,617,704,017</b>	

For Bank Asia Limited



Chairman



Director



Director



Director



President and Managing Director



Auditors

S. F. AHMED &amp; CO

Chartered Accountants

House-51, Road-9, Block-F, Banani, Dhaka-1213

Dated, March 05, 2014

# LIQUIDITY STATEMENT (ANALYSIS OF MATURITY OF ASSETS AND LIABILITIES)

AT 31 DECEMBER 2013

Amount in Taka

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
<b>Assets</b>						
Cash in hand and with banks	2,603,669,284	-	-	-	7,104,900,000	9,708,569,284
Balance with other banks and financial institutions	712,883,245	-	650,000,000	-	-	1,362,883,245
Money at call and on short notice	-	-	-	-	-	-
Investments	17,841,500,000	743,140,750	1,146,327,678	205,587,595	14,005,800,000	33,933,356,023
Loans and advances	20,865,230,272	19,142,002,638	30,743,944,056	26,156,922,584	8,003,161,503	104,911,261,053
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,288,348,327	5,288,348,327
Other assets	766,939,070	179,631,341	5,379,985,777	160,179,282	2,086,590,000	8,573,325,470
Non-banking assets	-	-	-	-	-	-
<b>Total Assets (A)</b>	<b>42,790,221,871</b>	<b>20,055,774,729</b>	<b>37,920,257,511</b>	<b>26,522,689,461</b>	<b>36,488,799,830</b>	<b>163,777,743,402</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,924,757,246	-	-	619,998,411	-	2,544,755,657
Deposits	28,682,743,578	29,183,449,862	30,205,135,698	25,254,066,907	20,163,978,596	133,489,374,641
Provision and other liabilities	596,498,831	15,367,826	-	58,332,574	12,455,709,856	13,125,909,087
<b>Total Liabilities (B)</b>	<b>31,203,999,655</b>	<b>29,198,817,688</b>	<b>30,205,135,698</b>	<b>25,932,397,892</b>	<b>32,619,688,452</b>	<b>149,160,039,385</b>
<b>Net Liquidity Excess/(Shortage) (A-B)</b>	<b>11,586,222,216</b>	<b>(9,143,042,959)</b>	<b>7,715,121,813</b>	<b>590,291,569</b>	<b>3,869,111,378</b>	<b>14,617,704,017</b>

For Bank Asia Limited



Chairman



Director



Director



Director



President and Managing Director

Auditors

S. F. AHMED &amp; CO

Chartered Accountants

House-51, Road-9, Block-F, Banani, Dhaka-1213

Dated, March 05, 2014



# NOTES TO FINANCIAL STATEMENTS

AT 31 DECEMBER 2013

## 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 Banking Companies 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 86 branches, 6 SME centres and 90 own ATM booths. The Bank has two subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh and BA Exchange Company (UK) Limited incorporated in United Kingdom. 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 (2nd to 6th Floors), 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 Bank Asia Securities Limited

Bank Asia Securities Limited, a fully 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 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 sell 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.

### 1.4 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 wholly owned subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.

### 1.5 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.

### 1.6 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.

### 1.7 BA Express USA, Inc (Proposed)

Bank Asia has obtained license for BA Express USA, Inc from New York State Department of Financial Services. Hopefully, during the second quarter of 2014, this 100% owned subsidiary will be able to start its operation in USA.

## 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 Banking Companies Act 1991 as amended by BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BAS), etc. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Banking Companies Act 1991
- ii. Companies Act 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. Bangladesh Securities and Exchange Rules 1987
- v. Bangladesh Securities and Exchange Ordinance 1969
- vi. Bangladesh Securities and Exchange Commission Act 1993
- vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2006
- viii. Income Tax Ordinance and Rules 1984
- ix. Value Added Tax Act 1991
- x. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh (CDBL) rules and regulations.

### 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.

### 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 Exchange Company (UK) Limited are US Dollar and UK Pound respectively. 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".

Assets and liabilities in foreign currencies as at December 31, 2013 have been converted into Taka currency at the notional rate determined by the Bank.

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.

#### 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 notional 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:

- assets and liabilities for each statement of Balance Sheet have been translated at the notional rate on the date of Balance sheet.
- income and expenses for Profit and Loss Statement have been translated at notional rate; and
- 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 two subsidiary companies namely, Bank Asia Securities Limited operating in Bangladesh and BA Exchange Company (UK) Limited operating in United Kingdom.

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 period ended on December 31, 2013.

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 Subsidiary

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 two subsidiary companies as detailed below:

Name of Subsidiary	Ownership	Date of Commercial Operation	Country of Operation	Status	Regulator
Bank Asia Securities Limited	99.99%	17.04.2011	Bangladesh	Majority Owned	BSEC, Bangladesh
BA Exchange Company (UK) Limited	100%	16.05.2011	United Kingdom	Wholly Owned	FSA, UK

## 2.6 Cash flow statement

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

## 2.7 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with 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 policy 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 & bonds) are initially recognized at purchase price excluding commission and accrued coupon interest. Investments are segregated in two broad categories. These are held to maturity (HTM) and held for trading (HFT).

#### Held to maturity

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

#### Held for trading

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

#### Revaluation

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

Government treasury bills and bonds (HFT)	At present value (using marked to market concept)
Government treasury bills and bonds (HTM)	At present value (using amortisation concept)
Zero coupon bonds	At present value (using amortisation concept)
Prize bonds and other bonds	At cost
Debentures	At cost
Unquoted shares (ordinary)	At lower of cost and book value
Quoted shares (ordinary)	At lower of cost and market value at balance sheet date.

### 3.1.3 Investment in listed securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But provision 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" and BFRS 3 "Business Combination".

### 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.

- c) Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- d) Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 5 dated May 29, 2013, 14 dated September 23, 2012, 16 of dated December 06, 1998, 9 of May 14, 2001, 9 and 10 of August 20, 2005, 5 of June 05, 2006, 8 of August 07, 2007, 10 of September 18, 2007, 5 of April 29, 2008 and 32 of October 27, 2010.

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

Types of loans and advances	Provision					
	UC	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		5%	-	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

- e) Loans and advances/investments are written off as per guidelines of Bangladesh Bank. These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

### 3.1.7 Impairment of Financial Assets

At each balance sheet date, Bank Asia Limited assesses whether there is objective evidence that a financial asset or a group of financial assets ie, 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:

- its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates
- 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. In case of acquisition of fixed assets, depreciation is charged in the year of acquisition, whereas depreciation on disposed off fixed assets is charged up to the year prior to the year of disposal. Asset category-wise depreciation rates are as follows:

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

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".

#### 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 Fixed Assets, in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard. No impairment loss was recognized up to the reporting period as there were no such indication existed as on Balance Sheet date.

#### 3.1.11 Investment properties

- 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.
- 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 and fixed 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 Banking Companies Act 1991 until such reserve equal to its paid-up capital together with the share premium. Statutory reserve transferred in yearly basis.

### Revaluation reserve

Revaluation reserve arises from the revaluation of Treasury bills and bonds (HFT & 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.

### 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. Stock of traveller's cheques, value of savings certificates (sanchaya patra), etc fall under the memorandum items.

### 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 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 as per provisional rate.

#### 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. Actuarial valuation is not considered essential since amount payable at the date of balance sheet is recognised and accounted for as at that date based on actual rate.

### 3.7.3 Superannuation Fund

The Bank operates a superannuation fund for which provision is made annually covering all its eligible employees. The fund is operated by a separate Board of Trustees.

### 3.7.4 Hospitalisation insurance

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

## 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 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 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 Leases

Upon initial recognition, the leased asset is measured at the amount equal to the lower of its fair value and the present value of the minimum lease payment. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

## 3.12 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 December 31, 2013 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings Per Share". EPS for comparative period also restated by the bonus share issued for the year 2012. Details are shown 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 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.

**3.13 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.

**3.14 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 II. 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:

SI	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		Strategic Risk	Pillar –II
14		Pension Obligation Risk	Pillar –II
15		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.

Accordingly the bank has various high powered committees to monitor and ensure smooth risk management activities. For example, Management Committee (MANCOM), 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 Unit (RMU), 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 RMU 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

Similar to credit risk, RMU is in the process of implementation of Value-at-Risk (VaR) to assess the 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.

The RMU 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 & 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 Unit. 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 munication Technology Risk :** Bank Asia Limited follows the guideline stated in DFIM circular no. 6 dated 21 June 2010 regarding "Guideline on ICT Security for Banks and Financial Institutions, April 2010". IT management deals with IT policy documentation, internal IT audit, training etc. The core objective of IT management is to achieve the highest levels of technology service quality and minimize possible operational risk. Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data. IT department has controls over Password, User ID maintenance, input control, network security, virus protection, internet and e-mail. Data centre has been set up and disaster recovery plan has been formulated as part of Business Continuity Planning (BCP).

**All other risk management:** These are risks that are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risk under Basel II. The Risk Management Unit is primarily responsible for assessing and developing controls for managing these risks. In order to do so the RMU 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 RMU of the bank is reporting these risks to senior management (through RMU meeting, Board and Audit Committee reporting); which are ultimately aiding the bank to allocate adequate capital in line with Basel II requirement and at the same time implant active strategies to precisely manage all potential risks of the bank.

### 3.15 Events after Reporting Period

As per BAS -10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are 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).

### 3.16 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.

### 3.17 Directors' responsibilities on statement

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

### 3.18 Segment Reporting

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

- 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)
- 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
- for which discrete financial information is available.

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

### 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
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
Consolidated and Separate Financial Statements	BAS-27	N/A

Name of the standards	Ref.	Status
Investments in Associates	BAS-28	Complied
Interests in Joint Ventures	BAS-31	N/A
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 05 March 2014.

### 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.

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>4 CASH</b>			
<b>4.1 In hand</b>			
Conventional and Islamic banking:			
Local currency		1,610,300,083	1,151,790,672
Foreign currencies		11,392,460	11,475,150
		1,621,692,543	1,163,265,822
Off-shore banking unit		-	-
		1,621,692,543	1,163,265,822
<b>4.1(a) Consolidated cash in hand</b>			
Bank Asia Limited		1,621,692,543	1,163,265,822
Bank Asia Securities Limited		14,857	78,740
BA Exchange Company (UK) Limited		2,041,520	1,621,142
		1,623,748,920	1,164,965,704
<b>4.2 Balance with Bangladesh Bank and its agent bank</b>			
Conventional and Islamic banking :			
Balance with Bangladesh Bank			
Local currency (statutory deposit)		7,949,014,646	5,224,908,621
Foreign currencies		95,017,949	121,390,059
		8,044,032,595	5,346,298,680
Balance with agent bank (Sonali Bank Limited)			
Local currency		42,844,146	84,407,343
Foreign currencies		-	-
		42,844,146	84,407,343
		8,086,876,741	5,430,706,023
Off-shore banking unit		-	-
		8,086,876,741	5,430,706,023
<b>4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank</b>			
Bank Asia Limited		8,086,876,741	5,430,706,023
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		8,086,876,741	5,430,706,023
<b>4.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)</b>			

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Banking Companies Act 1991, BRPD circular nos. 11 and 12, dated 25 August 2005 and MPD 4 & 5 dated 1 December 2010.

The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6% has been calculated and maintained with Bangladesh Bank in local currency and 19% (11.5% for Islamic Banking) Statutory Liquidity Ratio, including CRR, on the same liabilities has also

Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012

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:

#### 4.3.1 Cash Reserve Requirement (CRR)

##### Conventional Banking

As per Bangladesh Bank MPD Circular No. 04 dated December 01, 2010, Bank has to maintain CRR @ 6% on fortnightly cumulative average basis and minimum @ 5.5% on daily basis.

<b>i. Daily Bank's CRR maintenance:</b>		
Required reserve (5.5 % on Demand and Time Liabilities)	6,512,848,276	5,573,700,000
Actual reserve maintained	7,733,746,000	6,527,678,000
Surplus	1,220,897,724	953,978,000
<b>ii. Fortnightly Bank's CRR maintenance:</b>		
Required reserve (6% of Demand and Time Liabilities)	7,104,925,392	6,080,400,000
Actual reserve maintained (average)	7,179,982,000	6,138,738,765
Surplus	75,056,608	58,338,765
<b>Islamic Banking</b>		
<b>i. Daily Bank's CRR maintenance:</b>		
Required reserve (5.5% Demand and Time Liabilities)	188,830,090	112,702,141
Actual reserve maintained	207,209,000	132,735,000
<b>Surplus</b>	18,378,910	20,032,859
<b>ii. Fortnightly Bank's CRR maintenance:</b>		
Required reserve (6% of Demand and Time Liabilities)	205,996,460	122,947,790
Actual reserve maintained (Average)	207,221,941	137,804,706
<b>Surplus</b>	1,225,481	14,856,916

#### 4.3.2 Statutory Liquidity Ratio (SLR)

##### Conventional Banking

19% of Average Demand and Time Liabilities including 6% of CRR :		
Required reserve (including CRR)	22,498,930,408	19,254,527,710
Actual reserve maintained (including CRR)	37,699,127,770	25,036,754,770
Surplus	15,200,197,362	5,782,227,060
<b>Islamic Banking</b>		
11.5% of Average Demand and Time Liabilities including 6% of CRR :		
Required reserve (including CRR)	394,826,560	235,649,920
Actual reserve maintained (including CRR)	418,042,000	266,083,514
<b>Surplus</b>	23,215,440	30,433,594
	15,223,412,802	5,812,660,654



	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>4.3.3 Held for Statutory Liquidity Ratio</b>			
<b>Conventional Banking</b>			
Cash in hand		1,447,540,000	1,011,104,000
Balance with Bangladesh Bank		7,733,746,000	6,527,678,000
Balance with agent bank (Sonali Bank Limited)		41,355,770	84,378,490
Government securities		28,468,701,090	17,352,896,919
Other securities		7,784,910	60,697,361
		37,699,127,770	25,036,754,770
<b>Islamic Banking</b>			
Cash in hand		23,333,000	20,948,341
Balance with Bangladesh Bank		207,209,000	132,735,173
Balance with agent bank (Sonali Bank Limited)		-	-
Government securities		187,500,000	112,400,000
Other securities		-	-
		418,042,000	266,083,514
		38,117,169,770	25,302,838,284

## 5. BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

### In Bangladesh

Conventional and Islamic banking (Note 5.1.1)	1,325,297,321	1,922,508,491
Off-shore banking unit	-	-
	1,325,297,321	1,922,508,491

### Outside Bangladesh

Conventional and Islamic banking (Note 5.2.1)	30,350,600	1,612,386,531
Off-shore banking unit	7,235,324	168,665,514
	37,585,924	1,781,052,045
	1,362,883,245	3,703,560,536

## 5.1 In Bangladesh

### 5.1.1 Conventional and Islamic banking

#### Current accounts

AB Bank Limited	41,480	41,480
Agrani Bank Limited	826,280	826,280
National Bank Limited	752,918	942,964
Sonali Bank Limited	61,252,979	78,833
Standard Chartered Bank	366,707	9,627,210
Prime Bank Limited	-	308
Trust Bank Limited	(34,602,703)	2,199,438
	28,637,661	13,716,513

#### Short-notice deposit accounts

BRAC Bank Limited	4,685,599	2,578,694
AB Bank Limited	489,190	476,196
Islami Bank Bangladesh Limited	160,042	154,902
Rupali Bank Limited	-	3,000,000
Uttara Bank Limited	1,771,057	2,582,186
	7,105,888	8,791,978

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>Fixed deposit accounts/ MTD</b>			
Islamic Finance and Investment Limited		100,000,000	30,000,000
Hajj Finance Company Limited		150,000,000	150,000,000
Shahjalal Islami Bank Limited		-	300,000,000
Southeast Bank Limited		200,000,000	200,000,000
The Premier Bank Limited		200,000,000	400,000,000
Social Islamic Bank Limited		-	400,000,000
Al-Arafah Islami Bank limited		439,553,772	420,000,000
Union Bank Limited		200,000,000	-
		1,289,553,772	1,900,000,000
		1,325,297,321	1,922,508,491

## 5.2 Outside Bangladesh

### 5.2.1 Conventional and Islamic banking

#### Current accounts

##### Interest bearing :

Citibank N.A., London (EURO)	752,522	455,373
Citibank N.A., London (GBP)	319,791	608,664
Citibank NA, New York (USD)	150,771	1,474,729,557
Habib American Bank, New York	6,913	45,396,454
Mashreqbank psc, New York	1,816,270	159,396
National Westminster Bank plc, London	125,970	38,914
Standard Chartered Bank, Mumbai	1,900,097	6,269,456
Standard Chartered Bank, New York	495,162	833,635
	5,567,496	1,528,491,449

#### Non-interest bearing :

AB Bank Limited, Mumbai	41,091	272,639
Bhutan National Bank Limited, Thimphu	702,167	2,367,047
Canadian Imperial Bank of Commerce	-	78,962
Commerzbank AG, Frankfurt	1,813,503	4,061,850
Credit Suisse First Boston, Zurich	-	700,808
Habib Metropolitan Bank Limited, Karachi	1,688,249	14,061,176
HSBC Australia Limited, Sydney	25,493	433,319
HSBC, New York	3,542,797	566,725
Hypo Vereinsbank, Munich	46,932	334,924
ICICI Bank Limited, Kowloon	891,184	13,661,055
ICICI Bank Limited, Mumbai	993,418	320,056
Muslim Commercial Bank Limited, Colombo	2,751,569	6,878,066
Muslim Commercial Bank Limited, Karachi	3,719,191	2,770,887
Nepal Bangladesh Bank Limited, Kathmandu	2,012,529	3,589,373
UBAF, Tokyo	1,388,798	786,521
Sonali Bank (UK) Limited, London	282,710	1,851,521
Wachovia Bank N.A, New York	82,119	199,254
JP Morgan Chase Bank N.A New York, U.S.A	1,290,761	294,219
Al Rajhi Bank K.S.A	1,988,360	18,260,000
Saudi Hollandi K.S.A	109,714	5,939,857

Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
Wachovia Bank, London	54,819	6,466,823
Zurcher Kantonal Bank, Switzerland	339,950	-
Habib Bank UK, London	650,000	-
National Australia Bank Limited	92,750	-
Casise Centrale Desjardins	275,000	-
	24,783,104	83,895,082
	30,350,600	1,612,386,531

### 5.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	712,883,245	1,803,560,536
More than 1 month but not more than 3 months	-	250,000,000
More than 3 months but not more than 6 months	650,000,000	1,450,000,000
More than 6 months but not more than 1 year	-	200,000,000
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	1,362,883,245	3,703,560,536

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

<b>In Bangladesh</b>		
Bank Asia Limited	1,325,297,321	1,922,508,491
Bank Asia Securities Limited	6,302,861	2,642,694
BA Exchange Company (UK) Limited	-	-
	1,331,600,182	1,925,151,185
Less: Inter-company transactions	1,449,463	1,058,948
	1,330,150,719	1,924,092,237
<b>Outside Bangladesh</b>		
Bank Asia Limited	37,585,924	1,781,052,045
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	1,185,210	5,748,428
	38,771,134	1,786,800,473
	1,368,921,853	3,710,892,710

## 6 MONEY AT CALL AND ON SHORT NOTICE

### Call money

With Banking companies (Note 6.1)	-	220,000,000
With Non-banking financial institutions	-	-
	-	220,000,000

### 6.1 Call Money- with Banking companies:

South East Bank Limited	-	170,000,000
Mutual Trust Bank Limited	-	50,000,000
	-	220,000,000

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>6(a) Consolidated Money at call and on short notice</b>			
Bank Asia Limited		-	220,000,000
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		-	220,000,000

## 7 INVESTMENTS

Government (Note 7.1)	30,512,642,417	19,511,797,233
Others (Note 7.2)	3,420,713,606	5,603,107,281
	<u>33,933,356,023</u>	<u>25,114,904,514</u>

### 7.1 Government

Conventional and Islamic banking (Note 7.1.1)	30,512,642,417	19,511,797,233
Off-shore banking unit	-	-
	<u>30,512,642,417</u>	<u>19,511,797,233</u>

#### 7.1.1 Conventional and Islamic banking

Treasury bills (Note 7.1.1.1)	9,101,643,856	1,360,186,216
Treasury bonds (Note 7.1.1.2)	21,403,213,651	18,140,913,917
Debentures of House Building Finance Corporation	5,000,000	7,500,000
Prize bonds	2,784,910	3,197,100
	<u>30,512,642,417</u>	<u>19,511,797,233</u>

##### 7.1.1.1 Treasury bills

91 days treasury bills	147,949,221	171,380,681
182 days treasury bills	363,616,692	383,870,465
364 days treasury bills	8,590,077,943	236,155,838
30 days Bangladesh Bank bills	-	568,779,232
2-5 years treasury bills	-	-
	<u>9,101,643,856</u>	<u>1,360,186,216</u>

##### 7.1.1.2 Treasury bonds

Bangladesh Bank Islamic bond	187,500,000	112,400,000
30 days Bangladesh Government treasury bonds	777,576,373	-
2 years Bangladesh Government treasury bonds	1,629,864,237	-
5 years Bangladesh Government treasury bonds	9,116,194,613	11,805,157,702
10 years Bangladesh Government treasury bonds	8,595,324,426	5,738,513,694
15 years Bangladesh Government treasury bonds	920,286,261	374,188,504
20 years Bangladesh Government treasury bonds	176,467,741	110,654,017
	<u>21,403,213,651</u>	<u>18,140,913,917</u>

### 7.2 Others

Conventional and Islamic banking (Note 7.2.1)	3,420,713,606	5,603,107,281
	<u>3,420,713,606</u>	<u>5,603,107,281</u>

Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
<b>7.2.1 Conventional and Islamic banking</b>		
<b>a) Ordinary shares (Details are shown in Annexure-B)</b>		
Quoted shares	544,835,589	542,966,867
Unquoted share	142,115,780	285,118,145
	686,951,369	828,085,012
<b>b) Mutual Fund (Details are shown in Annexure-B)</b>		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB 1st Mutual Fund	149,665,000	149,665,000
1st 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	248,740,000	-
	748,405,000	499,665,000
<b>c) Debentures</b>		
Beximco Denims Limited	10,514,422	10,514,422
Beximco Textiles Limited	8,227,537	8,593,828
	18,741,959	19,108,250
<b>d) Bonds</b>		
ACI Zero Coupon Bonds	16,615,278	26,249,019
MTBL subordinated bond	150,000,000	150,000,000
Orascom Telecom Bangladesh Limited	160,000,000	240,000,000
Prime Bank Limited	140,000,000	140,000,000
	466,615,278	556,249,019
<b>e) Placements</b>		
With Banking companies (Note 7.2.1(a))	-	1,000,000,000
With Non-banking financial institutions (Note 6.3)	1,500,000,000	2,700,000,000
	1,500,000,000	3,700,000,000
	3,420,713,606	5,603,107,281
<b>7.2.1(a) Placement- with Banking companies:</b>		
Prime Bank Limited	-	1,000,000,000
	-	1,000,000,000
<b>7.2.1(b) Placement- with Non-banking financial institutions:</b>		
Investment Corporation of Bangladesh	1,150,000,000	2,400,000,000
Lanka Bangla Finance Limited	-	150,000,000
Phoenix Finance and Investment Company Limited	200,000,000	-
Hajj Finance Co. Ltd	-	50,000,000
Union Capital Limited	100,000,000	100,000,000
Bangladesh Finance	50,000,000	-
	1,500,000,000	2,700,000,000

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>7.3 Investments classified as per Bangladesh Bank circular:</b>			
Held for trading (HFT)		18,637,156,919	9,859,031,996
Held to maturity (HTM)		11,680,200,588	9,529,668,138
Other securities		3,615,998,516	5,726,204,380
		<b>33,933,356,023</b>	<b>25,114,904,514</b>
<b>7.4 Maturity-wise grouping</b>			
On demand		14,657,300,000	5,321,186,236
Up to 3 months		3,918,340,750	2,390,920,628
More than 3 months but not more than 1 year		1,146,327,678	2,557,965,589
More than 1 year but not more than 5 years		205,587,595	10,328,857,704
More than 5 years		14,005,800,000	4,515,974,357
		<b>33,933,356,023</b>	<b>25,114,904,514</b>
<b>7(a) Consolidated Investments</b>			
<b>Government</b>			
Bank Asia Limited		30,512,642,417	19,511,797,233
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<b>30,512,642,417</b>	<b>19,511,797,233</b>
<b>Others</b>			
Bank Asia Limited		3,420,713,606	5,603,107,281
Bank Asia Securities Limited		178,196,029	153,978,168
BA Exchange Company (UK) Limited		-	-
		<b>3,598,909,635</b>	<b>5,757,085,449</b>
		<b>34,111,552,052</b>	<b>25,268,882,682</b>
<b>8 LOANS AND ADVANCES/INVESTMENTS</b>			
Loans, cash credits, overdrafts, etc/investments (Note 8.1)		101,074,736,530	88,105,182,365
Bills purchased and discounted (Note 8.2)		3,836,524,523	4,223,636,160
		<b>104,911,261,053</b>	<b>92,328,818,525</b>
<b>8.1 Loans, cash credits, overdrafts, etc/investments Conventional and Islamic banking</b>			
<b>Inside Bangladesh</b>			
Overdrafts/ Quard against deposit		23,045,160,010	22,914,848,467
Cash credit/Bai Murabaha (Muajjal)		794,776,624	201,450,223
Loans (General)/ Musharaka		16,534,053,688	11,540,451,227
House building loans		204,978,595	283,864,953
Loan against trust receipts/ Bai Murabaha post import		14,356,815,703	18,134,934,894
Payment against documents		592,809,509	1,038,058,493
Consumer credit scheme		3,326,870,132	2,893,418,730
Transport loan		967,743,358	1,066,464,520
Term loan- industrial		6,830,057,095	6,047,038,582
Term loan- others/ Hire purchase under Shirkatul Melk		27,835,722,087	19,575,504,166

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
Staff Loan		814,286,807	605,219,890
Credit card		951,977,130	865,300,974
Small and medium enterprise (SME)		2,605,569,547	2,487,977,103
Credit for poverty alleviation scheme-micro credit		11,313,151	15,948,429
		98,872,133,436	87,670,480,651
<b>Outside Bangladesh</b>		-	-
		98,872,133,436	87,670,480,651
<b>Off-shore banking unit</b>		2,202,603,094	434,701,714
		101,074,736,530	88,105,182,365

## 8.2 Bills purchased and discounted

Conventional and Islamic banking	3,789,937,684	4,221,184,554
Off-shore banking unit	46,586,839	2,451,606
	3,836,524,523	4,223,636,160

## 8.3 Maturity-wise grouping

Repayable on demand	20,865,230,272	12,838,600,000
Not more than 3 months	19,142,002,638	23,519,000,000
More than 3 months but not more than 1 year	30,743,944,056	39,283,600,000
More than 1 year but not more than 5 years	26,156,922,584	7,967,618,525
More than 5 years	8,003,161,503	8,720,000,000
	104,911,261,053	92,328,818,525

## 8.4 Net loans and advances/investments

Gross loans and advances/investments	104,911,261,053	92,328,818,525
Less: Interest suspense (Note 13.3)	687,051,851	461,780,702
Provision for loans and advances/investments	4,112,634,273	3,630,307,775
	4,799,686,124	4,092,088,477
	100,111,574,929	88,236,730,048

## 8.5 Loans and advances/investments under the following broad categories

<b>In Bangladesh:</b>		
Loans	77,234,799,896	64,988,883,675
Cash credits	794,776,624	201,450,223
Overdrafts	23,045,160,010	22,914,848,467
Bills purchased and discounted	3,464,833,678	3,899,493,717
	104,539,570,208	92,004,676,082
<b>Outside Bangladesh:</b>		
Bills purchased and discounted	371,690,845	324,142,443
	104,911,261,053	92,328,818,525

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>8.6 Significant concentration wise grouping</b>			
a) Directors		-	-
b) Chief Executive and other senior executives			
i) Managing Director		795,000	1,164,000
ii) Other senior executives		146,850,000	80,520,000
		147,645,000	81,684,000
c) Consumers			
i) Commercial lending		26,100,355,171	21,950,238,000
ii) Export financing		812,304,707	516,192,000
iii) House building loan		204,978,595	283,864,953
iv) Consumer credit scheme		3,326,870,132	2,893,328,000
v) Small and medium enterprises		2,605,569,547	2,487,977,103
vii) Staff loan		666,641,807	523,535,890
vi) Credit card		951,900,000	865,300,974
vi) Non-banking financial institutions		3,764,364,501	607,411,000
		38,432,984,460	30,127,847,920
d) Industries			
i) Agricultural and jute		3,216,349,128	4,699,894,000
ii) Cement		1,046,486,977	1,336,111,000
iii) Chemical		1,219,165,619	1,083,588,000
iv) Electronics		986,861,461	1,085,749,000
v) Food and allied		5,883,242,696	3,465,632,000
vi) Paper		3,583,731,833	3,102,541,000
vii) Readymade garments		7,924,203,832	3,272,491,000
viii) Real estate		3,947,282,449	3,145,325,000
ix) Steel		6,882,155,171	3,945,062,000
x) Textile		6,985,004,244	5,870,497,000
xi) Other		15,264,792,205	23,821,941,605
		56,939,275,614	54,828,831,605
e) Infrastructural			
i) Power		1,713,704,880	906,356,000
ii) Telecom		847,553,434	1,369,681,000
iii) Construction		3,232,798,025	1,164,470,000
iv) Transport		3,597,299,640	3,849,948,000
		9,391,355,978	7,290,455,000
		104,911,261,053	92,328,818,525



	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>8.7 Geographical location-wise grouping</b>			
<b>Inside Bangladesh</b>			
<b>Urban</b>			
Dhaka Division		64,625,851,053	57,834,117,947
Chittagong Division		28,228,040,000	24,869,628,527
Khulna Division		1,331,570,000	1,114,425,174
Rajshahi Division		2,163,750,000	1,552,792,590
Barisal		125,500,000	114,177,357
Sylhet Division		843,110,000	827,402,971
		97,317,821,053	86,312,544,566
<b>Rural</b>			
Dhaka Division		4,558,810,000	3,946,867,857
Chittagong Division		2,347,470,000	1,737,480,754
Khulna Division		-	-
Sylhet Division		206,470,000	101,109,479
Rajshahi Division		480,690,000	230,815,869
		7,593,440,000	6,016,273,959
<b>Outside Bangladesh</b>			
		-	-
		104,911,261,053	92,328,818,525

**8.8 Loans/investments including bills purchased and discounted covered by securities**

Collateral of movable/immovable assets	66,562,030,353	56,772,734,390
Local banks and financial institutions' guarantee	1,829,805,576	2,093,589,830
Foreign banks' guarantee	274,331,815	185,020,274
Export documents	5,136,166,289	2,147,637,003
Cash and quasi cash	5,484,601,432	5,905,896,151
Personal guarantee	14,495,168,248	17,302,346,638
Other securities	11,129,157,340	7,921,594,239
	104,911,261,053	92,328,818,525

**8.9 Details of large loan/investments**

As at 31 December 2013 there were twelve (2012: seventeen) 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 15,574.84 million as at 31 December 2013 (Taka 13,930.18 million in 2012).

**Details are shown in Annex E.**

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>8.10 Particulars of loans and advances/investments</b>			
i)	Loans/investments considered good in respect of which the Bank is fully secured	79,286,935,465	67,104,877,648
ii)	Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	14,495,168,248	17,302,346,638
iii)	Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	11,129,157,340	7,921,594,239
iv)	Loans/investments adversely classified; provision not maintained there against	-	-
		<u>104,911,261,053</u>	<u>92,328,818,525</u>
v)	Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	814,286,807	605,219,890
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.	<u>814,286,807</u>	<u>605,219,890</u>
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>3,836,524,523</u>	<u>4,223,636,160</u>
x)	Classified loans/investments for which interest has not been charged:		
a)	Decrease of provision (specific)	381,959,758	1,919,022,242
	Amount of loan written off	1,341,135,730	455,830,000
	Amount realised against the loans previously written off		
b)	Provision kept against loans/investments classified as bad debts	2,857,152,000	2,475,192,242
c)	Interest credited to interest suspense account	687,051,851	461,780,702
xi)	Cumulative amount of written off loans/investments		
	Opening balance	1,314,161,493	858,331,493
	Amount written off during the year	1,341,135,730	455,830,000
	The amount of written off loans/investments for which law suit has been filed	2,655,297,223	1,314,161,493

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>8.11 Grouping as per classification rules</b>			
<b>Unclassified:</b>			
Standard including staff loan		95,482,873,558	85,977,825,111
Special mentioned account		3,549,596,639	1,099,509,120
<b>Classified:</b>			
Sub-standard		517,380,895	531,549,128
Doubtful		544,310,529	780,234,525
Bad/loss		4,817,099,432	3,939,700,641
		5,878,790,856	5,251,484,294
		104,911,261,053	92,328,818,525

**8.12 Particulars of required provision for loans and advances/investments**

Status	Outstanding at 31 Dec 2013	Base for provision	% of required provision	Required provision	
<b>For loans and advances/Investments:</b>					
<b>Unclassified - general provision</b>					
All unclassified loans (other than SME financing, house building loan and loan for professional, loan to Brokerage House (BH), consumer finance, staff loan and SMA	76,490,898,625	76,490,898,625	1% to 5%	780,814,050	658,826,919
Small and medium enterprise financing	10,273,498,000	10,273,498,000	0.25%	25,683,745	31,838,452
House building loan and loan for professional	2,158,549,000	2,158,549,000	2%	43,170,980	39,864,621
Loans to BH	2,976,136,000	2,976,136,000	2%	59,522,720	86,177,270
Consumer finance	1,334,602,000	1,334,602,000	5%	66,730,100	82,894,125
Special mentioned account	3,549,596,639	3,540,350,804	0.25% to 5%	39,786,000	54,876,434
				1,015,707,595	954,477,821
<b>Off-shore unit</b>					
Unclassified loans (general)	2,249,189,933	2,249,189,933	1%	22,491,899	4,371,533
Special mentioned account				-	-
				22,491,899	4,371,533

	Notes	Amount in Taka			
		At 31 Dec 2013	At 31 Dec 2012		
<b>Classified - specific provision:</b>					
Sub-standard	517,380,895	355,168,000	20% / 5%	71,032,778	44,399,799
Doubtful	544,310,529	292,499,000	50%	146,250,000	121,517,088
Bad/loss	4,817,099,432	2,857,152,000	100%	2,857,152,000	2,475,192,242
				3,074,434,778	2,641,109,129
Required provision for loans and advances				4,112,634,272	3,599,958,483
Total provision maintained					
Conventional and Islamic Banking (Note 13.1)				4,090,142,374	3,625,936,242
Off-shore Banking Unit				22,491,899	4,371,533
				4,112,634,273	3,630,307,775
Excess provision at 31 December				1	30,349,292

### 8.13 Suits filed by the Bank (Branch wise details)

Bashundhara Branch	25,530,188	25,949,834
CDA Avenue Branch	310,512,049	12,983,420
Corporate Branch	315,304,262	286,700,280
Dhanmondi Branch	55,533,265	7,250,553
Dilkusha Branch	82,173,919	55,210,157
Gulshan Branch	101,159,943	101,159,943
Khatunganj Branch	1,921,020,832	772,417,366
Malkhanagar Branch	112,901,027	89,742,510
Mirpur Branch	10,741,694	4,775,474
North South Road Branch	196,604,599	196,703,158
Principal Office Branch	397,235,006	321,791,549
Scotia Branch	627,520,232	660,525,498
Sheikh Mujib Road Branch	378,212,291	178,292,752
Sylhet Main Branch	17,534,302	13,790,574
Uttara Branch	590,000	590,000
Credit cards	58,705	58,705
Agrabad Branch	382,273,224	211,174,937
Mitford Branch	217,001,014	25,635,919
Rajshai Branch	2,752,675	547,173
Sylhet Upashahar Branch	156,159,197	5,557,250
Jatrabari SME Service Centre	644,879	644,879
Jurain SME service Centre	941,349	838,651
Anderkilla Branch	58,795,183	-
MCB Banani Branch	36,512,219	-
Chatkhil Branch	17,361,013	-
Kamal Bazar Branch	315,335	-
Khulna Branch	77,394,034	-
Mohakhali Branch	593,321	-
Ramgonj SME/Agri	2,617,904	-
Rekabi bazar SME Center	244,975	-

Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
Shantingar Branch	65,700,500	-
Station Road Branch	150,817,448	-
Tarail Branch	7,532,431	-
	<u>5,730,289,014</u>	<u>2,972,340,582</u>

#### 8.14 Bills purchased and discounted

Payable in Bangladesh	3,464,833,678	3,899,493,717
Payable outside Bangladesh	371,690,845	324,142,443
	<u>3,836,524,523</u>	<u>4,223,636,160</u>

#### 8.15 Maturity-wise grouping of bills purchased and discounted

Payable within 1 month	1,923,279,869	1,516,600,000
More than 1 month but less than 3 months	1,372,171,918	1,844,900,000
More than 3 months but less than 6 months	541,072,736	419,936,160
More than 6 months	-	442,200,000
	<u>3,836,524,523</u>	<u>4,223,636,160</u>

#### 8.(a) Consolidated Loans and advances/investments

Loans, cash credits, overdrafts, etc/investments		
Bank Asia Limited	101,074,736,530	88,105,182,365
Bank Asia Securities Limited	5,580,299,642	4,913,963,024
BA Exchange Company (UK) Limited	-	-
	<u>106,655,036,172</u>	<u>93,019,145,389</u>
Less: Inter- companies transactions	2,548,996,460	3,832,353,679
	<u>104,106,039,712</u>	<u>89,186,791,710</u>
Bills purchased and discounted		
Bank Asia Limited	3,836,524,523	4,223,636,160
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
	<u>3,836,524,523</u>	<u>4,223,636,160</u>
	<u>107,942,564,235</u>	<u>93,410,427,870</u>

#### 9 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

Conventional and Islamic banking (Note 9.1)	5,288,050,203	4,520,492,208
Off-shore banking unit	298,124	-
	<u>5,288,348,327</u>	<u>4,520,492,208</u>

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>9.1 Conventional and Islamic banking</b>			
Cost:			
Land		2,643,839,095	2,531,152,000
Building		2,481,719,434	1,731,978,115
Furniture and fixtures		840,526,293	709,500,939
Equipments		511,665,065	443,755,877
Computer and accessories		256,437,890	224,197,219
Motor vehicles		158,008,575	131,986,360
		6,892,196,352	5,772,570,510
Less: Accumulated depreciation		1,559,242,525	1,207,472,802
Adjustment of Assets revaluation		44,605,500	44,605,500
Written down value at the end of the year		5,288,050,203	4,520,492,208

Details are shown in Annex C.

#### 9(a) Fixed assets including premises, furniture and fixtures

Bank Asia Limited	5,288,348,327	4,520,492,208
Bank Asia Securities Limited	9,852,653	13,612,271
BA Exchange Company (UK) Limited	12,576,200	14,790,620
	5,310,777,180	4,548,895,099

Details are shown in Annex C.2

## 10 OTHER ASSETS

Conventional and Islamic banking (Note 10.1)	8,533,671,497	7,872,670,163
Off-shore banking unit	39,653,973	6,956,777
	8,573,325,470	7,879,626,940

#### 10.1 Conventional and Islamic banking

<b>Income generating other assets</b>		
Income receivable (Note 10.2)	673,555,375	627,416,960
Investment in BA Exchange Company (UK) Limited	39,000,000	32,500,000
Investment in Bank Asia Securities Ltd	1,999,990,000	449,990,000
	2,712,545,375	1,109,906,960
<b>Non-income generating other assets</b>		
Stock of stamps	3,595,391	2,507,576
Stationery, printing materials, etc	27,707,617	17,885,868
Prepaid expenses	7,372,165	5,249,128
Deposits and advance rent	378,522,022	238,887,013
Due from Capital Market Division of the Bank	9,999,998	20,744,552
Branch adjustment account (Note 10.3)	40,645,004	53,875,462
Advances, prepayments and others (Note 10.4)	96,611,166	216,428,464
Advance income tax	5,001,463,755	5,575,514,163
Receivable against government	73,088,401	234,757,049
Sundry debtors	63,361,605	312,592,760

Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
Protested bills	57,163,704	56,810,639
Receivable from BA Exchange Company (UK) Limited	16,145,334	19,783,539
Investment in BA Express USA Inc	41,300,000	3,150,000
Excise duty recoverable	4,149,960	4,576,990
	5,821,126,122	6,762,763,203
	<u>8,533,671,497</u>	<u>7,872,670,163</u>

### 10.2 Income receivable

Income receivable consists of interest accrued on investment and other income.

### 10.3 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 2013 are given below:

	"Number of unresponded entries (Debit)"	Amount of unresponded entries (Taka)	Number of unresponded entries (Credit)	Amount of unresponded entries (Taka)
Up to 3 months	54	20,084,000	86	6,962,000
More than 3 months				
but within 6 months	14	9,274,000	17	1,208,000
More than 6 months				
but within 1 year	16	17,630,000	24	6,012,000
More than 1 year				
but within 5 years	39	21,068,000	13	1,423,000
Above 5 years	-	-	-	-
	<u>123</u>	<u>68,056,000</u>	<u>140</u>	<u>15,605,000</u>

### 10.4 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.

### 10.5 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	8,573,325,470	7,879,626,940
Bank Asia Securities Limited	111,568,819	110,173,218
BA Exchange Company (UK) Limited	2,996,240	2,565,940
	<u>8,687,890,529</u>	<u>7,992,366,098</u>
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	1,999,990,000	449,990,000
Investment in BA Exchange Company (UK) Limited	39,000,000	32,500,000
Receivable from BASL	9,999,998	15,000,000
Receivable from BA Exchange Company (UK) Limited	16,145,334	14,274,347
	<u>6,622,755,197</u>	<u>7,480,601,751</u>

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>11 Borrowings from other banks, financial institutions and agents</b>			
Conventional and Islamic banking (Note 11.1)		1,944,757,246	3,825,000,476
Off-shore banking unit		-	-
		<u>1,944,757,246</u>	<u>3,825,000,476</u>
<b>11.1 Conventional and Islamic banking</b>			
In Bangladesh (Note 11.1.1)		1,944,757,246	3,825,000,476
Outside Bangladesh		-	-
		<u>1,944,757,246</u>	<u>3,825,000,476</u>
<b>11.1.1 In Bangladesh</b>			
<b>Secured</b>			
<b>Un secured:</b>			
<b>Money at call and on short notice</b>			
Trust Bank Limited		-	200,000,000
State Bank of India		-	150,000,000
Citibank NA		-	-
Sonali Bank		-	-
Agrani Bank		-	-
Rupali Bank		-	-
Dutch Bangla Bank Limited		-	-
		-	<u>350,000,000</u>
<b>Term borrowing</b>			
Bangladesh Bank refinance (Islamic)		-	1,400,000,000
Bangladesh Bank refinance and ALS		1,924,757,246	2,075,000,476
SME Foundation Pre Finance		20,000,000	-
		<u>1,944,757,246</u>	<u>3,475,000,476</u>
		<u>1,944,757,246</u>	<u>3,825,000,476</u>
<b>11(a) Consolidated Borrowings from other banks, financial institutions and agents</b>			
Bank Asia Limited		1,944,757,246	3,825,000,476
Bank Asia Securities Limited		2,963,356,289	4,282,363,679
BA Exchange Company (UK) Limited		-	-
		<u>4,908,113,535</u>	<u>8,107,364,155</u>
Less: inter- companies transactions		<u>2,548,996,460</u>	<u>3,832,353,679</u>
		<u>2,359,117,075</u>	<u>4,275,010,476</u>



Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
<b>11(aa) Subordinated Non-Convertible Zero Coupon Bond</b>		
A.K Khan & Company Limited	249,997,004	249,997,004
EBL NRB Mutual Fund	19,920,576	19,920,576
Popular Life 1st Mutual Fund	9,960,288	9,960,288
EXIM Bank 1st Mutual Fund	39,996,781	39,996,781
IFIC Bank 1st Mutual Fund	9,960,288	9,960,288
AB Bank 1st Mutual Fund	37,973,598	37,973,598
EBL First Mutual Fund	9,991,414	9,991,414
First Bangladesh Fixed Income Fund	209,944,195	209,944,195
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	12,254,267	12,254,267
	<u>599,998,411</u>	<u>599,998,411</u>

**11.2 Maturity-wise grouping**

Payable on demand	1,924,757,246	1,914,300,000
Up to 1 month	-	-
More than 1 month but within 3 months	-	-
More than 3 months but within 1 year	-	1,910,700,476
More than 1 year but within 5 years	619,998,411	-
More than 5 years	-	599,998,411
	<u>2,544,755,657</u>	<u>4,424,998,887</u>

**12 DEPOSITS AND OTHER ACCOUNTS**

Conventional and Islamic banking (Note 12.1)	132,802,504,952	109,467,216,825
Off-shore banking unit	686,869,689	594,558,558
	<u>133,489,374,641</u>	<u>110,061,775,383</u>

**Deposits and other accounts****Current/Al-wadeeah current accounts and other accounts**

Deposits from banks	-	-
Deposits from customers	16,836,782,077	14,543,844,248
	<u>16,836,782,077</u>	<u>14,543,844,248</u>

**Bills payable**

Deposits from banks	-	-
Deposits from customers	1,667,720,280	1,502,901,195
	<u>1,667,720,280</u>	<u>1,502,901,195</u>

**Savings bank/Mudaraba savings bank deposits**

Deposits from banks	-	-
Deposits from customers	12,827,249,596	10,613,363,599
	<u>12,827,249,596</u>	<u>10,613,363,599</u>

**Fixed deposits/Mudaraba fixed deposits**

Deposits from banks	4,500,000,000	1,111,957,040
Deposits from customers	96,970,752,999	81,695,150,743
	<u>101,470,752,999</u>	<u>82,807,107,783</u>
	<u>132,802,504,952</u>	<u>109,467,216,825</u>

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>12.1 Conventional and Islamic banking</b>			
Deposits from banks (Note 12.1.1)		4,500,000,000	1,111,957,040
Deposits from customers (Note 12.1.2)		128,302,504,952	108,355,259,785
		<u>132,802,504,952</u>	<u>109,467,216,825</u>
<b>12.1.1 Deposits from banks</b>			
<b>Fixed deposit:</b>			
AB Bank Limited		-	1,222,860
EXIM Bank Limited		-	5,739,640
Sonali Bank Limited		-	4,500,000
Social Islami Bank Limited		-	300,494,540
The Premier Bank Limited		200,000,000	400,000,000
Shajalal Islami Bank		-	200,000,000
Southeast Bank		200,000,000	200,000,000
IFIC Bank Limited		500,000,000	-
Rupali Bank Limited		3,000,000,000	-
One Bank Limited		600,000,000	-
		4,500,000,000	1,111,957,040
Bangladesh Bank refinance		-	-
		<u>4,500,000,000</u>	<u>1,111,957,040</u>
<b>12.1.2 Deposits from customers</b>			
Current/Al-wadeeah current accounts and other accounts ( Note 12.1.2a)		16,836,782,077	14,543,844,248
Bills payable (Note 12.1.2b)		1,667,720,280	1,502,901,195
Savings bank/Mudaraba savings deposits		12,827,249,596	10,613,363,599
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)		96,970,752,999	81,695,150,743
		<u>128,302,504,952</u>	<u>108,355,259,785</u>
<b>12.1.2a Current/Al-wadeeah current accounts and other accounts</b>			
Current/Al-wadeeah current accounts		6,088,225,409	5,335,346,474
Other demand deposit - Local currency		8,704,668,986	7,025,389,232
Other demand deposit - Foreign currencies		1,545,775,165	1,427,978,931
Foreign currency deposits		498,112,517	755,129,611
Export retention quota		-	-
		<u>16,836,782,077</u>	<u>14,543,844,248</u>
<b>12.1.2b Bills payable</b>			
Bills payable - local currency		1,659,276,640	1,497,757,234
Bills payable - foreign currencies		8,443,640	5,143,961
Demand draft		-	-
		<u>1,667,720,280</u>	<u>1,502,901,195</u>

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>12.1.2c Fixed deposits/Mudaraba fixed deposits</b>			
Fixed deposits/Mudaraba fixed deposits		67,486,671,493	58,971,370,666
Special notice deposit		9,444,532,308	9,466,715,034
Foreign currency deposits (interest bearing)		5,469,270	8,257,208
Deposit under schemes		20,034,079,928	13,248,807,835
		<u>96,970,752,999</u>	<u>81,695,150,743</u>

## 12.2 Payable on demand and time deposits

<b>a) Demand deposits</b>			
Current/Al-wadeeah current accounts and other accounts		6,375,963,126	5,522,381,956
Savings bank/Mudaraba savings deposits		1,154,452,464	955,202,724
Foreign currency deposits (non interest bearing)		2,043,887,682	2,183,108,542
Sundry deposits		8,704,668,986	7,025,389,232
Bills payable		1,667,720,280	1,502,901,195
		<u>19,946,692,538</u>	<u>17,188,983,649</u>
<b>b) Time deposits</b>			
Savings bank/Mudaraba savings deposits		11,672,797,132	9,658,160,875
Fixed deposits/Mudaraba fixed deposits		72,385,803,465	60,490,850,782
Foreign currency deposits (interest bearing)		5,469,270	8,257,208
Special notice deposit		9,444,532,308	9,466,715,034
Security deposits		-	-
Deposits under schemes		20,034,079,928	13,248,807,835
		<u>113,542,682,103</u>	<u>92,872,791,734</u>
		<u>133,489,374,641</u>	<u>110,061,775,383</u>

## 12.3 Sector-wise break-up of deposits and other accounts

Government	4,301,195,726	3,187,922,000
Deposit from banks	4,500,000,000	1,111,957,040
Other public	4,085,083,986	4,277,966,000
Foreign currencies	2,744,670,281	2,791,068,269
Private	117,858,424,648	98,692,862,074
	<u>133,489,374,641</u>	<u>110,061,775,383</u>

## 12.4 Maturity-wise grouping

### 12.4.1 Deposits from banks

Payable on demand	-	-
Up to 1 month	4,100,000,000	6,962,500
Over 1 month but within 6 months	400,000,000	904,994,540
Over 6 months but within 1 year	-	200,000,000
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>4,500,000,000</u>	<u>1,111,957,040</u>

Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
<b>12.4.2 Customer deposits excluding bills payable</b>		
Payable on demand	8,216,698,529	16,395,798,805
Up to 1 month	15,122,756,985	34,689,907,118
Over 1 month but within 6 months	48,863,804,454	20,152,205,460
Over 6 months but within 1 year	9,700,348,890	14,864,230,382
Over 1 year but within 5 years	25,254,066,907	15,675,375,383
Over 5 years	20,163,978,596	5,669,400,000
	127,321,654,361	107,446,917,148
<b>12.4.3 Bills payable</b>		
Payable on demand	896,535,874	170,701,195
Up to 1 month	346,752,190	-
Over 1 month but within 6 months	424,432,216	1,332,200,000
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	1,667,720,280	1,502,901,195
	133,489,374,641	110,061,775,383
<b>12(a) Consolidated Deposits and other accounts</b>		
<b>Current/AI-wadeeah current accounts and other accounts</b>		
Bank Asia Limited	17,124,519,794	14,730,879,730
Bank Asia Securities Limited	194,964,630	114,812,145
BA Exchange Company (UK) Limited		
	17,319,484,424	14,845,691,875
Less: Inter-company transactions	1,449,463	1,058,948
	17,318,034,961	14,844,632,927
<b>Bills payable</b>		
Bank Asia Limited	1,667,720,280	1,502,901,195
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
	1,667,720,280	1,502,901,195
<b>Savings bank/Mudaraba savings bank deposits</b>		
Bank Asia Limited	12,827,249,596	10,613,363,599
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
	12,827,249,596	10,613,363,599
<b>Fixed deposits/Mudaraba fixed deposits</b>		
Bank Asia Limited	101,869,884,971	83,214,630,859
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
	101,869,884,971	83,214,630,859

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>13 OTHER LIABILITIES</b>			
Provision for loans and advances/investments (Note 13.1)		4,112,634,273	3,630,307,775
Provision on off-balance sheet exposures (Note 13.2)		671,642,649	592,157,366
Interest suspense account (Note 13.3)		687,051,851	461,780,702
Provision for income tax including deferred tax (Note 13.4)		6,651,366,076	7,371,616,027
Provision for performance and festival bonus		184,017,005	151,799,878
Master card and Visa card payables		7,306,276	3,582,759
Expenditures and other payables		80,379,428	72,919,937
Obligation under finance lease (Note 13.5)		10,836,114	14,757,253
Provision for nostro accounts (Note 13.6)		-	-
Other payable		47,448,817	45,406,190
Provision for profit equalisation		20,643,916	14,940,855
Provision for Smart Junior Saver A/c		49,665	13,375
Diminution in value of shares		246,883,553	100,000,000
Payable to Government		32,465,155	45,555,155
Provision for others (Note 13.7)		69,831,098	69,831,323
Unearned income		244,882,150	217,355,521
Clearing adjustment account		28,861,480	33,922,356
Interest payable on subordinated non-convertible zero coupon bond		29,609,581	3,483,480
		<u>13,125,909,087</u>	<u>12,829,429,952</u>

**13.1 Provision for loans and advances/investments****A. General**

Balance at the beginning of the year		984,827,113	967,090,995
Add: Provision made during the year			
On general loans and advances/investments etc.		30,880,483	17,736,118
On special mentioned account		-	-
		30,880,483	17,736,118
Less: Provision no longer required			
On general loans and advances/investments etc.		-	-
On special mentioned account		-	-
		-	-
Balance at the end of the year		<u>1,015,707,596</u>	<u>984,827,113</u>

**B. Specific**

Balance at the beginning of the year		2,641,109,129	772,422,000
Less: Interest waiver during the year		(123,022)	(9,757,429)
Write off during the year		(1,209,667,879)	(380,321,545)
		(1,209,790,901)	(390,078,974)
Add/ Back: Recoveries of amounts previously written off		123,313,731	183,582,295
Specific provision made during the year for other accounts		1,519,802,819	2,075,183,808
		<u>1,643,116,550</u>	<u>2,258,766,103</u>

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
Balance at the end of the year		3,074,434,778	2,641,109,129
C. Total provision on loans and advances/investments (A+B)		4,090,142,374	3,625,936,242
D. General provision maintained for OBU as at 01 January		4,371,533	-
Add: Provision made during the year		18,120,366	4,371,533
Provision on loans and advances for OBU		22,491,899	4,371,533
E. Total provision on loans and advances/investments (C+D)		4,112,634,273	3,630,307,775

### 13.2 Provision on off-balance sheet exposures

Balance at 1 January	587,637,090	458,168,020
Add: Provision made during the year	80,876,261	129,469,070
	668,513,351	587,637,090
Less: Adjustments made during the year	-	-
	668,513,351	587,637,090
General provision maintained for OBU as at 01 January	4,520,276	-
Add: Provision made during the year	-	4,520,276
Less: Adjustments made during the year	(1,390,978)	-
	3,129,298	4,520,276
Balance at the end of the year	671,642,649	592,157,366

### 13.3 Interest suspense account

Balance at 1 January	461,780,702	291,160,430
Add: Amount transferred to "interest suspense" account during the year	1,252,245,863	1,097,914,635
	1,714,026,565	1,389,075,065
Less: Amount of interest suspense recovered	990,874,796	919,474,467
Interest waiver during the year	36,099,918	7,819,896
	1,026,974,714	927,294,363
Balance at 31 December	687,051,851	461,780,702

### 13.4 Provision for taxation

Current tax (Note 13.4.1)	6,350,206,065	7,089,642,948
Deferred tax (Note 13.4.2)	301,160,011	281,973,079
	6,651,366,076	7,371,616,027

#### 13.4.1 Provision for current tax

Balance at 1 January	7,089,642,948	5,301,088,407
Provision made during the year	2,041,583,693	1,788,554,541
	9,131,226,641	7,089,642,948
Adjustments made during the year	(2,781,020,576)	-
	6,350,206,065	7,089,642,948

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>13.4.2 Provision for deferred tax</b>			
Balance at 1 January		281,973,079	255,527,620
Provision made for deferred tax liabilities:			
Charged/(credited) to profit and loss statement		19,186,932	26,445,459
Charged/(credited) to revaluation reserve		-	-
		19,186,932	26,445,459
		301,160,011	281,973,079
Provision made for deferred tax assets		-	-
		301,160,011	281,973,079
<b>13.4.1(a) Consolidated Provision for current tax</b>			
Current Tax		2,041,583,693	1,788,554,541
Bank Asia Limited		14,046,161	16,070,482
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		2,055,629,854	1,804,625,023
<b>13.4.2(a) Consolidated provision for deferred tax</b>			
Bank Asia Limited		19,186,932	26,445,459
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		19,186,932	26,445,459
<b>13.5 Obligation under finance lease</b>			
Motor vehicles		10,836,114	14,757,253
		10,836,114	14,757,253
<b>13.6 Provision for nostro accounts</b>			
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.			
<b>13.7 Provision for others :</b>			
Balance at the beginning of the year		69,831,323	56,810,639
Add: Adjustment during the year		(225)	13,020,684
Less: Adjustment during the year		-	-
Balance at the end of the year		69,831,098	69,831,323

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>13(a) Consolidated Other liabilities</b>			
Bank Asia Limited		13,125,909,087	12,829,429,952
Bank Asia Securities Limited		746,619,173	248,672,189
BA Exchange Company (UK) Limited		21,388,900	21,841,690
		<u>13,893,917,160</u>	<u>13,099,943,831</u>
Less: Inter- companies transactions			
Receivable from capital operation		9,999,998	15,000,000
Receivable from BA Exchange (UK) Limited		16,145,334	14,274,347
		<u>13,867,771,828</u>	<u>13,070,669,484</u>

## 14 SHARE CAPITAL

### 14.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each	15,000,000,000	15,000,000,000
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### 14.2 Issued, subscribed and fully paid up capital

56,372,480 ordinary shares of Taka 10 each issued for cash	563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each issued as bonus shares	3,640,107,700	3,640,107,700
Right shares issue @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	-
	<u>6,936,323,590</u>	<u>6,305,748,720</u>

### 14.3 Initial public offer (IPO)

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

### 14.4 Capital adequacy ratio

The calculation of CAR has been done as per BRPD Circular no. 10 dated 10 March 2010 and the Basel-II guidelines, December 2010 vide BRPD Circular no. 35 dated 29 December 2010.

<b>Core capital (Tier-I)</b>		
Paid up capital	6,936,323,590	6,305,748,720
Share premium	330	330
Statutory reserve (Note 15)	4,208,075,877	3,503,958,171
Retained earnings (Note 17)	759,746,473	634,621,144
	<u>11,904,146,270</u>	<u>10,444,328,365</u>
<b>Supplementary capital (Tier-II)</b>		
General provision maintained against unclassified loan/investments	1,038,199,495	989,198,646
General provision on off-balance sheet exposure	671,642,649	592,157,366
Subordinated non covertable zero coupon bond	599,998,411	599,998,411
General reserve	8,166,144	8,166,144
Revaluation reserve of Government securities and Fixed assets	1,352,695,802	1,296,337,919
	<u>3,670,702,501</u>	<u>3,485,858,486</u>



Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
<b>Additional supplementary capital (Tier-III)</b>	-	-
<b>A) Total capital</b>	15,574,848,771	13,930,186,851
B) Total risk weighted assets	140,976,922,828	106,719,000,000
C) Required capital	14,097,692,283	10,671,900,000
<b>D) (Deficit)/Surplus (A-C)</b>	1,477,156,488	3,258,286,851
<b>Capital adequacy ratio:</b>		
On core capital - against standard of minimum 5%	8.44%	9.79%
On total capital - against standard of minimum 10%	11.05%	13.05%

#### 14.4 (a) Consolidated Capital adequacy ratio

The calculation of CAR has been done as per BRPD Circular no. 10 dated 10 March 2010 and the Basel-II guidelines, December 2010 vide BRPD Circular no. 35 dated 29 December 2010.

<b>Core capital (Tier-I)</b>		
Paid up capital	6,936,323,590	6,305,748,720
Non-controlling (Minority) interest	11,604	12,191
Share premium	330	330
Statutory reserve (Note 15)	4,208,075,877	3,503,958,171
Retained earnings (Note 17a)	699,449,908	703,603,495
	11,843,861,309	10,513,322,907
<b>Supplementary capital (Tier-II)</b>		
General provision maintained against unclassified loan/investments	1,038,199,495	989,198,646
General provision on off-balance sheet exposure	671,642,649	592,157,366
Subordinated non convertible zero coupon bond	599,998,411	599,998,411
General reserve	8,166,144	8,166,144
Revaluation reserve of Government securities and Fixed assets	1,352,695,802	1,296,337,919
	3,670,702,501	3,485,858,486
<b>Additional supplementary capital (Tier-III)</b>		
<b>A) Total capital</b>	15,514,563,810	13,999,181,393
B) Total risk weighted assets	143,296,500,000	107,678,900,000
C) Required capital	14,329,650,000	10,767,890,000
<b>D) (Deficit)/Surplus (A-C)</b>	1,184,913,810	3,231,291,393
<b>Capital adequacy ratio:</b>		
On core capital - against standard of minimum 5%	8.27%	9.76%
On total capital - against standard of minimum 10%	10.83%	13.00%

**14.5 Percentage of share holdings at the closing date**

Category	At 31 December 2013	At 31 December 2013	At 31 December 2012	At 31 December 2012
	No. of shares	%	No. of shares	%
Sponsors & Directors	330,909,211	47.71	323,824,332	51.35
General public	152,975,106	22.05	137,312,651	21.78
Institutions	181,163,697	26.12	134,335,693	21.30
Investment companies	21,468,345	3.09	23,284,460	3.70
Non-resident Bangladeshi	4,912,140	0.71	9,086,436	1.44
Foreign investors	2,203,860	0.32	2,731,300	0.43
	693,632,359	100	630,574,872	100

**14.6 Classification of shareholders by holding**

Holding	No. of holders		% of total holding	
	2013	2012	2013	2012
Less than 5000	15,725	14,793	2.11	2.27
5,000 to 50,000	2,041	1,954	3.95	3.99
50,001 to 100,000	124	124	1.28	1.39
100,001 to 200,000	78	74	1.62	1.63
200,001 to 300,000	34	34	1.23	1.35
300,001 to 400,000	18	29	0.90	1.57
400,001 to 500,000	15	14	0.96	1.01
500,001 to 1,000,000	49	47	5.23	5.57
1,000,001 to 10,000,000	77	77	31.76	36.58
Over 10,000,000	18	15	50.96	44.64
	18,179	17,161	100	100

**14.7 Name of the Directors and their share holdings as at 31 December 2013**

SI	Name of the director	Status	Opening position	Closing position
1	Mr. A Rouf Chowdhury	Chairman	15,553,432	17,108,775
2	Mr. A M Nurul Islam (Independent Director)	Vice Chairman	-	-
3	Mr. Mohammed Lakiotullah (Independent Director)	Vice Chairman	-	-
4	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd)	Director	24,698,364	27,168,200
5	Ms. Hosneara Sinha	Director	28,764,696	31,641,165
6	Mr. Rumeel A Hossain	Director	24,482,412	26,930,653
7	Ms. Farhana Haq Chowdhury	Director	17,154,684	18,870,152
8	Mr. M Irfan Syed ( Alternate Director of Mir Shahjahan)	Director	12,991,152	14,290,267
9	Ms. Naheed Akhter Sinha	Director	30,202,320	33,222,552
10	Mr. Nafees Khundker	Director	21,251,976	23,377,173
11	Mr. Shah Md. Nurul Alam (Independent Director)	Director	-	-
12	Ms. Sohana Rouf Chowdhury (Alternate Director of Murshed Sultan Chowdhury)	Director	19,515,156	21,466,671

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>15 STATUTORY RESERVE</b>			
Balance at 1 January		3,503,958,171	2,959,358,772
Add: Addition during the year (20% of pre-tax profit)		704,117,706	544,599,399
Balance at 31 December 2013		4,208,075,877	3,503,958,171
<b>16 REVALUATION RESERVE</b>			
HTM securities (Note 16.1)		2,684,722	2,849,271
HFT securities (Note 16.2)		315,013,379	157,527,564
Fixed Assets revaluation (Note 16.3)		2,387,693,502	2,432,299,002
		2,705,391,603	2,592,675,837
<b>16.1 Revaluation reserve on HTM securities</b>			
Balance at 1 January		2,849,271	4,063,852
Gain from revaluation on investments		2,684,483	(4,075,435)
Adjustment for sale/maturity of securities		(2,849,032)	2,860,854
		2,684,722	2,849,271
<b>16.2 Revaluation reserve on HFT securities</b>			
Balance at 1 January		157,527,564	453,467,671
Gain from revaluation on investments		844,833,025	348,736,684
Adjustment for sale/maturity of securities		(687,347,210)	(644,676,791)
		315,013,379	157,527,564
<b>16.3 Revaluation reserve on Fixed Assets</b>			
Balance at 1 January		2,432,299,002	2,476,904,502
Depreciation charged during the year		(44,605,500)	(44,605,500)
		2,387,693,502	2,432,299,002
<b>16 (a) Consolidated Revaluation reserve</b>			
Bank Asia Limited		2,705,391,603	2,592,675,837
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		2,705,391,603	2,592,675,837
<b>17 RETAINED EARNINGS</b>			
Balance at 1 January		634,621,144	1,322,181,668
Add: Post - tax profit for the year		1,459,817,905	907,996,995
Less: Issue of bonus shares for the year 2012		630,574,870	-
Issue of bonus shares for the year 2011		-	1,050,958,120
Transfer to Statutory Reserve		704,117,706	544,599,399
		759,746,473	634,621,144

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>17(a) Consolidated Retained earnings</b>			
Balance at 1 January		703,603,495	1,449,223,838
Add: Post- tax profit for the year		1,330,538,402	849,941,367
Less : Non controlling interest for year 2011		-	3,162
Less : Non controlling interest		(587)	1,029
		2,034,142,484	2,299,161,014
Less : Issue of bonus shares		630,574,870	1,050,958,120
Transferred to Statutory Reserve		704,117,706	544,599,399
		1,334,692,576	1,595,557,519
		699,449,908	703,603,495
<b>17(b) Non-controlling (Minority) interest</b>			
Bank Asia Securities Limited		11,604	12,191
BA Exchange Company (UK) Limited		-	-
		11,604	12,191
<b>18 CONTINGENT LIABILITIES</b>			
Conventional and Islamic banking		66,851,335,098	58,763,709,043
Off-shore banking unit		312,929,832	452,027,559
		67,164,264,930	59,215,736,602
Acceptances and endorsements			
Conventional and Islamic banking		22,321,205,553	24,197,548,089
Off-shore banking unit		167,008,520	280,932,890
		22,488,214,073	24,478,480,979
Letters of guarantee			
Conventional and Islamic banking (Note 18.1)		17,820,912,163	9,877,524,764
Off-shore banking unit		-	-
		17,820,912,163	9,877,524,764
Irrevocable letters of credit			
Conventional and Islamic banking (Note 18.2)		17,857,816,246	16,698,993,643
Off-shore banking unit		52,175,970	155,883,770
		17,909,992,216	16,854,877,413
Bills for collection			
Conventional and Islamic banking (Note 18.3)		8,851,401,136	7,989,642,547
Off-shore banking unit		93,745,342	15,210,899
		8,945,146,478	8,004,853,446
Other contingent liabilities			
Conventional and Islamic banking		-	-
Off-shore banking unit		-	-
		-	-
		67,164,264,930	59,215,736,602

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>18.1 Letters of guarantee</b>			
Letters of guarantee (Local)		17,820,912,163	9,877,524,764
Letters of guarantee (Foreign)		-	-
		17,820,912,163	9,877,524,764
Less: Margin		-	-
		17,820,912,163	9,877,524,764
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:			
Directors or officers		-	-
Government		30,744,576	20,845,575
Banks and other financial institutions		5,218,555,530	3,206,134,194
Others		12,571,612,057	6,650,544,995
		17,820,912,163	9,877,524,764
Less: Margin		-	-
		17,820,912,163	9,877,524,764
<b>18.2 Irrevocable letters of credit</b>			
Letters of credit Back to Back (Inland)		2,204,190,166	2,197,006,448
Letters of credit (General)		13,929,029,005	11,798,689,064
Back to back L/C		1,724,597,075	2,703,298,131
		17,857,816,246	16,698,993,643
Less: Margin		-	-
		17,857,816,246	16,698,993,643
<b>18.3 Bills for collection</b>			
Local bills for collection		7,393,137,932	6,102,856,809
Foreign bills for collection		1,458,263,204	1,886,785,738
		8,851,401,136	7,989,642,547
<b>18.4 Acceptances and endorsements</b>			
Conventional and Islamic banking		22,321,205,553	24,197,548,089
Off-shore banking unit		167,008,520	280,932,890
Less: Margin		-	-
		22,488,214,073	24,478,480,979
<b>18.5 Workers' profit participation fund (WPPF)</b>			

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.

	Notes	Amount in Taka	
		2013	2012
<b>19 INCOME STATEMENT</b>			
<b>Income:</b>			
Interest, discount and similar income (Note 19.1)		16,934,369,214	14,698,615,152
Dividend income (Note 22)		16,277,211	99,065,910
Fees, commission and brokerage (Note 19.2)		939,473,177	854,747,309
Interest on Others/NBBL		22,464,886	40,796,634
Interest on Orascom Telecom Bangladesh Ltd. senior secured bonds		27,270,000	38,651,507
Interest on ACI Convertible zero coupon bond		4,157,628	3,051,746
MTBL unsecured subordinated convertible bond		17,975,478	18,066,438
Prime Bank Ltd. unsecured non-convertible subordinated bond		16,077,624	16,461,575
Interest on placements		361,509,224	311,991,775
Gains less losses arising from dealing in securities		-	-
Gains less losses arising from investment securities		-	-
Gains less losses arising from dealing in foreign currencies (Note 23.1)		861,829,832	905,566,300
Income from non-banking assets		-	-
Other operating income (Note 24)		497,738,396	450,010,835
Profit less losses on interest rate changes		-	-
		19,699,142,670	17,437,025,181
<b>Expenses:</b>			
Interest paid/profit shared on deposits and borrowings, etc (Note 21)		11,166,022,060	9,616,349,333
Administrative expenses (Note 19.3)		2,050,170,133	1,819,332,127
Other expenses (Note 34)		759,520,827	675,643,443
Depreciation on banks assets (Note 33.1)		307,668,616	273,895,102
		14,283,381,636	12,385,220,005
		5,415,761,034	5,051,805,176
<b>19.1 Interest, discount and similar income</b>			
Interest income/profit on investments		14,346,305,946	13,296,056,631
Interest on treasury bills		450,928,642	224,241,856
Interest on treasury bonds		1,974,460,101	733,826,280
Interest on debentures		1,443,750	2,398,136
Income from investment in shares		1,919,098	20,718,151
Capital gain on Government securities		159,311,677	421,374,098
		16,934,369,214	14,698,615,152
<b>19.2 Fees, commission and brokerage</b>			
Commission		939,473,177	854,747,309
Brokerage		-	-
		939,473,177	854,747,309

	Notes	Amount in Taka	
		2013	2012
<b>19.3 Administrative expenses</b>			
Salaries and allowances (Note 25)		1,448,943,946	1,281,947,224
Rent, taxes, insurance, electricity, etc (Note 26)		370,253,838	326,555,893
Legal expenses (Note 27)		8,863,980	7,050,981
Postage, stamp, telecommunication, etc (Note 28)		64,863,116	53,917,490
Stationery, printing, advertisement, etc (Note 29)		69,798,722	70,023,477
Managing Director's salary and fees (Note 30)		13,000,000	12,200,000
Directors' fees (Note 31)		1,720,000	2,003,240
Auditors' fees		1,090,550	1,064,535
Repair of Bank's assets (Note 33.1)		71,635,981	64,569,287
		<u>2,050,170,133</u>	<u>1,819,332,127</u>

**20 INTEREST INCOME/PROFIT ON INVESTMENTS**

Conventional and Islamic banking (Note 20.1)	14,270,372,667	13,274,027,672
Off-shore banking unit	75,933,279	22,028,959
	<u>14,346,305,946</u>	<u>13,296,056,631</u>

**20.1 Conventional and Islamic banking**

Loans (General)/Musharaka	5,755,748	4,951,084
Loans against trust receipts/ Bai Murabaha post import	2,527,079,575	3,762,696,824
Packing credit	13,484,651	12,873,811
House building loan	51,861,215	60,871,940
Payment against documents	125,917,179	266,499,978
Cash credit/Bai-Muajjal	95,346,908	51,912,391
Overdraft/ Quard against deposit	621,957,203	560,231,940
Consumer credit scheme	28,871,147	40,902,188
Staff loan	41,815,072	30,522,046
Local bills purchased	446,921,893	552,223,600
Foreign bills purchased	85,549,979	99,999,691
Interest income from credit card	184,288,597	151,836,155
Term loan- others/ Hire purchase Shirkatul Melk	2,903,280,228	1,819,465,583
Term loan- industrial	1,040,189,474	646,033,978
Demand loan	1,681,393,728	1,110,769,621
Transport loan	222,368,348	220,124,553
Sachsondo - SME	409,096,470	408,697,497
Other loans and advances	3,597,303,456	3,188,280,508
<b>Total interest/profit on loans and advances/investments</b>	<u>14,082,480,871</u>	<u>12,988,893,388</u>
Interest/profit on balance with other banks and financial institutions	157,253,584	282,719,683
Interest/profit received from foreign banks	30,638,212	2,414,601
	<u>14,270,372,667</u>	<u>13,274,027,672</u>

	Notes	Amount in Taka	
		2013	2012
<b>20(a) Consolidated Interest income/profit on investments</b>			
Bank Asia limited		14,346,305,946	13,296,056,631
BA Exchange Company (UK) Limited		-	-
Bank Asia Securities Ltd		372,598,948	592,744,302
		<u>14,718,904,894</u>	<u>13,888,800,933</u>
<b>21 Interest paid/profit shared on deposits and borrowings etc.</b>			
Conventional and Islamic banking (Note 21.1)		11,128,672,452	9,598,874,861
Off-shore banking unit		37,349,608	17,474,472
		<u>11,166,022,060</u>	<u>9,616,349,333</u>
<b>21.1 Conventional and Islamic banking</b>			
<b>Interest paid/profit shared on deposits</b>			
Fixed deposits/ Mudaraba Fixed deposit		7,400,394,908	6,839,726,632
Sanchaya plus		130,755,342	114,788,467
Savings deposits/ Mudaraba Savings bank		629,505,209	564,238,645
Special notice deposits		544,751,749	633,490,444
Other deposits		2,034,000,575	1,378,312,357
		<u>10,739,407,783</u>	<u>9,530,556,545</u>
<b>Interest on borrowings</b>			
Local banks including Bangladesh Bank		368,247,951	64,622,700
Foreign banks		115,833	212,136
Interest on subordinated non-convertible zero coupon bond		20,900,885	3,483,480
		<u>389,264,669</u>	<u>68,318,316</u>
		<u>11,128,672,452</u>	<u>9,598,874,861</u>
<b>21(a) Consolidated Interest Expenses/profit paid on Deposits</b>			
Bank Asia limited		11,166,022,060	9,616,349,333
BA Exchange Company (UK) Limited		-	-
Bank Asia Securities Ltd.		509,061,920	566,531,168
		<u>11,675,083,980</u>	<u>10,182,880,501</u>
<b>22 INVESTMENT INCOME</b>			
Interest on treasury bills		450,928,642	224,241,856
Interest on treasury bonds		1,971,612,045	731,550,843
Interest on Islamic bonds		2,848,056	2,275,437
Prime Bank Ltd. unsecured non-convertible subordinated bond		16,077,624	16,461,575
Interest on Others/NBBL		22,464,886	40,796,634
Interest on Orascom Telecom Bangladesh Ltd. senior secured bonds		27,270,000	38,651,507
Interest on ACI Convertible zero coupon bond		4,157,628	3,051,746
MTBL unsecured subordinated convertible bond		17,975,478	18,066,438
Interest on placement		361,509,224	311,991,775
Capital gain from investment in shares		1,919,098	20,718,151
Dividend on shares		16,277,211	99,065,910
Interest on debentures		1,443,750	2,398,136
Capital gain on Government securities		159,311,677	421,374,098
		<u>3,053,795,319</u>	<u>1,930,644,106</u>



	Notes	Amount in Taka	
		2013	2012
<b>22(a) Consolidated investment income</b>			
Bank Asia Limited		3,053,795,319	1,930,644,106
Bank Asia Securities Limited		1,213,965	-
BA Exchange Company (UK) Limited		-	-
		<u>3,055,009,284</u>	<u>1,930,644,106</u>
Less: Inter-company transactions		-	89,998,000
		<u>3,055,009,284</u>	<u>1,840,646,106</u>

## 23 COMMISSION, EXCHANGE AND BROKERAGE

Conventional and Islamic banking (Note 23.1)	1,793,882,032	1,751,515,708
Off-shore banking unit	7,420,977	8,797,901
	<u>1,801,303,009</u>	<u>1,760,313,609</u>

### 23.1 Conventional and Islamic Banking

Commission on L/C	239,489,768	284,268,852
Commission on back to back L/C	398,410,403	301,204,592
Fees and commission	46,979,425	50,566,402
Commission on L/G	75,419,439	64,808,899
Commission on export	155,542,499	127,803,354
Commission on PO, DD, TT, TC, etc	6,970,632	9,104,433
Commission on brokerage	-	-
Other commission	9,240,034	8,192,876
	<u>932,052,200</u>	<u>845,949,408</u>
Foreign exchange gain	861,829,832	905,566,300
	<u>1,793,882,032</u>	<u>1,751,515,708</u>

### 23(a) Consolidated Commission, exchange and brokerage

Bank Asia Limited	1,801,303,009	1,760,313,609
Bank Asia Securities Ltd	96,923,154	111,045,350
BA Exchange Company (UK) Limited	13,856,440	10,258,300
	<u>1,912,082,603</u>	<u>1,881,617,259</u>

## 24 OTHER OPERATING INCOME

Conventional and Islamic banking (Note 24.1)	491,670,796	444,711,166
Off-shore banking unit	6,067,600	5,299,669
	<u>497,738,396</u>	<u>450,010,835</u>

### 24.1 Conventional and Islamic banking

Locker charge	7,836,750	6,989,906
Service and other charges	253,384,611	242,090,406
Master/Visa card fees and charges	87,398,975	81,166,153
Postage/telex/SWIFT/fax recoveries	81,643,058	64,169,196
Non-operating income	12,670,181	18,353,309
Rebate on nostro account	48,737,221	31,942,196
	<u>491,670,796</u>	<u>444,711,166</u>

	Notes	Amount in Taka	
		2013	2012
<b>24(a) Consolidated other operating income</b>			
Bank Asia Limited		497,738,396	450,010,835
Bank Asia Securities Ltd		6,778,255	6,566,458
BA Exchange Company (UK) Limited		-	-
		<u>504,516,651</u>	<u>456,577,293</u>
<b>25 Salaries and allowances</b>			
Conventional and Islamic banking (Note 25.1)		1,448,943,946	1,281,947,224
Off-shore banking unit		-	-
		<u>1,448,943,946</u>	<u>1,281,947,224</u>
<b>25.1 Conventional and Islamic banking</b>			
Basic salary		516,283,588	463,552,193
Allowances		569,825,016	506,703,081
Festival bonus		91,593,288	80,157,472
Gratuity		43,099,268	39,091,096
Provident fund contribution		48,142,786	42,443,382
Performance bonus		180,000,000	150,000,000
		<u>1,448,943,946</u>	<u>1,281,947,224</u>
<b>25(a) Consolidated Salaries and allowances</b>			
Bank Asia Limited		1,448,943,946	1,281,947,224
Bank Asia Securities Ltd		30,542,204	33,529,700
BA Exchange Company (UK) Limited		7,975,631	7,359,950
		<u>1,487,461,781</u>	<u>1,322,836,874</u>
<b>26 RENT, TAXES, INSURANCE, ELECTRICITY ETC.</b>			
Conventional and Islamic banking (Note 26.1)		370,172,493	326,473,987
Off-shore banking unit		81,345	81,906
		<u>370,253,838</u>	<u>326,555,893</u>
<b>26.1 Conventional and Islamic banking</b>			
Rent, rate and taxes		231,581,347	203,817,844
Insurance		89,485,923	82,877,932
Power and electricity		49,105,223	39,778,211
		<u>370,172,493</u>	<u>326,473,987</u>
<b>26(a) Consolidated Rent, taxes, insurance, electricity etc.</b>			
Bank Asia Limited		370,253,838	326,555,893
Bank Asia Securities Ltd		9,839,570	10,733,258
BA Exchange Company (UK) Limited		8,649,550	8,723,390
		<u>388,742,958</u>	<u>346,012,541</u>

	Notes	Amount in Taka	
		2013	2012
<b>27 LEGAL EXPENSES</b>			
Conventional and Islamic banking (Note 27.1)		8,863,980	7,050,981
Off-shore banking unit		-	-
		<u>8,863,980</u>	<u>7,050,981</u>
<b>27.1 Conventional and Islamic Banking</b>			
Legal expenses		8,863,980	7,050,981
Other professional charges		-	-
		<u>8,863,980</u>	<u>7,050,981</u>
<b>27(a) Consolidated Legal expenses</b>			
Bank Asia Limited		8,863,980	7,050,981
Bank Asia Securities Ltd		128,264	357,615
BA Exchange Company (UK) Limited		152,490	61,750
		<u>9,144,734</u>	<u>7,470,346</u>
<b>28 POSTAGE, STAMPS, TELECOMMUNICATION ETC.</b>			
Conventional and Islamic banking (Note 28.1)		64,576,428	53,564,392
Off-shore banking unit		286,688	353,098
		<u>64,863,116</u>	<u>53,917,490</u>
<b>28.1 Conventional and Islamic banking</b>			
Telephone, courier and postage		44,094,269	36,483,096
Master/VISA card process fee		3,529,605	2,626,251
ATM charge		1,391,751	887,337
SWIFT and Reuter charge		13,056,345	11,526,576
Internet		2,504,458	2,041,132
		<u>64,576,428</u>	<u>53,564,392</u>
<b>28(a) Consolidated Postage, stamps, telecommunication etc.</b>			
Bank Asia Limited		64,863,116	53,917,490
Bank Asia Securities Ltd		3,098,913	2,752,298
BA Exchange Company (UK) Limited		550,030	847,470
		<u>68,512,059</u>	<u>57,517,258</u>
<b>29 STATIONERY, PRINTING, ADVERTISEMENTS ETC.</b>			
Conventional and Islamic banking (Note 29.1)		69,798,722	70,023,477
Off-shore banking unit		-	-
		<u>69,798,722</u>	<u>70,023,477</u>
<b>29.1 Conventional and Islamic banking</b>			
Office and security stationery		32,554,713	39,846,233
Calendar, diary, souvenir, etc		5,606,887	6,020,000
ATM card		184,200	16,550
Books and periodicals		1,413,023	1,344,587
Publicity and advertisement		30,039,899	22,796,107
		<u>69,798,722</u>	<u>70,023,477</u>

	Notes	Amount in Taka	
		2013	2012
<b>29(a) Consolidated Stationery, printing, advertisements etc.</b>			
Bank Asia Limited		69,798,722	70,023,477
Bank Asia Securities Ltd		260,930	488,205
BA Exchange Company (UK) Limited		494,000	662,220
		<u>70,553,652</u>	<u>71,173,902</u>
<b>30 MANAGING DIRECTOR'S SALARY AND FEES</b>			
Basic salary		6,000,000	6,000,000
House rent allowance		1,500,000	1,500,000
Entertainment allowances		600,000	600,000
Bonus		2,800,000	2,000,000
Utility allowance and others		1,200,000	1,200,000
House maintenance allowance		300,000	300,000
Provident fund		600,000	600,000
		<u>13,000,000</u>	<u>12,200,000</u>
<b>31 DIRECTORS' FEES</b>			
Directors' fees		1,720,000	2,003,240
		<u>1,720,000</u>	<u>2,003,240</u>
<b>31(a) Consolidated Directors' fees</b>			
Bank Asia Limited		1,720,000	2,003,240
Bank Asia Securities Ltd.		120,750	161,000
BA Exchange Company (UK) Limited		-	26,000
		<u>1,840,750</u>	<u>2,190,240</u>
<b>32 AUDITORS FEES</b>			
Statutory audit fees		690,000	575,000
others		400,550	489,535
		<u>1,090,550</u>	<u>1,064,535</u>
<b>32(a) Consolidated Auditors fees</b>			
Bank Asia Limited		1,090,550	1,064,535
Bank Asia Securities Ltd		86,250	86,250
BA Exchange Company (UK) Limited		780,000	780,000
		<u>1,956,800</u>	<u>1,930,785</u>
<b>33 DEPRECIATION AND REPAIR OF BANK'S ASSETS</b>			
Conventional and Islamic banking (Note 33.1)		379,230,047	338,464,389
Off-shore banking unit		74,550	-
		<u>379,304,597</u>	<u>338,464,389</u>

	Notes	Amount in Taka	
		2013	2012
<b>33.1 Conventional and Islamic banking</b>			
<b>Depreciation</b>			
Owned assets		303,014,062	255,244,191
Leased assets		4,580,004	18,650,911
		307,594,066	273,895,102
<b>Repairs</b>			
Building		24,867,226	20,294,540
Furniture and fixtures		386,570	652,515
Equipments		4,652,006	5,862,363
Maintenance		41,730,179	37,759,869
		71,635,981	64,569,287
		379,230,047	338,464,389
<b>33(a) Consolidated Depreciation and repairs of Bank's assets</b>			
Bank Asia Limited		379,304,597	338,464,389
Bank Asia Securities Ltd		5,566,086	6,923,052
BA Exchange Company (UK) Limited		2,478,450	2,521,090
		387,349,133	347,908,531
<b>34 OTHER EXPENSES</b>			
Conventional and Islamic banking (Note 34.1)		759,520,827	675,643,443
Off-shore banking unit		-	-
		759,520,827	675,643,443
<b>34.1 Conventional and Islamic banking</b>			
Car expenses		184,732,899	135,818,032
Contractual service expenses		206,965,949	174,663,489
Computer expenses		104,019,769	103,650,811
Other management and administrative expenses		112,403,148	94,340,121
Entertainment		23,373,802	21,910,051
AGM/EGM expenses		10,228,451	17,359,645
Office plantation		4,983,452	4,523,186
Payment to superannuation fund		2,400,000	2,400,000
Finance charge for lease assets		2,035,865	16,601,538
Donation and subscription to institutions		83,757,186	76,525,251
Travelling expenses		14,538,015	19,342,117
Training and internship		9,450,451	7,852,642
Directors' travelling expenses		131,840	156,560
Sharia council fees		500,000	500,000
		759,520,827	675,643,443
<b>34(a) Consolidated other expenses</b>			
Bank Asia Limited		759,520,827	675,643,443
Bank Asia Securities Ltd		21,898,745	26,184,802
BA Exchange Company (UK) Limited		4,750,460	3,651,570
		786,170,032	705,479,815

Notes	Amount in Taka	
	2013	2012
<b>34(b) Provision for loans and advances/investments and off-balance sheet items</b>		
Conventional and Islamic banking	1,631,559,563	2,222,388,996
Off-shore banking unit	16,729,388	(1,458,176)
	<u>1,648,288,951</u>	<u>2,220,930,820</u>
Break up of provision for loans and advances/Investments is shown below:		
General provision		
Conventional and Islamic banking	30,880,483	17,736,118
Off-shore banking unit	18,120,366	(2,561,472)
	<u>49,000,849</u>	<u>15,174,646</u>
Specific provision		
Conventional and Islamic banking	1,519,802,819	2,075,183,808
Off-shore banking unit	-	-
	<u>1,519,802,819</u>	<u>2,075,183,808</u>
Adjust with General provision		
	<u>1,519,802,819</u>	<u>2,075,183,808</u>
Provision for off-balance sheet items		
Conventional and Islamic banking	80,876,261	129,469,070
Off-shore banking unit	(1,390,978)	1,103,296
	<u>79,485,283</u>	<u>130,572,366</u>
	<u>1,648,288,951</u>	<u>2,220,930,820</u>
<b>34(c) Consolidated Provision for diminution in value of investments</b>		
Bank Asia Limited	246,883,553	100,000,000
Bank Asia Securites Limited	169,861	220,768
BA Exchange Company (UK) Limited	-	-
	<u>247,053,414</u>	<u>100,220,768</u>

**35 RECEIPTS FROM OTHER OPERATING ACTIVITIES**

Conventional and Islamic banking (Note 35.1)	669,178,782	985,869,325
Off-shore banking unit	6,067,600	5,299,669
	<u>675,246,382</u>	<u>991,168,994</u>

**35.1 Conventional and Islamic banking**

Locker charge	7,836,750	6,989,906
Service and other charges	253,384,611	242,090,406
Master card fees and charges	87,398,975	81,166,153
Postage/telex/SWIFT/ fax recoveries	81,643,058	64,169,196
Non-operating income	238,915,388	591,453,664
	<u>669,178,782</u>	<u>985,869,325</u>

Notes	Amount in Taka	
	2013	2012
<b>35(a) Consolidated Receipts from other operating activities</b>		
Bank Asia Limited	675,246,382	991,168,994
Bank Asia Securities Ltd	7,992,220	6,566,458
BA Exchange Company (UK) Limited	-	-
	683,238,602	997,735,452
Less: inter- companies transactions	-	89,998,000
	683,238,602	907,737,452

### 36 PAYMENTS FOR OTHER OPERATING ACTIVITIES

Conventional and Islamic banking (Note 36.1)	1,209,152,406	1,061,752,138
Off-shore banking unit	81,345	81,906
	1,209,233,751	1,061,834,044

#### 36.1 Conventional and Islamic banking

Rent, rates and taxes	370,172,493	326,473,987
Legal expenses	8,863,980	7,050,981
Directors' fees	1,720,000	2,003,240
Repair and maintenance	-	-
Postage, stamp, telecommunication, etc	64,863,116	53,917,490
Other expenses	749,442,267	659,041,905
Managing Director's salary	13,000,000	12,200,000
Auditors' fee	1,090,550	1,064,535
	1,209,152,406	1,061,752,138

#### 36(a) Payments for other operating activities

Bank Asia Limited	1,209,233,751	1,061,834,044
Bank Asia Securities Ltd	35,051,742	40,114,223
BA Exchange Company (UK) Limited	-	-
	2,346,233,760	1,101,948,267

### 37 EARNINGS PER SHARE (EPS)

Net profit after tax (Numerator)	1,459,817,905	907,996,995
Number of ordinary shares outstanding (Denominator)	630,574,872	630,574,872
Issue of bonus share 10%	63,057,487	63,057,487
Number of ordinary shares outstanding (Denominator)	693,632,359	693,632,359
Earnings per share (EPS)	2.10	1.31

Earnings per share has been calculated in accordance with BAS 33: "Earnings Per Share (EPS)". Earnings per share for previous 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 2013, the earliest period reported. Actual EPS for 2012 was Taka 1.44.

#### 37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)	1,330,538,402	849,941,367
Number of ordinary shares outstanding (Denominator)	693,632,359	693,632,359
Earnings per share (EPS)	1.92	1.23

### 38 NUMBER OF EMPLOYEES

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 1,600 (2012: 1485).

### 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 by the Board in the 248th meeting held on February 28, 2013 consisting of the following members:

Name	Status in the Audit Committee	Educational qualification
Mr. Shah Md. Nurul Alam	Chairman	MBA (IBA), M.Sc (Applied Physics)
Mr. Rumeen A. Hossain	Member	B. Sc in Mechanical Engineering, MBA
Mr. Mohammed Lakiotullah	Member	M.Sc.

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

No. of meeting	Date	No. of meeting	Date
115th Audit	11th February, 2013	125th Audit	3rd July, 2013
116th Audit	18th February, 2013	126th Audit	13th July, 2013
117th Audit	27th February, 2013	127th Audit	28th July, 2013
118th Audit	11th March, 2013	128th Audit	24th August, 2013
119th Audit	27th March, 2013	129th Audit	19th September, 2013
120th Audit	12th April, 2013	130th Audit	12th October, 2013
121st Audit	19th May, 2013	131st Audit	23rd October, 2013
122nd Audit	30th May, 2013	132nd Audit	19th November, 2013
123rd Audit	13th June, 2013	133rd Audit	9th December, 2013
124th Audit	27th June, 2013	134th Audit	18th December, 2013

In the year 2013, the Audit Committee held 20 (twenty) meetings in which, the following issues, among others, were reviewed and discussed:

#### In the meetings amongst others the Committee discussed the following issues:

- External Audit Report of the Bank and the recommendations made there under.
- Bangladesh Bank comprehensive inspection report and the recommendations made there under.
- Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance (ICC) Division of the Bank.
- 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.
- The corrective measures taken by the management in regard to the lapses pointed out by the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.
- 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.
- Management Report on Accounts of the Bank for the year ended on 31.12.2012.
- Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance thereof.
- The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

#### 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

During the year 2013, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of director	Status with the Bank	Name of the organization	Nature of business
<b>Mr. A. Rouf Chowdhury</b>	Chairman	Rangs Motors Ltd	Vehicles
		Rangs ITT Ltd	IT connectivity/service
		Rangs Limited	Industries
		Rangs Workshop Limited	Service
		Agro Food Services Limited	Service
		Reliance Insurance Ltd	Insurance
		Shield Security Services Ltd	Security Service
		Rangs Industries Ltd	Microwave woven/AC/TV
		The Daily Star	Publication of advertisement
		The Daily Shakaler Khabor	Publication of advertisement
		Rangs Properties Ltd	Tenancy
		Enterprise Asia	Tenancy
		Rangs Telecom Ltd	Telephone facility
Rancon Services Ltd	Maintenance		
<b>Mr. Mohammed Lakiotullah</b>	Vice Chairman	Hajj Finance Company Ltd	Lease Finance
<b>Ms. Farhana Haq Chowdhury</b>	Director	Rangs Telecom Ltd	Telephone facility
		DHS Motors Limited	Motor Vehicles
<b>Ms. Sohana Rouf Chowdhury</b>	Alternate Director	Rangs Motors Ltd	Vehicles
		Rangs Properties Ltd	Tenancy
		Rangs Industries Ltd	Microwave woven/AC/TV
		Shield Security Services Ltd	Security Service
		Rangs ITT Ltd	IT connectivity/service
<b>Mr. Rume A. Hossain</b>	Director	Agro Food Services Limited	Service
		Romask Ltd	Printing
		Rangs Industries Ltd	Microwave woven/AC/TV
		Rangs ITT Ltd	IT connectivity/service
<b>Mr. Shah Md. Nurul Alam</b>	Director	Rangs Telecom Ltd	Telephone facility
		Hajj Finance Company Ltd	Lease Finance
<b>Mr. Mohd. Safwan Choudhury</b>	Director	Enterprise Asia	Tenancy
<b>Mr. Nafees Khundhker</b>	Director	Rangs Telecom Ltd	Telephone facility
		DHS Motors Limited	Motor Vehicles
<b>Mr. Faisal Samad</b>	Director	Agro Food Services Limited	Service

The Bank sanctioned the following facilities in favor of the Phulbari Tea Estates Ltd. and M. Ahmed Tea & Lands Co. Ltd. during the year 2013.

Name of the director having interest	Nature of facility	Limit(Taka)	Outstanding balance as at 31 December 2013 (Taka)	Nature of Security
Mr. Mohd. Safwan Choudhury	Bank Guarantee	434,133	434,133	Lien on FDR

As at the balance sheet date, the Bank had no transaction with the related party (ies) as defined in the BRPD Circular No. 14 issued by the Bangladesh Bank on 25 June 2003 other than as disclosed above.

#### 41 COVERAGE OF EXTERNAL AUDIT

The external auditor of the Bank, M/s S. F. Ahmed & Co, Chartered Accountants worked about 3,200 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 2013 was Tk. 23 (2012: 21.50) at DSE and Tk. 22.90 (2012: 21.60) at CSE.

#### 43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 280 meeting held on March 05, 2014 has recommended stock dividend @ 10% 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.

# HIGHLIGHTS ON THE OVERALL ACTIVITIES AS AT

AND FOR THE YEAR ENDED 31 DECEMBER 2013

Sl no.	Particulars		2013	2012
1	Paid-up capital	Taka	6,936,323,590	6,305,748,720
2	Total capital	Taka	15,574,848,771	13,930,186,851
3	Capital (deficit)/surplus	Taka	1,477,156,488	3,258,286,851
4	Total assets	Taka	163,777,743,402	140,361,374,568
5	Total deposits	Taka	133,489,374,641	110,061,775,383
6	Total loans and advances / investments	Taka	104,911,261,053	92,328,818,525
7	Total contingent liabilities and commitments	Taka	67,164,264,930	59,215,736,602
8	Credit deposit ratio		78.59%	83.89%
9	Percentage of classified loans / investments against total loans and advances / investments		5.60%	5.69%
10	Profit after tax and provision	Taka	1,459,817,905	907,996,995
11	Amount of classified loans/investments during current year	Taka	5,878,790,856	5,251,484,294
12	Provisions kept against classified loans / investments	Taka	3,074,434,778	2,641,109,129
13	Provision surplus against classified loans / investments	Taka	1	30,349,292
14	Cost of fund		11.44%	12.31%
15	Interest earning assets	Taka	150,629,278,953	129,078,119,157
16	Non-interest earning assets	Taka	13,148,464,449	11,283,255,411
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]		8.51%	5.20%
18	Return on assets (ROA) [PAT/ Average assets]		0.96%	0.70%
19	Income from investment	Taka	3,053,795,319	1,930,644,106
20	Capital adequacy		11.05%	13.05%
21	Earnings per share	Taka	2.10	1.31
22	Net income per share	Taka	2.10	1.31
23	Price earning ratio	Times	10.93	16.42

# BALANCE WITH OTHER BANKS-OUTSIDE BANGLADESH (NOSTRO ACCOUNT)

AT 31 DECEMBER 2013

ANNEX-A

Name of the Bank	Account type	2013				2012			
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka	
<b>Conventional and Islamic banking:</b>									
<b>Interest bearing :</b>									
Citibank N.A., London	CD	EURO	8,361.36	90.00	752,522	5,059.70	90.00	455,373	
Citibank N.A., London	CD	GBP	2,459.93	130.00	319,791	4,682.03	130.00	608,664	
Citibank NA, New York	CD	USD	2,153.86	70.00	150,771	21,067,565.10	70.00	1,474,729,557	
Habib American Bank, New York	CD	USD	98.76	70.00	6,913	648,520.77	70.00	45,396,454	
Mashreqbank psc, New York	CD	USD	25,946.71	70.00	1,816,270	2,277.08	70.00	159,396	
National Westminster Bank plc, London	CD	GBP	969.00	130.00	125,970	299.34	130.00	38,914	
Standard Chartered Bank, Mumbai	CD	ACU	27,144.24	70.00	1,900,097	89,563.66	70.00	6,269,456	
Standard Chartered Bank, New York	CD	USD	7,073.74	70.00	495,162	11,909.07	70.00	833,635	
					5,567,496			1,528,491,449	
<b>Non-interest bearing :</b>									
AB Bank Ltd, Mumbai	CD	ACU	587.01	70.00	41,091	3,894.85	70.00	272,640	
Bank of Nova Scotia, Toronto	CD	CAD	-	55.00	-	-	55.00	-	
Bhutan National Bank Ltd, Thimphu	CD	USD	10,030.95	70.00	702,167	33,814.95	70.00	2,367,047	
Canadian Imperial Bank of commerce	CD	CAD	-	55.00	-	1,435.67	55.00	78,962	
Caisse Centrale Desjardins	CD	CAD	5,000.00	55.00	275,000	-	55.00	-	
Commerzbank AG, Frankfurt	CD	EURO	20,150.03	90.00	1,813,503	45,131.67	90.00	4,061,850	
Credit Suisse First Boston, Zurich	CD	CHF	-	50.00	-	14,016.16	50.00	700,808	
Zurcher Kantonal Bank, Switzerland	CD	CHF	6,799.00	50.00	339,950	-	50.00	-	
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	24,117.84	70.00	1,688,249	200,873.94	70.00	14,061,176	
HSBC Australia Ltd, Sydney	CD	AUD	509.86	50.00	25,493	8,666.37	50.00	433,319	
National Australia Bank Limited, Melbourne	CD	AUD	1,855.00	50.00	92,750	-	50.00	-	
HSBC, New York	CD	USD	50,611.38	70.00	3,542,797	8,096.07	70.00	566,725	
Unicredit Bank AG Munich	CD	EURO	521.47	90.00	46,932	3,721.38	90.00	334,924	
Habib Bank UK, London	CD	GBP	5,000.00	130.00	650,000	-	130.00	-	
ICICI Bank Ltd, Kowloon	CD	USD	12,731.20	70.00	891,184	195,157.93	70.00	13,661,055	
ICICI Bank Ltd, Mumbai	CD	ACU	14,191.69	70.00	993,418	4,572.23	70.00	320,056	

Name of the Bank	Account type	2013				2012			
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka	
Muslim Commercial Bank Ltd, Colombo	CD	ACU	39,308.13	70.00	2,751,569	98,258.08	70.00	6,878,066	
Muslim Commercial Bank Ltd, Karachi	CD	ACU	53,131.30	70.00	3,719,191	39,584.10	70.00	2,770,887	
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	28,750.41	70.00	2,012,529	51,276.76	70.00	3,589,373	
UBAF, Tokyo	CD	JPY	2,525,089.00	0.55	1,388,798	1,430,038.00	0.55	786,521	
Wells Fargo Bank N.A, New York	CD	USD	1,173.13	70.00	82,119	92,383.19	70.00	6,466,823	
Wells Fargo Bank N.A, London	CD	EURO	609.11	90.00	54,819	2,213.93	90.00	199,254	
Sonali Bank (UK) Ltd	CD	USD	4,038.72	70.00	282,710	26,450.30	70.00	1,851,521	
Al Rajhi Bank, KSA	CD	SAR	90,380.00	22.00	1,988,360	830,000.00	22.00	18,260,000	
Saudi Hollandi Bank, KSA	CD	SAR	4,987.00	22.00	109,714	269,993.50	22.00	5,939,857	
JP Morgan Chase Bank, New York	CD	USD	18,439.44	70.00	1,290,761	4,203.14	70.00	294,220	
					24,783,104			83,895,082	
<b>Off-shore banking unit:</b>									
					USD		USD		
Commerzbank AG, Frankfurt	CD	EURO	6,207.61	70.00	434,533	270.40	70.00	18,929	
Habib American Bank, New York	CD	USD	97,149.05	70.00	6,800,422	2,409,161.47	70.00	168,641,302	
Sonali Bank, London	CD	GBP	5.27	70.00	369	75.47	70.00	5,283	
					7,235,324			168,665,514	
					37,585,924			1,781,052,045	

# INVESTMENT IN SHARES

AT 31 DECEMBER 2013

ANNEX-B

Sl. no.	Name of the company	Type of shares	Face value	No. of shares including bonus shares	Cost of holding	Average cost		Quoted rate per share as at 31.12.2013		Total market value as at 31.12.2013		Required provision (Market value less cost of holding)	
						Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
	Quoted Share												
1	Khulna Power Company	A	10	4,062	406,760	100.14	49.10	199,444				(207,315)	
2	Summit Alliance Port/Ocean	A	10	6,725	295,945	44.01	30.30	203,768				(92,178)	
3	Advanced Chemical Ind. Ltd.	A	10	36,792	5,189,922	141.06	171.50	6,309,828				1,119,906	
4	AB Bank Limited	A	10	93,150	9,720,996	104.36	26.20	2,440,530				(7,280,466)	
5	Dhaka Bank	A	10	354,229	15,811,119	44.64	18.80	6,659,505				(9,151,614)	
6	Exim Bank	A	10	1,537,366	38,582,440	25.10	12.90	19,832,021				(18,750,419)	
7	Goldenson	A	10	84,755	8,586,787	101.31	65.60	5,559,928				(3,026,859)	
8	IDLC Finance	A	10	251,598	31,289,947	124.36	62.90	15,825,514				(15,464,433)	
9	Islami Bank	A	10	178,326	6,974,560	39.11	34.60	6,170,080				(804,480)	
10	Lanka Bangla Finance	A	10	261,538	37,048,279	141.66	66.50	17,392,277				(19,656,002)	
11	Mercantile Bank	A	10	3,229,724	99,660,403	30.86	16.70	53,936,391				(45,724,012)	
12	National Housing Fin & Inv Ltd.	A	10	263,500	13,094,325	49.69	32.80	8,642,800				(4,451,525)	
13	Phoenix Finance	A	10	1,024,148	49,442,462	48.28	35.90	36,766,913				(12,675,548)	
14	Prime Finance	A	10	72,576	12,001,824	165.37	26.70	1,937,779				(10,064,045)	
15	Prime Insurance	A	10	50,157	5,466,942	109.00	32.30	1,620,071				(3,846,871)	
16	Pubali Bank	A	10	6	208	34.65	32.50	195				(13)	
17	Reliance Insurance	A	10	69,151	7,343,865	106.20	79.70	5,511,335				(1,832,530)	
18	Southeast Bank	A	10	1,021,125	34,732,696	34.01	17.90	18,278,138				(16,454,559)	
19	United Commercial Bank	A	10	1,803,328	63,772,870	35.36	25.10	45,263,533				(18,509,337)	
20	Premier Bank	A	10	2,641,391	66,796,135	25.29	10.90	28,791,162				(38,004,973)	
	Sub total				506,218,484			281,341,211				(224,877,273)	
	Available cash balance				38,617,105								
	Sub total				544,835,589								
	Mutual Fund												
21	1st Janata MF	A	10	5,000,000	50,000,000	10.00	6.00	30,000,000				(20,000,000)	
22	MBL 1ST MF	A	10	5,000,000	50,000,000	10.00	6.30	31,500,000				(18,500,000)	
23	EBL NRB MF	A	10	16,237,000	149,665,000	9.22	7.80	126,648,600				(23,016,400)	
24	1st Bangladesh Fixed Income Fund	A	10	27,568,493	250,000,000	9.07	9.30	256,386,985				6,386,985	
8	EXIM BANK 1ST MF (Locked in shares)	A	10	15,000,000	150,000,000	10.00	7.80	117,000,000.00				(33,000,000)	
25	EXIM BANK 1ST MF	A	10	9,874,000	98,740,000	10.00	7.80	77,017,200				(21,722,800)	
	Sub total				748,405,000			638,552,784.90				(109,852,215.10)	
	Bond												
	ACI Zero Coupon Bonds	A	1000	26,002	16,615,278	639.00	910.00	23,661,820.00				7,046,542	
	A. Provision requirement for quoted stocks											(327,682,945.72)	

Sl. no.	Name of the company	Type of shares	Face value	No. of shares including bonus shares	Cost of holding	Average cost	Unquoted rate per share as at 31.12.2013	Total book value as at 31.12.2013	Required provision (Market value less cost of holding)
	Unquoted Share								
1	Industrial and Infrastructure Development Finance Co. Limited		100	732,911	29,683,820	40.50	128.19	93,951,861.09	64,268,041
2	Central Depository Bangladesh Limited		10	512,889	3,138,890	6.12	23.65	12,129,824.85	8,990,935
3	Era-Infotech Limited		100	3,837	383,700	100.00	3,563.68	13,673,840.16	13,290,140
4	Bangladesh Rating Agency Limited		100	24,995	2,499,500	100.00	34.08	851,829.60	(1,647,670)
5	MSF Asset Management Co. Ltd.		10	200,000	2,000,000	10.00	10.00	2,000,000.00	-
6	ACME Laboratories Ltd		10	1,000,000	52,000,000	52.00	65.09	65,087,789.90	13,087,790
7	Investment in SWIFT share		303,234	8	2,425,870	303,234	303,234	2,425,870.00	-
8	Energypac Power Generation Limited		10	1,136,000	49,984,000	44.00	28.87	32,794,156.89	(17,189,843)
	B. Provision requirement for unquoted shares				142,115,780			222,915,172.49	80,799,392
	C. Provision Requirement for quoted and unquoted shares (A+B)								(246,883,553)
	D. Provision maintained								246,883,553
	E. Excess provision								-

# SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

AT 31 DECEMBER 2013

Particulars	Cost					Rate of dep. %	Depreciation					Written down value as at 31 December 2013
	Balance as at 1 January 2013	Additions during the year	Revaluation	Disposal/ adjustment during the year	Balance as at 31 December 2013		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 December 2013		
	Taka	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka		
<b>Own assets</b>												
Land	2,531,152,000	112,687,095	-	-	2,643,839,095	0	-	-	-	-	-	2,643,839,095
Building	1,682,405,028	749,741,319	-	-	2,432,146,347	5	60,634,376	42,926,846	-	362,003,673	-	2,070,142,674
Furniture and fixtures	542,338,091	131,875,354	-	(850,000)	673,363,445	20	118,960,440	-	(478,593)	404,245,452	-	269,117,993
Equipments	337,554,738	67,909,188	-	-	405,463,926	20	69,823,495	-	-	262,431,826	-	143,032,100
Computer and accessories	151,993,119	32,283,671	-	(43,000)	184,233,790	20	30,780,757	-	(25,800)	123,653,129	-	60,580,661
Motor vehicles	113,086,360	26,022,215	-	-	139,108,575	20	22,889,544	-	-	82,369,892	-	56,738,683
	5,358,529,336	1,120,518,842	-	(893,000)	6,478,155,178		303,088,612	42,926,846	(504,393)	1,234,703,972		5,243,451,206
<b>Leased assets</b>												
Building	49,573,087	-	-	-	49,573,087	5	800,004	1,678,654	-	12,235,966	-	37,337,121
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	-	-	-	167,162,848	-	-
Equipments	106,201,139	-	-	-	106,201,139	20	-	-	-	106,201,139	-	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	-	-	-	72,204,100	-	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	3,780,000	-	-	11,340,000	-	7,560,000
	414,041,174	-	-	-	414,041,174		4,580,004	1,678,654	-	369,144,053	-	44,897,121
<b>Total</b>	<b>5,772,570,510</b>	<b>1,120,518,842</b>	<b>-</b>	<b>(893,000)</b>	<b>6,892,196,352</b>		<b>307,668,616</b>	<b>44,605,500</b>	<b>(504,393)</b>	<b>1,603,848,025</b>		<b>5,288,348,327</b>



# SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

AT 31 DECEMBER 2012

ANNEX-C1

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 December 2012		
	Balance as at 1 January 2012	Additions during the year	Revaluation	Disposal/ adjustment during the year		Balance as at 31 December 2012	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year		Balance as at 31 December 2012	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka		Taka	
<b>Own assets</b>												
Land	2,531,152,000	-	-	-	2,531,152,000	0	-	-	-	-	-	2,531,152,000
Building	1,667,055,130	15,349,898	-	-	1,682,405,028	5	174,322,179	41,193,426	42,926,846	-	258,442,451	1,423,962,577
Furniture and fixtures	426,017,666	118,145,425	-	(1,825,000)	542,338,091	20	187,401,843	99,250,309	-	(888,547)	285,763,605	256,574,486
Equipments	276,128,410	61,432,528	-	(6,200)	337,554,738	20	129,024,628	63,587,423	-	(3,720)	192,608,331	144,946,407
Computer and accessories	126,289,794	25,703,325	-	-	151,993,119	20	63,890,536	29,007,636	-	-	92,898,172	59,094,947
Motor vehicles	91,593,360	23,493,000	-	(2,000,000)	113,086,360	20	37,874,951	22,205,397	-	(600,000)	59,480,348	53,606,012
	5,118,236,360	<b>244,124,176</b>	-	(3,831,200)	5,358,529,336		592,514,137	255,244,191	42,926,846	(1,492,267)	889,192,907	4,469,336,429
<b>Leased assets</b>												
Building	49,573,087	-	-	-	49,573,087	5	7,278,654	1,600,000	1,678,654	(800,000)	9,757,308	39,815,779
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	167,162,848	3,136,755	-	(3,136,755)	167,162,848	-
Equipments	106,201,139	-	-	-	106,201,139	20	104,790,598	4,895,950	-	(3,485,409)	106,201,139	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	72,204,100	1,458,206	-	(1,458,206)	72,204,100	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	3,780,000	7,560,000	-	(3,780,000)	7,560,000	11,340,000
	414,041,174	-	-	-	414,041,174		355,216,200	18,650,911	1,678,654	(12,660,370)	362,885,395	51,155,779
<b>Total</b>	<b>5,532,277,534</b>	<b>244,124,176</b>	-	<b>(3,831,200)</b>	<b>5,772,570,510</b>		<b>947,730,337</b>	<b>273,895,102</b>	<b>44,605,500</b>	<b>(14,152,637)</b>	<b>1,252,078,302</b>	<b>4,520,492,208</b>

## ANNEX-C2

# CONSOLIDATED SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

AT 31 DECEMBER 2013

Particulars	Cost			Rate of dep.	Depreciation			Written down value as at 31 December 2013			
	Balance as at 1 January 2013	Additions during the year	Disposal/ adjustment during the year		Balance as at 1 January 2013	Charged during the year	Charged from Revaluation reserve during the year		Disposal/ adjustment during the year		
	Taka	Taka	Taka		Taka	Taka	Taka		Taka		
<b>Own assets</b>											
Land	2,531,152,000	112,687,095	-	2,643,839,095	0	-	-	-	2,643,839,095		
Building	1,682,405,028	749,741,319	-	2,432,146,347	5	258,442,451	60,634,376	42,926,846	362,003,673	2,070,142,674	
Furniture and fixtures	553,311,039	132,059,514	(850,000)	684,520,553	20	290,595,118	121,697,900	-	(478,593)	411,814,425	272,706,128
Equipments	344,802,973	67,909,188	-	412,712,161	20	195,017,231	70,887,187	-	-	265,904,418	146,807,743
Computer and accessories	158,716,142	33,014,271	(43,000)	191,687,413	20	95,507,322	32,271,483	-	(25,800)	127,753,005	63,934,408
Motor vehicles	113,086,360	26,022,215	-	139,108,575	20	59,480,348	22,889,544	-	-	82,369,892	56,738,683
	5,383,473,542	1,121,433,602	(893,000)	6,504,014,144		899,042,470	308,380,490	42,926,846	(504,393)	1,249,845,413	5,254,168,731
<b>Leased assets</b>											
Leasehold (BA Exchange (UK) Ltd	15,969,961	-	-	15,969,961	5	2,661,713.60	1,596,920	-	-	4,258,634	11,711,327
Building	49,573,087	-	-	49,573,087	5	9,757,308	800,004	1,678,654	-	12,235,966	37,337,121
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	7,560,000	3,780,000	-	-	11,340,000	7,560,000
	430,011,135	-	-	430,011,135		365,547,109	6,176,924	1,678,654	-	373,402,687	56,608,448
<b>Total</b>	<b>5,813,484,677</b>	<b>1,121,433,602</b>	<b>(893,000)</b>	<b>6,934,025,279</b>		<b>1,264,589,578</b>	<b>314,557,414</b>	<b>44,605,500</b>	<b>(504,393)</b>	<b>1,623,248,099</b>	<b>5,310,777,180</b>

# ANNEX-C3 CONSOLIDATED SCHEDULE OF FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

AT 31 DECEMBER 2012

Particulars	Cost				Rate of dep.	Depreciation				Written down value as at 31 December 2012	
	Balance as at 1 January 2012	Additions during the year	Disposal/adjustment during the year	Balance as at 31 December 2012		Balance as at 1 January 2012	Charged during the year	Charged from Revaluation reserve during the year	Disposal/adjustment during the year		Balance as at 31 December 2012
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka		Taka
<b>Own assets</b>											
Land	2,531,152,000	-	-	2,531,152,000	0	-	-	-	-	-	2,531,152,000
Building	1,667,055,130	15,349,898	-	1,682,405,028	5	174,322,179	41,193,426	42,926,846	-	258,442,451	1,423,962,577
Furniture and fixtures	436,942,743	118,193,296	(1,825,000)	553,311,039	20	189,533,247	101,950,418	-	(888,547)	290,595,118	262,715,921
Equipments	283,000,595	61,808,578	(6,200)	344,802,973	20	130,369,833	64,651,118	-	(3,720)	195,017,231	149,785,742
Computer and accessories	132,612,517	26,103,625	-	158,716,142	20	65,155,081	30,352,241	-	-	95,507,322	63,208,820
Motor vehicles	91,593,360	23,493,000	(2,000,000)	113,086,360	20	37,874,951	22,205,397	-	(600,000)	59,480,348	53,606,012
	5,142,356,345	244,948,397	(3,831,200)	5,383,473,542		597,255,291	260,352,600	42,926,846	(1,492,267)	899,042,470	4,484,431,072
<b>Leased assets</b>											
Leasehold (BA Exchange (UK) Ltd	15,969,961	-	-	15,969,961	5	1,064,663.60	-	1,597,050	-	2,661,714	13,308,247
Building	49,573,087	-	-	49,573,087	5	7,278,654	1,600,000	1,678,654	(800,000)	9,757,308	39,815,779
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	3,136,755	-	(3,136,755)	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	104,790,598	4,895,950	-	(3,485,409)	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	1,458,206	-	(1,458,206)	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	3,780,000	7,560,000	-	(3,780,000)	7,560,000	11,340,000
	430,011,135	-	-	430,011,135		356,280,864	18,650,911	3,275,704	(12,660,370)	365,547,109	64,464,026
<b>Total</b>	<b>5,572,367,480</b>	<b>244,948,397</b>	<b>(3,831,200)</b>	<b>5,813,484,677</b>		<b>953,536,154</b>	<b>279,003,511</b>	<b>46,202,550</b>	<b>(14,152,637)</b>	<b>1,264,589,578</b>	<b>4,548,895,099</b>

# STATEMENT OF TAX POSITION

AT 31 DECEMBER 2013

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)	Tax Appellate tribunal
2011	2012-2013	1,515,992,334	1,738,409,929	(222,417,595)	Tax Appellate tribunal
2012	2013-2014	1,788,554,541	1,595,557,386	192,997,155	Assessment finalized

# DETAILS OF LARGE LOAN

AT 31 DECEMBER 2013

	2013	2012
Number of clients	12	17
Amount of outstanding advances (Taka)	24,461.31	36,263.90
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) 2013			Outstanding (Taka) 2012		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Abul Khair Steel Industries Ltd.				1,387.86	1,768.65	3,156.51
2	Thermax Group	1,566.10	713.85	2,279.95	1,529.57	1,148.40	2,677.97
3	BRAC & BRAC Feed	520.92	2,108.80	2,629.72	447.34	2,095.90	2,543.24
4	Aftab-Navana	-	-	-	1,798.76	482.80	2,281.56
5	Abdul Monem Ltd.	1,067.71	1,232.88	2,300.59	1,050.70	1,096.93	2,147.63
6	Shahara Denims Ltd.	-	-	-	1,228.44	840.01	2,068.45
7	S.A.Oil Refinery	-	-	-	669.10	1,381.17	2,050.27
8	S.R. Spinings	1,758.51	-	1,758.51	-	2,030.40	2,030.40
9	Meghna Group	-	-	-	717.91	1,298.31	2,016.22
10	Echotex	-	-	-	378.23	1,516.44	1,894.67
11	Pran RFL Group	-	-	-	1,221.35	622.38	1,843.73
12	Desh Bhandu Group	-	-	-	407.46	1,220.92	1,628.38
13	Mahin Group	-	-	-	845.96	722.90	1,568.85
14	Kabir Steel Re-Rolling Mills Ltd.	-	-	-	161.27	1,380.64	1,541.91
15	Resaissance Group	647.42	825.69	1,473.10	580.87	910.41	1,491.28
16	KDS Packaing Industries Ltd.	855.45	787.49	1,642.94	775.68	664.84	1,440.52
17	Prime ship recycling Ltd.	486.98	2,167.38	2,654.36	-	-	-
18	Bank asia securities Ltd.	2,548.33	50.00	2,598.33	3,832.30	50.00	3,882.30
19	S.A group	1,746.01	278.41	2,024.42	-	-	-
20	S.Trading corporation	921.38	964.08	1,885.46	-	-	-
21	Shasha denims Ltd.	868.33	817.49	1,685.82	-	-	-
22	Apex adelchi footwear	870.38	657.73	1,528.10	-	-	-
		<b>13,857.52</b>	<b>10,603.80</b>	<b>24,461.31</b>	<b>17,032.80</b>	<b>19,231.10</b>	<b>36,263.90</b>

# NAME OF DIRECTORS AND THEIR INTEREST IN DIFFERENT ENTITIES

AT 31 DECEMBER 2013

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
			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
			Bon- Chids Limited
			Ranks Agro Bioteq Limited
			Rancon Automobiles Limited
			Ranks Steel Limited
			Ranks Real Estate Limited
			Ranks Beverage Limited
			Ranks Appliances Limited
			Ranks Motors Workshop Limited
			Sea Resources Ltd.
			Sea Fishers Ltd.
			Deep Sea Fishers Ltd.
			Sea Resources Agencies Ltd.
			Agro Food Services Ltd.
			Fishers Shipyard Ltd.
			Sea Resources Cold Storage Ltd.
			Sea Mans Dockyard & Fish Meal Ltd.
			Ran - Jas Limited
			Rancon Motor Bikes Limited
			Zest Polymer Limited
The Daily Star			
The Daily Shakaler Khabor			
Enterprise Asia			
2.	Mr. A. M. Nurul Islam	Vice Chairman &	Nil
		Independent Director	

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
3.	Mr. Mohammed Lakiotullah	Vice Chairman & Independent Director	Hajj Finance Company Ltd
			RSL Consultancy
4.	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Director	M. Ahmed Tea & Lands Co.
			Phulbari Tea Estates Ltd.
			M. Ahmed Cold Storage Ltd.
			Premier Dyeing & Calendaring Ltd.
			Anandaniketan Ltd.
5.	Ms. Hosneara Sinha	Director	Enterprise Asia Ltd.
			Sinha Apparels Ltd.
			ZMS Fashions Ltd.
			Sinha Auto Spinning Mills Ltd.
			Sattar Jute Mills Ltd.
6.	Mr. Rume A Hossain	Director	Pritha Fashions Ltd.
			Rangs Industries Ltd.
			Ranks ITT Limited
			Romask Ltd.
			Rangs Pharmaceuticals Ltd.
7.	Ms. Farhana Haq Chowdhury	Director	Ranks Telecom. Ltd.
			Ranks Petroleum Ltd. (Representative Director)
			Rangs Pharmaceuticals Limited
			Ranks Telecom Limited
			Rangs Power & Renewable Energy Ltd.
			Rancon Automobiles Limited
			Rancon Autos Limited
			DHS Motors Limited
			FAR Limited
			Rancon Distributions Limited
Rancon Homes Solutions Limited			
8.	Mr. M Irfan Syed	Alternate Director	Rancon Developments Limited
			Rancon Motor Bikes Limited
9.	Ms. Naheed Akhter Sinha	Director	Nil
			Sinha Apparels Ltd.
			ZMS Fashions Ltd.
10.	Mr. Nafees Khundker	Director	SkyTel Communications Ltd.
			Rangs Pharmaceuticals Limited
			Ranks Telecom Limited
			Ranks Interiors Limited
			Sash Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
			Ranks Appliances Limited
			SRK Limited
			Ranks Motors Workshop Limited
			DHS Motors Limited
11.	Mr. Shah Md. Nurul Alam	Independent Director	Hajj Finance Company Ltd. (Representative Director)
12.	Ms. Sohana Rouf Chowdhury	Alternate Director	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors 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
			Bon- Chids Limited
			Ranks Agro Bioteq Limited
			Rancon Automobiles Limited
			Ranks Steel Limited
			Ranks Real Estate Limited
			Sash Limited
			Ranks Beverage Limited
			Ranks Appliances Limited
			SRK Limited
			Ranks Motors Workshop Limited
			Agro Food Services Ltd.
			Zest Polymer Limited
13.	Mr. Faisal Samad	Alternate Director	Savar Textiles Ltd.
			Supasox Ltd.
			Surma Garments Ltd.
			Surma Dyeing Ltd.
			Multi Source
			Smart Sox Ltd.
			Agro Food Services Ltd.
14	Mr. Murshed Sultan Choudhury	Director	Rangs Pharmaceuticals Ltd.
15	Mr. Mir Shahjahan	Director	ZMS Fashions Ltd.



# ISLAMIC BANKING OPERATIONS OF BANK ASIA

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013

Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR) w.e.f. 01.01.2013	
	Client	Bank
1. Mudaraba Term Deposit Account(MTDA) 1 month	75%	25%
2. Mudaraba Term Deposit Account(MTDA) 2 months	80%	20%
3. Mudaraba Term Deposit Account(MTDA) 3 months	85%	15%
4. Mudaraba Term Deposit Account(MTDA) 6 months	85%	15%
5. Mudaraba Term Deposit Account(MTDA) 12 months	86%	14%
6. Mudaraba Term Deposit Account(MTDA) 24 months	85%	15%
7. Mudaraba Term Deposit Account(MTDA) 36 months	85%	15%
8. Mudaraba Term Deposit Account(MTDA) 60 months	85%	15%
9. Mudaraba Special Notice Deposit Account(MSND)	35%	65%
10. Mudaraba Savings Account (MSA)	45%	55%
11. Smart Junior Saver	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

For investment purpose our Islamic Banking follows two systems:

- Fixed return based investment
- Variable return based investment

Fixed return base 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 Council comprising renowned Fuqaha, Islamic bankers and academicians conversant in Islamic Economics & Finance.

## ISLAMIC BANKING UNIT

**BALANCE SHEET**

AT 31 DECEMBER 2013

	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
<b>PROPERTY AND ASSETS</b>		
Cash:		
Cash in hand (including foreign currencies)	23,332,645	20,948,341
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	207,217,127	132,735,174
	230,549,772	153,683,515
Balance with other banks and financial institutions		
In Bangladesh	1,290,203,004	1,900,631,098
Outside Bangladesh	-	-
	1,290,203,004	1,900,631,098
Placement with other banks and financial institutions (Bangladesh Bank Islamic Bond)	187,500,000	112,400,000
Investments:		
Investment (Loans, cash credit, overdrafts etc.)	3,460,362,535	2,804,777,334
Bills Purchased and discounted	35,120,432	51,923,119
	3,495,482,967	2,856,700,453
Fixed assets including premises, furniture and fixtures	2,825,565	3,948,706
Other assets	28,615,952	36,909,081
Non - banking assets	-	-
<b>Total assets</b>	<b>5,235,177,260</b>	<b>5,064,272,853</b>
<b>LIABILITIES AND CAPITAL</b>		
Liabilities:		
Placement from other banks, financial institutions and agents	-	1,400,000,000
Deposits and other Accounts :		
Al-wadeeah current and other deposits accounts, etc.	228,077,174	244,533,069
Bills payable	9,578,859	22,837,975
Mudaraba savings deposits	388,714,736	285,336,156
Mudaraba term deposits	3,441,028,943	2,870,767,694
	4,067,399,712	3,423,474,894
Other liabilities	1,014,836,294	240,797,959
<b>Total liabilities</b>	<b>5,235,177,260</b>	<b>5,064,272,853</b>
<b>OFF- BALANCE SHEET ITEMS</b>		
Contingent liabilities		
Acceptances and endorsements	33,154,596	16,191,273
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	725,000	-
Other contingent liabilities	-	-
Other commitments:	-	-
<b>Total Off-Balance Sheet items including contingent liabilities</b>	<b>33,879,596</b>	<b>16,191,273</b>

## ISLAMIC BANKING UNIT

**PROFIT AND LOSS STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2013

	Amount in Taka	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Investment income	598,615,617	522,687,934
Profit paid on deposits, borrowings, etc.	(417,324,041)	(362,664,033)
Net investment income	181,291,576	160,023,901
Profit on Investment with bank and financial institutions	2,848,056	2,275,437
Commission, exchange and brokerage	36,687,151	32,699,998
Other operating income	3,488,992	11,850,002
Total operating income	224,315,775	206,849,338
Salaries and allowances	37,311,290	36,111,983
Rent, taxes, insurance, electricity, etc.	3,753,062	3,158,733
Legal expenses	-	3,135
Postage, stamp, telecommunication, etc.	342,162	287,051
Stationery, printing, advertisement, etc.	4,893,946	540,805
Depreciation and repair of Bank's assets	2,222,238	2,149,827
Repair and maintenance	-	-
Entertainment expenses	-	-
Travelling expenses	-	-
Other expenses	20,798,136	7,622,960
Total operating expenses	69,320,834	49,874,494
Profit before provision	154,994,941	156,974,844
Provision for investments		
General provision	4,458,687	133,513
Specific provision	(2,405,000)	1,675,400
	2,053,687	1,808,913
Provision for diminution in value of investments	-	-
Other provision	-	-
Total provision	2,053,687	1,808,913
Total profit/(loss) before taxes	152,941,254	155,165,931

## OFF-SHORE BANKING UNIT

**BALANCE SHEET**

AT 31 DECEMBER 2013

	Notes	Amount		
		31 December 2013		31 December 2012
		USD	Taka	Taka
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-
<b>Balance with other banks and financial institutions</b>	3			
In Bangladesh		-	-	-
Outside Bangladesh		103,362	7,235,324	168,665,514
		103,362	7,235,324	168,665,514
<b>Investments</b>				
Government		-	-	-
Others		-	-	-
<b>Loans and advances</b>				4
Loans, cash credits, overdrafts, etc.		31,465,758	2,202,603,094	434,701,714
Bills purchased and discounted		665,526	46,586,839	2,451,606
		32,131,285	2,249,189,933	437,153,320
<b>Fixed assets including premises, furniture and fixtures</b>				
		4,259	298,124	-
<b>Other assets</b>				5
		566,485	39,653,973	6,956,777
<b>Non - banking assets</b>				
		-	-	-
<b>Total assets</b>		32,805,391	2,296,377,354	612,775,611
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
<b>Borrowings from other banks, financial institutions and agents</b>				6
		22,255,400	1,557,878,000	-
<b>Deposits and other accounts</b>				7
Current deposits		4,110,539	287,737,717	187,035,482
Bills payable		-	-	-
Savings bank deposits		-	-	-
Fixed deposits		5,701,885	399,131,972	407,523,076
Bearer certificate of deposit		-	-	-
		9,812,424	686,869,689	594,558,558
<b>Other liabilities</b>				8
		238,991	16,729,388	8,891,809
<b>Total liabilities</b>		32,306,815	2,261,477,077	603,450,367
<b>Capital / Shareholders' equity</b>				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Other reserve		-	-	-
Deficit in profit and loss account/Retained earnings		498,575	34,900,277	9,325,244
<b>Total Shareholders' equity</b>		498,575	34,900,277	9,325,244
<b>Total liabilities and Shareholders' equity</b>		32,805,391	2,296,377,354	612,775,611

	Notes	Amount		
		31 December 2013		31 December 2012
		USD	Taka	Taka
<b>OFF- BALANCE SHEET ITEMS</b>				
<b>Contingent liabilities</b>				
Acceptances and endorsements	9	2,385,836	167,008,520	280,932,890
Letters of guarantee		-	-	-
Irrevocable letters of credit	10	745,371	52,175,970	155,883,770
Bills for collection	11	1,339,219	93,745,342	15,210,899
Other contingent liabilities		-	-	-
		4,470,426	312,929,832	452,027,559
<b>Other commitments</b>				
Documentary credits and short term trade -related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-	-
Liabilities against forward purchase and sale		-	-	-
Other commitments		-	-	-
		-	-	-
		4,470,426	312,929,832	452,027,559
<b>Other memorandum items</b>				
Value of travellers' cheques in hand		-	-	-
Value of Bangladesh Sanchayapatra in hand		-	-	-
Total Off-Balance Sheet items including contingent liabilities		4,470,426	312,929,832	452,027,559

## OFF-SHORE BANKING UNIT

# PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Amount		
		2013		2012
		USD	Taka	Taka
Interest income	12	1,084,761	75,933,279	22,028,959
Interest paid on deposits and borrowings, etc.	13	(533,566)	(37,349,608)	(17,474,472)
<b>Net interest/net profit on investments</b>		551,195	38,583,671	4,554,487
Commission, exchange and brokerage	14	106,014	7,420,977	8,797,901
Other operating income	15	86,680	6,067,600	5,299,669
<b>Total operating income (A)</b>		743,889	52,072,248	18,652,057
Salaries and allowances		-	-	-
Rent, taxes, insurance, electricity, etc.		1,162	81,345	81,906
Postage, stamp, telecommunication, etc.		4,096	286,688	353,098
Stationery, printing, advertisements, etc.		-	-	-
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets		1,065	74,550	-
Other expenses		-	-	-
<b>Total operating expenses (B)</b>		6,323	442,583	435,004
<b>Profit before provision (C=A-B)</b>		737,567	51,629,665	18,217,053
Provision for loans and advances				
General provision		258,862	18,120,366	4,371,533
Specific provision		-	-	-
		258,862	18,120,366	4,371,533
Provision for off-balance sheet items		(19,871)	(1,390,978)	4,520,276
Provision for diminution in value of investments		-	-	-
Other provision		-	-	-
<b>Total provision (D)</b>		238,991	16,729,388	8,891,809
<b>Total profit/(loss) (C-D)</b>		498,576	34,900,277	9,325,244

## OFF-SHORE BANKING UNIT

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Amount		
	2013		2012
	USD	Taka	Taka
<b>A) Cash flows from operating activities</b>			
Interest receipts	519,162	36,341,351	15,072,182
Interest payments	(533,566)	(37,349,608)	(16,942,125)
Fees and commission receipts	106,014	7,420,977	8,797,901
Cash payment to employees	-	-	-
Cash payment to suppliers	(4,096)	(286,688)	(353,098)
Income tax paid	-	-	-
Receipts from other operating activities	86,680	6,067,600	5,299,669
Payments for other operating activities	(1,162)	(81,345)	(81,906)
Cash generated from operating activities before changes in operating assets and liabilities	173,033	12,112,287	11,792,623
Increase/(decrease) in operating assets and liabilities:			
Loans and advances to customers	(25,886,237)	(1,812,036,613)	239,527,749
Other assets	467,103	32,697,196	9,518,207
Deposits from customers	1,318,730	92,311,131	202,858,341
Trading liabilities	22,255,400	1,557,878,000	(287,000,000)
Other liabilities	108,716	7,610,148	(15,720,213)
	(1,736,288)	(121,540,138)	149,184,084
Net cash generated from/(used in) operating activities	(1,563,254)	(109,427,851)	160,976,707
<b>B) Cash flows from investing activities</b>			
Investments of treasury bills and bonds	-	-	-
(Purchase)/sale of trading securities	-	-	-
Purchase of fixed assets	(5,323.91)	(372,674)	-
Net cash from investing activities	(5,323.91)	(372,674)	-
<b>C) Cash flows from financing activities</b>			
Transfer of profit to Head Office	(737,567)	(51,629,665)	(18,217,053)
Net cash generated from/(used in) financing activities	(737,567)	(51,629,665)	(18,217,053)
<b>D) Net increase in cash and cash equivalents (A+ B + C)</b>	(2,306,145)	(161,430,190)	142,759,654
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	-	-	-
<b>F) Cash and cash equivalents at beginning of the year</b>	2,409,507	168,665,514	25,905,860
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	103,362	7,235,324	168,665,514
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	-	-	-
Balance with other banks and financial institutions	103,362	7,235,324	168,665,514
Money at call and on short notice	-	-	-
Prize bond	-	-	-
	103,362	7,235,324	168,665,514



## OFF-SHORE BANKING UNIT

# NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2013

## 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 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 USD and Taka are the Unit's presentation currency.

### 2.3 Loans and advances

- Loans and advances are stated in the balance sheet on gross basis.
- 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.
- Provision for loans and advances is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 16 of 6 December 1998, 9 of 14 May 2001, 9 and 10 of 20 August 2005, 5 of 5 June 2006, 8 of 7 August 2007, 10 of 18 September 2007, 5 of 29 April 2008 and 32 of 27 October 2010.

	Amount		
	31 December 2013		31 December 2012
	USD	Taka	Taka

## 3 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

In Bangladesh	-	-	-
Outside Bangladesh	103,362	7,235,324	168,665,514
	<u>103,362</u>	<u>7,235,324</u>	<u>168,665,514</u>

## 4 LOANS AND ADVANCES

Loans, cash credit, overdrafts etc. (Note 4.1)	31,465,758	2,202,603,094	434,701,714
Bills purchased and discounted (Note 4.2)	665,526	46,586,839	2,451,606
	<u>32,131,285</u>	<u>2,249,189,933</u>	<u>437,153,320</u>

	Amount		
	31 December 2013		31 December 2012
	USD	Taka	Taka
<b>4.1 Loans, cash credit, overdrafts etc.</b>			
Loan to branches	30,306,632	2,121,464,265	354,903,164
Term loan industrial	-	-	-
Loan against trust receipts	-	-	55,937,157
Payment against documents	-	-	16,988,159
Loan others	1,159,126	81,138,829	6,873,234
	<u>31,465,758</u>	<u>2,202,603,094</u>	<u>434,701,714</u>
<b>4.2 Bills purchased and discounted</b>			
Payable in Bangladesh	537,726	37,640,839	-
Payable outside Bangladesh	127,800	8,946,000	2,451,606
	<u>665,526</u>	<u>46,586,839</u>	<u>2,451,606</u>
<b>5 OTHER ASSETS</b>			
Interest receivable	565,599	39,591,928	6,898,599
Branch adjustment account	886	62,045	58,178
Interest paid on wage earners FD FC-GBP	-	-	-
	<u>566,485</u>	<u>39,653,973</u>	<u>6,956,777</u>
<b>6 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS</b>			
Borrowing from Bangladesh Bank	-	-	-
Borrowing from corporate office, Dhaka	22,255,400	1,557,878,000	-
	<u>22,255,400</u>	<u>1,557,878,000</u>	<u>-</u>
<b>7 DEPOSITS AND OTHER ACCOUNTS</b>			
Bank deposits	-	-	-
Customer deposits and other accounts (Note 7.1)	9,812,424.13	686,869,689	594,558,558
	<u>9,812,424.13</u>	<u>686,869,689</u>	<u>594,558,558</u>
<b>7.1 Customer deposits and other accounts</b>			
Foreign currency (Current)	3,814,928	267,044,962	112,409,493
Other demand deposits(Current)	295,611	20,692,755	74,625,989
Fixed deposit	5,701,885	399,131,972	407,523,076
Sundry deposits	-	-	-
Interest payable on wage earners FD FC-USD	-	-	-
Excess amount of loan against trust receipts	-	-	-
Excess amount of over draft	-	-	-
	<u>9,812,424</u>	<u>686,869,689</u>	<u>594,558,558</u>

	Amount		
	31 December 2013		31 December 2012
	USD	Taka	Taka
<b>8 OTHER LIABILITIES</b>			
Provision for loans and advances	258,862	18,120,366	4,371,533
Provision for off balance sheet items	(19,871)	(1,390,978)	4,520,276
Interest suspense account	-	-	-
Adjustment account credit balance	-	-	-
	<u>238,991</u>	<u>16,729,388</u>	<u>8,891,809</u>
<b>9 ACCEPTANCES AND ENDORSEMENTS</b>			
Letters of credit (Back to Back)	2,022,238	141,556,660	210,700,560
Letters of credit (Acceptances)	363,598	25,451,860	70,232,330
	<u>2,385,836</u>	<u>167,008,520</u>	<u>280,932,890</u>
Less: Margin	-	-	-
	<u>2,385,836</u>	<u>167,008,520</u>	<u>280,932,890</u>
<b>10 IRREVOCABLE LETTERS OF CREDIT</b>			
Letters of credit (Back to Back)	217,567	15,229,690	77,925,890
Letters of credit (cash)	527,804	36,946,280	77,957,880
	<u>745,371</u>	<u>52,175,970</u>	<u>155,883,770</u>
Less: Margin	-	-	-
	<u>745,371</u>	<u>52,175,970</u>	<u>155,883,770</u>
<b>11 BILLS FOR COLLECTION:</b>			
	<u>1,339,219</u>	<u>93,745,342</u>	<u>15,210,899</u>
<b>12 INTEREST INCOME</b>			
Demand loan	2,897	202,761	6,632
Packing credit	3,720	260,421	11,502
Overdraft	-	-	925,820
Loan against trust receipt	31,279	2,189,541	3,002,181
Payment against documents	8,447	591,266	196,685
Term loan - industrial	1,640	114,777	114,183
Foreign bill purchased	1,011,307	70,791,483	17,771,956
Lease finance	25,472	1,783,030	-
	<u>1,084,761</u>	<u>75,933,279</u>	<u>22,028,959</u>
<b>13 INTEREST PAID ON DEPOSITS AND BORROWINGS ETC.</b>			
Interest on deposit	-	-	-
Interest on borrowings :			
Local banks including Bangladesh Bank	142,650	9,985,483	697,278
Foreign banks	390,916	27,364,125	16,777,194
Interest paid on wage earners FD FC-USD	-	-	-
Interest paid on wage earners FD FC-GBP	-	-	-
Interest paid on term borrowings	-	-	-
	<u>533,566</u>	<u>37,349,608</u>	<u>17,474,472</u>

	Amount		
	31 December 2013		31 December 2012
	USD	Taka	Taka
<b>14 COMMISSION, EXCHANGE AND BROKERAGE</b>			
Commission on remittance	-	-	-
Commission on L/C	98,042	6,862,915	8,331,190
Commission on export	3,287	230,090	198,380
Commission on PO, DD, TT, TC, etc	4,983	348,810	336,770
Foreign exchange gain & charges	(298)	(20,838)	(68,439)
	106,014	7,420,977	8,797,901
<b>15 OTHER OPERATING INCOME</b>			
SWIFT charge recovery	19,572	1,370,040	1,777,090
Other	67,108	4,697,560	3,522,579
	86,680	6,067,600	5,299,669

# STATEMENT OF OUTSTANDING UNRECONCILED ENTRIES (NOSTRO ACCOUNT)

AT 31 DECEMBER 2013

ANNEX-I

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	29	2,585,176	103	6,731,708	42	195,631	257	10,178,524
2	More than 3 months but less than 6 months	-	-	-	-	-	-	1	130
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	29	2,585,176	103	6,731,708	42	195,631	258	10,178,654

# RECONCILIATION BETWEEN

## BANGLADESH BANK STATEMENT AND BANK'S BOOK

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 BDT	As per Bank's General ledger BDT	Reconciling Difference BDT	
Bangladesh Bank, Dhaka	7,559,903,461.87	7,583,408,951.96	(23,505,490.09)	
Bangladesh Bank, Dhaka (Al-wadeeah current account)	207,209,048.42	207,217,127.51	(8,079.09)	
Bangladesh Bank, Chittagong	130,903,758.53	130,904,777.78	(1,019.25)	
Bangladesh Bank, Sylhet	4,846,955.98	4,846,955.98	-	
Bangladesh Bank, Khulna	3,218,543.91	3,218,543.91	-	
Bangladesh Bank, Rajshahi	977,656.43	977,656.43	-	
Bangladesh Bank, Bogra	18,222,845.98	18,222,845.98	-	
Bangladesh Bank, Barishal	217,786.95	217,786.95	-	
Total	7,925,500,058.07	7,949,014,646.50	(23,514,588.43)	
Bank credited but not debited by Bangladesh Bank			1,095,224,831.71	
Bank debited but not credited by Bangladesh Bank			(15,032,877.00)	
Bangladesh Bank credited but not debited by Bank			1,391,660.52	
Bangladesh Bank debited but not credited by Bank			(1,105,098,203.66)	
			(23,514,588.43)	
Foreign currency	As per Bangladesh Bank statement USD	As per Bank's general ledger		Reconciling difference USD
		USD	BDT	
USD Clearing account	5,128,929.88	1,347,846.62	94,349,263.69	3,781,083.26
Total	5,128,929.88	1,347,846.62	94,349,264	3,781,083.26
Bank credited but not debited by Bangladesh Bank				20,910,192.25
Bank debited but not credited by Bangladesh Bank				(1,404,045.66)
Bangladesh Bank credited but not debited by Bank				1,698,232.68
Bangladesh Bank debited but not credited by Bank				(17,423,296.01)
				3,781,083.26

Foreign currency	As per Bangladesh	As per Bank's general ledger		Reconciling difference GBP
	Bank statement GBP	GBP	BDT	
GBP Clearing account	6,250.30	2,142.35	278,505.50	4,107.95
	6,250.30	2,142.35	278,505.50	4,107.95
Bank credited but not debited by Bangladesh Bank				4,095.74
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				12.21
Bangladesh Bank debited but not credited by Bank				-
				4,107.95

Foreign currency	As per Bangladesh	As per Bank's general ledger		Reconciling difference EUR
	Bank statement EUR	EUR	BDT	
EUR Clearing account	4,058.87	4,058.87	365,298.30	-
	4,058.87	4,058.87	365,298.30	-
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				-
				-

Foreign currency	As per Bangladesh	As per Bank's general ledger		Reconciling difference JPY
	Bank statement JPY	JPY	BDT	
JPY Clearing account	45,238	45,238	24,881	-
	45,238	45,238	24,881	-
Total (BDT)			8,044,032,595	

# SEGMENT REPORTING

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

## ANNEX-K

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries		
	In side Bangladesh		Off-shore Banking unit	Total	In side Bangladesh		BA Exchange Company (UK) Ltd
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	Bank Asia Ltd	
Interest income	13,671,757,050	598,615,617	75,933,279	14,346,305,946	372,598,948	-	14,718,904,894
Interest paid on deposits and borrowings, etc	(10,711,348,411)	(417,324,041)	(37,349,608)	(11,166,022,060)	(509,061,920)	-	(11,675,083,980)
<b>Net interest income</b>	<b>2,960,408,639</b>	<b>181,291,576</b>	<b>38,583,671</b>	<b>3,180,283,886</b>	<b>(136,462,972)</b>	<b>-</b>	<b>3,043,820,914</b>
Investment income	3,050,947,263	2,848,056	-	3,053,795,319	1,213,965	-	3,055,009,284
Commission, exchange and brokerage	1,757,194,881	36,687,151	7,420,977	1,801,303,009	96,923,154	13,856,440	1,912,082,603
Other operating income	488,181,804	3,488,992	6,067,600	497,738,396	6,778,255	-	504,516,651
<b>Total operating income (A)</b>	<b>8,256,732,587</b>	<b>224,315,775</b>	<b>52,072,248</b>	<b>8,533,120,610</b>	<b>(31,547,598)</b>	<b>13,856,440</b>	<b>8,515,429,452</b>
Salaries and allowances	1,411,632,656	37,311,290	-	1,448,943,946	30,542,204	7,975,631	1,487,461,781
Rent, taxes, insurance, electricity, etc	366,419,431	3,753,062	81,345	370,253,838	9,839,570	8,649,550	388,742,958
Legal expenses	8,863,980	-	-	8,863,980	128,264	152,490	9,144,734
Postage, stamp, telecommunication, etc	64,234,266	342,162	286,688	64,863,116	3,098,913	550,030	68,512,059
Stationery, printing, advertisements, etc	64,904,776	4,893,946	-	69,798,722	260,930	494,000	70,553,652
Managing Director's salary and fees	13,000,000	-	-	13,000,000	-	-	13,000,000
Directors' fees	1,720,000	-	-	1,720,000	120,750	-	1,840,750
Auditors' fees	1,090,550	-	-	1,090,550	86,250	780,000	1,956,800
Depreciation and repairs of Bank's assets	377,007,809	2,222,238	74,550	379,304,597	5,566,086	2,478,450	387,349,133
Other expenses	738,722,691	20,798,136	-	759,520,827	21,898,745	4,750,460	786,170,032
<b>Total operating expenses (B)</b>	<b>3,047,596,159</b>	<b>69,320,834</b>	<b>442,583</b>	<b>3,117,359,576</b>	<b>71,541,712</b>	<b>25,830,611</b>	<b>3,214,731,899</b>
<b>Profit before provision (C=A-B)</b>	<b>5,209,136,428</b>	<b>154,994,941</b>	<b>51,629,665</b>	<b>5,415,761,034</b>	<b>(103,089,310)</b>	<b>(11,974,171)</b>	<b>5,300,697,553</b>
<b>Provision:</b>							
Provision for loans and advances/investments				1,568,803,668			1,568,803,668
Provision for off-balance sheet items				79,485,283			79,485,283
Provision for diminution in value of investments				246,883,553			247,053,414
Other provisions				-			-
<b>Profit before tax provision (C=A-B)</b>				<b>3,520,588,530</b>			<b>3,405,355,188</b>
Provision for taxation				<b>2,060,770,625</b>			<b>2,074,816,786</b>
<b>Profit after tax provision (C=A-B)</b>				<b>1,459,817,905</b>			<b>1,330,538,402</b>

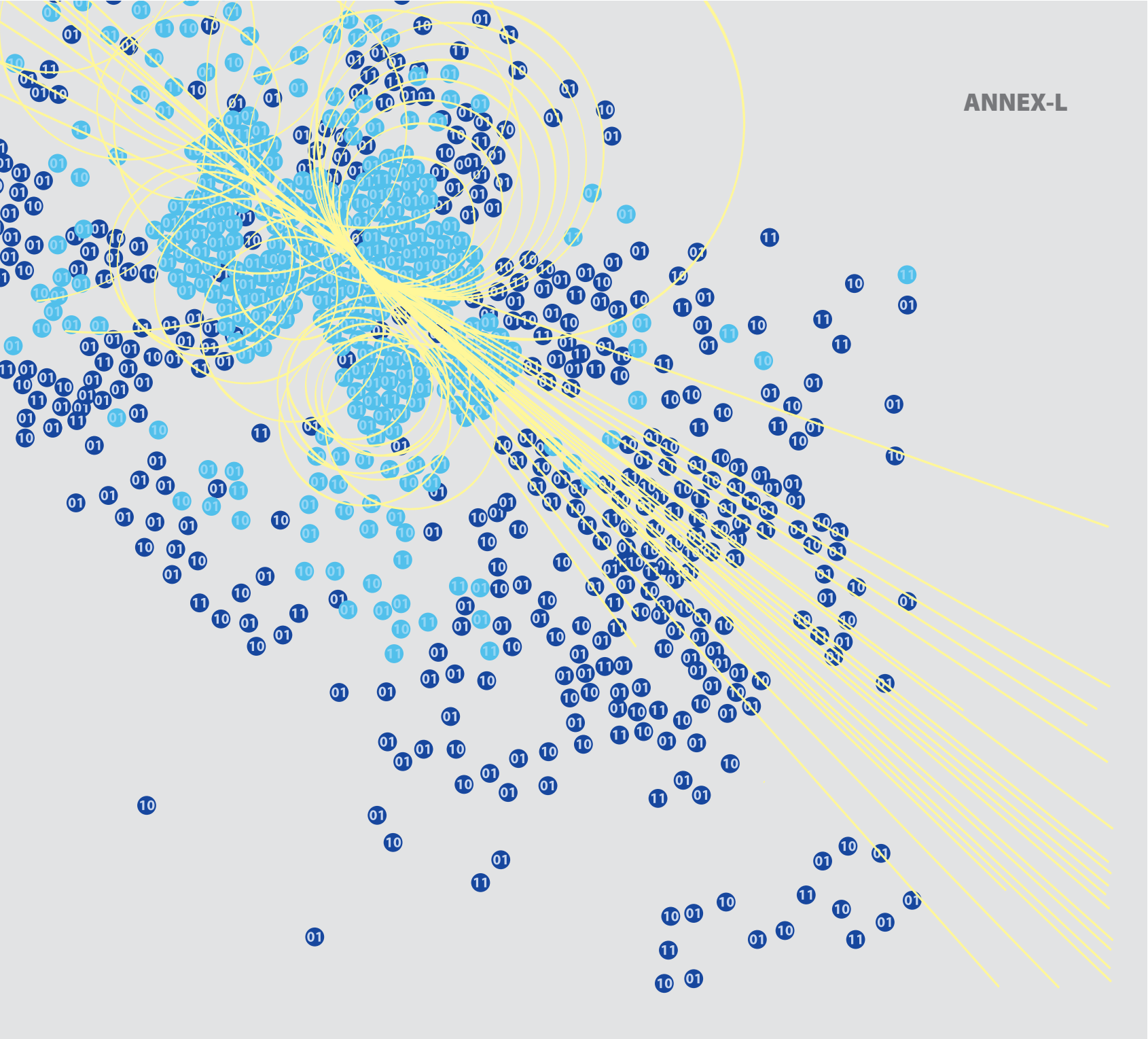


# SEGMENT REPORTING

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

## ANNEX-K.1

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries		
	In side Bangladesh				In side Bangladesh	BA Exchange Company (UK) Ltd	Total
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Total	Bank Asia Securities Ltd		
<b>PROPERTY AND ASSETS</b>							
Cash	9,478,019,512	230,549,772	-	9,708,569,284	14,857	2,041,520	9,710,625,661
Balance with other banks and financial institutions	65,444,917	1,290,203,004	7,235,324	1,362,883,245	6,302,861	1,185,210	1,368,921,853
Money at call and on short notice	-	-	-	-	-	-	-
Investments	35,299,216,023	187,500,000	-	33,933,356,023	178,196,029	-	34,111,552,052
Loans and advances/investments	99,166,588,153	3,495,482,967	2,249,189,933	104,911,261,053	5,580,299,642	-	107,942,564,235
Fixed assets including premises, furniture and fixtures	5,285,224,638	2,825,565	298,124	5,288,348,327	9,852,653	12,576,200	5,310,777,180
Other assets	8,505,055,545	28,615,952	39,653,973	8,573,325,470	111,568,819	2,996,240	6,622,755,197
Non - banking assets	-	-	-	-	-	-	-
Total assets	157,799,548,788	5,235,177,260	2,296,377,354	163,777,743,402	5,886,234,861	18,799,170	165,067,196,178
<b>LIABILITIES AND CAPITAL</b>							
Liabilities							
Borrowings from other banks, financial institutions and agents	1,944,757,246	-	1,557,878,000	1,944,757,246	2,963,356,289	-	2,359,117,075
Subordinated Non-Convertible Zero Coupon Bond	599,998,411	-	-	599,998,411	-	-	599,998,411
Deposits and other accounts	128,735,105,240	4,067,399,712	686,869,689	133,489,374,641	194,964,630	-	133,682,889,808
Other liabilities	12,089,825,405	1,014,836,294	16,729,388	13,125,909,087	746,619,173	21,389,031	13,867,771,828
<b>Total liabilities</b>	<b>143,369,686,302</b>	<b>5,082,236,006</b>	<b>2,261,477,077</b>	<b>149,160,039,385</b>	<b>3,904,940,092</b>	<b>21,389,031</b>	<b>150,509,777,122</b>
Total shareholders' equity	14,429,862,486	152,941,254	34,900,277	14,617,704,017	1,981,294,769	(2,491,711)	14,557,419,056
Total liabilities and shareholders' equity	157,799,548,788	5,235,177,260	2,296,377,354	163,777,743,402	5,886,234,861	18,897,320	165,067,196,178



# BANK ASIA SECURITIES LIMITED

BANK ASIA SECURITIES LIMITED

# REPORT OF THE DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2013

## Short Profile of the company

Bank Asia Securities Limited (BASL) is a majority own subsidiary company of Bank Asia Limited has started its operation from 17th April, 2011. Capital Market of Bangladesh was bearish trend in the last consecutive years but BASL is playing leading position on daily turnover and the best services to the clients by participating in all areas of Capital Market activities for the sustainable growth of the capital Market.

BASL has entered into DSE top 13 in terms of daily turnover. Profit/loss stood at (Tk.117.30) million in 2013. BASL has kept Tk. 641.34 million in suspense account against negative equity balance during the year which will be recognized as income when client equity become is positive balance. Number of total clients reached at 5,149 in 2013 which was 4,853 in 2012. Margin loan outstanding was Tk.5,580.29 million in 2013 compared to Tk.4,913.96 million in 2012.

## Dividend

The Directors recommended no dividend for the period ended 31st December, 2013.

## Property, plant and Equipment

Details of the movements during the period in the property, plant and equipment of the company are set out in Note 4 (four) to the financial statements.

## Share Capital and Reserves

Details of the movements during the period in the share capital of the company are set out in Note 12 (twelve) to the company's financial statements.

The Directors confirm the Directors' Report and the Financial Statements have been prepared in compliance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, and other applicable laws and regulations.

## Board Meetings

As per provision of the Companies Act 1994 during the year, 2013, 4 (four) meetings of the Board of Directors were held.

On behalf of the Board of Directors



A Rouf Chowdhury  
Chairman

## AUDITORS' 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 (balance sheet) as at 31 December 2013, statement of comprehensive income (profit and loss statement), statement of cash flows and statement of changes in equity for the year ended 31 December 2013, and a summary of significant accounting policies and other explanatory notes.

**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 and Bangladesh Accounting Standards, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain a reasonable assurance 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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, prepared in accordance with Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards give a true and fair view of the state of the company's affairs as at 31 December 2013 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of Bangladesh Securities and Exchange Commission Regulations Act 1996 and other applicable laws and 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; and
- (c) the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account and returns.



Auditors  
S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani,  
Dhaka-1213  
Dated, February 20, 2014

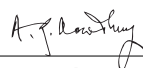
## STATEMENT OF FINANCIAL POSITION

**BALANCE SHEET**

AT 31 DECEMBER 2013

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>Non-Current Assets</b>			
Property, plant and equipment	4	9,852,653	13,612,271
Membership of Dhaka Stock Exchange Ltd		153,119,000	153,119,000
Preliminary/pre-operating expenses	5	1,970,810	2,956,215
<b>Total non-current assets</b>		<b>164,942,463</b>	<b>169,687,486</b>
<b>Current Assets</b>			
Advances, deposits and prepayments	6	851,670	-
Investment in shares at cost	7	25,077,029	859,168
Loans and advances	8	5,580,299,642	4,913,963,024
Accounts receivable	9	14,836,233	27,353,057
Advance income tax	10	93,910,106	79,863,945
Cash and cash equivalents	11	6,317,718	2,721,434
<b>Total current assets</b>		<b>5,721,292,398</b>	<b>5,024,760,628</b>
<b>Total assets</b>		<b>5,886,234,861</b>	<b>5,194,448,114</b>
<b>Equity</b>			
Share capital	12	2,000,000,000	450,000,000
Retained earnings/(losses)	13	(18,705,231)	98,600,101
<b>Shareholders' equity</b>		<b>1,981,294,769</b>	<b>548,600,101</b>
<b>Current Liabilities</b>			
Customer deposits	14	194,964,630	114,812,145
Loans and borrowings	15	2,963,356,289	4,282,363,679
Accounts payable	16	12,544,564	15,262,550
Liability for expenses	17	7,411,942	5,325,059
Interest suspense account	18	641,342,452	156,980,387
Provision for diminution in value of investments	19	390,629	220,768
Provision for taxation	20	84,929,586	70,883,425
<b>Total current liabilities</b>		<b>3,904,940,092</b>	<b>4,645,848,013</b>
<b>Total equity and liabilities</b>		<b>5,886,234,861</b>	<b>5,194,448,114</b>

See annexed notes for Bank Asia Securities Limited



Chairman



Director



Director



Chief Executive Officer



Auditors

S. F. AHMED &amp; CO

Chartered Accountants

House-51, Road-9, Block-F, Banani, Dhaka-1213

Dated, February 20, 2014

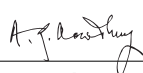
## STATEMENT OF COMPREHENSIVE INCOME

**PROFIT AND LOSS STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Amount in Taka	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>Brokerage commission</b>		96,923,154	111,045,350
Interest income	21	372,598,948	592,744,302
Interest expense	22	(509,061,920)	(566,531,168)
<b>Net interest income</b>		(136,462,972)	26,213,134
Other operating income/loss	23	652,528	(3,213,888)
<b>Total operating income</b>		(38,887,290)	134,044,596
Operating expenses	24	(64,202,020)	(71,435,835)
<b>Profit before provision</b>		(103,089,310)	62,608,761
Provision for diminution in value of investments	19	(169,861)	(220,768)
<b>Profit before tax</b>		(103,259,171)	62,387,993
Income tax expense	20	(14,046,161)	(16,070,482)
<b>Profit after tax</b>		(117,305,332)	46,317,511
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		(117,305,332)	46,317,511

See annexed notes for Bank Asia Securities Limited



Chairman



Director



Director



Chief Executive Officer



Auditors

S. F. AHMED &amp; CO

Chartered Accountants

House-51, Road-9, Block-F, Banani, Dhaka-1213

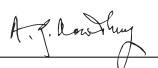
Dated, February 20, 2014

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Amount in Taka	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>A. Cash flows from operating activities</b>		
Cash received from		
Interest income	372,598,948	592,744,302
Brokerage commission	96,923,154	111,045,350
Cash payment to		
Interest expenses	(509,061,920)	(566,531,168)
Operating expenses	(55,658,908)	(72,206,196)
Income tax paid	(14,046,161)	(44,309,482)
<b>Net cash from/(used in) operating activities</b>	<b>(109,244,887)</b>	<b>20,742,806</b>
<b>B. Cash flows from investing activities</b>		
Loans and advances to customers	(181,974,553)	(354,670,872)
Investment in listed securities	(24,217,861)	(859,168)
Acquisition of property, plant and equipment	(903,710)	(822,530)
Advance for office premises	(750,000)	-
<b>Net cash used in investing activities</b>	<b>(207,846,124)</b>	<b>(356,352,570)</b>
<b>C. Cash flows from financing activities</b>		
Issue of shares	1,550,000,000	-
Loans and borrowings	(1,309,363,520)	308,208,424
Customers' deposits	80,050,815	19,045,279
Dividend paid	-	(90,000,000)
<b>Net cash from financing activities</b>	<b>320,687,295</b>	<b>237,253,703</b>
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>3,596,284</b>	<b>(98,356,061)</b>
<b>E. Opening cash and cash equivalents</b>	<b>2,721,434</b>	<b>101,077,495</b>
<b>F. Closing cash and cash equivalents</b>	<b>6,317,718</b>	<b>2,721,434</b>

For Bank Asia Securities Limited



Chairman



Director



Director



Chief Executive Officer



Auditors

S. F. AHMED &amp; CO

Chartered Accountants

House-51, Road-9, Block-F, Banani, Dhaka-1213

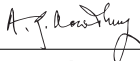
Dated, February 20, 2014

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

Particulars	Share capital	Share premium	Retained earnings	Total
<b>Year ended 31 Dec 2012</b>				
Opening balance	450,000,000	-	142,282,590	592,282,590
Net profit for the year	-	-	46,317,511	46,317,511
Dividend paid during the year	-	-	(90,000,000)	(90,000,000)
Closing balance	450,000,000	-	98,600,101	548,600,101
<b>Year ended 31 Dec 2013</b>				
Opening balance	450,000,000	-	98,600,101	548,600,101
Net loss for the year	-	-	(117,305,332)	(117,305,332)
Issue of shares	1,550,000,000	-	-	1,550,000,000
Closing balance	2,000,000,000	-	(18,705,231)	1,981,294,769

for Bank Asia Securities Limited



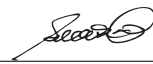
Chairman



Director



Director



Chief Executive Officer



Auditors

S. F. AHMED &amp; CO

Chartered Accountants

House-51, Road-9, Block-F, Banani, Dhaka-1213

Dated, February 20, 2014



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## 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 sell 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.

### 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 on property, plant and equipment was charged applying straight-line method. Full year's depreciation is charged on items of property, plant and equipment those are acquired during the year and no depreciation is charged on the items in the year of disposal. Rates of depreciation on various items of property, plant and equipment considering the useful lives of assets 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 Annex L-8

### 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.

Notes	Amount in Taka	
	At 31 Dec 2013	At 31 Dec 2012
<b>4. Property, plant and equipment</b>		
Opening balance		
Add: Addition during the year	13,612,271	17,272,329
Less: Depreciation charge for the year	903,710	822,530
Closing balance	4,663,328	4,482,588
	<u>9,852,653</u>	<u>13,612,271</u>
Details are given in Annex L-8.		
<b>5. Preliminary/pre-operating expenses</b>		
These represent the following expenses which are being charged to statement of comprehensive income @ 20% per annum ie, the expenses are to be written-off over 5 years equally with effect from the year 2011.		
Total expenses	2,956,215	3,941,620
Less: Amortised during the year	985,405	985,405
Net book value	<u>1,970,810</u>	<u>2,956,215</u>
<b>6. Advances, deposits and prepayments</b>		
Advance to branch offices	101,670	-
Advance for Nikunjo office premises	750,000	-
	<u>851,670</u>	<u>-</u>
<b>7. Investment in shares (at cost)</b>		
	<u>25,077,029</u>	<u>859,168</u>
Details are given in Annex L-9		

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>8. Margin loans to customers</b>			
Opening balance		4,913,963,024	4,402,311,765
Add: Interest accrued during the year		856,374,369	745,183,356
		5,770,337,393	5,147,495,121
Less: Adjusted margin loan		190,037,751	233,532,097
Closing balance		5,580,299,642	4,913,963,024

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 was 1:0.5 to 1:2 based on directives issued by Bangladesh Securities and Exchange Commission.

#### 9. Accounts receivable

Receivable from Dhaka Stock Exchange Ltd	14,763,533	25,446,807
Receivable from Bank Asia Limited	7,700	7,700
Cheques in transit	65,000	1,898,550
	14,836,233	27,353,057

#### 10. Advance income tax

Opening balance	79,863,945	35,554,463
Advance income tax deposited during the year	-	28,239,000
Tax deducted at source from brokerage commission	13,729,759	15,703,915
Tax deducted at source from dividend income	181,800	-
Tax deducted at source from bank interest	134,602	366,567
	14,046,161	44,309,482
Closing balance	93,910,106	79,863,945

#### 11. Cash and cash equivalents

Cash in hand (note 11.1)	14,857	78,740
Bank balances (note 11.2)	6,302,861	2,642,694
	6,317,718	2,721,434

##### 11.1 Cash in hand

Head-office	14,857	8,740
Branch-office	-	70,000
	14,857	78,740

##### 11.2 Bank balances

Bank Asia Limited	1,449,463	1,058,948
ONE Bank Limited	4,845,609	1,574,517
Prime Bank Limited	7,789	9,229
	6,302,861	2,642,694

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>12. Share capital</b>			
Authorised :			
20,000,000 ordinary shares of Taka 100 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up:			
20,000,000 ordinary shares of Taka 100 each		2,000,000,000	450,000,000
The Company's shareholding position as at 31 December was as under:			
<b>Name of shareholder</b>	<b>Number of shares</b>	<b>% of holding</b>	<b>Value/Taka</b>
Bank Asia Limited	19,999,900	99.99778	1,999,990,000
Anisur Rahman Sinha	100	0.002222	10,000
	20,000,000	100	2,000,000,000
The company has issued an additional share capital of Taka 1,550,000,000 during the year which was approved in the board meeting of the company dated 28 November 2011.			
<b>13. Retained earnings/(losses)</b>			
Opening balance		98,600,101	142,282,590
Less: Dividend paid @ 20% per share		-	90,000,000
		98,600,101	52,282,590
Add: Total comprehensive income/(loss) during the year		(117,305,332)	46,317,511
Closing balance		(18,705,231)	98,600,101
<b>14. Customer deposits</b>			
		194,964,630	114,812,145
Customer deposits represent uninvested funds lying with the Company's account at the reporting date.			
<b>15. Loans and borrowings</b>			
Bank Asia Limited		2,548,996,460	3,832,353,679
Prime Bank Limited		414,359,829	450,010,000
		2,963,356,289	4,282,363,679
<b>16. Accounts payable</b>			
Bank Asia Limited		10,000,000	15,000,000
Withholding VAT on supplies' payments		24,439	148,935
Withholding tax on supplies' payments		3,154	33,626
Security for server		-	16,960
Dhaka Stock Exchange Ltd		2,516,971	63,029
		12,544,564	15,262,550
<b>17. Liabilities for expenses</b>			
		7,411,942	5,325,059
The amount represents provisions against operating expenses during the year.			

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>18. Interest suspense account</b>			
Opening balance		156,980,387	-
Interest accrued during the year (note 8)		856,374,369	745,183,356
Less: Amount taken to interest income (note 21)		372,012,304	588,202,969
		<u>641,342,452</u>	<u>156,980,387</u>
The amount represents interest income from loan accounts of the clients who have negative balance with Bank Asia Securities Limited during the year. The amount will be recognised as income when client equity become positive balance.			
<b>19. Provision for diminution in value of investments</b>			
Investment in shares at cost		25,070,739	859,168
Less: Market value of shares at 31 December 2013		24,680,110	638,400
		<u>390,629</u>	<u>220,768</u>
Required provision for the year (Taka 390,629 less Taka 220,768)		<u>169,861</u>	<u>220,768</u>
<b>20. Provision for corporate income tax</b>			
Opening balance		70,883,425	54,812,943
Add: Provision made during the year		14,046,161	16,070,482
Closing balance		<u>84,929,586</u>	<u>70,883,425</u>
Provision for corporate income tax was made following applicable tax laws. Income tax as withheld from the transactions of traded securities @ 0.05%/0.10% under section 53BBB is the final tax liability of the Company under section 82C(2) (k) of Income Tax Ordinance 1984.			
<b>21. Interest income</b>			
Income from fixed deposits		-	3,457,006
Income from bank deposits		586,644	1,084,327
Income from margin loan		372,012,304	588,202,969
		<u>372,598,948</u>	<u>592,744,302</u>
<b>22. Interest expense</b>			
Interest on loan		<u>509,061,920</u>	<u>566,531,168</u>
<b>23. Other operating income</b>			
Operating income (note 23.1)		7,992,220	6,566,458
Less: CDBL charges		7,339,692	9,780,346
		<u>652,528</u>	<u>(3,213,888)</u>
<b>23.1 Operating income</b>			
BO account opening fees		148,000	147,500
Margin account renewal fees		1,976,500	2,610,000
Income from transfer/transmission/corporate action		3,249,662	1,377,220
Margin account opening fees		12,000	43,500
BO account maintenance fees		1,392,093	2,388,238
Income from dealer account		1,213,965	-
		<u>7,992,220</u>	<u>6,566,458</u>

	Notes	Amount in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>24. Operating expenses</b>			
Salaries and allowances		30,542,204	33,529,700
Laga charges		5,490,038	6,281,566
Office rent		9,174,640	9,646,382
Depreciation		4,663,328	4,482,588
Bank guarantee commission		1,225,000	3,120,674
Utilities		3,461,835	3,685,605
Internet charges		2,505,956	2,495,310
Hawla charges		1,208,792	1,443,764
Entertainment		651,430	1,086,876
Amortisation of pre-operating expenses		985,405	985,405
Cleaning expenses		408,481	431,017
Postage and courier		40,974	52,256
Repair and maintenance		457,219	817,307
Bank charges		73,189	107,527
Telephone		551,983	204,732
Fuel and oil		445,540	637,752
Computer accessories		222,016	327,550
Plantation		221,436	319,864
Printing and stationery		260,930	488,205
Conveyance		137,773	188,614
Business and promotional expenses		272,829	24,945
Audit fees		86,250	86,250
Directors' remuneration		120,750	161,000
License and renewal fees		679,009	322,029
Newspaper		56,598	36,800
Professional fees		128,264	357,615
Insurance premium		13,500	-
Others		116,651	114,502
		<u>64,202,020</u>	<u>71,435,835</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.

For Bank Asia Securities Limited

  
Chairman

  
Director

  
Director

  
Chief Executive Officer



Auditors  
S. F. AHMED & CO  
Chartered Accountants  
House-51, Road-9, Block-F, Banani, Dhaka-1213  
Dated, February 20, 2014

# DETAILS OF PROPERTY, PLANT AND EQUIPMENT

AT 31 DECEMBER 2013

ANNEX-L-8

Amount (Taka)

Particulars	Cost			Depreciation			Written down value at 31 Dec 2013			
	At 01 January 2013	Addition during the year	Adjustment/disposal	Total at 31 Dec 2013	Rate (%)	At 01 January 2013		Charge for the year	Adjustment on disposal	Total at 31 Dec 2013
Computer and accessories	5,277,383	730,600	-	6,007,983	20	2,110,893	1,201,598	-	3,312,491	2,695,492
Furniture and fixtures	2,915,764	-	-	2,915,764	20	1,166,305	583,152	-	1,749,457	1,166,307
Office equipment	5,318,475	-	-	5,318,475	20	2,052,180	1,063,692	-	3,115,872	2,202,603
Office renovation	7,455,679	173,110	-	7,628,789	20	2,973,036	1,525,758	-	4,498,794	3,129,995
Computer software	1,445,640	-	-	1,445,640	20	498,256	289,128	-	787,384	658,256
Total at 31 Dec 2013	22,412,941	903,710	-	23,316,651		8,800,670	4,663,328	-	13,463,998	9,852,653
Total at 31 Dec 2012	21,590,411	822,530	-	22,412,941		4,318,082	4,482,588	-	8,800,670	13,612,271

# INVESTMENT IN SHARES FOR THE YEAR

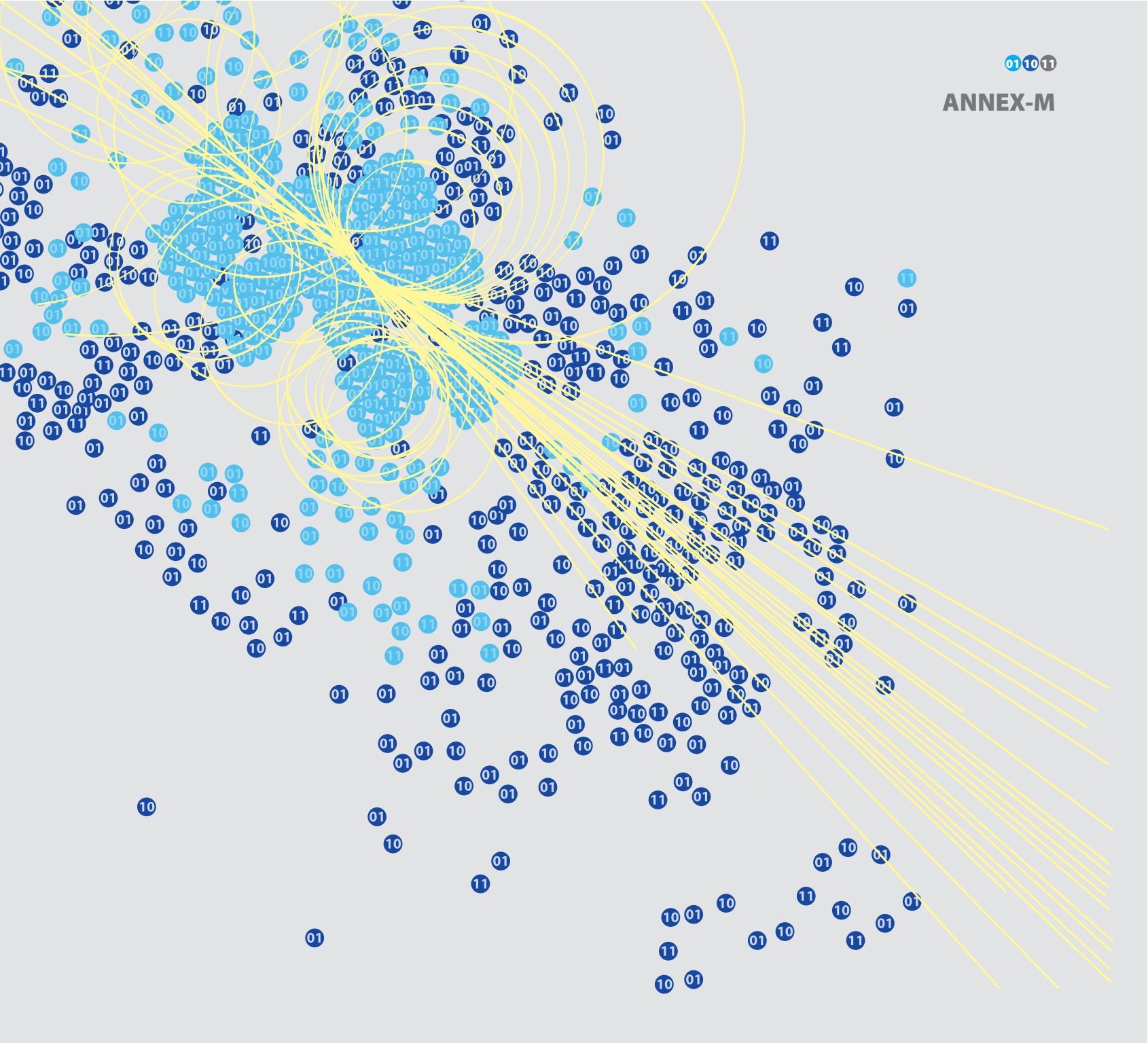
AT 31 DECEMBER 2013

## ANNEX-L-9

Amount (Taka)

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 at 31 Dec 2013	Total market value at 31 Dec 2013
1	Mercantile Bank Limited	Quoted	A	10.00	100,000.00	1,701,214	17.01	16.70	1,670,000
2	One Bank Limited	Quoted	A	10.00	100,450.00	1,876,411	18.68	15.80	1,587,110
3	Sahiam Textile Limited	Quoted	A	10.00	50,000.00	1,495,114	29.90	28.50	1,425,000
4	Energypac Limited	Unquoted	-	10.00	454,500.00	19,998,000	44.00	-	19,998,000
	Sub total					25,070,739			24,680,110
	Balance held in customer deposit					6,290			
	Total					<u>25,077,029</u>			





BA EXCHANGE  
COMPANY  
(UK) LIMITED

**BA EXCHANGE COMPANY (UK) LIMITED****Company Information**

<b>DIRECTORS</b>	A Rouf Chowdhury Md Mehmood Husain
<b>REGISTERED NUMBER</b>	07314397
<b>REGISTERED OFFICE</b>	1339 High Road London N20 9HR
<b>TRADING ADDRESS</b>	125 Whitechapel Road London E1 1DT
<b>INDEPENDENT AUDITORS</b>	Green & Peter LLP Chartered Accountants & Registered Auditors The Limes 1339 High Road Whetstone London N20 9HR

**BA EXCHANGE COMPANY (UK) LIMITED**  
**Directors' report**  
**for the year ended December 31, 2013**

The directors present their report and the financial statements for the year ended December 31, 2013.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in 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 ACTIVITIES**

The Company's principal activity was the provision of money remittance services and related services.

**DIRECTORS**

The directors who served during the year were:

A Rouf Chowdhury  
Md Mehmood Husain

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Risk 1**

The Company's business is subject the immigration policy of the UK government, in relation to existing student and future migration policies.

**Risk 2**

The demand for the Company's business is subject to the conversion rate of the Bangladeshi Taka and also to the general investment platform and economy in Bangladesh which has in recent years been a key driver for the amounts of inward Taka remittance in addition to the funds remitted for family support.

**BA EXCHANGE COMPANY (UK) LIMITED****Directors' report  
for the year ended December 31, 2013****PROVISION OF INFORMATION TO AUDITORS**

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

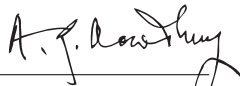
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing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

**AUDITORS**

The auditors, Green & Peter LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on February 27, 2014 and signed on its behalf.



A Rouf Chowdhury  
Director

## BA EXCHANGE COMPANY (UK) LIMITED

### 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 December 31, 2013, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards - Provisions Available for Small Entities, in the following circumstances:

- In common with many other businesses of this size and nature, the company uses our firm to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

As part of audit activities we have also been requested to carry out a review of systems and records and to advise on Anti Money Laundering rules and related compliance matters.

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at December 31, 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**BA EXCHANGE COMPANY (UK) LIMITED****Independent auditors' report to the shareholders of BA Exchange Company (UK) Limited****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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.

-sd-

---

Robert Green FCA (Senior statutory auditor)

for and on behalf of  
**Green & Peter LLP**

Chartered Accountants  
Registered Auditors

The Limes  
1339 High Road  
Whetstone  
London  
N20 9HR

February 27, 2014

## BA EXCHANGE COMPANY (UK) LIMITED

Profit and loss account  
for the year ended December 31, 2013

	Note	2013 £	2012 £
<b>TURNOVER</b>	1	<b>106,587</b>	78,910
Cost of sales		<u>(30,218)</u>	<u>(25,243)</u>
<b>GROSS PROFIT</b>		<b>76,369</b>	53,667
Administrative expenses		<u>(169,201)</u>	<u>(163,274)</u>
<b>OPERATING LOSS</b>	2	<b>(92,832)</b>	(109,607)
Interest payable and similar charges		<u>(32)</u>	<u>(218)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(92,864)</b>	(109,825)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	9	<b><u>(92,864)</u></b>	<b><u>(109,825)</u></b>

The notes on pages 7 to 11 form part of these financial statements.

-sd-

Chairman

-sd-

Director

-sd-

Chief Executive Officer

-sd-

Robert Green FCA (Senior statutory auditor)

for and on behalf of  
**Green & Peter LLP**

Chartered Accountants  
Registered Auditors

The Limes  
1339 High Road  
Whetstone  
London  
N20 9HR

February 27, 2014

**BA EXCHANGE COMPANY (UK) LIMITED**  
Registered number: 07314397

**Balance sheet**  
as at December 31, 2013

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	5		<b>96,740</b>		113,774
<b>CURRENT ASSETS</b>					
Debtors	6	<b>23,048</b>		12,992	
Cash at bank and in hand		<b>24,821</b>		56,689	
			<u>47,869</u>	<u>69,681</u>	
<b>CREDITORS:</b> amounts falling due within one year	7	<b>(164,531)</b>		<b>(160,513)</b>	
<b>NET CURRENT LIABILITIES</b>			<b>(116,662)</b>		<b>(90,832)</b>
<b>NET (LIABILITIES)/ASSETS</b>			<b>(19,922)</b>		<b>22,942</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		<b>300,000</b>		250,000
Profit and loss account	9		<b>(319,922)</b>		<b>(227,058)</b>
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>			<b>(19,922)</b>		<b>22,942</b>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on February 27, 2014.

The notes on pages 7 to 11 form part of these financial statements.

-sd-	-sd-	-sd-
_____ Chairman	_____ Director	_____ Chief Executive Officer

-sd-

Robert Green FCA (Senior statutory auditor)  
for and on behalf of  
**Green & Peter LLP**  
Chartered Accountants  
Registered Auditors  
The Limes  
1339 High Road  
Whetstone  
London  
N20 9HR  
February 27, 2014



**BA EXCHANGE COMPANY (UK) LIMITED****Notes to the financial statements  
for the year ended December 31, 2013****1. ACCOUNTING POLICIES (continued)****1.6 Going Concern**

The Company reported a loss during the year as it is operating in recession and in a very competitive market and has not yet managed to achieve the level of business initially anticipated and were not sufficient to meet the overheads. The results though negative 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 its 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 2013.

**2. OPERATING LOSS**

The operating loss is stated after charging:

	<b>2013</b>	<b>2012</b>
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	<b>17,119</b>	17,099
Auditors' remuneration	<b>3,000</b>	3,000
Auditors' remuneration - non-audit	<b>3,000</b>	1,000
	<b>=====</b>	<b>=====</b>

**3. DIRECTORS' REMUNERATION**

	<b>2013</b>	<b>2012</b>
	£	£
Aggregate emoluments	<b>-</b>	200
	<b>=====</b>	<b>=====</b>

## BA EXCHANGE COMPANY (UK) LIMITED

Notes to the financial statements  
for the year ended December 31, 2013

## 4. TAXATION

## Factors that may affect future tax charges

The Company has tax losses of £321,663 (2012 - £245,936) carried forward to relieve future trading profits, no deferred tax asset has been made due to the uncertainty of future taxable profits available for offset

## 5. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures and fittings £	Total £
<b>Cost</b>			
At January 1, 2013	122,846	19,470	142,316
Additions	-	85	85
At December 31, 2013	<u>122,846</u>	<u>19,555</u>	<u>142,401</u>
<b>Depreciation</b>			
At January 1, 2013	20,474	8,068	28,542
Charge for the year	12,285	4,834	17,119
At December 31, 2013	<u>32,759</u>	<u>12,902</u>	<u>45,661</u>
<b>Net book value</b>			
At December 31, 2013	<u>90,087</u>	<u>6,653</u>	<u>96,740</u>
At December 31, 2012	<u>102,372</u>	<u>11,402</u>	<u>113,774</u>

## 6. DEBTORS

	2013 £	2012 £
Prepayments	12,548	2,492
Other debtors	10,500	10,500
	<u>23,048</u>	<u>12,992</u>

## BA EXCHANGE COMPANY (UK) LIMITED

Notes to the financial statements  
for the year ended December 31, 20137. CREDITORS:  
Amounts falling due within one year

	2013 £	2012 £
Trade creditors	113,593	109,382
Accruals	7,664	8,887
Other creditors	43,274	42,244
	<u>164,531</u>	<u>160,513</u>

## 8. SHARE CAPITAL

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
300,000 (2012 - 250,000) Ordinary shares of £1 each	<u>300,000</u>	<u>250,000</u>

During the year, 50,000 Ordinary shares of £1 each were issued for cash.

## 9. RESERVES

	Profit and loss account £
At January 1, 2013	(227,058)
Loss for the year	(92,864)
	<u>(319,922)</u>
At December 31, 2013	<u>(319,922)</u>

## 10. OPERATING LEASE COMMITMENTS

At December 31, 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
<b>Expiry date:</b>		
Between 2 and 5 years	-	-
After more than 5 years	42,000	42,000
	<u>42,000</u>	<u>42,000</u>

**BA EXCHANGE COMPANY (UK) LIMITED****Notes to the financial statements  
for the year ended December 31, 2013****11. RELATED PARTY TRANSACTIONS**

All funds on behalf of customers are remitted through the parent undertaking, Bank Asia Limited. These transactions are at arm length and at commercial terms. At the year end the net amount outstanding included in creditors as TT payable was £113,593 (2012 - £109,382) which represented the TT settlement position outstanding in relation to remittances.

**12. ULTIMATE PARENT UNDERTAKING AND 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](http://www.bankasia-bd.com).

# CONTENTS OF STANDARD DISCLOSURES

Items	Page No
<b>Corporate Objectives, Values &amp; Structure Clarity and presentation:</b>	
Vision and Mission	10
Overall strategic objectives	15
Core values and code of conduct/ethical principles	11, 13
Profile of the Company	17, 19, 167
Director's profiles and their representation on Board of other companies & Organization Chart	34, 223, 236
<b>Management Report and analysis including Director's Report Chairman's Review/CEO's Review etc.</b>	
A general review of the performance of the company	52, 56, 93, 150
Description of the performance of the various activities / products / segments of the company and its group companies during the period under review. (weightage to be given for pictorial / graphical / tabular presentations used for this purpose)	67
A brief summary of the Business and other Risks facing the organization and steps taken to effectively manage such risks	124, 127, 176
A general review of the future prospects/outlook.	16, 59, 61 64, 65
Social Responsibility Initiatives ( CSR)	118
Environment related Initiatives	108
Information on how the company contributed to its responsibilities towards the staff including health & safety)	116
Information on company's contribution to the national exchequer & to the economy	110, 111, 113
<b>Disclosure of Accounting policies and General Disclosure</b>	
Disclosure of adequate and property worded accounting policies relevant to assets, liabilities, Income and expenditure in line with best reporting standards.	168, 169
Any Specific accounting policies	169
Impairment of Assets	171, 172
Changes in accounting policies/Changes in accounting estimates	169
Segment Information	
Comprehensive segment related information bifurcating Segment revenue, segment results and segment capital employed	
Segment analysis of	
• Segment Revenue	45, 70, 179, 254
• Segment Results	
• Turnover	
• Operating profit	
• Carrying amount of Net Segment assets	
<b>Financial Statements (Including Formats)</b>	
Disclosures of all contingencies and commitments	40, 157, 162, 168, 173
Comprehensive related party disclosures	123, 178, 223

Disclosures of Remuneration & Facilities provided to Directors & CEO	106, 163, 218
Statement of Financial Position / Balance Sheet and relevant schedules	156, 161, 181-211
Income Statement / Profit and Loss Account and relevant schedules	158, 163, 212-221
Statement of Changes in Equity / Reserves & Surplus Schedule	160, 165, 209-210
Disclosure of Types of Share Capital	173, 206-208
Statement of Cash Flow	159, 164, 220-221
Consolidated Financial Statement (CFS)	156-160
Extent of compliance with the core IAS/IFRS or equivalent National Standards	179
Disclosures / Contents of Notes to Accounts	167-224
<b>Information about Corporate Governance</b>	
Board Of Directors, Chairman And CEO	34-42
Vision / Mission And Strategy	10, 14, 15
Audit Committee (Composition, role, meetings, attendance, etc) Internal Control & Risk Management	40, 102, 138-139, 222-224
Ethics And Compliance	12, 13, 168
Remuneration and other Committees of Board	39, 41
Human Capital	114, 153
Communication To Shareholders & Stakeholders	08, 99, 105
Environmental And Social Obligations	108-109, 118-122
Management Review And Responsibility	56-59, 124-126, 149, 150-153
Any other investor friendly information	26-33
<b>Stakeholders Information</b>	
Distribution of shareholding (Number of shares as well as category wise, e.g Promoter group, Fil etc)	104, 208
Shares held by Directors/ Executives and relatives of Directors/ Executive	208
Redressal of investors complaints	86
<b>Graphical/ Pictorial Data:</b>	
Earnings per Share	29
Net Assets	29
Stock Performance	32-33
Shareholders' Funds	28
Return on Shareholders Fund	28

<b>Horizontal/Vertical Analysis including followings</b>	
<b>Operating Performance (Income Statement)</b>	
Total Revenue	
Operating profit	
Profit Before Tax	151, 158, 163
Profit after Tax	
EPS	
<b>Statement of Financial Position (Balance Sheet)</b>	
Shareholders Fund	
Property Plant & Equipment	151, 156, 161
Net Current Assets	
Long Term Liabilities/Current Liabilities	
<b>Profitability/Dividends/ Performance and Liquidity Ratios</b>	
Gross Profit Ratio	
Earning before Interest, Depreciation and Tax	
Price earning ratio	26-30, 225
Current Ratios	
Return on Capital Employed	
Debt Equity Ratio	
<b>Statement of Value Added and Its Distribution</b>	
Government as Taxes	110
Shareholders as dividend	110
Employees as bonus/ remuneration	110
Retained by the entity	110
Market share information of the Company's product/ services	49
Economic value added	111
<b>Additional Disclosures</b>	
Sustainability Development Reporting	89-122
Human Resource Accounting	153
<b>Specific Areas for Banking Sector</b>	
Disclosure of Ratings given by various rating agencies for Instruments issued by /of Bank. For eg. FD, CD, Tier I perpetual Bonds	142
Details of Advances portfolio Classification wise as per the direction issued by the central bank of the respective countries	130-134, 170, 188-195
Disclosure for Non Performing assets	134, 193

Movements in NPA	134
Sector-wise breakup of NPA	134
Movement of Provisions made against NPA	134, 193, 203-204
Details of accounts restructured as per regulatory guidelines	192
Maturity Pattern of Key Assets and Liabilities (ALM)	166
Classification and valuation of investments as per regulatory guidelines/Accounting Standards	170, 186-188
Business Ratio/ Information	
Statutory Liquidity Reserve (Ratio)	
Net interest income as a percentage of working funds / Operating cost	
- Efficiency ratio	
Return on Average Asset	
Cost / Income ratio	
Net Asset Value Per Share	26-30, 225
Profit per employee	
Capital Adequacy ratio	
Operating profit as a percentage of working funds	
Cash Reserve Ratio / Liquid Asset ratio	
Dividend Cover ratio	
Gross Non-Performing assets to gross advances /Non- Performing Loans (Assets) to Total Loans (Assets)	
Details of credit concentration / Sector Wise exposures	130-134, 188-195
The break-up of 'Provisions and contingencies' included in the Profit and Loss Account	163, 204
Disclosure under regulatory guidelines	142, 143-148
Details of Non-Statutory investment portfolio	186-188, 228-229
Disclosure in respect of assets given on operating & finance lease	172
Disclosures for derivative investments	136
Bank's Network : List of Centers or Branches	287-293



# BRANCHES AT A GLANCE

Branch Name	Address	Phone/Fax Number	Swift Code
<b>Corporate Branch</b>	Noor Tower (1st floor), 110, Bir Uttam C.R. Dutta Road, Dhaka	Ph: 880-2-9674501-2 9677031, 9614061-3 Fax: 880-2-9677032	BALBBDDH002
<b>Principal Office Branch</b>	111-113, Motijheel C/A Dhaka - 1000	Ph: 880-2-9571450-1, 9563652, 9571020-1, 9571023 Fax: 880-2-9566223	BALBBDDH003
<b>Gulshan Branch</b>	Bay's Galleria , 57, Gulshan Avenue (Ground Floor) Dhaka - 1212	Ph: 880-2-9889268-9, 8828103,8828387 Fax: 880-2-8816739	BALBBDDH004
<b>Agrabad Branch</b>	69, Agrabad C/A, Chittagong	Ph: 880-31-714665, 724876, 714703, 2517303 Fax: 880-31-714548	BALBBDDH005
<b>Malkhanagar Branch</b>	Union Parishad Bhaban, Taltola Bazar, Malkhanagar, Munshigonj	Ph: 01711831040 Fax: 06924-63225	
<b>Scotia Branch</b>	117/A, Old Airport Road, Tejgaon, Dhaka	Ph: 880-2-8142290, 9137512-5 Fax: 880-2-8155858	BALBBDDH007
<b>MCB Dilkusha Branch</b>	4, Dilkusha C/A, Dhaka	Ph: 880-2-9568871 - 3 Fax: 880-2-9563649	BALBBDDH008
<b>MCB Sk. Mujib Road Branch</b>	1269/b Sk. Mujib Road, Agrabad C/A, Chittagong	Ph: 880-31-715125 - 7 Fax: 880-31-710352	BALBBDDH009
<b>Sylhet Main Branch</b>	60, Niloy Darga Gate, Airport Road, Sylhet	Ph: 880-821-724722, 712256 Fax: 880-821-722616	
<b>Tarail Branch</b>	Tarail Bazar, Kishoreganj	Ph: 09434-75099 Fax: 09434-75099	
<b>MCB Banani Branch</b>	A. R. Tower, 24, Kamal Ataturk Road, Banani, Dhaka - 1213	Ph: 880-2-9885610, 9894699, 9889104 Fax: 880-2-9882181	BALBBDDH012
<b>Khatunganj Branch</b>	273/268, Khatunganj, Asia Centre, Chittagong	Ph: 880-31-610036, 638013-4, 618419, 63841 Fax: 880-31-632905	BALBBDDH013
<b>Lohagara Branch</b>	Mostafa Tower, Lohagara , Chittagong.	Ph: 03034-56304 Fax: , 03034-56305	
<b>North South Road Branch</b>	89, Shaheed Syed Nazrul Islam Shoroni, North South Road, Dhaka	Ph: 880-2-9563768-9, 9567671 Fax: 880-2-9563223	BALBBDDH017
<b>Uttara Branch</b>	House # 79A, Road #07, Uttara Model Town, Dhaka	Ph: 880-2-8957427 - 9 Fax: 880-2-8957431	BALBBDDH015
<b>Ashulia Branch</b>	Chowdhury Plaza (1st Floor) , Zamgara Bazar, Ashulia, Savar, Dhaka	Ph: 880-2-7702447 Fax: 880-2-7790448	
<b>Mitford Branch</b>	Bismillah Tower, 147/148, Mitford Road, Dhaka - 1100	Ph: 880-2-7320620 - 1 Fax: 880-2-7314999	BALBBDDH014

## BRANCHES AT A GLANCE

Branch Name	Address	Phone/Fax Number	Swift Code
<b>CDA Avenue Branch</b>	665/564, CDA Avenue, East Nasirabad, Panchlaish, Chittagong	Ph: 880-31-2850091-2, 2863640 Fax: 880-31-612933	BALBDDH018
<b>Sylhet Uposhohor Branch</b>	Rahim Tower, Subhani Ghat, Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821-2830791	
<b>Dhanmondi Branch</b>	Meher Plaza, House # 13/A (2nd Floor), Road # 5, Dhaka-1205	Ph: 880-2-9668361, 8624872-5, 9675918 Fax: 880-2-9664640	
<b>Station Road Branch</b>	Mohiuddin Market ( 1st floor), 170, Station Road, Chittagong	Ph: 88-031-2850934-5 Fax: 88-031-2850936	BALBDDH022
<b>Bashundhara Branch</b>	Plot # 25, Block-A, Avenue Road, Bashundhara R/A, Dhaka.	Ph: 880-2-8402021, 8845182 Fax: 880-2-8401322, 8845181	
<b>Khulna Branch</b>	Al-Mashah Complex, 44, Mojid Sarani KDA Avenue (Shib Bari Mor), Khulna-9100	Ph: 88-041-2830136-7, 2831451, 2831361 Fax: 041-2830135	
<b>Rajshahi Branch</b>	Ahmed Plaza, 182, Alu Patti Mor, Rajshahi-6100	Ph: 880-721-812503-4 Fax: 880-0721-812502	
<b>Chatkhil Branch</b>	Holding# 3147, ,Khilpara Road , Chatkhil Bazar, Chatkhil, Noakhali.	Ph: 03222-75179 Fax: 03222-75179, 75224	
<b>EPZ Branch</b>	Zone Service Complex (Ground Floor), CEPZ, Chittagong	Ph: 880-31-800340, 800406 Fax: 880-31-801391	BALBDDH027
<b>Mohakhali Branch</b>	82, Mohakhali C/A , Dhaka-1212	Ph: 02-9857236, 9857420, 9857429 Fax: 8855431	BALBDDH028
<b>Mirpur Branch</b>	Nishi Plaza, Plot # 1, Avenue 4, Section 6, Block C, Pallabi, Mirpur, Dhaka-1216	Ph: 9013814, 9013841, 9013844 Fax: 880-2-9012122	
<b>Anderkilla Branch</b>	184, J.M Sen Avenue, Anderkilla, Chittagong	Ph: 880-31-2854882-3, 2854556 Fax: 880-31-2854881	BALBDDH030
<b>Rohitpur Branch</b>	Rima Plaza , Rohitpur Boarding , Keranigonj, Dhaka	Ph: 880-2-7766677 Fax: 880-2-7766600, 7766444	
<b>Bogra Branch</b>	Jamil Shopping Centre, Baragola, Bogra	Ph: 880-51-51642-3 Fax: 880-5178641	
<b>Jessore Branch</b>	Jess Tower (1st Floor), 39/M.K. Road, Jessore	Ph: 0421-67783-4, 67748 Fax: 0421-67738	
<b>Bahadderhat Branch</b>	Mamtaz Tower ,Holding #4540, Bahadderhat, Chittagong	Ph: 031-2553741-3 Fax: 88-031-2553745	BALBDDH018
<b>Shantinagar Branch</b>	Treasure Island, 42/43, Siddeshwari Circular Road, Dhaka-1217	Ph: 8333979, 8332836, 8312729 Fax: 8333978	

## BRANCHES AT A GLANCE

Branch Name	Address	Phone/Fax Number	Swift Code
<b>Tongi Branch</b>	Mariom Tower (1st floor) 13 Anarkoli Road, Tongi Bazar, Tongi, Gazipur	Ph: 9816303-4 Fax: 880-9816306	
<b>Konabari Branch</b>	Rupjan Tower, Nilnagar ,Konabari, Gazipur	Ph: 02-9298882-3 Fax: 02-9298885	
<b>Bhatiary Branch</b>	Bhatiary Bazar, Sitakunda, Chittagong	Ph: 031-2781077-79 Fax: 031-2781080	
<b>Progoti Shoroni Branch</b>	Venus Complex , Kha 199/2- 199/4, Pragati Shoroni ,Badda, Dhaka	Ph:8824653,8824467, 8824687 Fax: 8825368	
<b>Ishwardi Branch</b>	Central Jame Masjid Market (1st floor), Station Road, Ishwardi, Pabna.	Ph: 0732664463-5 Fax: 0732664462	
<b>Savar Branch</b>	B-70/1 Bazar Road, Savar, Dhaka	Ph: 88-02-7744857, 7744889, 7744890 Fax: 7744891	
<b>Beani Bazar Branch</b>	Tajma shopping Center (1st floor), Beani Bazar, Sylhet	Ph: 08223-56103-4 Fax: 08223-56105	
<b>Donia Branch</b>	Hossain tower (1st & 2nd Floor), 1050, Donia, Dhaka Ctg high way, Shampur, Dhaka	Ph: 880-2-7540055, 7540095 Fax: 880-2-7551188	
<b>Moghbazar Branch</b>	Tropical M.L. Point (1st Floor) 43, New Circular Road, Moghbazar , Dhaka-1217	Ph: 8321578, 8321245 Fax: 8312056	
<b>Kamal Bazar Branch</b>	Kabir Tower, Kamal Bazar, Mohora Kalurghat, Chittagong	Ph: 031-2572872-3 Fax: 031-2572874	
<b>Cox's Bazar Branch</b>	J.N Plaza (1st Floor), Plot # 226 (New),Tekpara Main Road, Cox's Bazar	Ph: 88-0341-52240-42 Fax: 88-0341-52244	
<b>Faridpur Branch</b>	Plot #2354,Goalchamot, Chak Bazar, Thana Road, Faridpur	Ph: 0631-67206-7 Fax: 0631-67204	
<b>Narayangonj Branch</b>	Jahan plaza (1st Floor),20, Sirajuddoula Road, Falpatty, Narayangonj	Ph: 88-02-7648801-5 Fax: 88-02-7648805	
<b>Paltan Branch</b>	Rangs Tower (1st Floor), 68, Purana Paltan,Dhaka-1000	Ph: 7113844, 7110488, 7115594, 7119664 Fax: 7111164	
<b>Jagannathpur Branch</b>	76, T&T Road, Ward-07, Haji Ashid Ullah Market, Jagannathpur Bazar, Sunamganj	Ph: 0872-756013 Fax: 0872-756014	
<b>Moulvibazar Branch</b>	Shah Mostafa Garden City, M. Saifur Rahman Road (Central Road), Moulavi Bazar	Ph: 0861-63601, 63602 Fax: 0861-636000	

## BRANCHES AT A GLANCE

Branch Name	Address	Phone/Fax Number	Swift Code
<b>Bhairab Branch</b>	Kalibari Road, Bhairab Bazar, Kishoregonj	Ph: 09424-72328-31 Fax: 09424-72332	
<b>Strand Road Branch</b>	S. A. Chamber (1st Floor), Strand Road, Majhirghat, Chittagong	Ph: 031-2513611-2317 Fax: 031-2513906	
<b>Shyamoli Branch</b>	23/4 Khiljee Road, Block B Shyamoli, Dhaka	Ph: 02-9103565-6 Fax: 02-9115239	
<b>Patherhat Branch</b>	Ibrahim Sobhar Tower (1st Floor), Patherhat, Noapara, Raozan, Chittagong	Ph: 031-2573111-2 Fax: 031-2573113	
<b>Tejgaon Link Road Branch</b>	Shanta Western Tower, 186, Tejgaon I/A, Dhaka	Ph: 88-02-8870081-4 Fax: 88-02-8870086	
<b>Rupnagar Branch</b>	Plot #34(1st Floor), Road#16, Rupnagar, Mirpur, Dhaka	Ph: 9016692-3 Fax: 9008757	
<b>Laldighirpar Branch</b>	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904 Fax: 0821-719907	
<b>Madhabdi Branch</b>	Shitlabari Bazar Road, Narshigndi	Ph: 880-2-9446553-4 Fax: 880-2-9446555	
<b>Barisal Branch</b>	Fakir Complex, 112, Birsreshtho Captain Mohiuddin Jahangir Sarak, Barisal	Ph: 0431-2177510-1 Fax: 0431-62227	
<b>Oxygen Moor Branch</b>	422, Oxygen Moor, Kulgaon, Bayezid Bostami, Chittagong	Ph: 031-2583701-2 Fax: 031-2583704	
<b>Elephant Road Branch</b>	64, Elephant Road, Dhaka	Ph: 9669351,9669331 Fax: 880-2-9669296	
<b>Lalmatia Branch</b>	Plot 4/3, Block-D, Lalmatia Housing Estate, Dhaka	Ph: 8100067, 8100071-2 Fax: 880-2-8100070	
<b>Dohazaria Branch</b>	Sadek Tower (1st Floor), Dohajari, Chandanaish, Chittagong	Ph: 01755591572-74	
<b>Haziganj Branch</b>	Munshi Plaza (1st Floor), Main Road, Haziganj, Chandpur	Ph: 88424-75142 Fax: 08424-75144	
<b>KEPZ Branch</b>	Zone Service Complex (Ground Floor), North Potenga, Chittagong	Ph: 031-2502391-3 Fax: 031-2502934	
<b>Aglabazar Branch</b>	Shophy Plaza, Aglabazar, Nawabgang, Dhaka	Mob: 01911403703, 01713920853	
<b>Hemayetpur Branch</b>	Molla Market (1st Floor), Hemayetpur Bus stand, Tetuljhora Union, Savar, Dhaka	Mob: 01711072110	

## BRANCHES AT A GLANCE

Branch Name	Address	Phone/Fax Number	Swift Code
<b>Dakhinkhan Branch</b>	KC Plaza ( 1st Floor), Noapara, Dakkhinkhan bazar, Uttara, Dhaka	Mob: 0119818707 Fax: 07426-75173	
<b>Mohadevpur Branch</b>	Saif Uddin Haider & Sons Complex, Mohadevpur, Naogaon	Ph: 01426-75194	
<b>Nimtala Branch</b>	Hemanta Shoping Complex(1 <sup>st</sup> Floor), Nimtala , Sirajdikhan, Munshiganj	Mob:01712942590	
<b>Comilla Branch</b>	Chowdhury Plaza 2, House-465/401, Race Course, Comilla	Mob: 01717578720, 01771425266	
<b>Sonaimuri Branch</b>	United Plaza, Bank Road, Sonaimuri Bazar, Noakhali	Mob:01711008820	
<b>Feni Branch</b>	34 S.S.K Road, Feni	Mob:01714112681	
<b>Satmasjid Road</b>	Plot No. 78, Bir Uttam M A Rob Sarak, Zigatola, Dhanmondi, Dhaka	Phone 9634926-7	
<b>Paragram Branch</b>	Mamtaj Plaza, Dag No.-RS 2222, Khatian No.-RS 419, Mouza-Paragram, Union- 11 no. Koilail Union Parishad, PS.-Nawabgonj, Dist:-Dhaka	HOB-01713378991, 04470009132	
<b>Sonargaon Janapath Road Branch</b>	"Circle Windflower" Plot No.-30, Sonargaon Janapath Road, Section-11, Uttara, Dhaka-1230	HOB-01670761210; 04470009678, MOB-01819185190	
<b>Dinajpur Branch</b>	"Torab Uddin Complex" Holding No.- 2180/2040, 2179/2040, 2181/2040-2, Road No.-01, Butibabu Road, Ward No.-3, Dinajpur Powrashova, PS-Kotwali, Dist:- Dinajpur	HOB-01712 192519	
<b>Lichubagan Branch</b>	"Al-Emarat Shopping Complex", Vill/Area- Lichubagan, Dag No.-RS 1901, Khatian No.-RS 638, Mousa- Chandragona, Union- 11 no. Chandragona Kadamtola Union Parishad, PS.- Rangunia, Dist:- Chittagong	HOB-01818 127403	
<b>Gazipur Branch</b>	"Akbar Trade Centre" Holding No.- 236/K (new), BIDC Road, Ward No.- 26, Gazipur City Corporation, PS-Gazipur Sadar, Dist:-Gazipur	HOB-01913 494546	

## BRANCHES AT A GLANCE

Branch Name	Address	Phone/Fax Number	Swift Code
<b>Kalatiya Branch</b>	"Kalatiya Shopping Centre", Vill/ Area- Shamserpur, Dag No.-RS 533, 534, 538 & 539, Khatian No.-RS 4,333 & 117, Mousa-Kalatiya, Union- 2 no. Kalatiya Union Parishad, PS.- Keranigonj, Dist:- Dhaka	Ph-769182,7769183,7769184 Mob:01777-792164	
<b>Chandragonj Branch</b>	Parishad, PS- Lakshmipur Sadar, Dist: Lakshmipur	HOB-01727760638	
<b>Bank Asia Bhaban Branch</b>	"Bank Asia Bhaban" Holding No.- 39, Agrabad C/A, Sabder Ali Road, Ward No.- 28, Chittagong City Corporation, PS-Doublemuring, Dist:- Chittagong	HOB-01713106206	
<b>Ashulia SME/Agri Branch</b>	Tanvir Super Market (1st Floor) , Ashulia Bazar Bus Stand, Ashulia Savar, Dhaka	Ph: 88-02-7744975-6 Fax: 88-02-7744978	
<b>Baligaon SME/Agri Branch</b>	Dewan Super Market , Baligaon Bazar, Tongibari, Munshigonj	Ph: 0693251004-5 Fax: 0693251004	
<b>Shirajdikhan SME/Agri Branch</b>	Shirajdikhan Bazar, Sikder Market Shirajdikhan, Munshiganj	Ph: 06924-63364 Fax: 06924-63225	
<b>Ramganj SME/Agri Branch</b>	Anupom Super Market (1st Floor) , Bypass Road, Ramgonj, Laxmipur	Ph: 03824-75080,75171 Fax: 03824-75124	
<b>SME CENTRES</b>			
<b>Jatrabari SME Service Center</b>	Noor Tower, 76/Ga Bibir Bagicha North Jatrabari, Dhaka	Ph: 88-02-7554861-2 Fax: 7554863	
<b>Rekabi Bazar SME Service Center</b>	Rekabi Bazar, Sylhet	Ph: 0821-710419, 710409 Fax: 0821-710406	
<b>Jurain SME Service Center</b>	Anaz Tower 495 East Jurain, Kadamtali, Dhaka	Ph: 88-02-7453414-5 Fax: 88-02-7453416	
<b>Khulna SME Service Center</b>	28, Sir Iqbal Road Khulna	Ph: 041-731208-9 Fax: 041-723306	
<b>Chaktai SME Service Center</b>	1676/G/1 River City Market New Chaktai, Bakolia Chittagong	Ph: 031-2866395-6 Fax: 031-2866398	
<b>Bashabo SME Service Center</b>	87, East Bashabo, Dhaka	Ph: 88-02-7218462-3 Fax: 88-02-7218460	

## BRANCHES AT A GLANCE

## ISLAMIC WINDOWS

## Principal Office Branch

	Address	Phone/Fax Number	Swift Code
	Tea Board Building 111-113, Motijheel C/A, Dhaka - 1000	Ph: 880-2-9571450, 9571451 Fax: 880-2-9566223	BALBBDDH003
Uttara Branch	House # 79A, Road #07, Sector # 4, Uttara Model Town, Dhaka - 1230	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Shantinagar Branch	Treasure Island 42-43, Siddeshwari Circular Road Shantinagar, Dhaka-1217	Ph: 8333979, 8312729 Fax: 880-8333978	
Lohagara Branch	Mostafa Center ,Lohagara, Chittagong	Ph: 88-03034-56641 Mobile: 88-01930-530722 Fax: 88-03034-56305	
Sylhet Uposhohor Branch	Sylhet Tower Subhanighat Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821- 2830791	
Islamic Banking Department, Corporate Office	Rangs Tower (2nd to 6th floor) Corporate Office 68 Purana Paltan Dhaka-1000	Ph: 880-2- 7110042, 7110062, 7110147, 7110173, 7110218, 7110247, 7110278, 7110468, 7113867, 7115813, 7115881 7118667, 7118828 E-mail: bankasia@bankasia.com.bd Web: www.bankasia-bd.com	BALBBDDH

## OFF SHORE BANKING UNIT

## EPZ Branch

	Zone Service Complex (Ground floor), CEPZ, Chittagong	Ph: 031-800320 Fax: 031-801391	
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## SUBSIDIARIES

## Dilkusha (Head Office)

SUBSIDIARY-1: BANK ASIA SECURITIES LIMITED		
	Hadi Mansion (7th Floor)2 Dilkusha C/A, Dhaka-1000	Phone: 7124743, 7170896 Fax: 88-02-9567884 Email: cmd.bankasia@gmail.com

## Dhanmondi Branch

	Meher Plaza, House # 13/A, R # 05, Dhanmondi, Dhaka	Phone: 8624874-5
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## Mirpur Branch

	Nishi Plaza, Plot # 01, Avenue-04 Section-06, Block-C, Mirpur	Phone: 9013814, 9013841
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## Khulna Branch

	28, Sir Iqbal Road (1st Floor), Khulna	Phone: 041-2830136-7
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## Jurain Branch

	Anaz Plaza (2nd Floor)495,East Jurain Kadamtali, Dhaka	Phone: 7453414
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## Uttara Branch

	H # 79/A, (4th Floor), R# 07, Sector # 04 Uttara Model Town, Dhaka-1000	Phone: 8958371
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## Extension Office

	158-160, Ground Floor Motijheel, C/A, Dhaka-1000	Phone: 7124805, 7124816
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## SUBSIDIARY-2: BA EXCHANGE COMPANY (UK) LTD.

## Office in UK

	125 Whitechapel Road London E1 1DT	Tel: 0203 005 4845-6 Fax: 0207 426 0097 Mob: 0795 081 4675
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**Corporate Office** (Registered Office)  
 Rangs Tower (2nd to 6th floor)  
 68 Purana Paltan, Dhaka-1000  
 Tell : 02-7110042, 7110062, 7110147, 7110173, 7110177, 71100218  
 Fax : 00-02-7175524  
 E-mail : bankasia@bankasia.com.bd  
 Web : www.bankasia-bd.com, https://www.bankasia.net

**PROXY FORM**

I/we,.....of  
 .....of  
 a Member of BANK ASIA LIMITED do hereby appoint Mr./Ms.....of  
 .....or failing him/her Mr./Ms. ....of  
 ..... as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting  
 of the Members of the Company to be held on the 31<sup>st</sup> March,2014 (Monday) and at any adjournment thereof.

In witness my hand this ..... day of ..... 2014.

		Signature of the Member :
Witnesses:	Revenue Stamp	Name :
1.		Folio No.
2.		BO ID : <input type="text"/>
		Signature of the Proxy :
		Folio No :
		BO ID : <input type="text"/>

**Shareholder's Attendance Slip**



**Corporate Office** (Registered Office)  
 Rangs Tower (2nd to 6th floor)  
 68 Purana Paltan, Dhaka-1000  
 Tell : 02-7110042, 7110062, 7110147, 7110173, 7110177, 71100218  
 Fax : 00-02-7175524  
 E-mail : bankasia@bankasia.com.bd  
 Web : www.bankasia-bd.com, https://www.bankasia.net

I hereby record my presence at the Fifteenth Annual General Meeting of Bank Asia Limited held today the 31<sup>st</sup> March, 2014 at 10.00 am at Dhaka Ladies Club, 36 Eskaton Garden Road, Dhaka-1000.

I give my particulars and put my signature below.

Name : \_\_\_\_\_

Folio No. \_\_\_\_\_

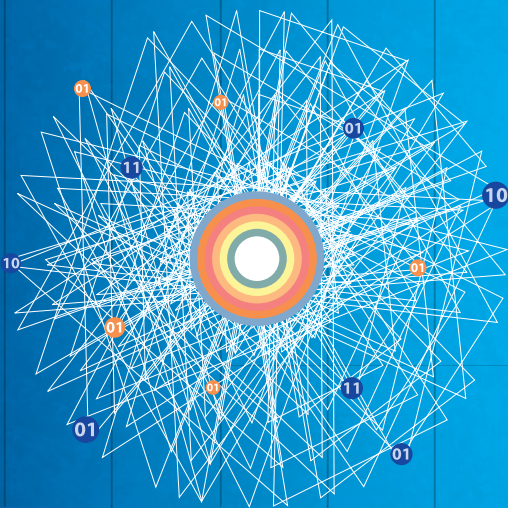
BO ID :

Signature \_\_\_\_\_

(Please complete this slip and deposit at the registration counter on the day of the meeting)







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01

01

**Corporate Office**

Rangs Tower (2<sup>nd</sup> - 6<sup>th</sup> Floor)  
68, Purana Paltan  
Dhaka-1000  
Tel +88 02 7110042  
Fax +88 02 7175524

