

annual integrated report 2018

Reaching the unreachable



 Bank Asia

annual integrated report

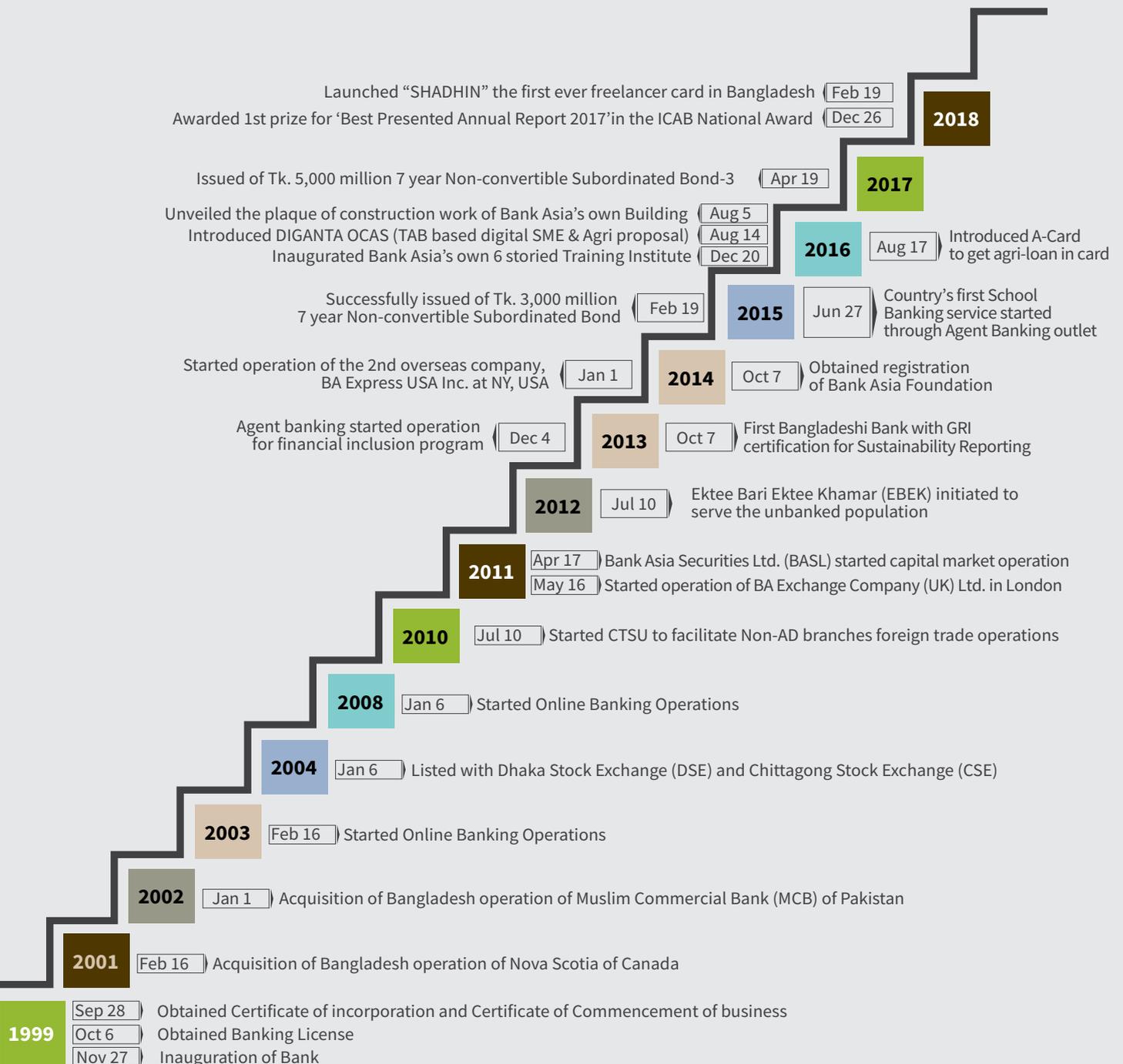
2018



Reaching the unreachable

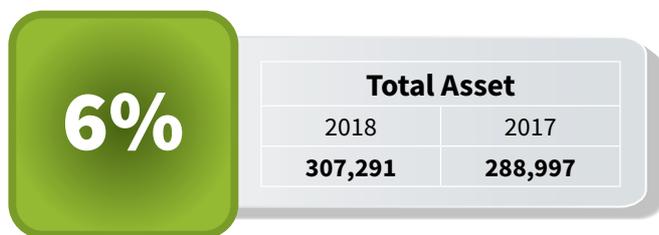
Around one-third of the population in Bangladesh remain unbanked due to low level of financial literacy of the people, collateral-based system for loan disbursement and reluctance of the formal channels to serve at remote areas for cost effectiveness. Most importantly, 65% of the unbanked population belongs to woman segment. Bank Asia made a difference in this regard and has become a role model for financial inclusion in the banking industry of Bangladesh. The Bank has already spread its footstep in 417 upazilas of 64 districts through agent banking channel. By taking banking services at the doorsteps of the underserved and marginalized people, we are trying to reach the unreachable.

MILESTONE



Two years comparison

Million taka unless otherwise specified



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Notice of the Twentieth Annual General Meeting

Notice is hereby given to all members of Bank Asia Limited ("the Company") that the 20th Annual General Meeting (AGM) of the members of the Company will be held on Tuesday, the 30th April 2019, at 11:00 AM at the Dhaka Ladies Club, 36 Eskaton Garden Road, Dhaka- 1000, to transact the following businesses and to adopt necessary resolutions:

AGENDA

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended on 31st December 2018, 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 on 31st December 2018.
3. To elect Directors in accordance with the provisions of law and the Articles of Association of the Company.
4. To appoint Statutory Auditors of the Company for the term until the conclusion of the next Annual General Meeting and to fix their remuneration.
5. To appoint Compliance Auditors as per Corporate Governance Code for the year 2019 and to fix their remuneration.
6. To transact any other business with the permission of the Chair.

Dated: Dhaka
April 09, 2019

By order of the Board



Sheikh Mohammad Anisuzzaman
Company Secretary

NOTES

- a) The Record Date of the Company is **April 15, 2019**. 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 AGM. 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) Shareholders are requested to update their respective Beneficial Owner (BO) account with 12 digits Taxpayer's Identification Number (e-TIN), Bank Account Number and Address through their respective Depository Participants (DP) before the Record Date. If anyone fails to update e-TIN in BO Account before the record date, disbursement of respective dividend will be subject to deduction of Advance Income Tax (AIT) @ 15% instead of @ 10% (individual) as per amended IT Ordinance # XXXVI of 1984 Under Section 54.
- g) The concerned Brokerage Houses are requested to provide us with a statement having details of margin loan holders (i.e., Shareholders' name, BOID numbers, client-wise shareholding position, gross dividend receivable, applicable tax rate and net dividend receivable) as on the Record Date along with the name of the contact person of Brokerage House to the company's Share Department at Registered Office on or before 23rd April 2019. The Brokerage Houses are also requested to provide us with their Bank name, Account number and routing number etc.
- h) As per BSEC Notification dated 20th June 2018, Annual Report 2018 will be duly sent in soft form to the Shareholders' email addresses available in their BO accounts maintained with the Depository. Shareholders are requested to update their email addresses through their respective DP. The soft copy of the Annual Report 2018 will also be available in the Bank's Website at: www.bankasia-bd.com. Shareholders may also collect the printed copy of the Annual Report 2018 from the Registered Office of the Company or from the AGM venue.

Prelude

Over the last 19 years, Bank Asia has grown and evolved and we are now one of the leading bank in the country. We are providing banking services to all the segments of the society including the masses and marginalized people of the rural and the remotest parts. Bank Asia has become a role model for financial inclusion in the banking industry of Bangladesh. We have catered much needed finances to the cottage, micro and small enterprises to help them grow and flourish. During last five years, we have worked extensively to serve the financially excluded segments of the society, especially through our unique Agent Banking services. We are trying to reach every corner of the country with advanced banking facilities and in the meantime we have established more than 2500 agent outlets across 417 upazilas of 64 districts. In addition to this, we have installed the first ever RMG digital banking booth at the premise of the garment factory to serve the readymade garments workers-a new episode in the country's banking history. Every year we select a theme that symbolizes our philosophy and core value of doing business. This year our theme is 'Reaching the unreached'. By taking banking services at the doorsteps of the underserved and marginalized people, we are trying to reach 'the unreached' and strongly committed to expand our business horizon across the country. We are working with the vision to ensure sustainable inclusive development for all segments of the society.

Bank Asia always gives more emphasis on the dissemination of information to the stakeholders, be it positive or negative. Our persistent endeavor is to present accurate, true and fair description of the activities of the Bank in all areas of operation including futuristic approach. 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 exhibits Bank's impacts on economic, environmental, governance and social aspects whether positive or negative.

The Report aims to give you the proper tool for doing necessary research and analysis for your investment and other needs.



Md. Arfan Ali
President and Managing Director

Awards and Recognition



Mr. Md. Arfan Ali, President and Managing Director of Bank Asia Limited receiving the 1st prize trophy from Hon'ble Finance Minister Mr. Abul Maal Abdul Muhith, MP, GoB for Best Presented Annual Reports (BPAR) by ICAB



2018

- Bank Asia Limited was awarded First prize under the category: Private Sector Banks in 18th ICAB National Award for Best Presented Annual Reports 2017
- Bank Asia has achieved Third Position under Corporate Governance Disclosure Sector category by Institute of Chartered Accountants of Bangladesh (ICAB)
- Bank Asia has been awarded Third Position under the category of Integrated Reporting by ICAB
- Bank Asia has been granted “GOLD RANK” in Asia Sustainability Reporting Rating 2018, in the 14th Sustainability Reporting Awards (SRA) 2018 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia for Sustainability Report 2017
- Bank Asia has been awarded (Asian Banking and Finance) Retail Banking Award 2018 in the category of “Financial Inclusion Initiative of the Year: Bangladesh”

2017

- Bank Asia Limited has been awarded SAFA Best Presented Annual Report Awards 2016, First Runner Up under SAARC Anniversary Awards for Corporate Governance Disclosures category
- Bank Asia Limited was awarded Third prize in 17th ICAB National Award for Best Presented Annual Reports for its Annual Integrated Report 2016 under Corporate Governance Disclosures
- Certificate of Merit (4th position) under Integrated Reporting category from the Institute of Chartered Accountants of Bangladesh (ICAB)
- Bank Asia achieved ‘Winner-Best Sustainability Report in Overseas category’ in the 13th Sustainability Reporting Awards (SRA) 2017 by NCSR, Jakarta, Indonesia for Sustainability Report 2016



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.

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.

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.

CODE OF CONDUCT

- Employees must be open and loyal to the Bank and Bank's interest.
- Employees must keep confidentiality in all Bank's 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 People Management Division (PMD).

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.

Bank Asia at a Glance

A Dream Comes True

Bank Asia started its journey on November 27, 1999 with a view to providing the best quality technology driven services in banking sector. Since inception it has been able to cover major parts of the country by extending and expanding its network by opening of branches, agent banking outlets etc. The Bank started its Islamic banking operation in 2008. It established the 1st subsidiary company 'Bank Asia Securities Limited' on March 16, 2011, then 'BA Exchange Company (UK) Limited' in London, United Kingdom on May, 2011 and 'BA Express USA Inc.' in Jamaica, New York, USA on June 01, 2014. At present Bank Asia has 123 Branches, 5 Islamic Windows, 4 SME Service Centers, 1 Off-shore Banking Unit and 3 Subsidiaries. With an aim to serve the unbanked people, Bank Asia is now operating EBK (Ektee Bari Ektee Khamar) banking services in 31 districts having 222 upazilas and 839,375 beneficiaries. The Bank has implemented 2,566 agent banking outlets in 64 districts to provide banking services to geographically dispersed rural poor segment of the society.

Faithful and Efficient Workforce

Bank Asia has the right blending of talented youth and experienced senior workforce which is truly efficient and dynamic. Mr. Md. Arfan Ali who has more than 26 (twenty six) years' of multifarious experience in banking profession leads the team from the forefront as President and Managing Director. At the end of 2018, the bank has 2,256 employees including 382 executives and 1,874 officers to serve its clients across the country. Bank Asia provides a work friendly elegant environment to its employees. Its unique reward and performance appraisal system

encourage employees to give their best to serve the Bank and its stakeholders.

Giving Back to the under Privileged & Concern to Ecology

Bank Asia always tries to make a better society by working and donating in different sectors such as education, health, disaster management, sports and some other sectors including the free eye camp and ophthalmological operation facility. The Bank is also providing services to senior citizen, widow, and disable beneficiaries through the government's project of Social Safety Net Program. Bank Asia has been recognized as one of the top 10 commercial banks for its contribution to green banking by Bangladesh Bank. In addition, it streamlines green banking initiatives in its in-house management and investing in environment friendly projects and participating in environment protecting activities. As a Bank, we play an intermediary role between economic development and conservation of the environment.

Eagerness for High-Tech Solution

Bank Asia always welcomes the innovation for the operation of the banking activities as well as reporting systems. Bank Asia has associated Islamic banking, Off-shore banking, CMSE financing, Agent Banking, EBK & Social Safety Net program, Remittance channeling & many more specialized services with its core banking activities. To excel in this new era of technological triumph, Bank Asia has successfully introduced Utility & remittance payment and Fees collection through Online, cutting edge ICT, state of the art network solution, 24/7 ATM service & many other e-products.

Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) awarded Bank Asia Limited 'AA2' in the Long Term and 'ST-2' rating in the Short Term based on the financials of 2017 will remain valid upto June 30, 2019.

Accolades & Recognition

Bank Asia was awarded several times by the national and international reputed organizations. Our Annual Integrated Report 2017 was awarded 1st prize for Best Presented Annual Reports by ICAB (Institute of Chartered Accountants of Bangladesh). Besides this, the Bank garnered 2nd Runner Up under Corporate Governance Disclosures and also for Integrated Reporting category from ICAB. Moreover, the Bank achieved 'Certificate of Merit' for SAFA Best Presented Annual Report 2017.

For Sustainability Report 2017, the Bank has achieved "GOLD RANK" - Asia Sustainability Reporting Rating (ASR) 2018 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in the 14th Sustainability Reporting Awards (SRA) 2018 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia.

Business Ethics

Business Principle

Bank Asia goes beyond minimum legal requirements and reflects 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 made 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 of 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 is very much aware 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 in 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

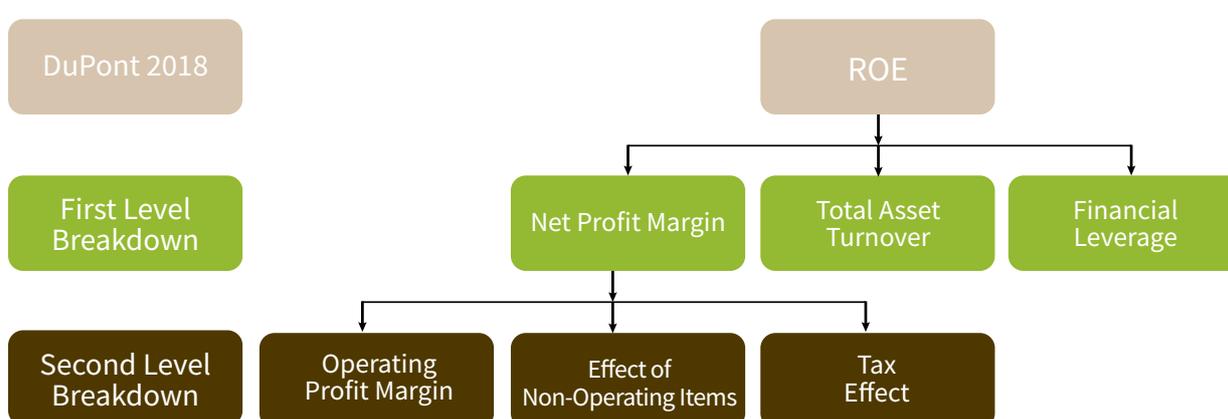
Bank Asia is firmly opposed to all forms of money laundering and shall take steps to prevent its financial transactions from being used by others to launder money.

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.

DuPont Analysis-5 Factors Model

DuPont analysis is an approach to decomposing return on equity for better understanding about which factor contributed to the ROE most and which factor caused the ROE to move. For broader analysis, we used 5 factors model that covers net profit margin, total asset turnover and financial leverage. Net profit margin is further broken down to operating profit margin, effect of non-operating items and tax effects.



Particulars	2018	2017	2016
ROE	10.21%	10.21%	8.13%
Net Profit Margin	8.35%	8.98%	7.28%
Total Asset Turnover	0.0910	0.0841	0.0890
Financial Leverage	13.4315	13.5234	12.5610
Operating Profit Margin	29.71%	29.32%	27.87%
Effect of Non-operating Items	0.5727	0.6067	0.5552
Tax Effect	0.4909	0.5046	0.4703

The higher the value of all components of DuPont analysis, the higher the positive impact on Return on Equity. Net profit margin consists of three important components namely operating profit margin, effects on non-operating items and tax effects as mentioned in second level break down. Operating profit margin of 2018 increased to 29.71% compared to that of 29.32% in 2017 for higher growth of net interest income which was 42% over previous year.

Effects on non-operating items include loan loss and other provision which decreased to 0.5727 from 0.6067 for the increase of provision by 31%. Tax effect decreased to 0.4909 from 0.5046 in 2017. The

combined effects of these three components (increase of operating profit margin and decrease of two other components, i.e. effect of non-operating items and tax effect) resulted in decrease of net profit margin to 8.35% in 2018 compared to 8.98% of last year.

Efficiency of utilization of assets as implied by average total assets turnover was higher than previous year that resulted from repricing of loans and advances. Bank Asia's financial leverage decreased to 13.4315 from last year's 13.5234 for the lower growth of assets.

Corporate Structure



Million Taka

	2018 (Consolidated)	2018 (Solo)
Income Statement Matrix		
Operating Profit	8,183	8,060
Profit Before Tax	4,629	4,616
Profit After Tax	2,233	2,266
Balance Sheet Matrix		
Total Shareholders' Equity	23,190	23,340
Deposits	222,735	222,471
Loans and Advances	217,553	214,618
Investments	36,544	35,999
Fixed Assets	5,446	5,432
Total Assets	309,227	307,291
Capital Measure		
Capital to Risk Weighted Asset Ratio Basel-III	14.76%	15.05%
Share Information Matrix		
Earnings Per Share (Taka)	2.01	2.04
Net Asset Value Per Share (Taka)	20.88	21.02
Credit Quality Ratios		
Classified Loans	4.05%	4.10%
Profitability Ratio		
Return on Equity	10.09%	10.21%
Return on Assets	0.74%	0.76%

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.....	123
Number of SME centers.....	4
Number of Islamic windows.....	5

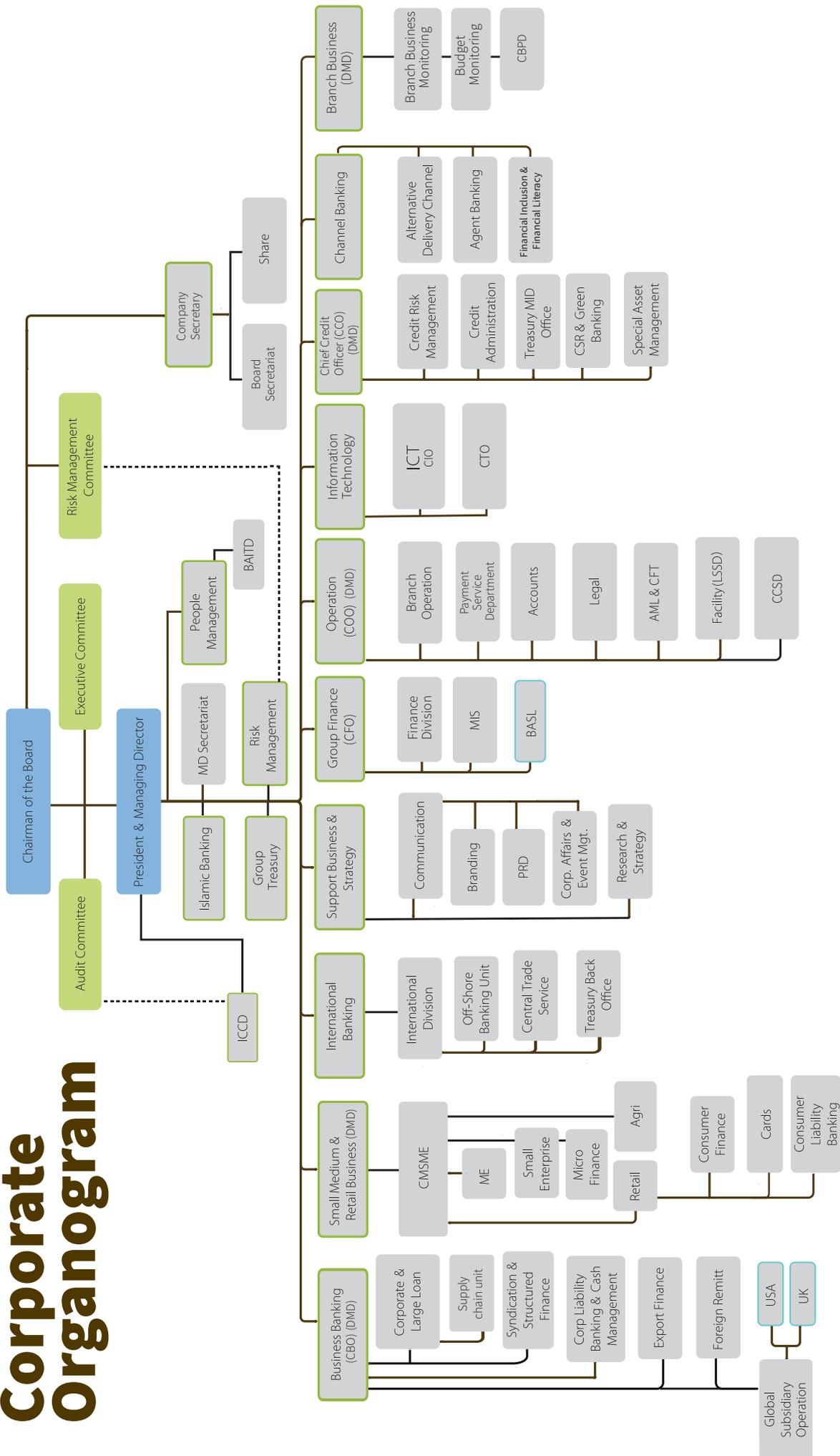
Auditors	ACNABIN Chartered Accountants BDBL Bhaban (Level-13) 12, Karwan Bazar Dhaka-1215
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Tax Advisors	S.F Ahmed & Co.(SFACO) Chartered Accountant and tax & Management Consultants House#51(3rd floor) Road # 9, Block # F Banani, Dhaka-1213
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Legal Retainer/ Advisors	M. Sakhawat Hossain Road No. 8, House No. B-107 (Ground Floor), New DOHS, Mohakhali Dhaka-1206
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Registered Office	Rangs Tower <small>(2nd to 6th floor)</small> 68 Purana Paltan Dhaka-1000 Bangladesh
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Corporate Organogram



Board of Directors



**Standing
from left**

Md. Arfan Ali

Mashiur Rahman

**Major General Mohammad
Matiur Rahman (retd.)**

**Sitting
from left**

M. Shahjahan Bhuiyan

Romana Rouf Chowdhury

Nazrul Huda

Md. Nazrul Huda

PS: Some of our hon'ble Directors are not seen in the picture, their names and profile can be seen in the Director's Profile section



Enam Chowdhury

Dilwar H Choudhury

Ashraful Haq Chowdhury

A. Rouf Chowdhury

Mohd. Safwan Choudhury

Rumee A Hossain

DIRECTORS' PROFILE



Mr. A. 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 were formed under his dynamic leadership which are comprised of 35 companies. The huge success of the 35 companies of the two groups during a short span of time substantiates his charismatic leadership and progressive mindset. Mr. Chowdhury also has his dynamic foothold in the print media; he is the Director of renowned English daily The Daily Star.



Mr. Mohd. Safwan Choudhury did 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/s M. Ahmed Tea & Lands Co. Ltd. is a 4th generation tea producing company which has been doing business since the British India. He is the former 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. Choudhury represents Phulbari Tea Estates Ltd. in the Board of Bank Asia Ltd.



Md. Nazrul Huda

Vice Chairman and Chairman of the Risk Management Committee

Mr. Md. Nazrul Huda is one of the Independent Directors of Bank Asia Ltd. He is the former Deputy Governor of Bangladesh Bank. He served the Bangladesh Bank successfully for 35 years in different capacities. Mr. Huda obtained Masters in Economics from the University of Dhaka, Bangladesh and University of New England, Australia. He has a number of publications on important issues relating to economy and banking.

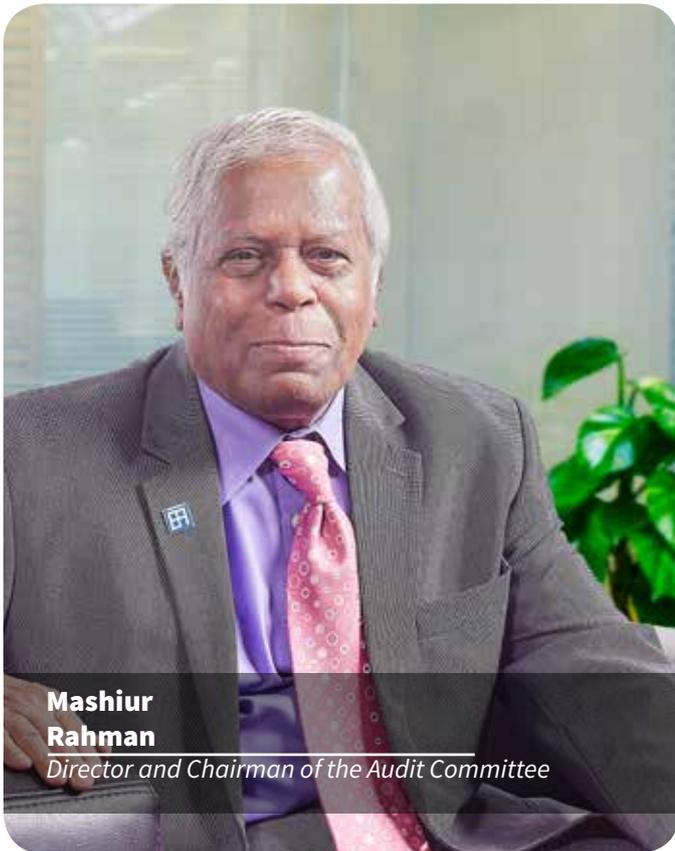


Rume A Hossain

Director and Chairman of the Executive Committee

Mr. Rume A Hossain is one of the Sponsor Shareholders of Bank Asia Ltd. He is a graduate in Mechanical Engineering and an MBA in International Business Management. He has more than 25 years of business experience in several industries such as Electronics, Telecom, Pharmaceuticals, IT and Publishing. He is the Managing Director of Rangs Industries Ltd. (Distributor of Toshiba and Samsung) and Romask Ltd. Currently, he is the Chairman of Executive Committee of the Board of Bank Asia Ltd.

DIRECTORS' PROFILE



Mr. Mashiur Rahman is one of the Independent Directors of Bank Asia Ltd. He 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. Currently, he is the Chairman of Audit Committee of the Board of Bank Asia Ltd.



Ms. Hosneara Sinha is one of the Sponsor Shareholders of Bank Asia Ltd. She is involved with different business houses and organizations under Sinha group. She is the Director of Pritha Fashions Ltd., Sinha Auto Spinning Mills Ltd. and Sattar Jute Mills Ltd.



**Naheed Akhter
Sinha**
Director

Ms. Naheed Akhter Sinha is one of the Sponsor Shareholders of Bank Asia Ltd. She obtained 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 promoter and shareholder directors of Enterprise Cluster Pte Ltd., a Singapore-based company. Currently, she is one of the directors of Sinha Apparels Ltd., and Enterprise Cluster Pte. Ltd.



**Major General Mohammad
Matiur Rahman (retd.)**
Director

Major General Mohammad Matiur Rahman (retd.) is one of the directors of Bank Asia Ltd. He represents Sinha Fashions Ltd. in the Board of Bank Asia Ltd. He has more than 36 years of experience as a military personnel. After retirement from his service, he joined the Sinha-Medlar group as an adviser in 2013. He obtained his Masters in Defense Studies from National University. He also participated in various training and seminar both at home and abroad.

DIRECTORS' PROFILE



Ms. Romana Rouf Chowdhury is one of the directors of Bank Asia Ltd. Ms. Romana Rouf Chowdhury is a Bachelor of Arts in English. She has been working for more than 27 years as an industrialist. She is one of the successful young entrepreneurs of the country. She holds directorship of various sister concerns of Rangs Group and Sea Fishers Group. Currently, she holds the position of Chairperson of Agro food Services Ltd. and Sea Natural Food Ltd.



Mr. M. Shahjahan Bhuiyan is one of the Independent Directors of Bank Asia Ltd. He is the former Managing Director of Prime Bank and United Commercial Bank Ltd (UCBL). He is an M.Com in Accounting from the University of Rajshahi. Starting his career from 1970 under Bank Officials Training Scheme of the then State Bank of Pakistan, Mr. Bhuiyan has more than four decades of eventful and illustrious banking career to his credit. He was honoured as Kirti Banker by the Bangladesh Bank for his outstanding contribution to the banking sector of the country.



**Dilwar H
Choudhury**
Director

Mr. Dilwar H Choudhury is one of the Independent Directors of Bank Asia Ltd. He was a veteran banker with 35 (thirty five) years of banking experience including working in eight different countries in Asia, Africa and Europe in a multicultural environment. He was the former Managing Director (in-charge) of City Bank Ltd. His most significant career exposure happened while managing and operating three full-fledged banking operations as Chief Executive Officer in Turkey, Pakistan and Bangladesh. He was also a Banking consultant for KPMG Dhaka during 2004-2005.



**Farhana
Haq**
Director

Ms. Farhana Haq is one of the Sponsor Shareholders of Bank Asia Ltd. She obtained her Masters in International Relations from the University of Dhaka. She holds directorship of various renowned business concerns such as DHS Motors Ltd., Platform Solutions Ltd., Ali Estates Ltd., SurjaSoft Ltd. and FAR Ltd.

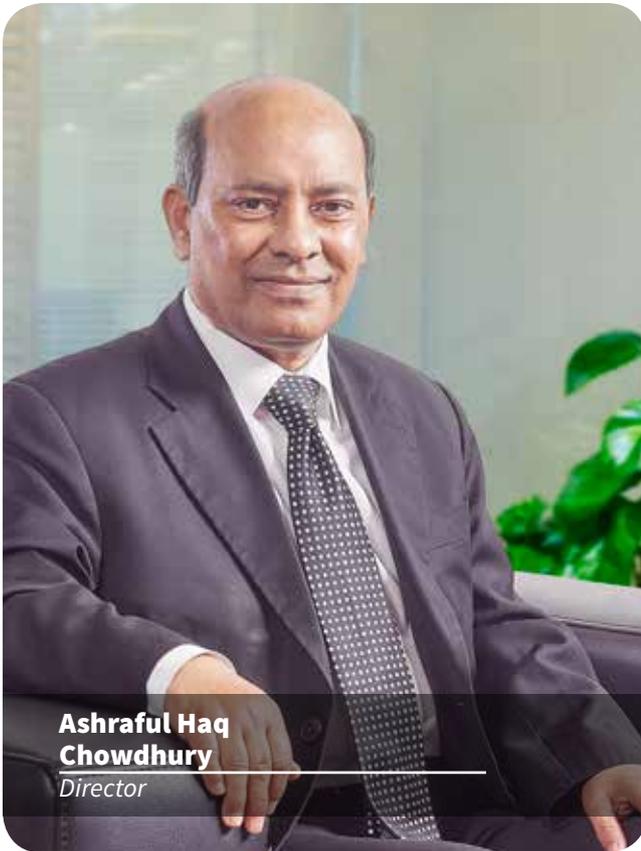
DIRECTORS' PROFILE



Ms. Mahrina Chowdhury is one of the Sponsor Shareholders of Bank Asia Ltd. She obtained her Masters in Business. She has more than 11 years of experience in Banking, Investing Banking, Software Engineering and 5 years of experience in computer softwaring for IBM Meryll-Lynch, 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 Pharmaceuticals Ltd., Rangs Ltd., Rangs Industries Ltd., Rangs Motors Ltd., Rangs Workshop Ltd., etc.



Mr. Enam Chowdhury is a graduate in Electrical and Electronic Engineering from Ohio, USA. He has more than 25 years of experience in Information Technology, particularly in banking and finance industry. After working with global financial and technology firms for several years in Australia, USA and Japan, he returned to Bangladesh in 2018. His experience includes working with Deutsche Bank, PwC and EDC. He represents Amiran Generations Ltd. in the Board of Bank Asia Ltd.



**Ashraf Haq
Chowdhury**
Director

Mr. Ashraf Haq Chowdhury is one of the Independent Directors of Bank Asia Ltd. He served country's largest Mobile Phone Operators like Grameen Telecom, Telekom Malaysia Bangladesh and Bharti Airtel for 21 years in the top management position. He was also the Trade Adviser for the Commonwealth Secretariat, London, & Ministry of Trade, Industry & Tourism of the Caribbean Countries in addition to serving in the Export Promotion Bureau and BIDS at the initial stage of his career. His most recent assignment was as Chief Corporate Affairs Officer (CXO) of Airtel Bangladesh-a subsidiary of Bharti Airtel the 3rd Largest Mobile Operator in the World with 303 million customers in 22 countries. Mr. Chowdhury obtained Honours & Masters degrees in Economics from Chittagong University. He then completed higher studies in International Development Economics & Business Administration from the Stockholm University, Sweden. He was also a Research Fellow at the University of Toronto, Canada. He is currently the Managing Director of Star Infrastructure Development Consortium Ltd.



Md. Arfan Ali
President and Managing Director

Mr. Md. Arfan Ali is the President & Managing Director of Bank Asia Ltd. Previously, he was the Additional Managing Director of Bank Asia Ltd. Mr. Ali is an MBA from the IBA, Dhaka University, having more than 27 (Twenty Seven) years of diverse experience in banking profession to his credit. He started his career with Arab Bangladesh Bank Ltd. as a Probationary Officer in 1991. Later he joined Hanil Bank in 1996 and played key roles in setting up of its Dhaka Office. He joined Bank Asia in 1999 as Assistant Vice President before it started its operation and played vital role at the preoperational stage of launching formal operations of a newly established local bank. Mr. Ali pioneered and championed Agent Banking operations in Bangladesh. He had worked as part time lecturer of Institute of Business Administration (IBA), Jahangirnagar University, for 10 years. Moreover, he is one of the Advisors of Bangladesh Money Market Dealers Association (BAMDA). He is also the Chairperson of SWIFT Member and User Group of Bangladesh. He is currently the elected Secretary General of Association of Bankers, Bangladesh (ABB).

Bank Asia Foundation Governing Body



**Standing
from left**

Aminul Islam

Md. Arfan Ali

Romo Rouf Chowdhury

**Sitting
from left**

M. Shahjahan Bhuiyan

Mashiur Rahman



Mohd. Safwan Choudhury

Rume A Hossain

Md. Nazrul Huda

A. Rouf Chowdhury

Amanullah Chowdhury

Key Events 2018

January

Date	Key Events 2018
06	Distribution of Bank Asia Higher Studies Scholarship 2017 program at Chatkhil, Noakhali
14	Workshop on “Developing Operational Leadership for Sustainable Growth” at BAITD
16	Bank Asia and Infinity System Pvt. Ltd exchanged agreement on ‘Supply Chain Finance’
17	Bank Asia celebrates Agent Banking Day-2018 on 4th Anniversary of introducing Agent Banking service in Bangladesh
20	Bank Asia and Shakti Foundation, a pioneer in urban micro finance, joined hand in an agreement on promoting digital financial inclusion among Shakti’s beneficiaries
22	Bank Asia Ltd. signed a participatory agreement with Bangladesh Bank on SME Development Project
23	Bank Asia inaugurated a new agent outlet of the Bank at Monirampur Bazar of Shahjadpur Upazilla, Sirajganj
24	Bank Asia distributed 1,000 blankets & sweater among cold-stricken people in Panchagar and Dinajpur districts



Distribution of Bank Asia Higher Studies Scholarship 2017 program at Chatkhil, Noakhali

February

Date	Key Events 2018
24	The Business Meet-2018 of Bank Asia Ltd. held at Le Meridien Hotel
27	Bank Asia and Grameen phone exchanged MoU to facilitate agent banking services and e Commerce on digital financial inclusion and digital services to unbanked and underserved population



Launching of Grameen phone E-commerce service through Bank Asia Agent Banking

March

Date	Key Events 2018
01	Bank Asia provided 45 th Foundation Training to its officers
08	Bank Asia distributed cheque for SME loan to a valuable client of Bank Asia, Minu Rani Das at the Banker-SME Women Entrepreneur Conference & Product Display Fair-2018
15	Bank Asia and MetLife signed an agreement where Bank Asia has been collecting Premium and other payments from MetLife's policyholders through its Branches and Agent Outlets



Distribution of Bank Asia's cheque for SME loan at the Banker-SME Women Entrepreneur Conference & Product Display Fair-2018

April

Date	Key Events 2018
04	Bank Asia Limited, and National Exchange Company S.R.L. Italy, largest money transfer company in Europe, have joined hand together to facilitate money transfer pay-out services in Bangladesh The Executive Committee, Technical Committee and General Meeting of SWIFT Member & User Group of Bangladesh (SMUGB) were held
07	Distribution of Bank Asia Higher Studies Scholarship program in Dhaka, Gazipur and Narshingdi district
12	Bank Asia, formally launched the Bank's online marketplace at Agent Banking outlets through partnership with Grameen phone
13	Handed over a cheque of Tk. 50 Million to the Prime Minister's Relief Fund
17	Bank Asia Securities Limited (BASL) has celebrated its 7th anniversary
22	Bank Asia opened 120 th branch at Banani-11
24	Bank Asia & Nathan Associate London Ltd, signed a grant contract to support the smallholders and thriving communities for earning additional income of farmers under project "Growing Together".



Bank Asia opened 120th branch at Banani-11



Handing over a cheque of Tk. 50 Million to the Prime Minister's Relief Fund

Key Events 2018

May

Date	Key Events 2018
14	19th Annual General Meeting (AGM) held at Officers Club
	A. Rouf Chowdhury has been re-elected as Chairman of Bank Asia
	Mr. Mohd Safwan Choudhury and Mr. Md Nazrul Huda have been re-elected as Vice Chairman of Bank Asia
15	Bank Asia provided 46 th Foundation Training to its officers
30	Bank Asia and Robi Axiata signed an MoU to facilitate micro financial support for Robi customers to purchase 4G handsets
	Bank Asia and DaakBox are exchanged document of a Memorandum of Understanding (MoU) on digital financial inclusion for farmers
31	Bank Asia Ltd. has launched the project “Growing Together” in collaboration with Business Finance for the Poor in Bangladesh (BFP-B) and UKAID for the purposes to financial inclusion of farmers through banking solution & MSME to the rural farmers



Bank Asia provided 46th Foundation Training to its officers



Launched the project “Growing Together” in collaboration with Business Finance for the Poor in Bangladesh (BFP-B) and UKAID

July

Date	Key Events 2018
02	Bank Asia and Bangladesh SME Corporation Ltd have signed an agreement to accelerate MSME dairy based loan facilities to rural areas through BSCL Agent Banking channel
05	Bank Asia and EcoTex Ltd. signed an MOU to facilitate factory workers for receiving their monthly salary through the digital channel of Bank Asia
18	Bank Asia opened Bank Asia Tower Branch as 127 th branch at Karwan Bazar in its own building
28	Bank Asia’s Half Yearly Business Review-2018 held



Bank Asia and EcoTex Ltd. signed an MOU to facilitate factory workers for receiving their monthly salary through the digital channel of Bank Asia

August

Date	Key Events 2018
07	Bank Asia Limited and Mobility i Tap Pay Bangladesh Limited signed a MoU providing more remittance from Malaysia and managing remittance solution through its MFS services
14	Bank Asia and USAID commenced the launching ceremony of 'Agent Nirdeshika', a publication by Bank Asia
16	Bank Asia provided a month-long 47 th Foundation Training to its officers

September

Date	Key Events 2018
03	Bank Asia and Shohoz.com signed an MoU to provide online ticketing services to mass community through the Bank's Agent Banking network
11	Finova Technologies and Bank Asia signs a MoU on partnering e-commerce services from Agent outlets of Bank Asia
19	Titas Gas Transmission and Distribution Company Limited, and Bank Asia signs a MoU on online gas bill collection through Bank Asia's branches and agent outlets
23	Bank Asia organized a day-long Training program on 'Islamic Banking & Finance' at BAITD

October

Date	Key Events 2018
02	Bank Asia for the first time in Bangladesh organized an international workshop on "Rural Financial Inclusion" along with The World Savings and Retail Banking Institute (WSBI)
09	Bank Asia opened "BSMMU Collection Booth"
14	The 8th EC Meeting of 'SWIFT Member & Users Group of Bangladesh'
17	Bank Asia and SHIFT SAARC and ASEAN, UNCDF signed and exchanged contract for launching a pilot implementation of innovative business model digitizing micro-merchants transactions Asia in partnership with Grameenphone and MicroSave in association with UNCDF SHIFT supported by European Union in Sirajganj, Jamalpur and Sherpur districts
27	Daylong workshop on "The Banking Company Act" held at BAITD



Bank Asia organized an international workshop on "Rural Financial Inclusion" along with The World Savings and Retail Banking Institute (WSBI)

November

Date	Key Events 2018
03	Bank Asia inaugurated a new agent outlet of the Bank at Mamun Nagar, Gazipur
10	'School Banking Conference-2018' held at Sirajdikhan, Munshiganj
15	With an aim to benefit farmers and agri-business entrepreneurs, Solidaridad Network Asia, a Netherlands-based organization inaugurated an agent outlet of Bank Asia inside the country's first Village Super Market (VSM) at Dumuria, Khulna
26	Bank Asia executed an agreement with INPAY, a Global Payments Network with a view to providing online money transfer services to Bangladeshi remitters residing in major European countries
27	Bank Asia celebrated 19 th anniversary at Bank's Corporate Office
29	Bank Asia and Green Delta Insurance have signed MoU for providing insurance to farmers against crop damage due to natural hazards through the product "Weather Index Insurance for farmers"



Bank Asia's 19th anniversary celebration



Inauguration of new agent outlet of the Bank at Mamun Nagar, Gazipur

December

Date	Key Events 2018
05	Bank Asia and Fairbanc Ltd, exchanged MoU on digital credit solution for the underserved small-medium enterprises of Bangladesh for Fast-Moving Consumer Goods (FMCG) supply chain and distributors
12	Bank Asia and bKash signed an agreement on Instant Fund Transfer Facility instantly to bKash customers
27	Bank Asia received 1 st prize for 'Best Presented Annual Reports 2017' in the ICAB National Award



Financials sign-off ceremony

An Interview of Mr.A.Rouf Chowdhury, Hon'ble Chairman of Bank Asia on the occasion of 4th Anniversary of Agent Banking regarding Financial Inclusion

গ্রামীণ অর্থনীতি চাঙা থাকবে

প্রথম আলো : শাখা, কার্ডসহ বিভিন্ন মাধ্যমে ব্যাংকিং সেবা প্রদান করছে ব্যাংক এশিয়া। এরপরও কেন এজেন্ট ব্যাংকিং?

আ. রউফ চৌধুরী : আমাদের খুব ইচ্ছা গ্রামীণ অর্থনীতিকে এগিয়ে নেওয়ার। সারা দেশের মানুষ যাতে আর্থিক সুবিধার মধ্যে থাকে। এ চাওয়া থেকেই আমাদের ব্যাংকের ব্যবস্থাপনা পরিচালক আরফান আলী এজেন্ট ব্যাংকিং সেবা চালু করলেন। এজেন্ট ব্যাংকিংই পারে গ্রামীণ অর্থনীতিকে চাঙা রাখতে। এটা ইতিমধ্যে প্রমাণ হতে শুরু করেছে।

প্রথম আলো : যখন মোবাইল ব্যাংকিং সেবা ঘরে ঘরে পৌঁছে গেছে, তখন এজেন্ট ব্যাংকিং কতটা সফল হবে?

রউফ চৌধুরী : এজেন্ট ব্যাংকিং হলো পুরোপুরি ব্যাংকিং সেবা। আর মোবাইল ব্যাংকিং হলো টাকা পাঠানোর একটা মাধ্যম মাত্র। এজেন্ট ব্যাংকিংয়ের মাধ্যমে তো টাকা জমা রাখা ও ঋণ পাওয়া যায়। এর মাধ্যমে ব্যাংকের সেবা গ্রামভিত্তিক হয়ে গেছে। সারা দেশে ব্যাংকগুলোর ৫ হাজারের মতো এজেন্ট আউটলেট চলছে। তাতে এখন ঘরে বসেই ব্যাংকিং-সুবিধা মিলছে। এটা যে বাংলাদেশের অর্থনীতির জন্য কত বড় একটা সুযোগ, তা ভাবায় প্রকাশ করা যাবে না। আর্থিক সুবিধায় আমরা অনেক দূর এগিয়ে গেছি।

প্রথম আলো : ব্যাংক শাখার সঙ্গে এজেন্ট ব্যাংকিংয়ের মূল তফাৎটা কোথায়?

রউফ চৌধুরী : মানুষ তো ব্যাংক শাখায় যেতে ভয় পায়। কিন্তু এজেন্টের কাছে যেতে কখনো ভয় পাবে না। কারণ, আউটলেট চালান স্থানীয় লোকজনই। এর ফলে ব্যাংক সুবিধা সব শ্রেণির জন্য হয়ে গেছে। আমিও ছোটবেলায় ব্যাংকে যেতে ভয় পেতাম। দূর থেকে দেখতাম, কিন্তু ভেতরে যাওয়ার সাহস হতো না। কলেজে পড়া অবস্থায় প্রথম ব্যাংকিং যাই ও হিসাব খুলি। আমার প্রথম হিসাবের নম্বর ছিল ১২৩৪। আওয়ালিয়ার ব্যাংকিং ভিলেজে সম্প্রতি একটা এজেন্ট বুথ চালু হয়েছে। এর মধ্যে প্রায় ১ হাজার হিসাব খোলা হয়ে গেছে। যেসব এলাকার মানুষ কখনো ব্যাংক দেখেনি, ওই এলাকায়ও বুথ চলে গেছে।

সাক্ষাৎকার

ব্যাংক এশিয়ার হাত ধরে এজেন্ট ব্যাংকিং সেবা পৌঁছে গেছে গ্রামে গ্রামে, প্রত্যন্ত অঞ্চলেও। ২০১৪ সালের জানুয়ারিতে চালু করা এ সেবায় সারা দেশ থেকে যুক্ত হয়েছেন সাড়ে ৭ লাখ গ্রাহক। এ সেবার চার বছর পূর্তি উপলক্ষে প্রথম আলোর সঙ্গে কথা বলেছেন ব্যাংক এশিয়ার চেয়ারম্যান **আ. রউফ চৌধুরী**। তিনি ব্যাংকিং গ্রুপেরও চেয়ারম্যান। সাক্ষাৎকার নিয়েছেন **সানাউল্লাহ সাকিব**।



আ. রউফ চৌধুরী

প্রথম আলো

প্রথম আলো : কারা চালাচ্ছেন এসব আউটলেট?

রউফ চৌধুরী : গ্রামের লোকজন-নিজেরাই এজেন্ট ব্যাংকিং সেবার সঙ্গে যুক্ত। তাঁদের নিয়মিত প্রশিক্ষণ দেওয়া হচ্ছে। একবার বিনাইনহে গিয়ে পেশাবাম, ঢাকা বিশ্ববিদ্যালয় থেকে পড়াশোনা শেষে দুটি মেয়ে এজেন্ট ব্যাংকিং চালাচ্ছেন। প্রতিটি আউটলেটে কয়েকজনের কর্মসংস্থান হচ্ছে। ফলে শুধু আর্থিক সুবিধা নয়, কর্মসংস্থানও তৈরি করছে এজেন্ট ব্যাংকিং সেবা।

প্রথম আলো : ব্যাংক এশিয়ার এজেন্ট ব্যাংকিংয়ের মাধ্যমে কী পরিমাণ গ্রাহক সেবা পেয়েছেন?

রউফ চৌধুরী : সারা দেশে আমাদের আড়াই হাজার এজেন্ট আউটলেট আছে। গ্রাহক রয়েছেন সাড়ে ৭ লাখ। এসব গ্রাহক প্রায় ৭০০ কোটি টাকা জমা করেছেন, ঋণ পেয়েছেন ১৭৩ কোটি টাকা। আমাদের এজেন্ট ব্যাংকিংয়ের মাধ্যমে এখন পর্যন্ত ১৩ হাজার কোটি টাকার প্রবাসী আয় এসেছে। আর এখন পর্যন্ত ১৮ হাজার ৭৬৩ কোটি লেনদেন হয়েছে এ সেবায়।

প্রথম আলো : এজেন্ট ব্যাংকিং সেবাকে কোথায় নিয়ে যেতে চান?

রউফ চৌধুরী : এজেন্ট ব্যাংকিং সেবা শেষ পর্যন্ত

কোথায় পৌঁছাবে তা বলা বেশ কঠিন। এখন মানুষ উড়তে শুরু করেছে। বেশি যানজট হলেই উড়ে যাচ্ছে। বিজ্ঞান আমাদের কোথায় নিয়ে যাবে এটা বলা যেমন কঠিন, তেমনি এজেন্ট ব্যাংকিংয়ের বিস্তৃতি নিয়ে বলাও কঠিন। এজেন্ট ব্যাংকিং এখন ঘরে ঘরে পৌঁছে গেছে। ভবিষ্যতে আরও বেশি বিস্তৃত হবে। বিজ্ঞানের কল্যাণে তা আরও দ্রুত হবে।

প্রথম আলো : দেশের ব্যাংক যাতে অনেক উন্নতি হয়েছে, আবার সবচেয়ে বেশি সমালোচনাও এ ব্যাপারে নিয়ে। কেন এমন হচ্ছে?

রউফ চৌধুরী : দেশের ব্যাংক খাত অনেক উন্নত হয়েছে। অর্থনীতির যে উন্নতি হয়েছে, ব্যাংক না থাকলে তা সম্ভব হতো না। আর্থিক অন্তর্ভুক্তি অনেক হয়েছে। কিন্তু বিনিয়োগের জন্য আমাদের যে পরিমাণ টাকার প্রয়োজন, তা ব্যাংকগুলোতে নেই। এ কারণে অল্প পরিমাণ টাকা নিয়ে সবাই টানাটানি করে। এতে মাঝেমধ্যে সমস্যা হয়। ব্যাংকের তো আমানত পেতে হবে। টাকার উৎস তো সবই মানুষ। এরপরই বিনিয়োগ হবে। আর তারপরই আবেগে ছিল, এখনো আছে। খেলাপি ঋণ তো এখন অনেক বেশি। এটাই সবচেয়ে বড় সমস্যা।



**Standing
from left**

• **Mohammad Ataur Rahaman**
• Member Secretary

• **S.M. Iqbal Hossain**
• Head of Int'l Business

• **Arequl Arefeen**
• Head of
• Group Treasury

• **Zia Arfin**
• Head of ID

• **Tahmidur Rashid**
• Head of CRM

**Sitting
from left**

• **Shafiuzzaman**
• Head of C&LL

• **Md. Sazzad Hossain**
• DMD & CCO

• **Mohammad Borhanuddin**
• DMD & COO

Senior Management Team



Sarder Akhter Hamed
Head of Channel
Banking

Hossain Ahmad
Chief Information
Officer

**Mohammed Rashidul
Kabir Rajib**
CRO

**Mohammad Ibrahim
Khalil, FCA**
CFO

Md. Arfan Ali
President &
Managing Director

Md. Zahirul Alam
DMD

Mohammad Ziaul Hasan Molla
DMD

Five Years Performance

Million Taka unless otherwise specified

Particulars	2018	2017	2016	2015	2014
BALANCE SHEET MATRIX					
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	11,103.87	9,870.11	8,812.60	8,392.95	7,629.96
Reserve Fund & Surplus	12,236.26	11,184.38	10,225.88	10,586.38	9,234.47
Total Shareholders' Equity	23,340.13	21,054.49	19,038.48	18,979.33	16,864.42
Deposits	222,471.72	207,041.47	191,272.58	169,827.34	140,869.29
Loans and Advances	214,618.15	197,504.14	163,609.78	136,396.34	116,808.85
Investments	35,999.20	27,545.82	39,365.21	46,942.77	38,683.41
Fixed Assets	5,431.55	5,329.74	5,249.72	5,075.51	5,213.61
Total Assets	307,291.40	288,996.64	253,195.70	224,347.31	182,730.94
Total Off Balance Sheet Items	137,459.26	136,156.44	110,762.05	96,817.06	71,527.15
Interest Earning Assets	278,695.30	256,765.52	223,223.17	196,955.81	156,535.38
Non-Interest Earning Assets	28,596.10	32,231.12	29,972.53	27,391.50	26,195.56
INCOME STATEMENT MATRIX					
Interest income	20,910.68	16,411.57	14,569.39	13,941.18	13,914.31
Interest Expenses	13,007.99	10,841.56	10,600.94	11,170.32	10,699.77
Investment income	2,311.46	2,535.39	3,548.30	4,827.41	4,029.12
Non-Interest income	3,908.42	3,861.98	3,123.14	2,728.65	2,442.54
Non-Interest Expenses	6,062.19	5,279.83	4,719.26	4,321.26	3,907.37
Total income	27,130.56	22,808.95	21,240.83	21,497.24	20,385.97
Total Expenditure	19,070.18	16,121.39	15,320.20	15,491.58	14,607.14
Operating Profit	8,060.38	6,687.56	5,920.63	6,005.66	5,778.83
Profit Before Tax	4,616.28	4,057.53	3,286.91	4,123.92	4,216.96
Net Profit After Tax	2,266.28	2,047.53	1,545.91	2,573.92	2,218.69
CAPITAL MEASURES					
Risk Weighted Assets	233,085.63	221,114.65	199,490.69	183,247.39	157,574.62
Core Capital (Tier-I)	21,165.37	18,852.66	16,735.56	16,400.10	14,173.67
Supplementary Capital (Tier-II)	13,917.53	14,061.29	8,039.04	6,436.73	3,669.56
Total Capital	35,082.90	32,913.96	24,774.60	22,836.83	17,843.22
Capital Surplus/(Deficit) over Minimum Capital	11,774.34	10,802.49	4,825.54	4,512.10	2,085.76
Capital Surplus/(Deficit) over Conservation Buffer	9,915.23	9,602.21	4,541.68		
Tier I Capital Ratio	9.08%	8.53%	8.39%	8.95%	8.99%
Tier II Capital Ratio	5.97%	6.36%	4.03%	3.51%	2.33%
Total Capital Adequacy Ratio Basel-II			-	-	11.32%
Capital to Risk Weighted Asset Ratio Basel-III	15.05%	14.89%	12.42%	12.46%	-
CREDIT QUALITY					
Classified Loans	8,809.83	8,642.30	8,847.34	5,808.87	6,200.55
Provision for Unclassified Loans	5,091.24	4,101.19	2,929.43	3,085.01	1,155.79
Provision for Classified Loans	3,892.76	3,740.00	4,494.29	2,911.65	3,981.26
Provision for Contingent Liabilities	1,158.03	1,331	1,107.62	968.17	715.27
Percentage of NPLs to total Loans and Advances	4.10%	4.38%	5.41%	4.26%	5.31%
FOREIGN EXCHANGE BUSINESS					
Import	165,203.00	181,468.00	148,724.27	129,930.43	110,192.54
Export	136,733.00	118,172.00	103,139.15	89,275.32	77,646.91
Remittance (Inward)	60,113.00	51,778.00	41,665.14	42,996.80	41,732.50

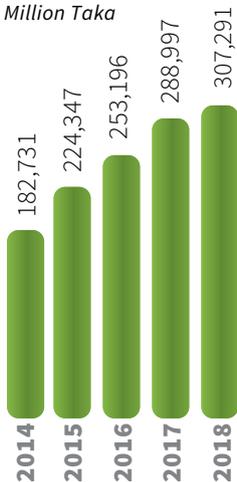
Million Taka unless otherwise specified

Particulars	2018	2017	2016	2015	2014
OPERATING PROFIT RATIOS					
Credit Deposit Ratio	81.75%	81.88%	76.15%	71.50%	77.87%
Cost of Deposit	5.65%	5.08%	5.66%	6.87%	7.53%
Cost of Deposit & Borrowing	5.65%	5.23%	5.71%	7.19%	7.64%
Administrative Cost	2.60%	2.50%	2.51%	2.85%	2.93%
Yield on Loans and Advances	9.99%	9.03%	9.86%	10.97%	12.77%
Spread	4.34%	3.95%	4.20%	4.10%	5.24%
Return on Assets	0.76%	0.76%	0.65%	1.26%	1.28%
Return on Equity	10.21%	10.21%	8.13%	14.36%	14.09%
Current Ratio	1.07	1.05	1.04	1.07	1.06
Debt Equity Ratio	12.17	12.73	12.30	10.82	9.84
PERFORMANCE RATIOS					
Profit per Employee	3.57	3.20	3.01	3.27	3.26
Operating profit as % of Working Fund	2.70%	2.47%	2.48%	2.95%	3.34%
Net Interest income as % of Working Fund	3.39%	2.89%	2.88%	3.16%	3.85%
Burden Coverage	64.47%	73.15%	66.18%	63.13%	62.51%
Burden Ratio	0.70%	0.43%	0.40%	0.21%	0.52%
Expense Coverage	66.24%	78.04%	79.59%	89.96%	77.15%
Ratio of Fees income	21.18%	26.07%	23.26%	20.88%	19.39%
Salary Exp. to total Overhead Exp.	47.77%	47.99%	49.84%	50.28%	46.98%
Salary Exp. to Fees income	96.84%	81.21%	95.05%	100.76%	97.75%
Cost to income/ Efficiency ratio	42.93%	44.12%	44.35%	41.84%	40.34%
DIVIDEND & RIGHTS ISSUE					
Cash	5%			15%	5%
Stock	5%	12.50%	12%	5%	10%
Total Dividend	10% (proposed)	12.50%	12%	20%	15%
SHARES INFORMATION MATRIX					
No. of Shares Outstanding(Million)	1,110.39	987.01	881.26	839.30	763.00
Earnings Per Share (Taka)	2.04	1.84	1.57	2.92	2.64
Number of Shareholders	10,344.00	10,681	10,774	12,892	16,211
Market Value Per Share (Taka)	17.70	23.10	17.90	16.50	16.70
Price Earnings Ratio	8.68	11.14	11.40	5.65	5.74
Net Asset Value Per Share (Taka)	21.02	18.96	19.29	21.54	22.10
Dividend Coverage ratio	2.04	1.66	1.46	1.53	1.94
OTHER INFORMATION					
Number of Branches	123	116	105	98	91
Number of SME Service Centers	4	4	6	6	6
Number of Islamic Windows	5	5	5	5	5
Number of Employees	2,256	2,087	1,970	1,839	1,773
Number of Foreign Correspondents	698	727	751	663	612

Five Years Performance

Total Assets

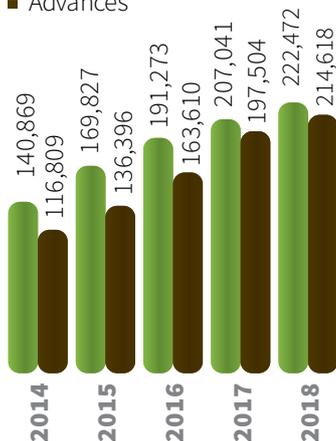
Million Taka



Deposits and Advances

Million Taka

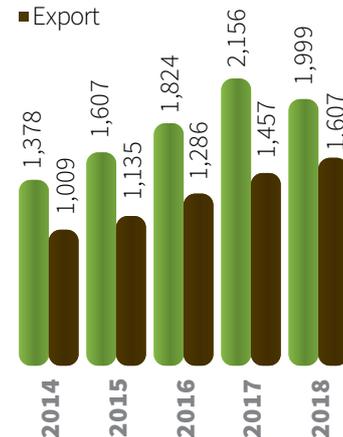
- Deposits
- Advances



Import and Export

Million USD

- Import
- Export



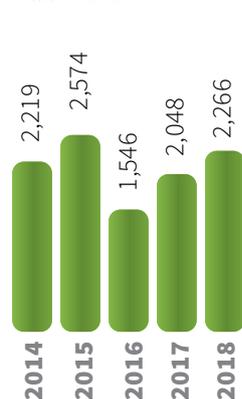
Inward Remittance

Million USD



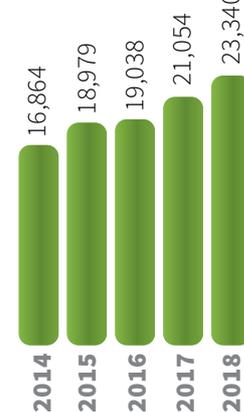
Net Profit After Tax

Million Taka

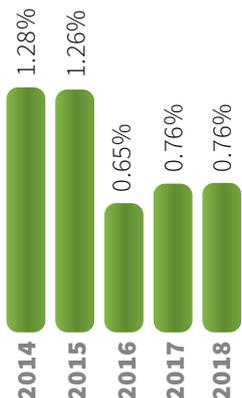


Total Shareholders' Equity

Million Taka

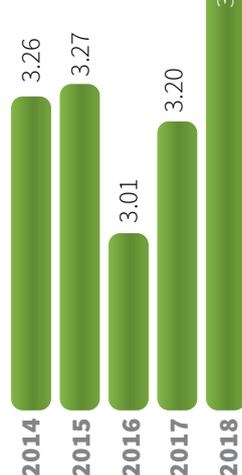


Return on Assets (ROA)

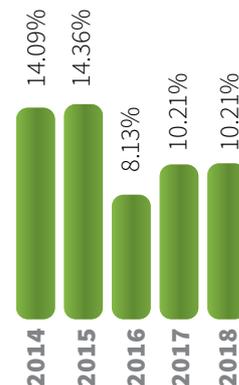


Profit per Employee

Million Taka

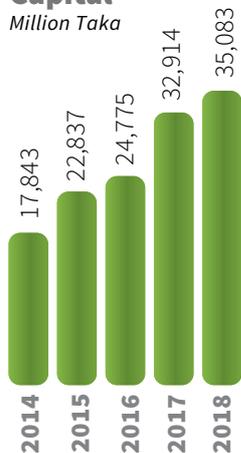


Return on Equity (ROE)

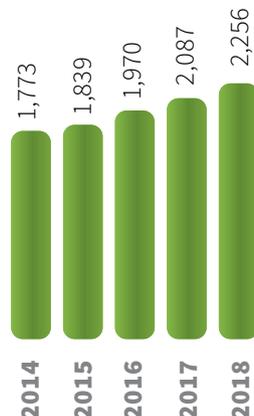


Five Years Performance

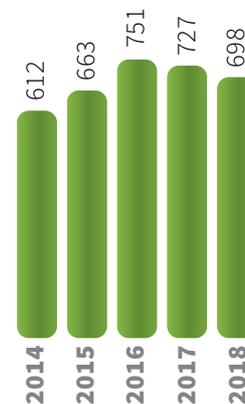
Total Capital
Million Taka



Number of Employees



Number of Foreign Correspondents



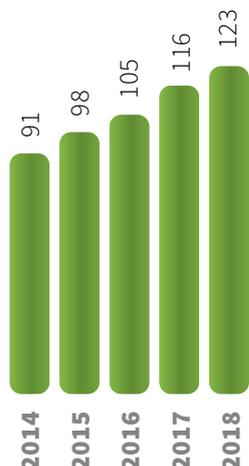
Non Interest Income & Non Interest Expense

Million Taka

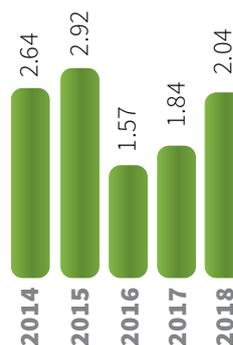
- Non-Interest Income
- Non Interest Expense



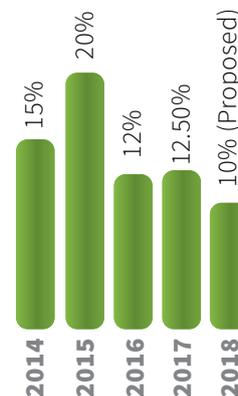
Number of Branches



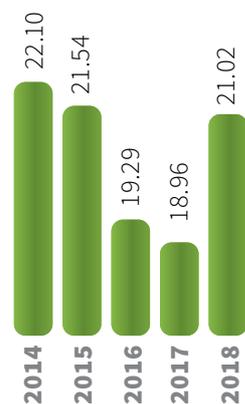
Earnings per Share
Taka



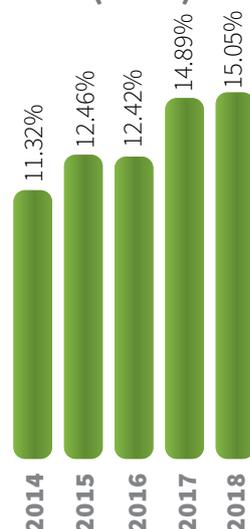
Dividend



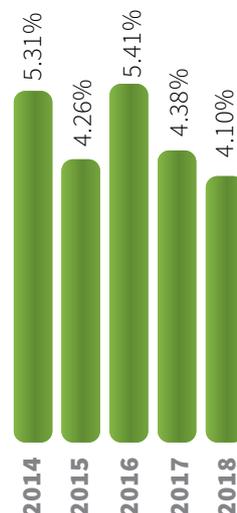
NAV per Share
Taka



Capital to Risk Weighted Asset Ratio (CRAR)



Non-Performing Loan Ratio



Horizontal Analysis

For the last five years, profit and Loss Statement

	2018	2017	2016	2015	2014
OPERATING INCOME					
Interest income	150.28%	117.95%	104.71%	99.74%	100.00%
Interest paid on deposits and borrowings, etc	121.57%	101.33%	99.08%	104.40%	100.00%
Net interest income	245.84%	173.28%	123.45%	84.22%	100.00%
Investment income	57.37%	62.93%	88.07%	121.39%	100.00%
Commission, exchange and brokerage	159.26%	166.14%	131.80%	114.82%	100.00%
Other operating income	162.51%	131.42%	114.79%	101.38%	100.00%
Total operating income	145.80%	123.55%	109.85%	106.61%	100.00%
Salaries and allowances					
Salaries and allowances	158.24%	138.35%	128.29%	118.36%	100.00%
Rent, taxes, insurance, electricity, etc					
Rent, taxes, insurance, electricity, etc	159.21%	142.63%	124.10%	119.58%	100.00%
Legal expenses					
Legal expenses	240.82%	235.11%	153.64%	92.00%	100.00%
Postage, stamp, telecommunication, etc					
Postage, stamp, telecommunication, etc	158.96%	131.20%	119.56%	112.79%	100.00%
Stationery, printing, advertisements, etc					
Stationery, printing, advertisements, etc	176.64%	128.93%	119.30%	131.88%	100.00%
Managing Director's salary and fees					
Managing Director's salary and fees	98.16%	98.16%	110.80%	118.16%	100.00%
Directors' fees					
Directors' fees	131.99%	108.01%	115.23%	169.39%	100.00%
Auditors' fees					
Auditors' fees	126.88%	137.99%	181.45%	132.61%	100.00%
Depreciation and repairs of Bank's assets					
Depreciation and repairs of Bank's assets	107.96%	104.38%	106.45%	100.12%	100.00%
Other expenses					
Other expenses	166.18%	139.67%	112.32%	95.97%	100.00%
Total operating expenses	155.15%	135.13%	120.78%	110.59%	100.00%
Profit before provision	139.48%	115.73%	102.45%	103.93%	100.00%
Provision for loans and advances/investments					
General provision					
General provision	842.91%	996.47%	472.65%	1308.98%	100.00%
Specific provision					
Specific provision	201.75%	95.79%	141.84%	6.18%	100.00%
Provision for off-balance sheet items					
Provision for off-balance sheet items	-396.45%	511.98%	319.62%	579.64%	100.00%
Provision for diminution in value of investments					
Provision for diminution in value of investments	17.70%	0.00%	194.69%	0.00%	100.00%
Other provisions					
Other provisions	27.27%	0.00%	0.00%	18.18%	100.00%
Total provision	220.51%	168.39%	168.63%	120.48%	100.00%
Total profit before tax	109.47%	96.22%	77.95%	97.79%	100.00%
Provision for taxation					
Current tax					
Current tax	120.69%	101.10%	86.18%	78.82%	100.00%
Deferred tax					
Deferred tax	0.00%	81.21%	123.29%	29.87%	100.00%
Net profit after tax	102.14%	92.29%	69.68%	116.01%	100.00%

Horizontal Analysis (Profit and Loss Statement)

Horizontal Analysis on Income Statement refers to the analysis of growth of each component of income statement items from the base period. Here base period is considered the year 2014 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. The above table shows that total operating income, expenses and operating profit of Bank Asia are growing consistently over the periods except the operating profit of 2016. Net interest income (NII) exhibited higher growth in 2018 mainly for the growth of interest income that resulted from repricing of loans and advances.

Horizontal Analysis

For the last five years balance Sheet

	2018	2017	2016	2015	2014
PROPERTY AND ASSETS					
Cash	142%	164%	146%	114%	100%
In hand (including foreign currencies)	201%	149%	156%	127%	100%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	134%	166%	145%	112%	100%
Balance with other banks and financial institutions	3481%	3984%	1786%	1114%	100%
In Bangladesh	3441%	4215%	1568%	1108%	100%
Outside Bangladesh	3925%	1381%	4245%	1180%	100%
Money at call and on short notice					
Investments	93%	71%	102%	121%	100%
Government	95%	70%	104%	125%	100%
Others	75%	81%	85%	84%	100%
Loans and advances/investments	184%	169%	140%	117%	100%
Loans, cash credits, overdrafts, etc/investments	178%	167%	142%	117%	100%
Bills purchased and discounted	260%	199%	107%	117%	100%
Fixed assets including premises, furniture and fixtures	104%	102%	101%	97%	100%
Other assets	97%	110%	108%	119%	100%
Total Assets	168%	158%	139%	123%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	399%	386%	240%	157%	100%
Subordinated non-convertible zero coupon bonds	1648%	1802%	712%	738%	100%
Deposits and other accounts	158%	147%	136%	121%	100%
Current/Al-wadeeah current accounts and other accounts	220%	195%	159%	138%	100%
Bills payable	228%	220%	271%	218%	100%
Savings bank/Mudaraba savings bank deposits	239%	208%	168%	128%	100%
Fixed deposits/Mudaraba fixed deposits	130%	125%	123%	114%	100%
Other liabilities	136%	135%	125%	119%	100%
Total liabilities	171%	162%	141%	124%	100%
Capital/shareholders' equity					
Total shareholders' equity	138%	125%	113%	113%	100%
Paid-up capital	146%	129%	115%	110%	100%
Statutory reserve	164%	145%	129%	116%	100%
Revaluation reserve	79%	80%	83%	95%	100%
General reserve	100%	100%	100%	100%	100%
Retained earnings	123%	112%	97%	144%	100%
Total Liabilities and Shareholders' Equity	168%	158%	139%	123%	100%

Horizontal Analysis (Balance Sheet)

Horizontal Analysis on Balance Sheet refers to the analysis of growth of each component of balance sheet items from the base period. Here base period is considered the year 2014 giving a value of 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, assets, liabilities and shareholders' equity are showing consistent growth over the last five years which symbolize sustainable balance sheet growth of the bank as a whole. Investment shows positive growth in 2018 although it started to decline from 2015.

Vertical Analysis

For the last five years
Profit and Loss Statement

	2018	2017	2016	2015	2014
OPERATING INCOME					
Interest income	77.07%	71.95%	68.59%	64.56%	68.25%
Interest paid on deposits and borrowings, etc	47.95%	47.53%	49.91%	51.96%	52.49%
Net interest income	29.13%	24.42%	18.68%	12.59%	15.77%
Investment income	8.52%	11.12%	16.71%	22.75%	19.76%
Commission, exchange and brokerage	11.02%	13.68%	11.65%	10.03%	9.21%
Other operating income	3.38%	3.25%	3.05%	2.66%	2.77%
Total operating income	52.05%	52.47%	50.09%	48.04%	47.51%
Salaries and allowances	10.62%	11.05%	11.00%	10.03%	8.93%
Rent, taxes, insurance, electricity, etc	2.52%	2.69%	2.51%	2.39%	2.11%
Legal expenses	0.09%	0.11%	0.08%	0.04%	0.05%
Postage, stamp, telecommunication, etc	0.40%	0.39%	0.38%	0.36%	0.33%
Stationery, printing, advertisements, etc	0.49%	0.43%	0.42%	0.46%	0.37%
Managing Director's salary and fees	0.05%	0.06%	0.07%	0.08%	0.07%
Directors' fees	0.01%	0.01%	0.02%	0.02%	0.01%
Auditors' fees	0.00%	0.00%	0.01%	0.00%	0.00%
Depreciation and repairs of Bank's assets	1.75%	2.02%	2.21%	2.05%	2.16%
Other expenses	6.39%	6.39%	5.52%	4.66%	5.12%
Total operating expenses	22.34%	23.15%	22.22%	20.10%	19.17%
Profit before provision	29.71%	29.32%	27.87%	27.94%	28.35%
Provision for loans and advances/investments					
General provision	3.65%	5.14%	2.62%	7.16%	0.58%
Specific provision	9.59%	5.41%	8.61%	0.37%	6.32%
Provision for off-balance sheet items	-0.64%	0.98%	0.66%	1.18%	0.21%
Provision for diminution in value of investments	0.04%	0.00%	0.52%	0.00%	0.28%
Other provisions	0.06%	0.00%	0.00%	0.05%	0.27%
Total provision	12.69%	11.53%	12.40%	8.75%	7.66%
Total profit before tax	17.02%	17.79%	15.47%	19.18%	20.69%
Provision for taxation					
Current tax	8.66%	8.63%	7.90%	7.14%	9.55%
Deferred tax	0.00%	0.18%	0.30%	0.07%	0.25%
Net profit after tax	8.35%	8.98%	7.28%	11.97%	10.88%

Vertical Analysis (Profit and Loss Statement)

Vertical Analysis on Income Statement refers to the components of income statement items as a % of total income over the periods which would be termed as common sizing of income statement. In income side, interest income (77.07%), income from commission, exchange and brokerage (11.02%) and investment income (8.52%) hold major portion of total income. Interest income as % of total income started to rise after 2015 and it increased significantly in 2018 mainly for repricing of loans and advances. Investment income and commission income as % of total income decreased in 2018 for lower yield on treasury bill/bond and lower import respectively. Operating expense as a % of total income has decreased due to cost efficiency and net profit decreased for keeping higher provision.

Vertical Analysis

For the last five years
Balance Sheet

	2018	2017	2016	2015	2014
PROPERTY AND ASSETS					
Cash	5.06%	6.20%	6.31%	5.56%	5.99%
In hand (including foreign currencies)	0.87%	0.69%	0.82%	0.75%	0.73%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.19%	5.52%	5.49%	4.80%	5.26%
Balance with other banks and financial institutions	8.42%	10.24%	5.24%	3.69%	0.41%
In Bangladesh	7.64%	9.95%	4.23%	3.37%	0.37%
Outside Bangladesh	0.77%	0.29%	1.02%	0.32%	0.03%
Money at call and on short notice	0.03%	0.00%	1.92%	1.44%	0.16%
Investments	11.72%	9.53%	15.55%	20.92%	21.17%
Government	10.78%	8.45%	14.26%	19.49%	19.07%
Others	0.93%	1.08%	1.28%	1.44%	2.10%
Loans and advances/investments	69.84%	68.34%	64.62%	60.80%	63.92%
Loans, cash credits, overdrafts, etc/investments	63.04%	62.80%	61.22%	56.60%	59.53%
Bills purchased and discounted	6.80%	5.54%	3.39%	4.19%	4.39%
Fixed assets including premises, furniture and fixtures	1.77%	1.84%	2.07%	2.26%	2.85%
Other assets	3.16%	3.84%	4.28%	5.33%	5.49%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	10.19%	10.47%	7.43%	5.48%	4.29%
Subordinated non-convertible zero coupon bonds	2.41%	2.80%	1.26%	1.48%	0.25%
Deposits and other accounts	72.40%	71.64%	75.54%	75.70%	77.09%
Current/Al-wadeeah current accounts and other accounts	15.37%	14.53%	13.53%	13.20%	11.77%
Bills payable	1.34%	1.37%	1.94%	1.75%	0.99%
Savings bank/Mudaraba savings bank deposits	12.87%	11.94%	10.98%	9.44%	9.06%
Fixed deposits/Mudaraba fixed deposits	42.81%	43.80%	49.10%	51.31%	55.27%
Other liabilities	7.41%	7.80%	8.10%	8.88%	9.14%
Total liabilities	92.40%	92.71%	92.34%	91.54%	90.77%
Capital/shareholders' equity					
Total shareholders' equity	7.60%	7.29%	7.66%	8.46%	9.23%
Paid-up capital	3.61%	3.42%	3.48%	3.74%	4.18%
Statutory reserve	2.69%	2.54%	2.61%	2.62%	2.76%
Revaluation reserve	0.69%	0.75%	0.88%	1.14%	1.47%
General reserve	0.00%	0.00%	0.00%	0.00%	0.00%
Retained earnings	0.60%	0.58%	0.68%	0.96%	0.82%
Total liabilities and shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis (Balance Sheet)

Vertical Analysis on Balance Sheet refers to the components of balance sheet items as a % of total Assets over the periods which would be termed as common sizing of balance sheet. In asset side, Loans and advances (69.84%) and investment (11.72%) hold 80% share of balance sheet. Both the two components exhibited growth in 2018. In liability side, deposit holds major portion (72.40%) and shows a decreasing trend after 2014; but increased in 2018 slightly.

A man with dark hair and glasses, wearing a grey suit jacket, a light purple shirt, and a maroon tie, is seated at a dark wooden table. He is looking directly at the camera with a slight smile. The background shows a modern office interior with large windows, blinds, and indoor plants.

Although the banking industry had to face some hurdles, it remained stable in 2018. The banking sector registered a lower 8.51% growth in 2018 from 9.95% in the previous year. The deposit growth declined to 9.05% in 2018 from 10.22% in 2017 while the private sector credit growth stood at 13.30% compared with 18.13% in 2017. This mismatch exerted pressure on liquidity throughout the year 2018 and the resultant effect of which was increase in cost of deposit and yield on advance as well.

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

Chairman's Statement

ASSALAMUALAIKUM

With immense pleasure I would like to welcome you all to the 20th Annual General Meeting of Bank Asia Limited. I am elated to present the Annual Integrated Report 2018 in this platform to explain briefly the Bank's overall performance, economic environment and strategic priorities.

HONORABLE MEMBERS,

Although the banking industry had to face some hurdles, it remained stable in 2018. The banking sector registered a lower 8.51% growth in 2018 from 9.95% in the previous year. The deposit growth declined to 9.05% in 2018 from 10.22% in 2017 while the private sector credit growth stood at 13.30% compared with 18.13% in 2017. This mismatch exerted pressure on liquidity throughout the year 2018 and the resultant effect of which was increase in cost of deposit and yield on advance as well.

Against this backdrop, your Bank has maintained assets and liability positions in a state of equilibrium to ensure maximum profitability of the Bank and you will be glad to know that operating profit reached the apex of Tk. 8,060 million, registered a remarkable growth of 21% over last year. After setting aside provision for loans and advances, tax, reserve and others, the Bank attained net profit of Tk. 2.27 billion. Despite significant growth in operating profit, net profit grew by only 11% due to keeping higher provision of Tk. 3.44 billion having growth of 31% over previous year. Deposit of the Bank increased to Tk.222 billion, advance to Tk.215 billion, import financing was Tk.165 billion, export financing was Tk.137 billion and inward remittance was Tk.60 billion.

RESPECTED SHAREHOLDERS,

At present, non-performing loans are the most critical factor for stabilizing banking industry. In 2018, non-performing loans in banking industry stood at Tk. 939 billion which was 743 billion in 2017 having growth of 26%. Bank Asia was able to restrain its classified loans (CL) to 4.10% against industry CL of around 10.30%. The improvement in CL position was accomplished mostly through recovery from non-performing loans rather than adopting traditional approach of rescheduling of classified loans.

Bank Asia has to combat with the loans under 'stay orders' in addition to the existing classified loans. This stay order loan is technically unclassified loan but it calls for higher provisioning. This year, we have to keep a huge provision in this regard. This additional amount reduces the amount of distributable profit to a large extent. For this reason, the Board of Directors had to recommend 10% dividend for the year 2018 (5% in cash and 5% in stock). Last year, you proposed me cash dividend for 2018 and I am happy to declare it. I know that this dividend is below your expected return but I am hopeful that you will see better result in the next year.

DEAR SHAREHOLDERS,

Bank Asia is fundamentally very strong for its capital base. Bank Asia puts much emphasis on credit rating of clients which in turn help the Bank reduce the capital requirement of the Bank. All these help to maintain strong capital base of the Bank. Total capital reached at Tk. 35.08 billion in 2018 from Tk. 32.91 billion in 2017, having a growth of 6.59%. The capital adequacy ratio of the Bank was 15.05% against regulatory requirement of 11.875% in 2018. In 2018, capital shortfall in the banking sector stood at Tk. 267 billion which was Tk. 195 billion, a year ago. On the contrary, the position of Bank Asia is undoubtedly remarkable in the industry having sizable surplus capital. We have a plan to raise capital further amounting to Tk. 5.00 billion through the issuance of another Subordinated Bond in 2019.

Chairman's Statement

RESPECTED SHAREHOLDERS,

You all know that the theme of our Integrated Annual Report 2018 is “Reaching the unreached”. Bank Asia has been expanding its business horizon rapidly across the country through agent banking channel, a full-fledged banking services to the doorsteps of the customers, for the last couple of years. The target group of this channel is unbanked people at remote areas where a bank usually does not enter to serve. But in the meantime, your Bank has spread its agent banking network in 417 upazilas of 64 districts through 2,566 outlets. This business model ensures social wellbeing as well as profitability of the Bank as a huge potentiality lies in this segment. The government’s social safety net benefits, including elderly, widow and disabled allowances are being reached to disadvantaged segments in a timely and cost effective manner. Bank Asia took the pride of disbursing highest remittance in Bangladesh through this channel. Your Bank installed the first ever RMG digital banking booth to serve the readymade garments workers – a new chapter of the country’s banking history indeed. Recognizing the phenomenal efforts in facilitating financial inclusion in Bangladesh, Bank Asia has been awarded with “Retail Banking Award 2018” in the category “Financial Inclusion Initiative of the year” by Asian Banking & Finance (ABF).

DEAR SHAREHOLDERS,

Bank Asia embedded the value of Corporate Social Responsibility (CSR) in its business philosophy. Since inception, the Bank has been contributing to the under privileged segment of the society so that they will be included in the mainstream. Bank Asia foundation established with the aim of strengthening CSR program and streamlining the activities in a more systematic, structured and sustainable

manner. In the meantime, the Foundation has taken up a project to construct a 250 bed hospital cum medical college at Malkhanagar, Sirajdikhan, Munshigonj. My family members and I donated 700 decimal land and a 3 storied building of 36,000 sft for the proposed hospital and medical college. The Diagnostic Centre and OPD will hopefully be operational within a couple of months. At the same time, the process for setting up of a 20-bed hospital especially for gynecological patients has started. You will be happy to know that your Bank spent Tk.127 million for CSR activities in 2018. Scholarship is one of our most focused CSR initiatives under which each of the poor and meritorious student is receiving Tk. 51,000 every year for their higher studies.

HONORABLE SHAREHOLDERS,

We may face some challenges in 2019 which are to be properly addressed and need to deal with cautiously. Factors like liquidity issue, rising classified loan, increase in cost of deposit are among those challenges. US-China trade war is also going to stand as threat, since this kind of deadly trade war can squeeze the global trade balance and bring back the recession as well. Additionally, the rising foreign exchange rates is going to pose threat to our overall economy. Yet, we are not overlooking the opportunities waiting for us. The overall GDP in Bangladesh is 7.86% in FY18 and expected to rise up to 8.25% in FY19 which indicates the notable growth of opportunities for future economy. According to the latest report of HSBC Global Research, Bangladesh is likely to be the biggest mover in the global gross domestic product rankings in 2030, becoming the 26th largest economy in the world from 42nd now and to achieve that goal the economy of Bangladesh is going towards right direction. We are also hopeful in meeting the economic target

of reaching Middle Income Country (MIC) status in 2021 by ensuring an annual 8% GDP growth.

Eventually, I would like to thank Bangladesh Bank, external auditors and other regulatory authorities for their prudent guidance and assistance. I would also like to express my sincerest gratitude to all the stakeholders who have been providing us constant and unfaltering support over the years. I am also grateful to the Board of Directors and the entire management team for their relentless effort and being focused towards achieving desired goals.

Last but not the least, my heartiest appreciation for the staff and employees for their devotion, hard work, performance and loyalty to the Bank.

My very best wishes to all of you.

Thank you



A. Rouf Chowdhury
Chairman

চেয়ারম্যান মহোদয়ের বক্তব্য

সম্মানিত শেয়ারহোল্ডারগণ, পরিচালনা পর্ষদের সদস্যবৃন্দ, ব্যাংক ব্যবস্থাপনার সদস্যবৃন্দ আসসালামু আলাইকুম। ব্যাংক এশিয়ার ২০তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাচ্ছি।

আমাদের উপর আপনাদের অব্যাহত বিশ্বাস ও আস্থা স্থাপন করার জন্য আপনাদের প্রতি জানাই আমার আন্তরিক কৃতজ্ঞতা। পরিচালনা পর্ষদের পক্ষ হতে আপনাদের সামনে ব্যাংক এশিয়ার ২০১৮ সালের বার্ষিক প্রতিবেদন উপস্থাপন করতে পেরে আমি অত্যন্ত আনন্দিত।

সম্মানিত শেয়ারহোল্ডারগণ,

২০১৮ সালে বেশ কিছু প্রতিবন্ধকতা থাকা সত্ত্বেও সামগ্রিক ভাবে ব্যাংকিং খাতে স্থিতিশীল অবস্থা বিরাজ করেছিল। ২০১৮ সালে ব্যাংকিং খাতে প্রবৃদ্ধি হয়েছিল ৮.৫১ শতাংশ যেখানে ২০১৭ সালে ছিল ৯.৯৫ শতাংশ। ২০১৮ সালে আমানতের প্রবৃদ্ধি হয়েছিল ৯.০৫ শতাংশ যা বিগত বছরে ছিল ১০.২২ শতাংশ। অন্যদিকে, বেসরকারি খাতের ঋণের প্রবৃদ্ধি ছিল ১৩.৩০ শতাংশ যা গতবছর ছিল ১৮.১৩ শতাংশ। আমানত এবং ঋণের প্রবৃদ্ধির এই অসমতা ২০১৮ সালে তারল্যের উপর চাপ তৈরি করে যার ফলে আমানত এর খরচ এবং ঋণ ও অগ্রিম এর আয়ের ক্ষেত্রে অসামঞ্জস্যতা তৈরী হয়।

এই প্রতিকূলতার মাঝেও, ব্যাংক তার সম্পদ এবং দায়ের মধ্যে সামঞ্জস্যতা বজায় রেখে সর্বোচ্চ মুনাফা অর্জন করতে সক্ষম হয়েছে এবং আপনারা জেনে আনন্দিত হবেন যে এ বছর পরিচালনা পর্ষদের পরিমাণ গত বছরের তুলনায় ২১ শতাংশ বৃদ্ধি পেয়ে ৮০৬ কোটি টাকা হয়েছে যা ব্যাংকের এ যাবৎ কালের মধ্যে সর্বোচ্চ। ঋণের জন্য প্রয়োজনীয় প্রতিশোধ, আয়কর এবং অন্যান্য প্রতিশোধ সংরক্ষণ করার পর ব্যাংকের নীট মুনাফা পরিমাণ দাঁড়িয়েছে ২২৭ কোটি টাকা। পরিচালনা পর্ষদের ক্ষেত্রে উল্লেখযোগ্য প্রবৃদ্ধি থাকা সত্ত্বেও প্রতিশোধের পরিমাণ ৩১ শতাংশ বৃদ্ধি পেয়ে ৩৪৪ কোটি টাকা সংরক্ষণ করতে হয়েছে যার ফলে নীট মুনাফা গত বছরের তুলনায় ১১ শতাংশ বৃদ্ধি পেয়েছে।

২০১৮ সাল শেষে ব্যাংকের আমানত বেড়ে দাঁড়িয়েছে ২২ হাজার দুইশত কোটি টাকা, ঋণ ও অগ্রিম হয়েছে ২১ হাজার পাঁচশত কোটি টাকা। এ সময়ে ব্যাংক আমদানি খাতে অর্থায়ন করেছে ১৬ হাজার পাঁচশত কোটি টাকা, রপ্তানী বাণিজ্য করেছে প্রায় ১৩ হাজার সাতশত কোটি টাকা এবং অভ্যন্তরীণ রেমিটেন্স বিতরণ করেছে প্রায় ৬ হাজার কোটি টাকা।

সম্মানিত শেয়ারহোল্ডারগণ,

বর্তমানে শ্রেণীকৃত ঋণ ব্যাংকিং খাতের স্থিতিশীলতার জন্য উদ্বেগের কারণ হয়ে দাঁড়িয়েছে। ২০১৮ সালে দেশের সমগ্র ব্যাংকিং খাতে শ্রেণীকৃত ঋণের পরিমাণ ২৬ শতাংশ বেড়ে হয়েছে প্রায় ৯৩ হাজার নয়শত কোটি টাকা যেখানে ২০১৭ সালে ছিল প্রায় ৭৪ হাজার তিনশত কোটি টাকা। শ্রেণীকৃত ঋণের এই উর্দ্ধমুখী প্রবণতার মধ্যেও ব্যাংক এশিয়া তার শ্রেণীকৃত ঋণ ৪.১০ শতাংশের মধ্যে নামিয়ে আনতে সক্ষম হয়েছে, যেখানে সমগ্র ব্যাংকিং খাতে শ্রেণীকৃত ঋণ ছিল ১০.৩০ শতাংশ। শুধুমাত্র পুনঃতফসিলিকরণের মত প্রথাগত ব্যবস্থা গ্রহণ না করে শ্রেণীকৃত ঋণ আদায়ের ক্ষেত্রে অধিকতর সচেতন হওয়ার কারণে ব্যাংকের শ্রেণীকৃত ঋণকে একটি নির্দিষ্ট সীমার মধ্যে রাখা সম্ভব হয়েছে।

ব্যাংক এশিয়াকে শ্রেণীকৃত ঋণ এর পাশাপাশি স্থগিতাদেশ প্রাপ্ত ঋণসমূহ (Stay Order Loans) আদায়ের ক্ষেত্রেও জোরদার পদক্ষেপ গ্রহণ করতে হয়েছে। এই Stay Order এর কারণে ঋণগুলো অশ্রেণীকৃত ঋণ হিসাবে দেখানো হলেও এর বিপরীতে অতিরিক্ত প্রতিশোধ সংরক্ষণ করতে হয়েছে। যার ফলশ্রুতিতে গত বছরের তুলনায় এই বছর প্রায় ৮২ কোটি টাকা বেশী প্রতিশোধ সংরক্ষণ করতে হয়। এই অতিরিক্ত প্রতিশোধ সংরক্ষণের ফলে বিতরণযোগ্য মুনাফা বহুলাংশে হ্রাস পেয়েছে। এই সকল দিক বিবেচনায় এনে ব্যাংকের পরিচালনা পর্ষদ ২০১৮ সালে ১০ শতাংশ হারে (৫ শতাংশ নগদ এবং ৫ শতাংশ বোনাস শেয়ার)

ঘোষণার সুপারিশ করেছেন। গত বছর আপনারা আমাকে ২০১৮ সালের জন্য নগদ লভ্যাংশ প্রদানের আহবান করেছিলেন এবং আমি এটি ঘোষণা করতে পেরে আনন্দিত। আমি জানি যে এই লভ্যাংশ আপনাদের প্রত্যাশিত লভ্যাংশের চেয়ে কম কিন্তু আমি আশা করি আগামী বছরে আপনারা আরও ভাল ফলাফল দেখতে পাবেন।

প্রিয় শেয়ারহোল্ডারবৃন্দ,

ব্যাংক এশিয়া মৌলিকভাবে খুবই শক্তিশালী মূলধন ভিত্তির উপর প্রতিষ্ঠিত। ব্যাংক এশিয়া গ্রাহকদের ক্রেডিট রেটিংকে অনেক বেশি গুরুত্ব দেয়, যা ব্যাংকের মূলধন উপর চাপকে প্রশমিত করতে সহায়তা করে। ব্যাংকের মোট মূলধনের পরিমাণ ২০১৮ সালে হয়েছে প্রায় ৩,৫০৮ কোটি টাকা যা ২০১৭ সালের ছিল প্রায় ৩,২৯০ কোটি টাকা, প্রবৃদ্ধি হয়েছে ৬.৫৯ শতাংশ। ২০১৮ সালে ব্যাংকের মূলধন বৃদ্ধিভিত্তিক সম্পদের ১১.৮৭৫ শতাংশ রাখার বাধ্যবাধকতার বিপরীতে আপনাদের ব্যাংকের রয়েছে ১৫.০৫ শতাংশ। ২০১৮ সালের সামগ্রিক ব্যাংকিং খাতে মূলধন ঘাটতির পরিমাণ ছিল ২৬,৭০০ কোটি টাকা, যা গত বছর ছিল ১৯,৫০০ কোটি টাকা। অন্যদিকে, উল্লেখযোগ্য পরিমাণ উদ্ধৃত মূলধন সংরক্ষণের ফলে ব্যাংক এশিয়ার অবস্থান সামগ্রিক ব্যাংকিং খাতে বিবেচনায় নিঃসন্দেহে প্রশংসার দাবিদার। এছাড়াও ব্যাংকের মূলধন ভিত্তিকে আরও শক্তিশালী করতে ২০১৯ সালে ৫০০ কোটি টাকার সাব-অর্ডিনেটেড বন্ড ছাড়ার পরিকল্পনা করছি।

সম্মানিত শেয়ারহোল্ডারগণ,

আপনারা সবাই জানেন যে আমাদের বার্ষিক প্রতিবেদন ২০১৮-এর থীম হচ্ছে “Reaching the Unreached” এজেন্ট ব্যাংকিং চ্যানেলের মাধ্যমে গ্রাহকদের দোরগোড়ায় একটি পূর্ণাঙ্গ ব্যাংকিং পরিষেবা প্রদানের মাধ্যমে ব্যাংক এশিয়া দ্রুত সারা দেশে তার ব্যবসায়িক কার্যক্রম সম্প্রসারণ করছে। এই চ্যানেলের টার্গেট গ্রুপ হচ্ছে প্রত্যন্ত অঞ্চলের ব্যাংকিং সেবা বহির্ভূত মানুষ যেখানে সাধারণত ব্যাংক তার পরিষেবা সম্প্রসারণ করে না। ইতোমধ্যে, আপনাদের ব্যাংক ৬৪টি জেলার ৪১৭ উপজেলায় এজেন্ট ব্যাংকিং নেটওয়ার্ক এর আওতায় ২,৫৬৬ এজেন্ট আউটলেট বিস্তার করেছে। এই ব্যবসায়িক মডেলটি সামাজিক কল্যাণের পাশাপাশি ব্যাংকের মুনাফা নিশ্চিত করে। এজেন্ট ব্যাংকিং এর মাধ্যমে বয়স্ক, বিধবা ও প্রতিবন্ধী ভাতা সহ সরকারের সামাজিক নিরাপত্তা সুবিধাগুলি সময়মত এবং স্বল্প খরচে সুবিধার্থীরা মানুষদের কাছে পৌঁছে দেওয়া সম্ভব হয়েছে। আপনারা জেনে গর্বিত হবেন যে, ব্যাংক এশিয়া এই চ্যানেলের মাধ্যমে সর্বোচ্চ রেমিট্যান্স বিতরণ করতে সক্ষম হয়েছে। আপনাদের ব্যাংক বাংলাদেশে প্রথমবারের মতো আরএমজি ডিজিটাল ব্যাংকিং বুথ স্থাপন করেছে। বাংলাদেশে ব্যাংক এশিয়ার আর্থিক অন্তর্ভুক্তির আন্তরিক প্রচেষ্টাকে স্বীকৃতি প্রদান করে এশিয়ান ব্যাংকিং অ্যান্ড ফাইন্যান্স (এবিএফ), Financial Inclusion Initiative of the Year ক্যাটাগরিতে “রিটেইল ব্যাংকিং অ্যাওয়ার্ড ২০১৮” প্রদান করেছে।

প্রিয় শেয়ারহোল্ডারবৃন্দ,

ব্যাংক এশিয়া তার ব্যবসায়িক দর্শনে কর্পোরেট সোশ্যাল রেসপন্সিবিলিটি (সিএসআর)-কে দৃঢ়ভাবে ধারণ করেছে। সূচনালগ্ন থেকেই ব্যাংক এশিয়া সমাজের অনগ্রসর অংশতে অবদান রাখছে যেন তারা মূলধারার মধ্যে অন্তর্ভুক্ত হতে পারে। ব্যাংক এশিয়া ফাউন্ডেশন সিএসআর প্রোগ্রামকে শক্তিশালী করার লক্ষ্যে এবং আরও সুসম, কাঠামোগত এবং টেকসই পদ্ধতিতে কার্যক্রমগুলিকে সুষ্ঠুভাবে পরিচালনার লক্ষ্যে প্রতিষ্ঠিত হয়েছে। ইতোমধ্যে, এ ফাউন্ডেশন মুসীগঞ্জ জেলার মালখানগরে একটি ২৫০ শয্যা বিশিষ্ট হাসপাতাল সহ মেডিকেল কলেজ নির্মাণের একটি প্রকল্প গ্রহণ করেছে। প্রস্তাবিত হাসপাতাল ও মেডিকেল কলেজের জন্য আমার পরিবারের সদস্য এবং আমি ৭০০ শতাংশ জমি এবং ৩৬,০০০ বর্গফুট বিশিষ্ট ৩ তলা ভবন দান করছি। আশা করা যাচ্ছে যে, ড্যাগানস্টিক সেন্টার ও ওপিডি মাস দুয়েক এর ভেতর কার্যক্রম শুরু করবে। একই সাথে গাইনী বিভাগের রোগীদের জন্য ২০ শয্যা বিশিষ্ট হাসপাতাল স্থাপনের প্রক্রিয়া শুরু হয়েছে। আপনারা জেনে আনন্দিত হবেন যে,

আপনাদের ব্যাংক ২০১৮ সালে সিএসআর কার্যক্রমের জন্য ১২ কোটি ৭০ লক্ষ টাকা খরচ করেছে। সমাজের অসচ্ছল মেধাবীদের বৃত্তি প্রদান আমাদের সবচেয়ে বেশি উল্লেখযোগ্য সিএসআর উদ্যোগগুলির মধ্যে একটি, যার অধীনে বৃত্তিপ্রাপ্ত প্রতিটি দরিদ্র এবং মেধাবী শিক্ষার্থীদের উচ্চতর শিক্ষার জন্য প্রতি বছর ৫১,০০০ টাকা পাচ্ছেন।

সম্মানিত শেয়ারহোল্ডারগণ,

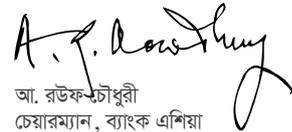
২০১৯ সালে ব্যাংকিং খাতে আমরা কিছু চ্যালেঞ্জর সম্মুখীন হতে পারি যা আমাদেরকে সতর্কতার সাথে মোকাবেলা করতে হবে। তারল্য সমস্যা, ক্রমবর্ধমান শ্রেণীকৃত ঋণ, আমানত ব্যয় বৃদ্ধি, এই চ্যালেঞ্জগুলির মধ্যে অন্যতম। এছাড়াও, চীন-মার্কিন বাণিজ্য যুদ্ধও হুমকির কারণ হয়ে দাঁড়াতে পারে কারণ এই ধরনের বাণিজ্য যুদ্ধ বিশ্ব বাণিজ্য ব্যবস্থাকে ভারসাম্যহীন করতে পারে এবং এর সাথে সাথে অর্থনৈতিক মন্দা দেখা দিতে পারে। উপরন্তু, ক্রমবর্ধমান বৈদেশিক মুদ্রার বিনিময় হার আমাদের সামগ্রিক অর্থনীতিতে বিরূপ প্রভাব সৃষ্টি করতে পারে। তারপরও, আমাদের সামনে অসংখ্য সম্ভাবনার দ্বার উন্মুক্ত রয়েছে।

২০১৭-১৮ অর্থবছরে বাংলাদেশের মোট জিডিপির প্রবৃদ্ধি ছিল ৭.৮৬ শতাংশ এবং ২০১৮-১৯ অর্থবছরে তা ৮.২৫ শতাংশ পর্যন্ত দাঁড়াতে পারে, যা ভবিষ্যতের সম্ভাবনাময় অর্থনীতির ইঙ্গিত বহন করে। এইচএসবিসি গ্লোবাল রিসার্চের সর্বশেষ প্রতিবেদন অনুযায়ী, ২০৩০ সালে বিশ্বব্যাপী মোট দেশজ উৎপাদনের র্যাংকিং এ বাংলাদেশই সবচেয়ে বড় অর্জনকারী হতে পারে। এটি তখন ৪২তম থেকে বিশ্বের ২৬তম বৃহত্তম অর্থনীতির দেশ হয়ে উঠবে এবং সেই লক্ষ্য অর্জনের নিমিত্তে বাংলাদেশের অর্থনীতি চলছে সঠিক পথেই। ২০২১ সালে বার্ষিক ৮ শতাংশ জিডিপি বৃদ্ধির মাধ্যমে ২০২১ সালে মধ্যম আয়ের দেশে (এমআইসি) অবস্থানে পৌঁছানোর অর্থনৈতিক লক্ষ্য পূরণেও আমরা আশাবাদী।

অবশেষে, আমি বাংলাদেশ ব্যাংক, বহিঃনিরীক্ষক এবং অন্যান্য নিয়ন্ত্রক কর্তৃপক্ষকে তাদের দিক নির্দেশনা এবং অব্যাহত সহায়তার জন্য ধন্যবাদ জানাই। আমি পরিচালনা পর্ষদের সকল সদস্যদের তাদের নিরলস প্রচেষ্টা এবং দিক নির্দেশনার জন্য কৃতজ্ঞতা এবং ধন্যবাদ জ্ঞাপন করছি। একই সাথে ব্যাংকের ব্যবস্থাপনা কতৃপক্ষ এবং সকল কর্মকর্তা ও কর্মচারীদেরকে তাদের আন্তরিক প্রচেষ্টার জন্য ধন্যবাদ জানাই।

সর্বশেষে ব্যাংকের উপর বিশ্বাস, অবিশ্বাস আস্থা এবং সহযোগিতার জন্য আমি সম্মানিত শেয়ারহোল্ডারগণের কাছে আমার আন্তরিক কৃতজ্ঞতা পেশ করে এখানেই শেষ করছি।

সবার প্রতি রইল আমার আন্তরিক শুভ কামনা।

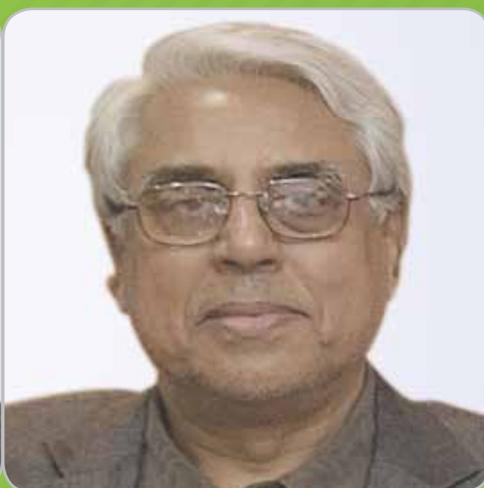

আ. রউফ-চৌধুরী
চেয়ারম্যান, ব্যাংক এশিয়া

Our Acknowledgement to

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)



▲
Mr. Syed Anisul Huq
(2000-2008)



▲
Mr. Erfanuddin Ahmed
(2009-2011)



▲
Md. Mehmood Husain
(2011-2016)

Priorities we followed in 2018

To achieve the goal of a sustainable world by Reaching the Unreached

Priorities	Objectives	Progress Made
Operating efficiency through Core Business	To maintain consistency and focus on asset quality	<ul style="list-style-type: none"> ➤ +25% growth in core business income ➤ Shifting focus from corporate to MSME and Retail business ➤ +7% Deposit, + 9% Advance , ➤ +10% Export and -7% import
Recovery of Classified Loan	Reduce loan classification in percentage and absolute term	<ul style="list-style-type: none"> ➤ Curbing non-performance loans to 4.10% from 4.38% ➤ Maintained provision amount is 3,889.13 million ➤ Cash Recovery from CL and Written of Loan is 65% in 2018, which is Tk. 4,185 million compared to Tk. 2,540 million in 2017
Capital Planning and Management	To ensure adequacy of capital as per Basel III capital accord to support healthy growth of business	<ul style="list-style-type: none"> ➤ Implementing Basel III capital accord as per Bangladesh Bank road map ➤ Total Capital Tk. 35,082.90 million ➤ CRAR 15.05% ➤ Implemented liquidity tools <ul style="list-style-type: none"> ➤ LCR (Liquid Coverage Ratio) 118.2% ➤ NSFR (Net Stable Funding Ratio) 117.34% ➤ Leverage ratio 5.65% ➤ To support the healthy business growth bank has decided to issue another 7 Year Floating Rate Non- Convertible Subordinated Bond of Tk. 5,000 million
Financial Inclusion	To reduce poverty by promoting financial inclusion	<ul style="list-style-type: none"> ➤ Expanding Agent Banking in 64 districts through 2,566 agent outlets for most geographically dispersed poor segment ➤ 839,375 beneficiaries of 222 upazila under 31 districts came under Bank Asia's banking service network through EBK ➤ 1,68,000 beneficiaries are the recipient of online cash management support through SHOUHARDO-III project under Social Safety Network ➤ A- card, the Smart form of Agricultural credit facilitate marginal farmers for getting agri loan where Tk. 9.05 million disbursed to 457 beneficiaries
Technological Innovation	Reducing lead time by technological advances	<ul style="list-style-type: none"> ➤ About 3086 number of account with 1316.78 million loans through OCAS (Online Credit Approval System)-Diganta including Tab based version under Diganta project ➤ Implementation of ICT help desk (Microsoft System Center Service Manager) for better customer services ➤ Central contact platform named 'MY Family' has been developed ➤ Developed Electronic sanction archive where 16,385 sanctions archived during 2018
Paying back	Expanding the horizon of community services	<ul style="list-style-type: none"> ➤ A number of initiatives like donation to old home, flood effected people, poor meritorious students etc. has been under taken by FLDP program ➤ In 2018, 40 female availed total 7,200 days maternity leave ➤ Bank Asia spent Tk. 126.91 million to education, disaster management, and other social sectors as CSR activities
Human Capital	Improvement of employee productivity	<ul style="list-style-type: none"> ➤ 70,690 man hours of training to 3,729 participants ➤ Provided 6 trainings under FLDP program with a total of 386 participants
Liquidity Risk Management	To ensure smooth banking operation	<ul style="list-style-type: none"> ➤ Maintained AD Ratio around 81.75% ➤ +0.57% cost of deposit ➤ +0.59% High Cost -2.64% Low Cost +2.05 No Cost ➤ Cost of fund reduced to 8.25% from 7.73% ➤ ROA is stable at 0.76% ➤ ROE is also stable at 10.21%



President and Managing Director's Review

The Banking sector of the country is playing one of the major roles and making significant contribution behind economic transformation of the country.

In one hand, the sector also marked notable progress in the areas of digitalization of financial service delivery, financial inclusion initiatives, application of international standards etc. On the other hand, the sector is still experiencing growing amount of non-performing loans, weaker corporate governance, tight liquidity situation, volatility in interest rate and exchange rate of foreign currency.

During 2017-2018 fiscal year, Bangladesh economy achieved highest ever GDP growth of 7.86% which surpassed the estimated growth of 7.65%. This fiscal year also marked beginning of new era with the graduation of Bangladesh from LDC category to Lower Middle-Income Country. The per capita income reached USD 1,751 from USD 1,610 of the preceding year. Country's Inflation rate has also been contained within the tolerable range of around 5.5% for a long time. To support the growing economic activities, the government has undertaken several mega projects like construction of bridges, rail lines, roads, flyovers and generation of power & energy and other infrastructure development works across the country. Many of these works are in progress and on the top priority list of the government which ultimately has opened up vast area of opportunities for investment and scopes for financing. The Banking sector of the country is playing one of the major roles and making significant contribution behind economic transformation of the country. In one hand, the sector also marked notable progress in the areas of digitalization of financial service delivery, financial inclusion initiatives, application of international standards etc. On the other hand, the sector is still experiencing growing amount of non-performing loans, weaker corporate governance, tight liquidity situation, volatility in interest rate and exchange rate of foreign currency. Against the backdrop of this challenging condition, Bank Asia achieved the target of operating profit. Our strong financial performance demonstrates how we are creating more value for our clients, communities and shareholders. It also illustrates the strength of our diversified business model and disciplined approach to controlling costs and managing different kinds of risks. Apart from the above, the following events that occurred throughout the year also influenced our business strategies:

- Remittance inflow posted satisfactory growth in the year 2018 amid appreciation of US dollar against the Bangladeshi currency, prompting expatriates to send money through legal channel. In 2017-18, inflow of remittance increased by 17.30% or \$2.21 billion, taking the total remittance inflow to \$14.98 billion from \$12.77 billion in the previous year.
- Tight liquidity situation and political

uncertainty pertaining to the 11th general elections forced banks to squeeze the flow of credit to the private sector. In December 2018 credit growth stood at 13.20%, the lowest since 2015. In new Monetary Policy Statement January – June 2019, we are expecting positive turn of credit growth in private sector to 16.5%.

- The banking sector has expanded in terms of numbers and assets during the last few years. The sector has also gone through several reform measures to improve the performance. However, the sector is still plagued with several challenges. Among them most severe one is rising NPLs. The non-performing loans (NPLs) ratio rose to 10.30% as of December 31, 2018 in the last calendar year from 9.31% in 2017.
- The US-China trade war caused fluctuation of price and availability of goods and posed threat of global economic slowdown. Both export and import sector had to face challenges arising from this ongoing trade war.
- Capital market of Bangladesh passed a challenging year in 2018. After posting a satisfactory return of 24% in 2017, broad index DSEX declined by 13.8% in 2018. Average daily turnover amounted to Tk. 5,500 million, down by 37.0% than that in 2017.
- Current account deficit of Bangladesh reached at USD 9.78 billion in FY 2017-2018. High import growth arising from surge in food grain import and sharp increase in petroleum products import exerted significant pressure on current account. Modest performance in export and remittance turned out to be insufficient to improve it.
- Liquidity position in banking sector remained tight in 2018. Government has taken some policy measures to ease this situation such as to keep 50% of government organization funds in private banks. Besides, the central bank also reduced the requirement of CRR by 1%. Despite these measures, the deposit rates were in rising trend which affected the net interest margin (NIM) of the Bank and ultimately pushed lending rate high. High interest rate of National Saving Certificate also contributed mopping out the liquidity from money market.

President and Managing Director's Review

- Export earnings increased slightly by 5.81% to USD 36,668.17 million in FY18 from USD 34,655.9 million in FY17. One important feature of export diversification is the geographical diversity of export destination countries. By looking at the share of different regions, it is observed that over the years Bangladesh's exports to EU and Asia region increased but it decreased in American region. On the other hand, Imports recorded at customs (fob) in FY 18 increased markedly from USD 43,491 million in FY 17 to USD 54,463.2 million registering a growth of 25.2% driven by increased public sector investment in megaprojects and massive food imports to cover shortfall in rice production.
- The spread of weighted average interest rate further narrowed down to 4.45% in 2018 from 4.72% in the preceding year which would reduce the profitability of the Bank.
- Ten Banks were in capital shortfall by Tk. 26,678 crore which made banking sector riskier and beats depositors' confidence, shrinks deposits and creates liquidity crisis.

MAJOR PRIORITIES WE FOLLOWED IN 2018

- We ended the year 2018 with a strong capital base by maintaining Capital to Risk Weighted Ratio (CRAR) of 15.05%, whereas according to BASEL III road map minimum requirements are 11.875%.
- Analyzing the market scenario, especially against shrinking liquidity and regulatory requirement, we efficiently managed and took holistic approach to maintain our Balance Sheet indicators like Advance Deposit Ratio (ADR), LCR (Liquidity Coverage Ratio), NSFR (Net Stable Funding Ratio), Commitment etc. within limit through combined effort of Group Finance, Business Units, CRM and Treasury.
- While our goal was to achieve the profit target, at the same time we are concerned with risk management, compliance and internal control to ensure sustainability of the profit. We took necessary actions and steps for process improvement to strengthen our risk management and compliance standard. The overall outcome was positive and we made improvement in almost all core risk areas as rated by Bangladesh Bank.
- Since 2016, we began our proactive stance to manage asset quality by applying different techniques such as moral

persuasion, adept negotiation, proper and timely legal action, subsequent monitoring and follow up. As a result, we are able to close the year 2018 with CL rate of 4.10% which was 4.38% in 2017.

- In 2018, we were able to remit more than half a billion dollars of remittance to the beneficiaries. An agreement has been made to make remittance payments through renowned mobile financial service like bKash. We are also providing remittance through our Agent Banking channel. According to the Bangladesh Bank report, Bank Asia has been ranked first among the banks offering remittance through Agent Banking.
- We have continued to make good progress in terms of digitization and automation and adoption of new technology across the Bank. We have implemented central day closing operation, separated report server for Agent Banking, automation of NOSTRO reconciliation. We have also developed online Account Opening system and Transactional API that FinTech, different utility payment organizations and exchange houses can easily integrate with our system. Bank Asia has taken initiatives to implement automated Supply Chain Finance (SCF) system.
- Through expansion of Agent Banking services and networks and "Ektee Bari Ektee Khamar" Project, we upheld our commitment towards financial inclusion. We worked for the benefit of the marginalized and underserved people in partnerships with different national and international development organizations and government agencies. For the first time in the country, we set up digital banking booth in the premises of garment factory to provide banking services to the workers. Islamic Agent banking service was introduced to cater the need of the shariah based Islamic banking at mass level.

OPERATING PERFORMANCE

During the year 2018, the Bank generated operating profit of Tk. 8,060 million with a growth of 21% and net profit of Tk. 2,266 million with a growth of 11%. This substantial growth in profitability was driven by several factors: management efficiency in increasing the net interest margin, curbing the classified loans round the year through strong monitoring, thus having a stable balance sheet growth while keeping the profitability un-

compromised. Net Interest Income reported a 42% growth to Tk. 7,902 million from Tk. 5,570 million driven by mainly taking a market lead in asset pricing while keeping the liability costing relatively unchanged which took spread to 4.34% in 2018 from 3.95% in 2017. It is also worth to mention that our Cost to Income ratio improved to 42.93% from previous years 44.12% signifying better earnings efficiency compared to operational costing. The Bank could also able to improve its EPS to Tk. 2.04 from Tk. 1.84 in last year. ROA of the bank stood at 0.76% and ROE at 10.21%.

Improvement in asset quality was one of the key drivers in accelerating profitability. At the end of the year 2018 the Bank was able to restrict CL to 4.10% compared to 4.38% in 2017 mainly due to the rigorous monitoring effort. Moreover, the Bank was also able to basket a handsome cash recovery of Tk. 4,185 million from classified and written off loan accounts.

In 2018, 7 new branches were added to the total branch network and 169 employees were added to human capital. The above addition impacted total operating expenditure to increase by 15% in 2018, out of which salary expenditure increased by 14%. At the end of 2018, the Bank's Net Asset Value per Share (NAV) stood at Tk. 21.02.

BUSINESS

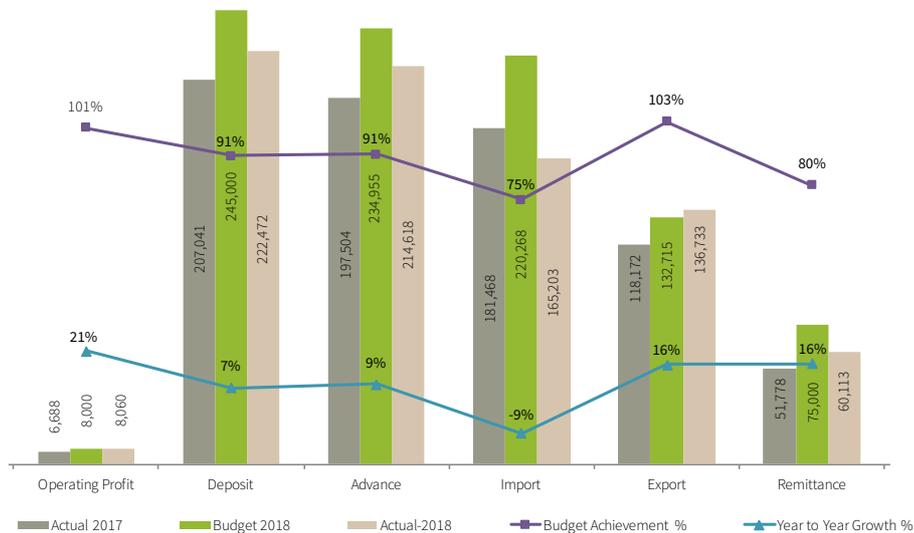
Deposits of banking operation stood at Tk. 222,472 million showing a growth of 7% and loans and advances stood at Tk. 214,618 million with a growth of 9%. Import business of the Bank was Tk. 165,203 million and export was Tk. 136,733 million. During 2018 total inward remittance was Tk. 60,113 million, showing a positive growth of 16%. In terms of budgetary achievement, the Bank performed well; deposit by 91%, loans and advances by 91%, operating profit by 101%, import by 75%, export by 103% and inward remittance by 80%.

SUBSIDIARIES OF BANK ASIA LIMITED

Bangladesh Capital Market observed a bearish trend throughout the year in 2018. Bank Asia Securities Limited, a majority owned subsidiary company of the Bank made an operating profit of Tk. 171.16 million in 2018. BASL has been continuing as 15th position of DSE's Top-20 in terms of daily turnover throughout the year. Number of total active clients

reached to 7,878 in December 2018, which was 6,113 in December 2017 representing a growth of 28.87%.

President and Managing Director's Review



The other foreign subsidiary exchange house company, named as BA Exchange Company (UK) Limited, in the year 2018, BA Exchange Company (UK) incurred operating loss of GBP 0.19 million. In 2018, our expatriates from abroad sent USD 22.23 million remittance to Bangladesh through BA EXPRESS USA. To enhance further flow of remittance BA EXPRESS USA also established arrangement with 34 agents across New York City. In the year 2018, BA EXPRESS USA Inc. incurred an operating loss of USD 0.32 million.

DELIVERY CHANNEL

Bank Asia's overall operation is concentrated in four major areas.

Conventional: Bank Asia delivers conventional banking services through 127 branches and 4 SME service centers across the country.

Islamic: Banking Operation has been operated through 5 Islamic windows. All conventional branches also provide Islamic Banking services through SALAMAH desk.

Off Shore: 1 off shore banking unit in Chittagong.

Agent Banking: Provide Agent Banking services in 64 districts through 2,566 agent outlets.

CSR

Bank Asia has always been aware of its Corporate Social Responsibility (CSR) with an aim to ensure the bank as a socially responsible corporate entity contributing towards better quality of life of the society at large without compromising our ecological conditions. During the year 2018, Bank Asia spent an amount of Tk. 126.91 million on CSR which covers a vast area of education, health and

other under privileged sectors for the overall betterment of the nation.

STRENGTHENING CAPITAL BASE

For managing the overall risk exposure of the Bank, our primary focus has always been to strengthen our risk management policy with a strong internal control system. We maintained capital to total risk weighted asset (CRAR) consistently above the threshold (10% of RWA) of minimum capital requirement. Bank Asia's CRAR was 15.05% as on 31 December 2018 against the required MCR of 10%. To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap Bank Asia has already started the process for further issuance of Subordinated Bond of Tk. 5,000 million as Tier 2 capital in June 2019.

NON-PERFORMING LOAN (NPL) MANAGEMENT

One of the core business priorities of Bank Asia is to curb non-performing loans by maintaining quality assets. With our continued aim to ensure quality portfolio growth, we have managed to tighten the Non-Performing Loans (NPL) to 4.10% in 2018, which is a significant curbing from 4.38% of the previous year. In this regard, Bank Asia's credit approval process has been framed to unveil and assess the unforeseen inherent risk so that assets quality may not deteriorate in the long run. Additionally, early warning system has been established so that precautionary action can be taken against vulnerable assets. Above all, proper monitoring and strong recovery drive from branches and corporate office helped to maintain the quality of the assets of Bank Asia.

CREDIT RATING

The long and short term credit ratings of the Bank remained stable in 2018. The rating of the Bank in 2018 for long term was AA2 and for short term was ST-2.

AWARDS & ACCOLADES

Bank Asia received several awards from the national and international reputed organizations. We received 1st prize for our Annual Integrated Report 2017 in the category of Best Presented Annual Reports by ICAB (Institute of Chartered Accountants of Bangladesh). Beside this, the Bank garnered 2nd Runner Up under Corporate Governance Disclosures and also for Integrated Reporting category from ICAB. Moreover, the Bank achieved 'Certificate of Merit' for SAFA Best Presented Annual Report 2017. For Sustainability Report 2017, the Bank has achieved "GOLD RANK" – Asia Sustainability Reporting Rating (ASR) 2018 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in the 14th Sustainability Reporting Awards (SRA) 2018 in Indonesia. Bank Asia has been awarded with "Retail Banking Award 2018" in the category "Financial Inclusion Initiative of the year" by Asian Banking & Finance (ABF) for recognizing the phenomenal efforts in facilitating financial inclusion in Bangladesh.

STRATEGIC PLANS FOR 2019

The projection of GDP growth for the current fiscal year (2018-19) is more than 8%. According to a report of the Economist Intelligence Unit, Bangladesh is expected to be the 2nd best performing economy in the world in 2019. The country is likely to attract more Foreign Direct Investment (FDI) this year, especially in the Economic Zones. Investment in public sector will be higher than the private sector. Especially, a large amount of fund will be spent for generation of power, energy and infrastructure development. Both export and import are expected to increase significantly. There may not be any significant growth in flow of inward remittance but unlikely to decrease. The deficit situation in balance of payment and current account is likely to continue which will create pressure on exchange rate of foreign currency. The prevailing tight liquidity situation is not going to ease very soon.

Taking into consideration of these forecast and analysis, we are going to set the following

President and Managing Director's Review

strategies and priorities to achieve our business target:

- From the very beginning of the year, mobilizing deposit, especially procuring more no cost and low-cost deposits will be our top priority with a view to reducing cost of deposits and improving Net Interest Margin (NIM) of the Bank.
- We will focus more on enhancing volume of our export and remittance business. We will endeavor to increase our import business as well but we will remain cautious against exchange rate risk.
- Like previous year, loan recovery and regularization of classified and non-performing loan (NPL) will remain another top priority. We will continue to engage our Corporate Office employees to assist Special Asset Management Department (SAMD) and Branches to expedite recovery process. Strong supervision, follow-up and monitoring of classified and NPL accounts will be ensured for recovery of loans. We will give special emphasize on recovery of our written-off loans this year. Both legal and non-legal measures will be pursued to this endeavor.
- We have to be stricter and more vigilant regarding loan supervision and loan monitoring. We are in the final stage of establishing separate special monitoring cell to supervise export and work order finance.
- Export oriented industry, other productive and manufacturing sectors, power, energy and infrastructure development will be prioritized for lending.
- We will also continue our program to facilitate access to finance for CMSMEs and support capacity building in this sector focusing on the new generation of eager entrepreneurs. Our support to CMSMEs will be further enriched with a range of self-help tools that will empower them to grow.
- To increase our lending to cottage, micro and small segment, we will utilize our agent banking network along with our rural branches.
- The performance of Agriculture sector has an overwhelming impact on major macroeconomic objectives

like employment generation, poverty alleviation, human resources development. We will put more focus on this sector.

- Emphasizing to enhance fee-based and non-funded incomes which will give strategic advancement in 2019.
- Our Islamic Banking is now offering more diversified deposit and investment products to meet the growing needs of the customers through all outlets of the Bank. We will work hard to flourish our Islamic Banking services through both conventional and agent banking channel.
- Achieving excellence in customer service standard is one of our major strategic priorities of this year. We want to reach the top position in the industry in terms of customer service standard. We will train our employees, assess our current standard and will engage professional firm (if necessary) to improve the quality of customer service.
- Automation will play a key role in driving operational excellence, faster delivery and cost savings in the future. We hope to continue to find different areas for innovation and automation of process.
- Ensuring cost efficiency

Finally, let me extend my sincere thanks to our customers and shareholders for their trust and look to strengthen our relationship in the coming years. The Board has directed the affairs of the Bank with visionary leadership and sound principles, carefully balancing stakeholder interests and I am thankful to them for their guidance. I also express my sincere gratitude to all my colleagues for their commitment to building a Bank which always believes in the moto of "Better Tomorrow".

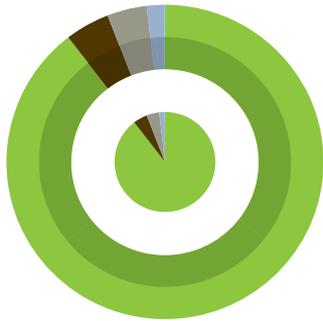


Md. Arfan Ali

President and Managing Director

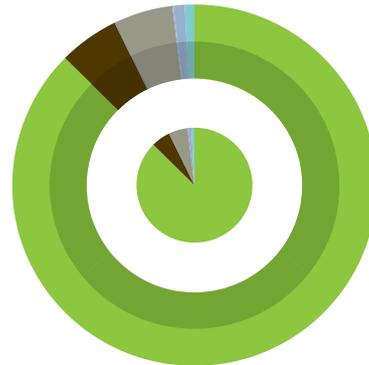
Segment Analysis

Bank Asia Consolidated



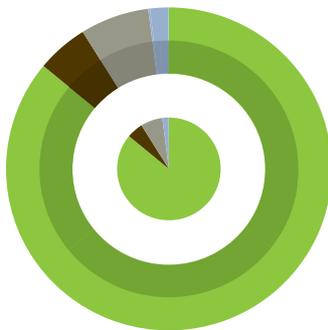
Operating Revenue (MillionTaka)

Conventional **24,756**
 Islamic **1,256**
 OBU **1,118**
 Local Subsidiaries **477**
 Foreign Subsidiaries **24**



Profit before tax (MillionTaka)

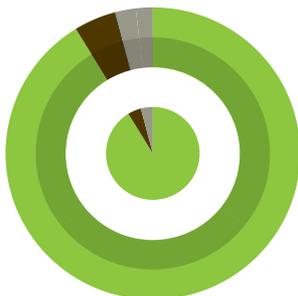
Conventional **4,030**
 Islamic **290**
 OBU **292**
 Local Subsidiaries **61**
 Foreign Subsidiaries **-48**



Total Assets (MillionTaka)

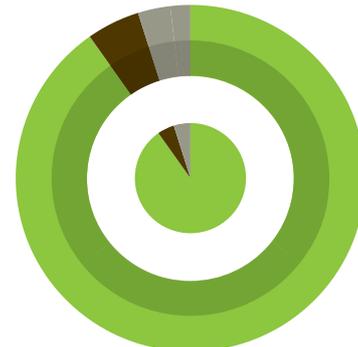
Conventional **269,817**
 Islamic **16,035**
 OBU **21,440**
 Local Subsidiaries **6,171**
 Foreign Subsidiaries **227**

Bank Asia Solo



Operating Revenue (MillionTaka)

Conventional **24,756**
 Islamic **1,256**
 OBU **1,118**



Profit before tax (MillionTaka)

Conventional **4,030**
 Islamic **290**
 OBU **292**



Total Assets (MillionTaka)

Conventional **269,817**
 Islamic **16,035**
 OBU **21,440**

DIRECTORS' REPORT



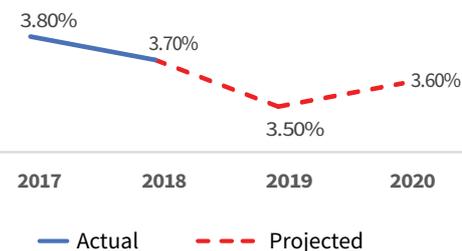
World Economy

Global economic growth was estimated at 3.7 % for 2018 which is almost steady compared to growth rate of 3.8 % in 2017. Both the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD) have recently lowered their forecasts at 3.5 % from 3.7 % for the year 2019 and 3.6 % for 2020 respectively. Growth has been revised downwards in almost all G20 economies, with particularly large revisions in the euro area for 2019 and 2020. High policy uncertainty, ongoing trade tensions, and a further erosion of business and consumer confidence are all causing for the slowdown. Inflation is far from target in most advanced economies. Commodity prices were in rising trend more than expected for the year 2018.

GLOBAL GDP GROWTH

The global growth has weakened. Global growth for 2018 is estimated at 3.7 % from 3.8 % in 2017. Growth in 2019 and 2020 is projected to reduce at the level of 3.5 % and 3.6 % respectively. Advanced economies grew by 2.3 % in 2018 and are expected to grow by 2.0 % in 2019 and 1.7 % in 2020. Emerging markets and developing

Global GDP Growth



economies grew by 4.6 % in 2018 and are expected to maintain their growth in 2019 and 2020 at the level of 2018. U.S. growth is projected to increase at 2.9 % in 2018 from 2.2 % in 2017 due to continued fiscal stimulus. But the growth forecast for 2019

has been revised down to 2.5 % due to the tariffs imposed on USD 200 billion of US imports from China. U.K. growth is projected to moderate from 1.8 % in 2017 to 1.4 % in 2018 and 1.5 % in 2019. Growth in the Euro area is forecast to 1.8 % and 1.6 % in 2018 and 2019, respectively, from 2.4 % in 2017. Japan is projected to grow by 0.9 % in 2018 and 1.1 % in 2019 from 1.9 % in 2017.

China's growth is projected to decline to 6.6 % in 2018 and 6.2 % in 2019, from 6.9 % in 2017, reflecting the potential impact of recently announced trade measures by the U.S. India's economic growth in 2018 and 2019 is expected to continue at 7.3 % and 7.4 %, respectively, from 6.7 % growth in 2017.

GLOBAL TRADE

World merchandise trade growth is expected to continue strong in 2018 and as per estimation of WTO, the growth in merchandise trade volume is 4.4% in 2018 which was 4.7% in 2017 and growth is expected moderate to 4.0% in 2019. The growth was supported mainly by cyclical factors, particularly increased investment and consumption expenditure.

There will be some upside potential if structural reforms and more expansionary fiscal policy for economic growth and trade to accelerate in the short run. On the hand

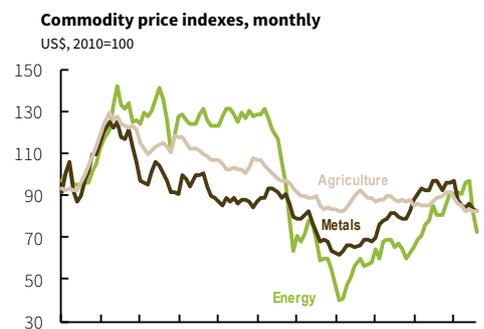


increased restrictive trade policy measures and uncertainty could affect negatively global trade.

GLOBAL COMMODITY MARKETS

Commodity prices strengthened in 2018 and prices continue to be supported by a broad-based global recovery, with global GDP growth reached at 3.7 % in 2018 from 3.8 % in 2017. Energy prices rose 3 % in the third quarter of 2018 (q/q) and are more than 40 % higher than the same period in 2017. Oil prices were volatile in the third quarter of 2018, with the price of Brent reaching a low of \$70/bbl in August, before peaking at \$86/bbl in early October.

Non-energy commodity prices declined 7 % (q/q) in the third quarter of 2018. Metals



prices dropped nearly 10 % on weaker global demand, as well as concerns about the effects of the U.S.-China trade dispute on growth in China.

GLOBAL INFLATION RATE

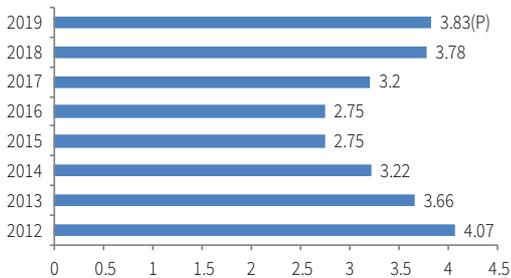
The inflation rate has increased to 3.78% in 2018 from 3.2% in 2017 and projected to be 3.83% in 2019. The average inflation of SAARC region stood at 5.18% in 2018, among the SAARC countries, Nepal has the highest inflation of 6% whereas Maldives maintain the lowest inflation rate of only 3.3% in 2018. If we see developed economies, the US registered only 1.9% inflation rate compared to 1.8% in the preceding year. The situation was reverse for the UK as the inflation rate reduced to 2.48% in FY 2018 compared to 2.8% in FY 2017. The Euro zone



Board of Directors at 19th AGM

has maintained its 1.6% average inflation rate but inflation rose to 2.2 % in October, moving further away from the European Central Bank's (ECB)

Global Inflation Rate (%)



target rate.

GLOBAL FDI

In the first half of 2017, global FDI flows decreased by 3% compared to that in the second half of 2016. It stood at USD 788 billion but remained above 2013 and 2014 levels. By region, FDI flows into the OECD area decreased by 8% in the first half of 2017 compared to that in the second half of 2016 (from USD 502 billion to USD 462 billion). FDI flows into EU countries decreased even further by 46% (from USD 324 billion to USD 175 billion).

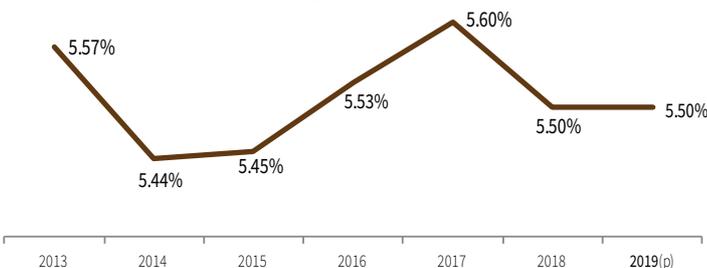
FDI inflow to G20 countries has decreased by 31% (from USD 599 billion to USD 415 billion). In the first half of 2017, the United States was the largest recipient of FDI inflows worldwide (at USD 161 billion), followed by Switzerland (USD 61 billion) and China (USD 55 billion).

GLOBAL UNEMPLOYMENT

The global unemployment rate has been reduced slightly at 5.5 % in 2018 from 5.6 % in 2017. As the long-term global economic outlook remains modest despite stronger growth in 2018, the report attributes the positive trend between 2017 and 2018 mainly to the strong performance of labor markets in developed countries. Developed countries are expected to enter their sixth consecutive year of decreasing unemployment rates, falling to 5.5 % in 2018, the lowest rate since 2007. By contrast, emerging countries have experienced a significant increase in unemployment rates between 2014 and 2017, driven by major economic downturns, in part due to the commodity price slump in many large economies.

The conditions in USA showed promising as the unemployment rate came down to 3.8% in 2019 from 4.4% in the preceding year. The condition of the UK is little worse to that of the US with 4.0% unemployment rate. The highest unemployment rate can be found in the Republic of South Africa which was 27.1% compared to 27.6% in the previous FY. Amongst the SAARC countries, Sri Lanka has the updated figure as it accounts for only 4.1% of the unemployment rate in September 2018. India exhibited a 6.1% unemployment rate in December 2018.

Global Unemployment Rate



MAJOR CHALLENGES

The global economy may affect due to prolonged escalation of trade tensions in China and the United States. Moreover, unusual policy measures and reduction of trade volume & consumer confidence are also reasons for slowing the global growth in the upcoming days. There are few events that may hamper the overall economic growth:

1. As global financial conditions tighten, an unexpectedly rapid rise in interest rates or a significant strengthening of the US dollar could exacerbate emerging market fragilities, leading to heightened risk of debt distress.
2. Due to China-US trade war, there is a fluctuation of price and availability of goods. Besides they try to create a trade war over the economy which may affect the trade volume.
3. Based on world economic forum, Cyber security risks are also growing, for example- Facebook scams may both affect their prevalence and disruptive potential.
4. Because of countrywide clash, many countries may set tax on other rival countries like US and China. For this many developing countries like Bangladesh may be affected due to China's affected GDP caused by US.
5. Brexit uncertainty may slow the economic growth in euro zone as well as emerging countries.

OUTLOOK FOR 2019

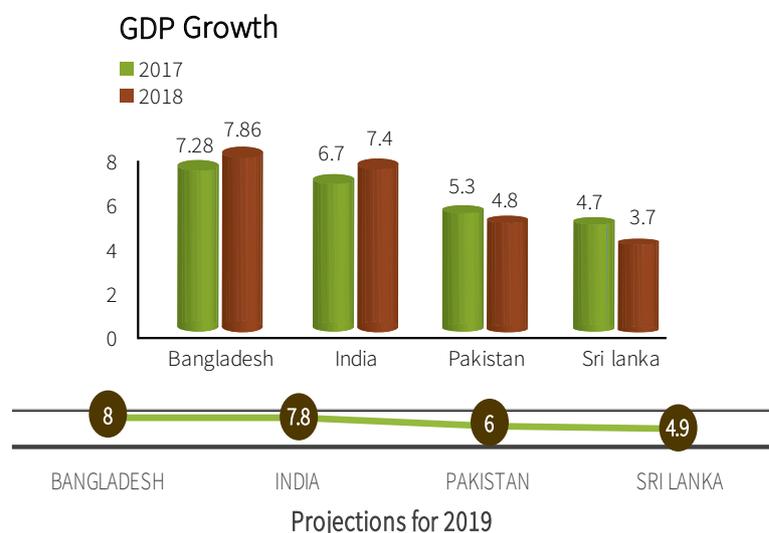
The global expansion has debilitated and growth forecast for 3.5 % in 2019 and 3.6 % in 2020 downward revision from 3.7 % in 2018 in the last World Economic Outlook, October 2018 because of negative effects of tariff increases between United States and China. The possibility of financial market stress, intensifying trade isolationism and heightened geopolitical tensions continue to cloud the outlook. Financial market stress could arise due to escalating investor concerns about the creditworthiness of some emerging market and developing economies or as a by product of faster-than-expected normalization of monetary policy in advanced economies. Countries with high corporate debt, wide current account or fiscal deficits, or weak growth prospects would be vulnerable to jumps in global financing costs. In commodity exporting economies, in particular, the expected slowdown in commodity demand growth from major emerging markets evaluates on long-term growth outcomes.

Source

*World Economic Outlook, January 2019, World Bank
World Economic Situation and Prospects 2019, United Nations
Commodity Markets Outlook, October 2018, World Bank
World Employment & Social Outlook, ILO*

Bangladesh Economy

The outgoing year's economic performance of Bangladesh was good as a whole. Bangladesh achieved its highest ever GDP growth in FY2017-18 fiscal year reaching 7.86% growth exceeding the estimated growth of 7.65%. The growth was supported by satisfactory performance in the agriculture sector, Industrial and Power sector. As per the Government estimation, the country's GDP growth would exceed over 8% by 2019 while it would be within 9 to 10% by 2030. RMG sector consist of more than 83.63% of the total country's export, Bangladesh has become the world's second largest ready-made garments exporter after China. Per capita income has estimated to reach USD 1,751 in FY2017-18 from USD 1,610 in previous fiscal year. According to the IMF, Bangladesh's economy is the second fastest growing economy out of 134 countries which have growth rate more than 7% consecutively last three years.



Volume of import is showing more than 25% growth in FY2017-18 over previous fiscal year and growth of export volume is 5.81% in FY2017-18 over previous fiscal year which made the deficit balance of USD 9.78 billion in the current account. As a result, BDT is losing its value continuously and fluctuation of exchange rate is the big concerning factor for the importers.

Annual average inflation rate stood at 5.54% as of December, 2018, which is little bit lower than 5.70% as of December, 2017. Bangladesh's foreign currency reserve stood at USD 32.01 billion as of December, 2018 which is enough to meet the country's import bills for nine months. But rise of non-performing loans, lower capital adequacy and the overall governance issues are some challenges for the economy.

AGRICULTURE SECTOR

Agriculture sector contributed 14.2% of GDP and grew by 4.2% in FY18, compared to 3.0% growth in FY17. This growth in agriculture sector mainly aided by favorable weather, higher crop prices, and timely supply of inputs and finance. Besides, almost all sub-sectors of agriculture have achieved higher growth in FY18, compared to the previous fiscal year. Moreover, the growth was supported by the strong growth in fishing (6.37%). Crop and horticulture activities, which account for more than half of the agricultural value added, attained a moderate growth (3.1%).

INDUSTRY SECTOR

Industry sector contributed 33.7% of GDP, and grew by 12.1% in FY18, up from 10.2% in FY17. This growth was supported by strong growth of manufacturing and construction sub-sectors. The growth in large and medium scale industry increased to 14.3% in FY18 from 11.2% in FY17, growth in electricity, gas and water supply increased to 9.2% in FY18 from 8.5% in FY17 and growth in construction increased to 9.9% in FY18 from 8.8% in FY17. The construction sector received a boost from the government's mega projects implementation. Growth in manufacturing sub-sector increased to 13.4% from 11.0% over the same period

SERVICE SECTOR

The services sector accounts for the largest share of GDP, although the share is slowly decreasing. In FY18, 52.1% of GDP came from this sector which was 52.9% in FY17. In FY18, service sector grew by 6.4%, down from 6.7% growth in FY17. The growth of two major components of services sector - education and financial intermediations witnessed sharp decrease. Moreover, growth of financial intermediations, transport, storage and communication, public administration and defense and health and social works sub-sector decrease slightly. On the other hand, growth of hotel and restaurants, real estate, renting and business activities, wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods subsectors increased slightly in FY18.

FISCAL OUTCOME

Expenditure

The Annual Development Programme (ADP) in the revised budget for FY18 amounted to BDT 1,483.8 billion (6.6% of GDP) which was 76.4% higher than the actual ADP in FY17. In the revised budget for FY18, nearly, 41.9% of the total ADP was spent on the infrastructure sector (power, oil, gas and natural resources, transport and communication), 16.0% on the social sector (education and religious affairs and health, nutrition, population and family welfare), and 3.6% on agriculture sector. Transport 10.3%, power 13.3 %, rural development 9.7 %, expenditure. Physical planning, water supply & housing 10.3%.

Revenue Collection

In the revised budget for FY18 total revenue receipts targeted BDT 2,594.5 billion, which was 9.9% lower than initial target. It was 28.9% higher than the actual revenue receipts in FY17. The tax revenue constituted 89.5% of the total revenue receipts, which was 30.4% higher compared to the actual tax collected in FY17. The non-tax revenue of FY18 was 17.8% higher than that of FY17.

External Sector

External sectors of Bangladesh economy such as export, import and remittance have always big role in the country's development activities.

Directors' Report

Export

Export earnings increased slightly by 5.81% to USD 36,668.17 million in FY18 from USD 34,655.9 million in FY17. Woven and knitwear products, which fetch about 83.49% of total export earnings, registered an increase in receipts from USD 28,149.8 million in FY17 to USD 30,614.8 million in FY18. Woven and Knitwear products showed a higher growth of 7.2 and 10.4% respectively in FY18 compared to FY17. Export earnings from footwear products increased by 4.1% to USD 809.7 million in FY18 from USD 777.8 million in FY17. One important feature of export diversification is the geographical diversity of export destination countries. By looking at the share of different regions, it is observed that over the years Bangladesh's exports to EU and Asia region increased but it decreased in American region.

Import

Imports recorded at customs (fob) in FY18 increased markedly from USD 43,491 million in FY17 to USD 54,463.2 million registering a growth of 25.2%. Import of food grain recorded a significant growth of 140.9% in FY18 mainly due to increase of rice import. Import (landed) for food grains stood at USD 3,098.8 million in FY18 compared to USD 1,286.4 million in FY17. Import of other food items increased by 3.4% to 4,385.3 million in FY18 from USD 4,240.4 million in FY17. Except negative growth of pulse (all sorts, 35.4%) and sugar (7.6%), all other food items of imports showed positive growth. Consumer and intermediate goods increased by 17.2% to USD 3,4419.4 million in FY18 from USD 2,9371.2 million in FY17. All items of capital goods and others categories recorded a high growth of 30.6% to USD 2,1347.1 million in FY18 from USD 16,347.6 million in FY17. Imports by EPZ increased by 17.7% to USD 3,756.0 million in FY18 compared to USD 3,190.7 million in FY17.

Remittance

Remittance inflows increased by 17.3% at the end of FY18 compared with the negative growth of 14.5% in FY17. Gross remittance earning is increased by 17.3% from USD 12,769.45 million in FY17 to USD 14,981.69 million in FY18. Bangladesh receives a lion share of remittances from the Middle East countries. Workers'

remittances increased by 17.33% in FY18 due to some progressive measures taken by Bangladesh Bank and the government for reducing the cost of remittances transfer and to encourage formal channel for sending remittances.

Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) is recognized as one of the important components of Bangladesh's foreign exchange reserves in recent years. It contributes as the second largest component of the financial account. FDI has been emphasized by the Government in its 7th five year plan and has undertaken various policies for adequate incentives in attracting foreign investors. However, net FDI inflow decreased slightly by 4.23% to USD 1,583.0 million in FY18. Portfolio investment also decreased significantly by 20.13% to USD 365 million in FY18 compared to USD 457 of preceding year.

Balance of Payments (BoP)

Bangladesh has experienced a record high in current account balance (CAB), a deficit of USD 9,780 million in FY18. As per Balance of Payment the components of current account balance are trade balance, net services, net income and unilateral transfers (remittances).

CPI INFLATION

Annual average CPI inflation has consistently declined from its recent peak of 7.4% at the end of FY14 to 5.4% at the end of FY17 but increased afterwards reaching at 5.8% at the end of FY18. Annual average CPI inflation increased to 5.8% in June 2018, marginally higher than the 5.5% target ceiling for FY18. This increase in average CPI inflation was broadly tracking the food inflation dynamics driven by flood-related domestic shocks and higher global commodity prices, while non-food inflation witnessed a decreasing trend. Bangladesh Bank's projection shows average inflation for H1 of FY19 to be around 5.4- 5.8% assuming no large domestic and external shocks. Looking ahead, inflation risks in FY19 from higher global commodity prices and exchange rate movements are on the upside.

EXCHANGE RATE

In FY18, exchange rate depreciated by 3.7% due to higher demand for dollar following the declining trend of net foreign assets and high import growth. Exchange rate stood at BDT 82.1 as of end June 2018 compared to BDT 79.1 as of end June 2017 (period average). The large import bill has also against the backdrop of the higher demand for dollar following the declining trend of net foreign assets and high import growth. In FY18 Foreign Exchange Reserves stood at USD 32.9 billion which was USD 33.5 billion in FY17. On the other hand, the country's current account is already facing huge deficits for the higher import payments and it widened of 3.3% of GDP. As of December, 2018 the exchange rate stood at BDT 83.90.

Monetary Policy

Bangladesh Bank Monetary Policy Statement (January-June 2019) aimed at achieving price and Macro-financial stability along with sustainable economic growth. Inflation target is within 5.80% for attaining GDP growth rate range of 7.5 to 8.00%. The average inflation rate was 5.54% for the year 2018 which was 5.70% in 2017. Private sector credit growth target slightly reduced at 16.50% from 16.80% which is above the actual reached at 13.20% in December, 2018 well below the target.

Broad money (M2) recorded a lower growth of 9.2% in FY18 against the target growth of 13.3% and the 10.9% actual growth in FY17. The lower growth in broad money is driven by negative growth in net foreign assets (NFA) stemming from a sharp increase in imports.

Reserve Money (RM) grew by 4.0% in FY18 much lower than the programmed growth of 12.0% and actual growth of 16.3% in FY17.

INTEREST RATE MOVEMENT:

The weighted average interest rates on deposits followed rising trend from 4.84% in FY17 to 5.50% in FY18. Similarly, weighted average interest rates on lending rate gradually increased to 9.95% in FY18 from 9.56% in FY17. But the spreads between lending and deposit rates narrowed at 4.45% in FY18 from 4.72% in FY17.

CALL MONEY

During FY18, moderate penetration in the average volume of transaction in the call money market is observed. During the same period call money rate ranging from 2.96% to 4.40%. The volume of transaction in the call money market was high in the initial months with moderate growth in third quarter. The average volume of interbank call money increased by BDT 263.19 billion, which was 22.83% higher comparing that of FY17.

FOREIGN EXCHANGE RESERVE

The gross foreign exchange reserves held by BB comprises major currencies (G-7), gold and Special Drawing Rights (SDR). At the beginning of FY18 foreign exchange reserves was USD 32.99 billion which slightly decreased to USD 32.94 billion at the end of the year. Foreign exchange reserves stood at USD 32.9 billion in June 2018, around 5 month of prospective imports. Bangladesh Bank expects that in FY19 remittance inflows and export growth will continue their recent performance. As of December, 2018 Foreign exchange reserves stood at USD 32.01 billion.

SOVEREIGN RATINGS

Bangladesh is holding Ba3 (Moody's) and BB-(Standard and Poor's) with stable outlook for the 9th consecutive years. Satisfactory real GDP growth and good economic performance as a whole have helped Bangladesh to achieve BB- rating with stable outlook from Fitch Ratings for the fourth time. In general, a credit rating is used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness of Bangladesh, thus having a big impact on the country's borrowing costs.

OUTLOOK OF 2019 THE OPPORTUNITY & CHALLENGES

Bangladesh economy experienced a remarkable GDP growth in FY18 and expecting to continue in the next fiscal year FY19 which will be supported by strong domestic and external demand. Although private sector credit growth (13.20% in December, 2018) is far below from target level (16.50%) but it may turn at rising trend in 2019 for stable political environment. In spite of rising trend of foreign exchange rate against BDT and oil prices after that inflation level is within target level (5.80%). Moreover, 13 large projects are likely to get Taka 9,481 crore in FY19 marking a prospect for investment opportunities and growth in business in FY19. Bangladesh would continue to drive its ambitions for becoming a higher middle income country, low interest rates and improved infrastructure are expected to boost investment towards the country's vision.

However, there are a number of challenges for the Bangladesh economy for journey in 2019. Overall balance of payments is showing negative balance, which may widen further due to heavy import growth and moderate export performances and remittance inflows. Governance issue around the banking sector is another big challenge for the economy. Moreover, influx of roughly one million Rohingya from Arakan of Myanmar is putting an upward demand for import of food and their alleged involvement in different anti-social activities over the country is also challenge for the economy.

Source

Bangladesh Bank Annual Report 2017-2018
Asian Development Bank Outlook 2018
Bangladesh Bank Monthly Economic Indicators, December-2018

Banking Industry Exploring 2018

Banking industry of Bangladesh has achieved remarkable momentum over the years. It has brought several positive changes in terms of expansion, modernization, quality of assets, application of international standards, technology adaptation, capacity development efforts, corporate governance, and improved regulatory and supervisory environment. This industry has evolved by leaps and bounds over the past decade, when it comes to operations and service delivery. Surprisingly though, most banks have failed to utilize the information within their own databases. However, that's all about to change as the banking sector gears up to process immense volumes of data created and collected.

The banking sector of Bangladesh has expanded over the years in terms of number of formal institutions, higher number of financing instruments, and bigger volumes of assets. However, the sector has been facing a number of serious challenges due to malpractices, scams and heists. These have affected the overall performance of the sector which is reflected through various efficiency and soundness indicators. Repeated concerns have been expressed by relevant stakeholders regarding the constant deterioration of banking performances and its potential implications for the sustainability of the sector. Given that the financial sector of the country is mainly bank based, poor health of the banking sector will also impact on economic growth. Therefore, rectifying the problems is critically important. While much has been talked about, it is time to act to address the problems. For the current government, the banking sector should be a priority for action.

Regulation of banking Industry

Bangladesh Bank Order 1972 and the company act 1991 and subsequent amendment of 2013 mainly guide the Commercial Banks of Bangladesh. The latest amendment allows the number of directors from two to four from a single family and the extension of the tenure from six years to nine years. The Bangladesh Bank (BB), central bank, exerts the supervisory controls over the banking sector. Besides, prudential guidelines for agent banking operation, loan classification and provisioning, amendment of guidelines on credit card operations of banks, foreign direct investment promotion project (FDIPP), promotion of cashless transaction and issuance of agricultural & rural credit policy & program for the FY 2017-18 were the key steps of central bank to strengthen sustainable development of the banking industry.

Banking Sector of Bangladesh

Banks' aggressive drive for funds has finally pushed up the deposit growth, easing the cash crunch that has crippled the banking sector in 2018. Yet, the growth in loans, which was nearly 17% in June this year, is still significantly higher than the deposit growth, creating a likelihood for asset-liability mismatch.

At the end of 2018, the deposit growth slipped to 9.05% from 10.22% in 2017, the gap between private sector credit growth and deposit growth declined to 5.4% points in Q1FY19 from 6.2% points in Q4FY18. But aggressive lending and loan scams by some banks sparked a liquidity crisis in the sector at the turn of the year.

Total deposit of the banking sector in December 2018 stood at Tk. 10,099.81 billion. Similarly total advances stood at Tk. 93,26.78 billion. The AD Ratio is lowest for state owned Commercial Bank which is 56.70%; regulatory body has also specified the boundary of AD ratio for banking industry as a pre-step to ensure the sound liquidity position of commercial banks. The key profitability indicators – (Provisional) return on assets (ROA) and return on equity (ROE) stood at 0.40% and 5.40% respectively as on 30th September 2018 as compared to 0.7% and 9.6% respectively recorded in 2017.

The banking industry has maintained a provision of Tk. 483.6 billion against required provision of Tk. 564.9 billion, marking a shortfall provision of Tk. -81.3 billion as of 30th September 2018. At the same period, the average CRAR (Capital to Risk Weighted Asset Ratio) for banking industry was 11%, when the CRAR for the private commercial banks, state banks and foreign banks was 12.20%, 6% and 26.70% respectively.

MONETARY AGGREGATES

Item	Actual		Program	
	Jun 18	Dec 18	DEC-18 MPS	JUN-19 MPS
Net Foreign Assets	-4.2	-0.2	1.2	-1.6
Net Domestic Assets	14.2	12.6	14	16.2
Domestic Credit	14.6	13.3	15.9	15.9
Credit to the public sector	-2.4	13.3	8.6	10.9
Credit to the private sector	16.9	13.3	16.8	16.50
Broad money	9.2	9.4	10.2	12
Reserve money	4	8.2	8	7

Source: Monetary Policy Statement, Jan-Jun 2019

Types of Bank	No. of Banks	Number of Branches	Deposit (in billion)	Advance (in billion)	CRAR %	AD Ratio %	ROE (p) %	ROA (p) %	NPL Ratio %	CL (in billion)
State Owned Bank (SCB)	6	3,721	2,772.64	1,594.24	6%	56.70%	-12.30%	-0.70%	31.20%	480.8
Specialized Banks (DFI)	3	1,407	290.96	241.29	-32.00%	84.40%	-8.40%	-1.60%	21.70%	52.4
Private Banks (PCB)	41	4,776	6,870.44	6,445.03	12.20%	67.90%	9.60%	0.70%	6.70%	436.7
Foreign Banks (FCB)	9	69	466.34	309.45	26.70%	77.60%	13.70%	2.80%	7.10%	23.8
Newly approved	3									
Total	62	9,973	10,400.38	8,590.01	11%	76.40%	5.40%	0.40%	11.50%	993.7

Source: Bangladesh Bank Annual Report 2017-2018, Schedule Bank Statistics, July-Sep 2018; P= Provisional; Bangladesh Bank Quarterly (July-September, 2018) Vol. XVI, No.1

Review of operations of Bank Asia in 2018

Stable political as well as business environment leads the economy to grow moderately but still the banking industry had to pass another challenging year in respect of liquidity pressure, rising non-performing loan, increase of cost of deposit, lower rate on T-bill/bond and so on. Yield on advance of the bank increased by 0.96% in 2018 and reached at 9.99% from 9.03%. Bank's total assets reached Tk. 307,291 million in 2018 compared to Tk. 288,997 million in 2017 with a growth of 6.33% and total capital reached Tk. 35,083 million from Tk. 32,913 million with a growth of 6.59%. Deposit reached Tk. 222,471 million compared to Tk. 207,041 million with a growth of 7.45% and Loans and advances was 8.67% higher than the preceding year and stood at Tk. 214,618 million.

Bank's import decreased by 7.28% and stood at USD 1,999.04 million (Tk.165, 203 million) in 2018 where in 2017 it was USD 2,156 million (Tk. 181,468) million. Export increased by 10.29% and reached USD 1,607.43 million (Tk. 136,733) million which was USD 1,457 million (Tk. 118,172 million) in the previous year. Inward remittance in 2018 showed a growth of 12% and reached USD 735.11 million (Tk. 60,113 million) compared to USD 654.48 million (Tk. 51,778 million) in 2017. Although bank's core income increased, investment income exhibited negative growth for reduction of yield on treasury bill/bond. Operating profit and net profit after tax of the bank stood at Tk. 8,060 million and Tk. 2,266 million respectively. The Bank did much better in restraining growth of classified loans at the year ended with CL ratio to 4.10% in 2018 compared to 4.38% of previous year. The Bank is standing on

sound footing where strong capital base is playing a key role for smooth business growth. This strong capital base helped the Bank to maintain a very satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 15.05%.

To maintain the increasing demand of customers for innovative services and a balanced distribution of network, the Bank opened 7 new branches in 2018. The whole network of Bank Asia now consists of 123 branches, 4 SME service centers, 5 Islamic windows, 149 own ATMs and more than 10,000+ shared ATMs, 1 Brokerage Company in Bangladesh and 2 exchange houses located in UK and USA. The Bank is also operating 2 branches of BA Express USA Inc. in New York since 2014. All the operations of the Bank are interconnected and integrated through state of the art networking technology.

CORPORATE & LARGE LOAN

Corporate & Large Loan, the single largest business unit of Bank Asia Limited, has been extending the best in corporate financing products and services with due expertise towards ensuring sustainable growth and development for the Bank. The Bank has yet again maneuvered its large corporate business, the prime earning engine, exceedingly well achieving some milestones in its way forward. Corporate & Large Loan has financed in almost all major corporate business sectors that are of large scale nature such as food and beverage, construction, power plants, transports, institutions, trade services, housing, utility

services etc.

Principally, Corporate & Large Loan deals with clients having total funded exposure of Tk.200.00 million and above or total exposure of Tk.300.00 million and above. In addition, entire portfolio of Financial Institutions (FIs) is being entertained. To cater the dynamic corporate business needs and also to come up with tailor-made services, Corporate & Large Loan is sliced into two major finance segments: General Corporate Finance and Syndication and Structured Finance. A snapshot of these two strategic arms is as follows:

- General Corporate Finance: General Corporate Finance deals with all general modes of finance spreading from short-term to long-term in nature in the likes of Demand Guarantee, Letter of Credit, Loan against Trust Receipt, Demand Loan, Time Loan, Term Loan, Lease Finance etc. and there are two wings there under for proper and smooth administration.
- Syndication and Structured Finance: A specialized arm under Corporate and Large Loan that deals with arrangement of fund for large projects of corporate clients thereby spreading the risk amongst the partner FIs/ Banks and also offers agency services.



JSW LOHGAD and JSW SINHAGAD, a pair of bulk carriers worth USD 12.43 million being built at the shipyard of Western Marine with corporate finance from Bank Asia

Major Activities in 2018:

- As on December 31, 2018, total loan portfolio of C&LL was Tk. 94,949 million, which was 44% of the total loan portfolio of the Bank.
- Clients handled/entertained by C&LL imported worth Tk.57,236 million.
- Arranged refinancing of Tk.650 million from Bangladesh Bank under LTFF (Long Term Financing Facility).
- Agreement signed with Bangladesh Bank for IPFF (Investment Promotion and Financing Facility).
- Arrangement made with foreign Banks for ECA-backed financing of USD 24 million equivalent to Tk.2,040 million for a power project.
- Launched Supply Chain Finance.

EXPORT FINANCE

Since inception of banking operation, Bank Asia Limited has its active participation in financing the export oriented customers. All export oriented customers of the Bank irrespective of its nature and portfolio are privileged as Corporate customers and dealt by the Export Finance Department. Earlier, Export Finance Department was working as a specialized Department under Corporate & Large Loan Division. In 2018, Management as advised by the Board of Directors has strengthened the Export Finance Department further through formation of a new Division titled as 'International Banking & Export Finance'.

Export Finance Department deals with all the 100% export oriented customers of Bank Asia Limited including RMG, Textiles (Spinning & Weaving), Dyeing/ Washing, Jute, Leather and all other direct and indirect exporters. Credit

portfolio of Export Finance Department is increasing over the years. At the end of the year 2012, our funded exposure in this sector was around Tk. 8,468.16 million which increased to Tk.34,583.00 million at the end of the year 2018. Total funded loans & advances of the Bank (Including Loan with OBU) in Export sector is approximately 20% of total credit portfolio of the Bank. Out of the export oriented customers of the Bank, RMG and its allied business (including spinning, knitting, dyeing, washing and accessories) occupies 98% of total exposures. Despite different challenges faced by the export oriented industries, growth and performance of our export oriented customers are remarkable.



A modern Spinning Mill financed by Bank Asia

SYNDICATION & STRUCTURED FINANCE

Bank Asia has been operating in the syndication loan market for more than one and a half decade. Our expertise in loan syndication facilitated entrepreneurs to successfully accomplish a number of significant projects to assist the real sectors of the economy. Since 2000, Bank Asia's Syndication & Structured Finance Unit (SSFU) under Corporate & Large Loan (C & LL) has been extensively engaged in syndicate activities, acting as lead arranger and agent in 18 syndications for various projects, some of which are import substitutes, have created substantial amount of employment opportunities, and are saving as well

as earning scarce foreign currency through exporting. SSFU provides financial solutions to infrastructure, industrial service oriented projects, power projects, refinery plant, textiles, ceramics, pulp & paper, telecom, steel, cement etc. The unit also plays a vital role to accommodate different types of large loans for the Bank's corporate clients- i.e. project term loan (local & foreign currency) including BMRE of projects, working capital financing, short term loan, financing under long term financing facility (LTFF), offshore financing, bridge financing,

investment in alternative product etc. As on December 31, 2018, total loan portfolio of SSFU was Tk. 7,883 million.

Besides, Bank Asia Ltd, is acting as Lead Arranger and Agent for Bashundhara Industrial Complex Ltd. to enhance the production capacity of the existing cement factory (Ball Mill) at Madongonj, Narayangonj. After the proposed expansion, total production capacity of the project shall be 3,000,000 MT per annum having total project cost of Tk. 4,498 million, which will be financed by Syndicated Term Loan facility of Tk. 2,850 million.



Bank Asia financed Power Plant

CMSME Banking & Agri/Rural Credit

Bank Asia has been gradually shifting its focus in Cottage, Micro, Small & Medium Enterprise (CMSME) lending since 2007. MSME and Agriculture Division has been restructured and incorporated under Small Enterprise & Special Programs Loan (SE & SPL), Medium Enterprise and Agriculture Department from the year 2015. The Bank also offers supply chain financing solutions through small-ticket funding to the channel partners of large corporate from the year 2018.

COTTAGE, MICRO & SMALL ENTERPRISE FINANCING

Small Enterprise & Special Programs Department is presently dealing with the Cottage, Micro & Small Enterprise business and has undertaken a number of initiatives to boost up financing to this thrust sector. We are giving special emphasis on manufacturing industries, service oriented business initiatives, cluster financing, promoting rural people as well as rural women entrepreneurship, creating a business network for CMSE entrepreneurs and financing in untapped areas to the unbanked new entrepreneurs.

Initiatives in 2018

- The SE & SPL Department of the Bank has launched 2 new products titled "Shopner Khamar"-for dairy sector value chain entrepreneurs and "Uttaran"-for existing CMSE loan borrowers who have excellent track record.
- Created a new partnership with the Financial Inclusion Department, Bangladesh Bank for financing to the SME Entrepreneurs under re-finance of

ADB fund.

- Partnered with Infini Systems Pvt. Ltd for financing suppliers of the corporate customers using "Veefin" software.
- Participated in "Banker-SME Women Entrepreneur Gathering & Product Display Fair-2018" organized by Bangladesh Bank.
- Participated in the "Entrepreneur-Banker match making program with SME Foundation" held at Munshigonj and Rangpur.
- The Bank has set up dedicated Women Entrepreneur / SME Help desks in all branches across the country to assist SMEs
- Arranged 6 training /seminar sessions amongst 150 entrepreneurs on capacity building, business development and monitoring.

Online Credit Approval System (TAB/PC based)

- Organized 13 training sessions amongst 489 officers of the Bank on Online Credit Approval System (OCAS), understanding SME business, awareness of the business need and assessment of finance of the CMSME customers.
- As we are the first financial institution in the country to introduce TAB/ PC based digital SME & Agri proposal processing, we processed 6,584 credit proposals through the DIGANTA (BFP-B funded project) online credit approval system up to 31st December 2018.

Cluster Financing

Bank Asia implemented a full-fledged digitized cluster-based approach for

financing cottage, micro, small enterprises. Currently the bank is actively working on developing and financing in the following clusters-

Electric & Electronic cluster- Jurain, Muradpur, Kadomtoli, Syampur, Dhaka

Handloom & Specialized Cloth Cluster - Adhamdighi, Bogra

Hosiery Cluster - Jurain, Kadomtoli, Dhaka

Bamboo & Cane Cluster - Rajanagar, Sirajdikhan, Munshigonj

Shitol Pati Cluster- Joynshar, Sirajdikhan, Munshigonj

Jamdhani Cluster - Moikoli, Tarabo, Rupgonj, Narayangonj

RMG Cluster - Dolagaon & Malkhanagar, Sirajdikhan, Munshigonj & Keranigonj, Dhaka

Pottery Cluster - Ultapara, Noihati, Kaliakoir

Broom Cluster- Keranigonj, Dhaka

Curd Cluster- Kaliakoir, Gazipur

Sports Ware Cluster- Bondor, Narayangonj

Cock Sheet Cluster- Staff road, Demra, Dhaka

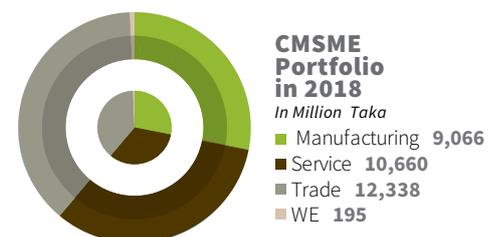
Metallic Ornaments- Vakurta, Hemayetpur, Dhaka

Financial Highlights of 2018

- The Cottage, Micro and Small Portfolio stood at Tk. 9,119 million compared to previous year's Tk. 7,010 million with a growth of 30.09%
- Medium Enterprise Portfolio stood at Tk. 28,032 million compared to previous year's Tk. 25,850 mn with a YOY growth of 8.44%
- 4,872 no. of new CMSE borrowers were added to the CMSE portfolio in 2018 with a volume of Tk. 5,503 million
- 101 new customers were on boarded in Mid Segment Enterprise with a volume of Tk. 2,822.34 million.



An agreement signed between Bank Asia & Bangladesh Bank on financial services for the development of CMSME under re-finance from ADB fund



AGRICULTURAL/RURAL CREDIT

Bank Asia Ltd. has a great contribution to Agricultural/ rural credit sector. FY 2017-2018 was a good continuation of target achievement like every year. We have achieved 108% against our total target of Tk. 2,830.00 million. In 2018, credit facility was disbursed to 65,867 rural farmers. Bank Asia has been achieving the target of Bangladesh Bank in most of the years successfully. Till to date, 566,757 number of farmers have received financial assistance from us.

Status of Agricultural/Rural Credit as on 31-12-2018 is given below:

Million Taka

Particulars	Direct Network	NGO Network	Total
Disbursement (01.01.2018-31.12.2018)	171.34	2,709.15	2,880.49
Outstanding (as on 31.12.2018)	192.32	2,142.27	2,334.59
No. of Beneficiary	1,874	63,993	65,867

Bank Asia has also success in the following arenas:

Partnership with different international Organization

With the aim to reach international level of agricultural/rural financing, Bank Asia has extended partnership hand to different international organization through different programs such as i. USAID ii. Green Delta iii. Care Bangladesh.

10 Taka Account

We facilitated 1,336 no. of borrowers by disbursing Tk. 46.28 million and received finance of Tk. 12.51 million from Bangladesh Bank in the year 2018. Bangladesh Bank has appreciated Bank Asia for its contribution in this sector.

Financing in special crop sector

Under special Agricultural Credit at 4% concessional interest rate, we facilitated 372 no. of borrowers by disbursing Tk.8.61 million which was 108% of the target.

A-Card

A- card, the Smart form of Agricultural credit was propagated into 457 rural farmers. Total Tk. 9.05 million was disbursed through A-card in this year.



Farmers’ Group Discussion (FGD) arranged by Bank Asia

MID-SEGMENT ENTERPRISE FINANCING

Mid-segment Enterprise has huge prospects in contributing positively to GDP growth of an economy and thus getting even increasing attentions now than ever before. Due to its crucial role in achieving sustainable growth Bangladesh Bank (BB) has formulated a comprehensive policy and programs on SME named “SME Credit Policies and Programs.” BB has also implemented refinance facilities for banks and NBFIs to encourage more SME financing by banks. Moreover, the risk diversification is better in ME and there is a significant market gap in this sector, which denotes a huge prospect to grow up in medium segment. Therefore, considering the above fact, our bank is more focused on Mid Segment financing.

The business position of Mid-segment Enterprise (ME) as on December 2018:

million taka

2017	2018	Growth in 2018	Growth %	% of holding
25,850	28,032	2,182	8.44%	13.04%

Since Bangladesh Bank encourages banks to extend their loans to this preferential sector, it is quite apparent that this sector can be considered as ‘the driving force for industrialization’. Bank Asia also echoed the same preference for this mid segment sector by setting a robust but pragmatic budget for the year 2019.

CREDIT ADMINISTRATION

The function of Credit Administration Department (CAD) is to ensure quick, smooth and safe running of the operations against the most critical functions of loans and advances extended to the borrowers. Its main objective is to support and control the extension of all credit centrally by systemizing the credit facilities and security documents as per terms and conditions of sanction letters, working with critical CIB operations, regulatory reporting, monitoring expired loan, deferral documents and checking copies of major security documents. The role of credit administration department is very crucial under the backdrop of growing number and size of loans, diverse products and clients and complex process and procedures for compliance requirements.

Major Activities in 2018:

- i. Systemized 195,785 numbers of jobs, including changes of limit, terms & conditions, changes of interest rate, installment size, number of installment modification, allowing of EOL / L/C, time extension of composite limit along with deferral.
- ii. Checked of 176,406 nos. of major documents against 12,492 nos. of borrowers.
- iii. Visited 56 branches in collaboration with our ICCD for minimization documentation lapses
- iv. Monitored 48,190 nos. of accounts (Past due loans) and reviewed 14,180 nos. of expired loan accounts for regularization.
- v. Regularized 265 nos. of deferral documents out of 395 nos. of documents of all branches.
- vi. Downloaded CIB reports of 50,997 nos. borrower & uploaded 111,607 nos. of account through online system and against which we have realized Tk. 3.41 Million as CIB charges.
- vii. Correction of CIB database against 2,165 nos. of borrowers from Bangladesh Bank:
- viii. Submitted 279 nos. of statements to Bangladesh Bank and other bodies (monthly/quarterly /half yearly/yearly through conventional and RIT after checking.

Development & Automation in 2018:

- Implementation of online loan documentation through MISDB system.
- Updating CIB database irrespective of amount i.e. from 1.00 taka and above as per BB requirement.
- Automation of CIB undertaking and inquiry from CBS system.
- Implementation of Collateral/Security Information database against loans and advances and develop a separate module for updating the information to Bangladesh Bank.

Planning for 2019:

- Online sanction & loading of Secured Overdraft (SOD) loans under Branch delegation through MISDB system.
- Online module for monitoring existing collateral security reviewing/revisiting system.

SECTORAL DISTRIBUTION OF CREDIT

The Bank’s loans and advances to Tk. 214,618.15 million achieving a growth of 9%. Sectorwise distribution of loans and advances is as follows:

Million Taka

SL. No	Sectors/Sub-Sectors	2018		2017	
		Million Taka	% of Loan	Million Taka	% of Loan
1	Industries				
	Agriculture	5,915.90	2.76%	4,074.80	2.06%
	Food Manufacturing	11,750.70	5.48%	10,907.40	5.52%
	Beverage industry	434.40	0.20%	747.20	0.38%
	Tobacco industry	231.50	0.11%	311.90	0.16%
	RMG industry	25,513.20	11.89%	22,666.40	11.48%
	Textile industry	21,784.90	10.15%	20,274.90	10.27%
	Wood cork and allied products	50.30	0.02%	41.50	0.02%
	Furniture and Fixture	152.90	0.07%	156.00	0.08%
	Paper and paper products	5,673.20	2.64%	8,648.30	4.38%
	Leather and leather products	1,896.50	0.88%	2,073.00	1.05%
	Rubber products	2,124.50	0.99%	2,355.30	1.19%
	Chemical and chemical products	1,394.50	0.65%	1,632.80	0.83%
	Basic metal products	8,826.70	4.11%	6,225.20	3.15%
	Electrical machinery and apparatus	2,847.80	1.33%	3,794.80	1.92%
	Other manufacturing industries	16,107.94	7.51%	13,467.83	6.82%
	Ship building	2,729.90	1.27%	2,080.30	1.05%
	Ship breaking	621.50	0.29%	760.10	0.38%
	Pharmaceutical	435.50	0.20%	467.30	0.24%
	Subtotal	108,491.84	50.55%	100,685.03	50.98%
2	Constructions	3,915.60	1.82%	5,280.50	2.67%
3	Power, Gas, Water and Sanitary Services	3,624.00	1.69%	2,023.40	1.02%
4	Transport, Storage and Communication	2,620.60	1.22%	2,823.90	1.43%
5	Trade Services	45,579.00	21.24%	34,740.50	17.59%
6	Housing Services	14,305.10	6.67%	13,882.70	7.03%
7	Banking and Insurance	4,658.80	2.17%	7,178.50	3.63%
8	Professional and Misc. services	31,423.21	14.64%	30,889.62	15.64%
	Subtotal	106,126.31	49.45%	96,677.40	48.95%
	Total	214,618.15	100.00%	197,504.14	100.00%

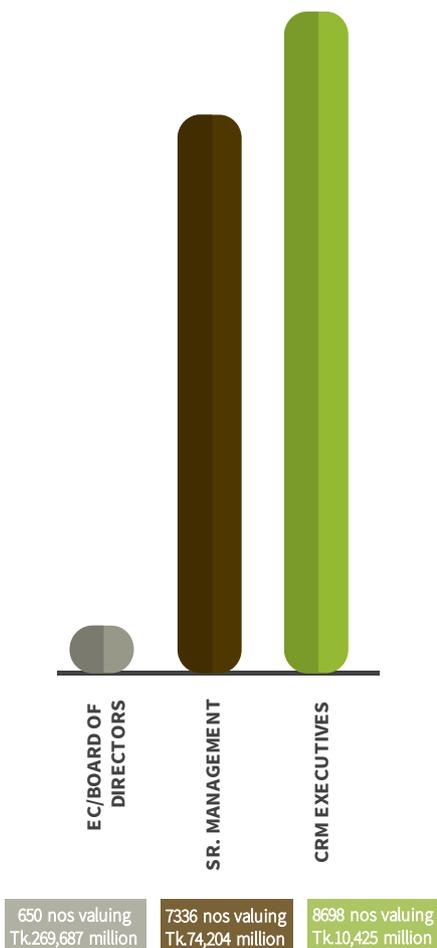
CREDIT RISK MANAGEMENT

Credit Risk Management Division (CRM) of the Bank remained responsible and exerted unwavering commitment towards discharging its duties of credit risk assessment, credit proposal processing, exercising risk based delegation, loan portfolio monitoring, and process reengineering through automation etc. Policy development is regarded as an indispensable task of Credit Risk Management with a view to ensuring sustainable and performing assets development of Bank Asia Limited. CRM division plays a vital role in formulating cutting-edge policy to capture new business and adjustment of existing policy for making ease to existing business.

Major Policy Update in 2018

- Annual review of Policy Guidelines- Credit Risk Management of Bank Asia Ltd.
- Guidelines on Environmental & Social Risk Management: Policy & Procedure
- Policy on valuation methodology of security/ collateral
- Guidelines for allowing notional limit for issuance of credit commitment/ Letter of commitment to substantiate 'Liquid Asset' on behalf of Customer favoring different Govt./ Semi Govt. authorities for participating in tenders

Delegation wise Approval



Business Delegation:

To pick up the pace of the proposal processing while maintaining all due diligence, delegation of business power has been entrusted amongst some of the CRM executives by the Management of the Bank.

Compliance with Regulatory Framework

Effective credit risk management within the regulatory framework is our core concern and "zero tolerance" principle has been adopted with regard to compliance issues. To foster bank's growth and meet all near term and long-term targets, the division's major concern is to develop business supportive policy within the purview of stringent regulatory bindings for compliance of the same.

Risk Assessment

Credit Risk Management Division has been on its strong footing to take calculated risk while doing sustainable business at the same time. Regimented assessment process as well as robust monitoring system has been ensured towards streamlining the portfolio.

Issuance of Sanction Advice

The division has been performing sole responsibility for issuance of sanction advices combining security details, different obligatory covenants, and general guidelines for loan disbursement.

Credit Monitoring

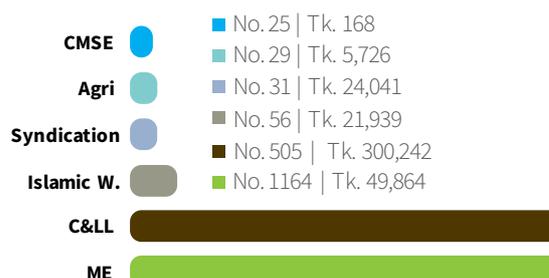
Off-sight credit supervision has become very essential to check and understand whether the approved loan is performing up to expectation. CRM Division periodically reviews bank's loan portfolio which includes but not limited to corporate loan account, mid-segment loan account and SME loan account. The division also extends support to the branches by helping them develop effective loan monitoring strategy.

Credit Rating & CRG

CRM Division through its rigorous persuasion and enforcement helps branches to ensure credit rating and credit risk grading of the valued customers. Credit rating and credit risk grading give the true outlook of a loan applicant. These two are the prerequisites for better portfolio development and the division has the glory to ensure significant loan customer having credit rating and CRG.

Risk Assessment in 2018

No. of proposal & value in million



GROUP FINANCE

With a view to ensuring safe & stable Banking, Group Finance of Bank Asia is operating with utmost efficiency and professionalism. Group finance team oversees all financial activities of its main operations as well as three subsidiary companies. The major functions of Group Finance in 2018 are delineated below.

VAT

Effective management of VAT Audit

Tax

- 1 year return submitted
- 2 year assessment finalized
- 1 year Tribunal filed
- 1 year Appeal filed

Financial Statement

Regulatory Reports

62

Tk. 5,000 million

Process for issuing of 7 Year Floating Rate Non-Convertible Subordinated Bond **4** of Tk. 5,000 mln has been started

Rating

- CAMELS Rating-half yearly
- Entity Rating-Yearly
- 2 Bonds Rating- Yearly

MIS

- Monthly business unit wise performance tracking 1000+
- Monthly profitability analysis **12**
- Daily position **260**

Regulatory Reporting-ISM, FPM, & CDLC Reporting

- **40** reports to Bangladesh Bank
- Provided daily support to **127** branches under ISM reporting
- Conducted 2 trainings regarding ISM

Bank Asia 1st Mutual Fund

Sponsored an open-end Mutual Fund of Tk. **100** million

Investment

- Fresh Investment Tk. **29.3** mln
- Total Income Tk. **185.41** mln

Interest Rate Monitoring

39 peer banks

- Deposit and advance rate analysis
- T-bill, T-bond rate analysis
- Monitoring of Product wise deposit inclusion -exclusion

10 Publications

(annually-semiannually-quarterly)

Employee Fund Management

Total fund Tk. **20,584** mln

Bank Budget

160

Branches and Departments

CL Monitoring

- Tracking of CL movement
- **102** Letters distribution to respective branch for necessary action

3 National Awards

Annual Integrated Report 2017

2 International Awards

- Sustainability Report 2017
- Annual Integrated Report 2017

8 Business Conferences

- Performance analysis in comparison with the respective budget of the branches, divisions, departments & units

Payment Processed

14,619 bills

Finance

- Budget Preparation based on commanding areas potentiality and Variance calculation
- Monitoring & Control
- Financial Forecast
- Financial Analysis
- Individual Employee Deposit Budget

Financial and Strategic Planning

- Supervision of integrated information
- Individual field wise and branch wise monitoring of performance parameters
- Supervision of Central Database for Large Credit

ISM, FPM & CDLC Reporting

Financial Reporting

- Quarterly, semi-annual and annual Financial statements (solo & consolidated)
- Regulatory reporting to Bangladesh Bank, DSE, SEC, CDLC & others

Capital Planning & Management

- Implementation of Basel-III capital accord and reporting to Bangladesh Bank and management
- Capital planning and capital raising
- Approved in 393rd meeting held on October 17, 2018
- MoU signing with SCB BD as arranger

- AIR 2017
- Sustainability Report 2017
- Corporate Outlook 2017-18
- Business Review 2018
- Half Yearly business review 2018
- Quarterly Financial Statement

MIS

MIS-Database Management

- MIS database management, system development and maintenance
- Providing data for preparation of Financial Statements, major regulatory reporting, management reporting and other divisional reporting
- Sensitivity, movement and potential analysis on major business parameters along with industry growth for decision-making and strategy setting
- Branch wise performance tracking with budget
- Monthly performance review of bank's different business units

Publications

Awards

Financial Control

- Yearly Tax planning, return submission, and provision
- Attend hearing with tax officials and face Tax/VAT audit
- Monthly VAT/Quarterly Tax Return Submission
- Tax and VAT Deposit to Govt. ex-chequer

Tax & VAT Planning and Management

- Payment scrutinizing
- Monthly operating expenses analysis and monitoring
- Cost optimization mechanism development

Financial Control Process

Employee Fund Management

- Investment and fund management
- Facilitate final settlement
- Financial statement preparation

Investment

- **ICAB National Award :**
- 1st position - BPAR
- 3rd position - Corporate Governance category
- 3rd position - Integrated Report category
- **Gold Rank award by NCSR & ICSP**
- **SAFA BPAR Awards 2017**

- New capital issue (Bond) & Management of operation
- Facilitate final settlement
- Formation of Investment Committee
- Feasibility analysis of all investment offers of Bonds, Preference Shares, Mutual Fund and Pre-IPO private placement
- Own portfolio management/activities
- Regular supervision of functions of Bank Asia Securities Ltd., BA Exchange UK and BA Express USA

Directors' Report

ISLAMIC BANKING

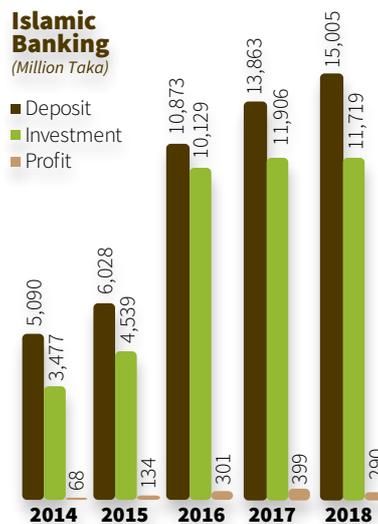
With the commitment of providing high standard of Shariah compliant product & financial services, Bank Asia Islamic Banking was commenced in 2008. At present Bank Asia is operating 5 Islamic Banking Windows in three divisions of the country. Up to December 2018, our Deposit reached to Tk. 15,005 million, Investment to Tk. 11,719 million and Profit to Tk. 298 million.

All of our Islamic Banking activities and products are strictly monitored by the Board and Management and guided by Shariah Supervisory Committee of the Bank. Our Shariah Supervisory Committee consists of 9 members, including qualified Faqih (expert on Islamic law), elite Islamic Scholars and professionals of the country having experience in Islamic Banking.

To calculate profit on Mudaraba deposit, Bank Asia developed a unique profit distribution module based on Income Sharing Ratio (ISR), the first of its kind in Bangladesh. In this module Bank offers an income sharing ratio to the Mudaraba depositors rather than offering a provisional or fixed rate. The actual profit is calculated every month on the basis of income earned for the same period. This module has already been recognized as a better Shariah compliant and justified profit distribution module than that of other Islamic Banking operator in the country.

Under the permission of Bangladesh Bank, we are now offering more diversified deposit and investment products to meet the growing needs of the online customers through all outlets of the bank. To make the venture successful, our Islamic Banking conducted several training programs to all the concerned officials of the bank. We hope that through the expanded network, our Islamic Banking would flourish exponentially.

In late 2017, we have started our Islamic Agent Banking activities through 25 piloting outlets. Our Islamic Agent Banking is using separate software for conducting its business activities. Till December 2018, Islamic Banking covered 1,238 Agent points in 64 districts. We hope that this would create a stronger brand image of Islamic Banking throughout the country and would contribute more in the overall profitability of the Bank.



Orientation program on Islamic Banking operations

Key Activities in 2018

- To develop our retail client base, Islamic Banking arranged 'Islamic Deposit Campaign 2018' from all branches/Islamic Windows of the Bank.
- Our Islamic Banking team visited 105 conventional branches/ SME service centers, conducted an extensive marketing campaign in the surrounding areas of the branches, briefed Islamic Banking products, services & policies to the officials of the branches to spread out Islamic Banking all over the country. As a result, our online customer base reached to 20,000 with deposit amounting Tk.6, 835.00 million at the year-end of 2018.
- The team conducted special marketing campaign in the surrounding areas of all newly opened bank branches.
- We have started to book Investment clients from some of our conventional branches through Online under linked Islamic Windows. Our investment position reached to Tk. 144.00 million as on 31st december 2018.
- Islamic Agent banking operations have also been enhanced in 2018 & that opens our avenues to popularize our Islamic Banking at the root level of our economy.
- Through Hajj services operation, Islamic Banking extended their support to Hajj pilgrims in their pre-registration and final registration processes.

TREASURY OPERATIONS

A sound treasury operation should always be focused on earning maximization while having an uncompromising stance on prudent management of the risks involved in the business. Group Treasury of Bank Asia is no exception of course. Movement and evolution of balance sheet components are ongoing processes that impact profitability and strength of the Bank. Our Treasury played an important role here by identifying and measuring the risks and consequently minimizing or hedging those risks using various financial tools. The objective was stabilizing the balance sheet and maximizing profit for bank. Treasury was involved in asset liability management, money market, and foreign exchange business to comply bank's regulatory requirement as well as to earn money in the course of effective utilization of balance sheet gap along.

MONEY MARKET & FIXED INCOME

Country's money supply (Broad money, M2) growth fell to 9.41% (y-o-y) in December 2018 which was 10.69% in December 2017. Private sector credit recorded 13.20% growth in December 2018 which was lower than 18% of previous year. Meanwhile, the deposit growth was not at par with credit growth. This happened due to the significant amount sale of national savings certificates during the period. Market Liquidity showed moderately shrinking trend. Total liquid assets of the scheduled banks decreased and stood at Taka 255.17Bln as of December, 2018 end which was Taka 264.27Bln at the end of June, 2018. Our money market and fixed income desks were

LCR, Treasury most of the time kept liquid assets over SLR. This year, Treasury continued ensuring optimum duration of investment and brought the investment position down and shifting the portfolio to placement with banks.

Likewise of year 2018, similarly in year 2019, money market and fixed income desks are ready for the challenges with above mentioned approaches and action plan.

ASSET LIABILITY MANAGEMENT

ALM desk of Treasury monitors the current asset liability position and future commitment of the bank, and market liquidity scenario and reports the fund position, balance sheet gap and its risk exposure at internal and external environment before the ALCO. In 2018, pivotal issues like falling interest rate spread, pressure of FC loans, imbalance of growth of NFA (net foreign asset) and NDA (net domestic asset), increasing regulatory pressures for ADR/IDR, commitment limit, regulator's increased monitoring of LCR-NSFR in contrast with the bargaining pressure from commercial customers, and in a nutshell, overall CAMELS considerations changed the ALM dynamics and influenced our ALM targets and activities. The year began with a number of restraining orders from regulators, such as lowering ADR limit, commitment limit maintenance, rigorous monitoring of LCR, NSFR. Besides, there was a trend of fund withdrawal of deposits from government bodies. All these had combined effect on race for deposits amongst private commercial banks. Industry cost of deposit rose throughout the year. However, our bank's hike in cost

was comparatively lower than many of our peers. This was possible due to sound management of deposit book over the year and insignificant dependency on chunk deposits. Another circular from Bangladesh Bank regarding re-pricing of loans came in May, 2018 which posed a challenge to spread management. All through the year, treasury took a proactive approach and remained a strong hand of ALCO for maneuvering asset liability position, commitment of bank, funding liquidity, and fixing transfer pricing rate for profit centres. The Bank's Balance sheet is now in sustainably resilient position. Likewise the gone year of 2018, Treasury is equally prepared for the challenges of year 2019 with pre-set strategies and action plan.

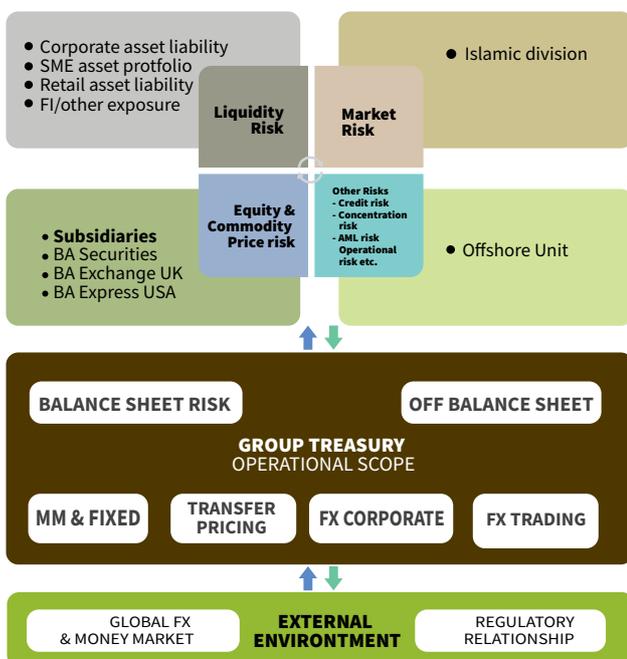
FOREIGN EXCHANGE

Over the year, group 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 2018, country's current account balance suffered a

greater deficit, due to comparatively higher import payment, notwithstanding the fact of export and remittance growth. Then again, the reserve showed an almost steady path. The year started with \$33 Bln reserve and ended on \$32Bln. Over the year, Bangladesh Bank sold \$2.35 Bln to interbank, supporting banks for their import payment and literally mopped up surplus BDT fund from market. However, this could not turn the scenario, as local taka depreciated further to BDT 83.90/\$ at year end which was BDT 82.70/\$ at the beginning of year 2018. We found the reflection of the scenario in macroeconomic data, where country's NFA (net foreign asset) did not grow as compared with NDA (net domestic asset) due to pressure of current account deficit. During the year, as global economic scenario favored US dollar and dollar denominated assets, LIBOR was in uptrend. In such a circumstance, Treasury provided appropriate fund support to OBU and utilized the surplus FC fund in interbank to earn interest income. As compared with previous years, in 2018, treasury handled a higher volume of wage earners' remittance, export proceeds. In doing so, it manages inflow-outflow in a fashion to simultaneously satisfy the preferential rate demands of export, remittance, and import customers. This raised the existing acceptability of bank amongst our customers up further level. Throughout the year, treasury managed the FC liquidity in prudent manner and kept it position mostly over-bought to take the benefit of upward market and earned a sizeable amount of exchange earnings for the bank.

OVERALL TREASURY FOCUS FOR 2019

In the context of the market scenario and movement of regulators along with a wider scope of openness of Bangladesh economy, Group Treasury is well set for big leap forward for risk addressed the expansion of business horizon. Considering the next level of financial development in economy that based on fin-tech, Treasury is aiming for more actions in coming days through combined effort of Treasury and all business units. Following are the treasury commitments in 2019:



very active throughout the year and invested fresh fund in primary & secondary market. Investment in treasury securities was based on duration gap, according to earning potential of interest income and capital gain opportunity. Since, bank's focus was remaining within limit of commitment and



INTERNATIONAL DIVISION

INTERNATIONAL TRADE

International Trade is one of the challenging areas of banking operations yielding higher income for a bank. Globalization has made it very dynamic and at the same time very risky to operate. With the growing number of customers and changes in the pattern of International Trade, Bank Asia is providing the best quality services among the private commercial banks in Bangladesh. Bank Asia possesses experienced professionals having sound educational background engaged both in AD branches and in Head Office for catering the foreign trade needs of the customers. The Bank has a stretched and expanded global network reaching every corner of the world for extending all sorts of foreign exchange services to the customers. Thus the Bank is growing steadily and sustainably in the International Trade arenas over the time.

FOREIGN TRADE AND GUARANTEE

In 2018, the total Import business of the Bank was USD 1,999 million having negative growth of 7.28 % over the Import Business of 2017 (USD 2,156 million). Total export business of the Bank in 2018 was USD 1,607 million which was 10.29% higher than that of 2017 (USD 1,457 million). Bank Asia has issued guarantees against foreign counter guarantees amounting USD 160 million in 2018 favoring different Government Authorities, Ministries, Autonomous Bodies, Corporations, Private Companies and Multinational Companies etc.

FOREIGN CORRESPONDENTS

Bank Asia has been continuously developing strong correspondent relationship with internationally reputed banks to facilitate its foreign trade business. As of December 31, 2018 the number of foreign correspondents stood at 698 in 86 countries of the world.

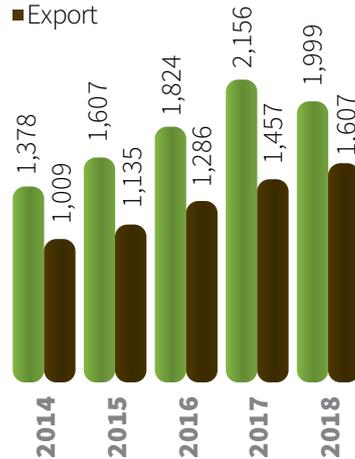
Our excellent reputation in meeting our commitment along with our strong financials have enabled us in securing credit lines (both funded and non-funded) from International Finance Corporation (IFC-private sector arm of World Bank Group), Asian Development Bank and other world renowned DFIs/Banks.

Bank Asia is the first bank in Bangladesh to arrange Supplier's Credit with Europe based AKA Bank. Besides, preliminary relationship building with DEG (Deutsche Investitions- und Entwicklungsgesellschaft) known as "German Investment and Development Corporation" and dutch based renowned development bank FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) known as "Netherlands Development Finance

Import and Export

Million USD

■ Import
■ Export



Company" has also been set.

In 2018, Bank Asia has signed a Membership Agreement with CCR Manager, a worldwide Fintech Company to manage its credit line in efficient and complete way in order to provide more value added services to its trade clients.

NOSTRO ACCOUNTS

At present, Bank Asia is maintaining 26 nostro accounts in major international currencies viz.: US Dollar, Pound Sterling, Swiss Franc, Australian Dollar, Euro & Dollar accounts under Asian Clearing Union (ACU), with reputed international banks, ensuring effective foreign currency management as well as timely payment of foreign currency commitments.

SWIFT OPERATIONS

Bank Asia has become a member of SWIFT in 2000 to ensure smooth, reliable and secured financial transactions for its retail and corporate customers. Over the years, our expert SWIFT team has introduced many innovative features in its existing SWIFT system. In the last quarter of 2017, our SWIFT operation unit has introduced SWIFT Alliance Message Management 7.1.10 which enables all branches to be linked up with SWIFT uninterruptedly with more than 10,000 Live Institutions in 251 countries around the world. In 2017, we have installed nSMART as Middleware Software procured from Nazdaq to facilitate the following additional services: 1) Sanction Screening, 2) Nostro Reconciliation, 3) SWIFT Interfacing and 4) Interfacing with different foreign exchange modules of CBS.

CENTRAL TRADE SERVICE UNIT (CTSU)

CTSU is working as a Trade Transaction Processing Centre of the Non- AD Branches of the Bank like import, export, guarantee, inward and outward remittance, LC advising and transfer and trade advisory services. Through central processing, the Bank is minimizing its operational, reputational and regulatory risks and compliances, ensuring qualitative and faster services to the clients as per International Standard.

Activities in 2018

- Processing of Import transaction for BDT 20,536.40million.
- Processing of Export transaction for BDT 7,080.30 million.
- Processing of Remittance transaction for BDT.4,477.30 million.
- Processing of Bank Guarantee transaction for BDT 3,226.50 million.
- Visiting the clients and assessment of their needs.

Key features of CTSU

- Fully automated trade processing.
- Compliance in operations
- Minimization of trade processing risk
- Ensuring faster customer services
- Optimum utilization of Manpower
- Creating of Uniformity of trade services
- Review of customers needs and requirement
- Forecasting market trend etc.

ONLINE PAYMENT GATEWAY SERVICES PROVIDER (OPGSP)

Freelancers earn foreign currency by exporting nonphysical forms of services such as data entry, data process, offshore IT services, Business Process Outsourcing etc. To meet the banking needs of these freelancers in Bangladesh, Bank Asia has established strategic alliance with PAYONEER Inc. USA which is among the largest OPGSPs. Through this service, freelancers can receive their earnings very quickly and easily. In 2018, we have earned remittance of USD 64.70 million through this channel which is 103% higher than that of 2017 (USD 31.81 million).

OFFSHORE BANKING

With a view to catering the banking requirements of non-resident customers, Bank Asia has established Offshore Banking Unit (OBU) in Chittagong Export Processing Zone (CEPZ). OBU acts as a unique solution for the banks around the globe to carry out international banking business which

Directors' Report

involves foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment. In 2018, Off-shore Banking Unit has made a cumulative profit of USD 3.52 million which is 32% higher than that of 2017 (US\$ 2.67 million).

Major Automation Works

- Bulk Data Process for Bangladesh Bank Online and regulatory monthly reporting
- Automation of Nostro A/c Reconciliation
- Automation of FEX Business Monitoring
- PRC Automation
- EDF Module up-gradation
- Automation of Export Bill Discounting of OBU operations
- Implementation of New Bangladesh Customs Tariff HS Code etc.
- Automation for updated Trade Finance Dash Board
- Automation for Intimation and Notice to branches regarding their overdue liability position etc.
- SWIFT up-gradation as per International Standard
- SWIFT Security Attestation

FOREIGN REMITTANCE

Since inception in 2003, Foreign Remittance Department (FRD) has shown continuous and steady growth in foreign remittance channeling over the years. In this time frame, FRD managed to receive US\$ 4 Billion worth wage remittance. In 2018, inward foreign remittance stood USD 735 million which was USD 654 million having 12.32% growth over last year and profit soared to Tk. 38 Million in 2018. Being watchful, Bank Asia managed to secure its last year's position, 9th among the banks while not conceding any substantial exchange or commission loss. In order to expand our business horizon, we are also strongly corresponding with companies in the KSA, South Africa, and Brunei so that valuable NRBS of those countries can have access to our large payment network.

Key Accomplishments in 2018

Tie up with new Exchange Houses

Executed drawing arrangement with CBL (Malaysia), National Exchange Company (Italy), Send Exchange (UAE) from remittance dense markets. These arrangement will add up our remittance collection volume greatly.

Web based remittance collection from Eight (08) EU Countries

Partnering with renowned FinTech service provider, INPAY, we started online based remittance services in 8 major EU countries: Denmark, France, Germany, Greece, Italy, Portugal, Spain, and Sweden

Fast track remittance payments through Agent Banking Network

This year, FRD utilized the strength of growing network of Agent Banking of the Bank for paying remittance in remote corners of the country. The volume and transaction growth has been outstanding, 110% over last year.

Popularizing Mobile financial channels for legal remittance

Keeping the national interest to increase remittance through legal & formal channels in mind, the Bank executed agreement with bKash Limited allowing beneficiaries to receive remittance instantly into their wallets. Launching this service in April 2018, it has already gained positive momentum and by the end of the year, more than 42,000 transactions worth Tk. 231 million executed through this channel.



Inward Remittance

Million USD



RETAIL BANKING

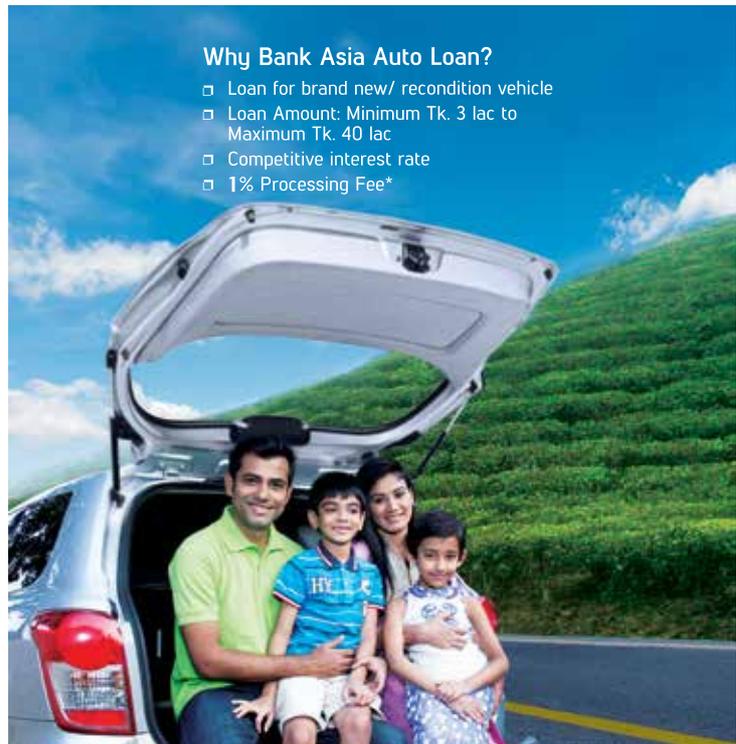
Retail Banking Division offers Retail Loans, Credit cards and Retail deposit products for individual customers. The division focuses on developing innovative financial products and services, giving highest priority on developing technology driven products for the ease of the customer. The division has taken steps to mobilize low-cost deposits which are keys to offering lower lending rates. Retail Banking strives to achieve sustainable growth with a vision to become market leader at near future.

Consumer Finance

Consumer Finance deals with retail customers and offers Personal Loan, Home Loan, Auto Loan etc. Consumer Finance plays a vital role in the overall portfolio of the Bank. Despite stiff competition in the market, Consumer Finance has achieved a notable progress in 2018 with positive growth of 17% compared to 2017. Consumer Finance strives to serve the society through financial inclusion and to achieve sustainable growth with a vision to become market leader in the near future.

ACHIEVEMENT OF CONSUMER FINANCE IN 2018

- Loan portfolio reached Tk. 10,950 million in 2018 which was 17% higher than 2017
- 2nd position in Home Loan amongst all private commercial banks
- Classification rate decreased to 2.88%
- RMG - Proyojon loan for RMG workers has been approved for launching
- Arranged Retail Loan campaign "SHOW YOU CAN" and Retail Deposit campaign "ZABIVAKA" & "APON ALO".



Why Bank Asia Auto Loan?

- Loan for brand new/ recondition vehicle
- Loan Amount: Minimum Tk. 3 lac to Maximum Tk. 40 lac
- Competitive interest rate
- 1% Processing Fee*



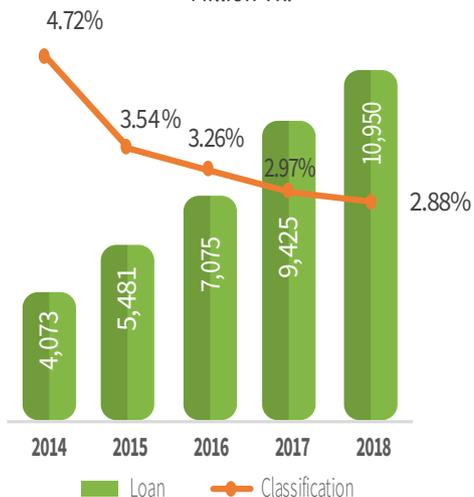
TIME TO DRIVE HAPPINESS

Bank Asia

*Terms & conditions apply

Performance

Million Tk.



Retail deposit campaign 'Zabivaka' award giving ceremony

Directors' Report

CARDS

Bank Asia Credit Card Department launched its commercial journey in the year 2007. Since then the department has passed a couple of successful years and created a strong position in the competitive market of the country. Bank Asia Credit Card is offering various attractive value added services and diversified product for all ranges of customers.

HIGHLIGHTS OF 2018

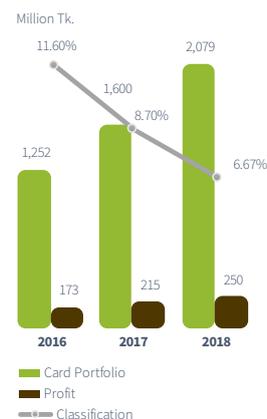
- Operating profit, advance & new Card acquisition grew by 16%, 30%, 26% respectively from last year
- Classification rate came down significantly
- Cash back campaign on Foreign currency Transaction
- Successfully arranged credit card sales campaign
- Buy One Get One Free (BOGO) Offer for Platinum credit card holders at renowned restaurants like: Radisson Blu Dhaka, The Westin Dhaka, Amari Dhaka, Dhaka Regency Hotel, Six Seasons Hotel, Long Beach Suites, Four Points by Sheraton, Lakeshore Hotel Gulshan, THE WAY Dhaka, The Olives, FARS Hotel & Resorts, Hotel Grace 21 & Abacus Restaurant etc.
- 107 Strategic Partner tie-up for discount outlet and 52 easy buy partner

(0% Interest) facilitate to card holder.

- Bank Asia has taken an initiative to partner with BASIS and MasterCard and in collaboration with the ICT division to launch freelancer card-“SHADHIN” for the very first time in Bangladesh.
- Bank Asia SHADHIN MasterCard collaborates with Payoneer to bring freelancer’s money faster.



Group photo in the event of “Be My Guest”



SHADHIN CARD FOR FREELANCER COMMUNITY

The first ever freelancer card in Bangladesh, named “SHADHIN”. This card will give the freelancer community, the freedom to bring in their earnings safely through a legal channel and retain 70% of their earnings in foreign currency (ERQ) account.

Cards Department believe in “Go Green” concept. All documents and files are maintained in digital format. We have scanned around 84,686 pages for achieving electronically in 2018.

INTERNAL CONTROL & COMPLIANCE

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

A sound internal control system plays an important role in contributing to the effectiveness of the banking operations. 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 the 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 Bangladesh Bank’s Inspection Team, External Auditors and the Internal Control and Compliance

Division (ICCD). As per approved risk-based audit plan, the ICCD completed the audit and inspection tasks of 120 Branches, 05 Islamic Banking Windows, 29 Corporate Office Divisions/Departments including subsidiaries and 65 Agent Point Outlets in 2018. Besides, ICT/IS Audit on 09 Branches & Corporate Office Divisions/Departments and Anti-money Laundering Audits/Inspections on 20 Branches were also conducted.

The Senior Management Team (SMT) of the Bank reviews the overall effectiveness of the control system of the Bank on a yearly basis and provides feedback to the Board of Directors on the effectiveness of internal control policy, practice and procedure. The Internal control team conducts comprehensive internal audit of the internal control system of the Bank. The significant deficiencies identified by Internal Control team are reported to the Audit Committee of the Board.

INFORMATION AND COMMUNICATION TECHNOLOGY

Bank Asia is implementing enterprise applications and has a wide range of banking Services, backed by Software, IT Infrastructure, Technologies and Business Process solutions. Our goal is to become the Leader in Banking Technology in Bangladesh and provide world class services to the bank's internal and external clients by automating processes and introducing new client facing applications in a Secured IT Environment.

Business Continuity Management (BCM)

Business continuity management (BCM) is a framework for identifying an organization's risk of exposure to internal and external threats. The goal of Management is to provide the organization with the ability to effectively respond to the threats such as natural disasters or data breaches and protect the business interests of the organization.

Bank Asia ICT team took initiatives to implement a new Disaster Recovery site (70% work completed in 2018) to help organization for better select, manage, and execute the operation. Bank Asia shifted DR from existing to NDR in 2018. Beside the implementation of Disaster Recovery, Bank Asia is also following the standard and targeting the Tier – III certification.

Centralized MIS

To be very competitive in the market and speed up the process, Bank Asia has its own developed MIS(MISDB) which is very effective in reducing time.

MISDB has been facilitating a huge number of reports towards the Business and top Management where various analyses are incorporated. This dynamic MIS platform with Dashboard reduced the load on repeated operations at Core Banking system and increased the efficiency of manpower as well.

A central contact platform named 'MY Family' App has been developed from which anyone within bank can get details information of employees' like phone number, emails etc. easily.

Cyber Security

Bank Asia always gives more emphasis on ICT securities to keep the customer data safe as a part of customer service and privacy.

Bank Asia always believes that "Prevention is better than cure." As a step Bank Asia initiated project for ISO 27001:2013 and PCI DSS certification and to obtain Vulnerability Assessment and Penetration Testing tool (VA&PT) to run test itself and to avoid vendor dependencies. The ICT team implemented various security aligned with Management such as secure web gateway with Bandwidth Manager, Application Delivery Controller, Next Generation Firewall, Web Application Firewall, Security Information and Event Management, MICR Reader, Advanced Threat Protection, OTP for Internet Banking and other critical services, Enhanced Cyber Security Products etc.

Process Re-engineering & Standardization of ICT Operation

To ensure service quality and smooth operation, ICT division has taken a number of initiatives for process re-engineering and standardization of ICT operation as mentioned below.

- Implemented Central Day Closing operation
- Separated Report Server for Agent Banking
- Updated servers to Windows 2012 R2 Standard
- Microsoft Exchange for all permanent Employees
- Automation of NOSTRO Reconciliation
- Developed Secure Web Portal for all Policies
- Automatic data archival system

Service Enhancement through API

We have developed Account Opening and Transactional API that FinTech, different utility payment organizations and exchange houses can easily integrate with our system. We have deployed and enhanced many utility and remittance payment services such as bill collection of Titas, Karnaphuli Gas, Sunderban Gas, Metlife Life Insurance, Pragati Life Insurance etc. Our foreign exchange houses can directly credit to our CBS account and remit money to other Banks and Financial institutes through EFT and RTGS. This year we have integrated with bKash system by which expatriates can send their money directly from foreign countries to the beneficiary's bKash accounts through foreign remittance system.

Implementation of Helpdesk System

This year we have successfully implemented ICT help desk (Microsoft System Center Service Manager) for better customer services. After the implementation of the system, CBS users of our branches can easily communicate with ICT divisions through the system. Once an issue is reported, it can be prioritized and routed to the right people.

Implementations of Supply Chain Finance (SCF) system

Supply chain finance is a powerful tool for strengthening the SME business of the bank. Bank Asia has taken initiatives to implement automated SCF system. An agreement was made with Infini System Pvt Ltd to develop and implement SCF system. An effective API integration system has been developed between VEEFIN, a supply chain management system and iStelar-CBS. Anchor can send the purchase order to suppliers and Supplier can submit their invoices through the system. After the integration Supply Chain Finance Unit of our bank can easily get approval from Anchor and make payments to suppliers.

Treasury Management System

This year we have taken initiatives for the acquisition and implementations of automation of 'Treasury Management System'. Our software vendor ERA InfoTech has developed eTesero, a complete Treasury Management System which can operate separately and interact with CBS system through web services.

ALTERNATIVE DELIVERY CHANNEL (ADC)



Alternate Delivery Channel (ADC) is a distribution channel strategy used for delivering financial services without relying on bank branches. Bank Asia has implemented many alternative delivery channels such as ATMs, POS devices, Debit Cards, Internet Banking, Mobile App, SMS Banking, E-GP Service, E-commerce/E-payment solution, Exclusive Outlet to receive Government Passport Fees and Contact Center service. ADCs ensure the smooth flow of regular transactions and provide banks with higher profits with lower operational expenses and transaction costs. Through these channels bank can get faster access to the competitive market and customers can enjoy instant access to all the bank products through the following 24/7 service channels.

Online Payment System or E-Payment Solution

Bank Asia has developed the solution which verifies and processes with a variety of secured transaction instruments for Payment of Member/Student fees of different institutions, Residential & Industrial Gas Bill & different payment of renowned insurance company using their respective Bank accounts, Over the Counter(OTC), Debit/Credit cards, EFT, etc on behalf of the Online Banking payment. We have developed a system for KGDC

(Karnaphuli Gas Distribution Company Limited), MetLife Alico (American Life Insurance Company), ICMAB (Institute of Cost and Management Accountants of Bangladesh), ICAB (The Institute of Chartered Accountants of Bangladesh) & DCHT (Dhaka Community Hospital Trust) for different types of payment collection. We have received more than 372,436 numbers of transactions where BDT amount 2922 Million (approx) from customers through all of our branches/ Agent Outlets including ADC channels.

E-commerce & Utility Bill Payment:

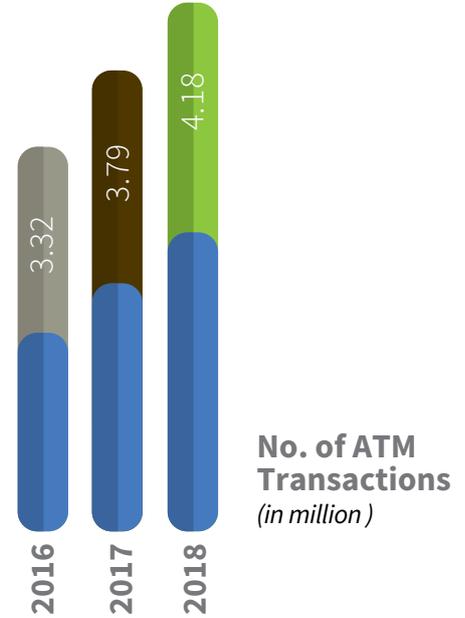
Bank Asia has taken more initiative to expedite 'e-Commerce' facility for its valued customer where Bank plays as payment partner and Bank account holder can shop/purchase online through internet banking, Debit Card or Credit Card with low cost anytime from anywhere. Currently Bank Asia account holder is facilitating e-commerce transaction, such as e-ticket purchasing of bus, train, airways, cinemas & movies, mobile flexi-load, hotel booking, bill payment such as hospital bill payment, advertisement bill payment, passport fees payment, WASA, DESA, qubee bill payment, computer accessories & service related payment, e-shopping etc. by the debit/ credit card and internet banking of Bank Asia.

ATM Service

Through our ATM (Automated Teller Machine) customer can access withdrawal, Balance inquiry and mini statement facility. In our total 66% cash transactions of Bank Asia are done through its 149 own ATMs and more than 10,000+ share ATMs all over the country. Our bank is planning to invest continuously in a bid to increase and widen its ATM network significantly.



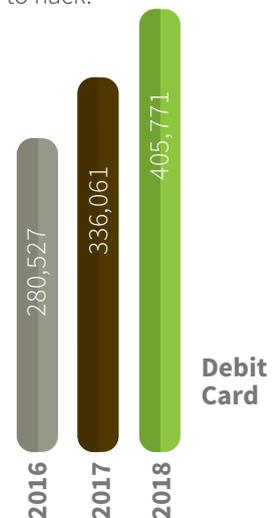
Cash Transactions
Branch Transactions **34%**
ATM Transactions **66%**



No. of ATM Transactions (in million)

Debit Card

Bank Asia has introduced EMV chip Card to minimize payment card-related fraud and more secure customer financial sensitive data. Now, we are replacing legacy magnetic stripe (magstripe) payment cards with EMV-compliant payment cards embedded with smart chips. The combination of the chip-enabled cards and the chip-enabled terminals reduces the risk of financial fraud because the technology is much harder to hack.



More than 405,771 VISA debit cards are issued against Savings and Current account to facilitate ATM, POS transactions at all ATMs (10,000+) in Bangladesh to access their account 24x7 in 365 days. Card holders

Directors' Report

are able to purchase in VISA enabled POS machines (43,000+) in various merchant locations all over Bangladesh. Our Debit Card Operation includes new issuance, Replacement, Activation and PIN request are automated which reduced debit card issuance time to 2-3 days from 7-9 days as well as saved 250,000 pages and 40,000 courier service delivery cost.

Passport Fees Collection

The Government of the People's Republic of Bangladesh has introduced Online Banking Payment systems for MRP & MRV Project. For ensuring digitalization of the government's online MRP and MRV project, the Bank has opened 15 exclusive passport fee collection booths as per Department of Immigration & Passport (DIP) office instruction under the Ministry of Home Affairs, GOB. We have received more than 492,883 numbers of passport payments where BDT amount 196 crore (approx) from clients through all our branches/ Agent Outlets and ADC channels.

Internet Banking

Bank Asia's Internet Banking (My Banking) is user friendly and secured. Bank Asia's internet banking module allows clients to get a clear state of their financial position and offers a vast banking services like pay bills, change password, balance enquiry, view statement, fund transfer, EFTN, NPSB, utility bill payment, standing instruction, stop & view cheque status and mobile talk-time recharge facilities for all Telco in Bangladesh. We have ensured international standard of security shields for the Internet banking to prevent any unauthorized access. Internet banking employs encryption and firewall to protect transactions and queries through internet. To make more secure, we have already introduce dual factor authentication (2FA) through OTP for all internet based transactions. Now the total Internet Banking user of Bank Asia is 69,824.

Bank Asia SMART APP

Bank Asia has a strategy to serve the valued customers with modern and innovative banking products and services at affordable cost. Bank Asia has introduced modern technology based an unique banking app "Bank Asia SMART APP" both for branch & Agent Banking customers, which is an integrated internet and mobile banking solution designed to enable to offer customers the widest

capabilities across the internet and mobile channels. Smart Banking offers vast banking services and manage customer's accounts, pay bills, change password, balance enquiry, view statement, fund transfer, EFTN, NPSB, utility bill payment, standing instruction, stop & view cheque status and mobile talk-time recharge facilities for all Telco in Bangladesh. Till end of 2018, total Mobile App users of Bank Asia is 47,907 which are increasing day by day. It is noted that more than 203,356 number of transactions where BDT amount 877.52 million (approx) have done through this Mobile App.

PUSH PULL (SMS) BANKING

Short Message Service (SMS) is a popular communication protocol allowing the interchange of short text message between mobile phone devices. Based on this easy and popular technology Bank Asia launched its first generation Mobile Banking facility. Customers can access their account using M-banking from all mobile phone operators in collaboration with SSL anytime from anywhere in the country. All they need to do is send a simple SMS to "6969" and they can instantly access their account, get their account information, make fund transfer and pay bills. Bank Asia is also providing transaction alert message on debit transactions to make them aware and to prevent fraudulent transactions. Our 2nd 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.

E-Procurement System

Bank Asia has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the meantime, customers have received around 61,998 services from our bank with their utmost satisfaction. This online platform ensures digitization of different Government procurement projects, enabling equal access to the Bidders from all over the country while ensuring efficiency, transparency, and accountability in the public procurement process of the country. Currently 101 branches have been registered in e-GP system.

NATIONAL PAYMENT SWITCH

BANGLADESH (NPSB)

The Bangladesh Bank has introduced National Payment Switch Bangladesh (NPSB) IB in order to facilitate interbank electronic payments originating from different channels like Automated Teller Machines (ATM), Point of Sales (POS), Internet Banking, Branchless Banking, and Agent Banking. The main objective of NPSB is to create a common electronic platform for the switches in Bangladesh. The system is meant to facilitate the expansion of the card-based payments and promote real time payment, Utility Bill payment, DPS installment, Credit Card payment, loan Payment, e-commerce/m-commerce, and thus save customer's time and cost. To facilitate following real time transaction from one Bank to another schedule Bank of Bangladesh, Bank Asia has recently integrated Internet banking system to NPSB on first phase with another 10 schedule banks of Bangladesh.

Bangladesh Bank Mobile App

Bangladesh Bank launched a mobile application to get information about all Banking products & services for all clients. This app allows users to know the geographical locations of our Branches, Agent Outlets, SME Centers and ATM Booths along with images, address and banking services details of the bank. Bank Asia always believes innovative banking services for mass people and as per continuation, we have been engaged with this tremendous initiative from the beginning of its first phase operation. We have incorporated all of our required images & information in this app.

CONTACT CENTER

Centralized Contact Center solution is also available through this number 09617016205 in addition to the existing short code 16205 using round the clock 24/7 in full fledge to address the business needs and queries. This number (09617016205) is also available from abroad and overseas customer can get our banking service queries (24/7) through this number. Contact Center systems enable to manage our resources in a better way and serve clients with greater efficiency which is also helping us to reduce the cost as well as improve the service quality of bank.



EBEK OPERATION & SOCIAL PAYMENT

Bank Asia limited is the pioneer in digital financial inclusion in Bangladesh by implementing Ektee Bari Ektee Khamar (EBEK), a government project for the poor, ultra-poor and landless people of Bangladesh focusing on Poverty eradication and reducing poverty level to 10% within 2021. Bank Asia started online banking service support for EBEK beneficiaries from June 2012. Honorable Prime Minister of Bangladesh has inaugurated the online banking (Bank Asia Designed, Developed and Implemented) services in 2013.

By operating EBEK project Bank Asia opened new window to intensively work for the rural people, especially for the hardcore, ultra-poor and distressed people and make a strong relationship with local administration, philanthropist, social and local leaders (UP Chairman's, Upazilla Chairman's and local elites and teachers).

Bank Asia is now (In phase III) operating EBEK Banking services in 31 districts where 839,375 people from 222 Upazillas are getting services under this project as beneficiaries. It is mentionable that Bank Asia model of financial inclusion, management, financial transitions for EBEK obtained 1st Prize (E-Business and

Financial Inclusion category) in Manthan Award in partnership with World Summit Award, Department of Information Technology, Govt. of India, and various stakeholders like similar organizations engaged in promoting digital content inclusiveness in the whole of South Asian & Asia Pacific nation for development. The implementation of EBEK project gave us an on hand experience and learning which staged us with the development of Agent Banking, marking as the pioneer in Bangladesh.

With the experience from EBEK operation and Agent Banking, Bank Asia has become capable enough to provide services to all government projects like Social Safety Net Programs (Senior citizen allowances, disable allowances, widowed or divorced women allowance, payments of freedom fighters allowance, wages of road maintenance workers, student stipends and RMG worker wages payments, food security allowances-cash payments, teachers salary) etc. Over the time we have made partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Senior Citizen, Widow and Disabled beneficiaries.

We have completed full district coverage

of Kishoreganj and Chapai Nowabganj for Safety Net payment where almost 133,500+ beneficiaries will get banking service from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily "women worker wage payment" from their union. "Cash for work" is another prestigious program for Bank Asia which is run in partnership with Ministry of Disaster Management and Relief. We have also started World's another largest Non-Government funded mega project named SHOUHARDO III with CARE Bangladesh where 54,957 beneficiaries has been receiving banking service from 8 districts.

Rohingya is now world's latest crisis where around one million beneficiaries are living in Cox's Bazar. We have started a cash disbursement project (financial support for the children of Rohingya Origin) signed with UNICEF & Red Cross.

Moreover, we have another foot step in government's Employment generation program for the poorest (EGPP) in Bangladesh aiming to provide the short term employment opportunity to the hardcore poor in 8 district and 57 unions.



Cash Disbursement among the Rohingya Origin



Social safety net payment for widow women allowance

AGENT BANKING

Bank Asia is the pioneer in introducing Agent Banking services in Bangladesh. Within four years of inception, we noticed a substantial headway in this specialized banking services in terms of the number of agents, accounts and deposits. Around 2.5 million unbanked people have already been included in Agent Banking network. In 2018, the areas where we contributed substantial growth in Financial Inclusion arena by acquiring 1069 new agent outlets in 64 districts, registering 437,207 new customers along with BDT 4,300 million incremental deposit and BDT 807 million lending value through this alternative banking channel. We also facilitated BDT 7,477 million remittances to the end mile customers through 449,285 number of transactions in 2018. This service started eliminating difference of time and distance. It is facilitating customers full-fledged banking services to their doorsteps, and making convenient channeling of remittance, depositing and withdrawal of cash and supporting small loans for cottage micro and small enterprises and also for agricultural farmers at an affordable cost. Now people in many remote corners of the country are able to receive structured banking facilities with comfort and ease. The government's social safety-net benefits, including elderly, widow and disabled allowances are being reached to disadvantaged segments in a timely and cost effective manner. Salary payment and other financial services to Ready-Made Garment (RMG) workers have been started through this platform. Advantages of Agent Banking broaden smiles of the beneficiaries of a number of government and non-government development programs. With the support from the government's Union Digital Center (UDC) Bank Asia poised to rapid expansion of its specialized banking service to grassroots. Meanwhile, 18 more private commercial banks have become encouraged to obtain licenses from the central bank and started operation to make this drive a success. To make the financial inclusion effort vibrant & vigorous, government, non-government organizations, development partners and IT innovation partners have shaken hands together. A sustainable business model heading through a journey taking along entrepreneurs, aggregators, remittance partners, development partners,

Government visioning the outcomes of new employment generation, business expansion of the CMSE enterprises, strengthen farmers and digitization of mattress money for a thriving economy like Bangladesh.

Among all the Agent Banking Service providers, Bank Asia is privileged in the context of:

- Network outreach
- Product variation
- Innovation in service delivery
- Strategic partnership for gaining capabilities.

AGENT BANKING NETWORK OUTREACH 2018

Sln	Particulars	No. of Outlets	Coverage
1	Individuals	400	District 64
2	Passport	15	
3	Institution	83	
4	UDC	2,062	Upazilla 417
5	Post Office	6	
Total Outlets		2,566	

AGENT BANKING PERFORMANCE 2018

Account & Deposit status			
Sln	Account Name	No. of Accounts	Deposit Volume (Tk.)
1	Savings	612,582	3,498,817,525
2	Current	31,558	614,188,288
3	DPS Account	52,578	981,070,234
4	TDS	7,066	1,649,753,488
5	School Banking	19,500	48,746,793
6	10 Taka	25,363	15,371,208
7	SND	420	146,348,023
Total		749,067	6,954,295,558

TRANSACTION DETAILS

Sln	Transaction Type	No. of Transaction	Amount (Tk.)
1	Deposit	2,146,557	72,576,812,777
2	Withdrawal	1,498,775	38,086,962,133
3	Fund Transfer	1,560,580	58,483,256,839
4	Foreign Remittance	714,413	13,095,385,555
5	Palli Bidyut	4,185,182	2,232,014,264
6	Passport Fee	808,430	3,162,727,306
7	Agent Advance	62	21,206
Total		10,913,999	187,637,180,081

LENDING POSITION (DISBURSEMENT)

Sln	Loan Type	No. of Loan Accounts	Disbursed Amount (Tk.)
1	SME	3,135	1,068,317,001
2	Retail	1,052	423,345,172
3	Agri	5,692	241,174,000
4	Handset Loan	203	980,804
Total		10,082	1,733,816,977

Directors' Report

Products	Services
<ul style="list-style-type: none"> ● Current Deposit Account ● Savings Bank Account ● Short Notice Deposit Account ● School Banking Solution <ul style="list-style-type: none"> ● Smart Junior Saver ● School Banking Account ● School Fee Collection ● Payroll Banking for Teachers ● Deposit Pension Scheme ● Term Deposits ● Remote Banking (EBEK) ● 10 Tk. Accounts ● Current Account (Astha) ● Handset Loan <p>Alternative Banking Facilities:</p> <ul style="list-style-type: none"> ● Debit Card ● Near Field Communicator Card ● Agent Banking Mobile Apps (SMART Apps) ● Micro-Merchant payment Apps ● Cheque Book ● Bank POS 	<p>Core Services</p> <ul style="list-style-type: none"> ● Account Opening ● Deposit and Withdrawal from Account ● Fund Transfer within bank and to any bank in Bangladesh ● Inward Foreign Remittance Payment ● Utility Bill Payment ● Balance Inquiry ● Account Statement (Mini) ● Insurance Premium Collection ● Passport Fee Collection ● SME Loan Processing ● Agriculture Loan Processing ● Retail Loan Processing ● Repayment of Loan Installment ● Disbursement and Payment of Social Safety Net ● Salary Disbursement Solution ● A-Card for Farmers ● E-Commerce Service ● E-Ticketing Service ● Digital Health Care Service ● Insurance Product Service in life and health category

AGENT BANKING ACHIEVEMENT IN 2018:

1. Bank Asia launched a project "Growing Together" in collaboration with VSO and Syngenta that has been awarded with a grant fund in the 3rd round of BFPB challenge fund of UK aid-funded Business Finance for the Poor in Bangladesh (BFP-B) Project. The project purposes to financial inclusion of farmers through banking solution & micro loans to the rural farmers.
2. Bangladesh's efforts to deepen financial inclusion took a step forward we launched the country's first-ever complete banking services on the premises of a garment factory. The "RMG Digital Banking Booth" was set up at Echotex Ltd in Gazipur where garment workers will receive full-fledged banking services.
3. Bank Asia signed a contract with the leading telecom operator of Bangladesh Grameenphone Limited on facilitating digital financial inclusion, providing handset loan through alternative credit scoring and offering e-commerce services to the rural community.
4. With a view to extend awareness of financial literacy as well as for expansion of banking knowledge among school going students, Bank Asia Ltd. organized couple of school banking conference at Munsigonj & Narsingdi district through lead bank mechanism. In Munshigonj, 26 Numbers of other bank joined hands with Bank Asia to organize the event for 300 participants and 39 different Govt and Private banks assisted Bank Asia in this initiative in Narsingdi for 200 numbers of school children during the celebration.
5. An agreement has been signed with SHIFT SAARC and ASEAN, UNCDF for launching a pilot for

implementing innovative business model-digitizing micro-merchants transactions in Sirajganj, Jamalpur and Sherpur districts by Bank Asia in partnership with Grameenphone Limited and MicroSave in association with UNCDF SHIFT supported by European Union. The objective of this pilot implementation would be promoting the uptake of innovative products and sustainable business models of Digital Financial Services (DFS) among micro-merchants.

6. We joined hands with Telenor Health to provide digital healthcare services to unbanked community through the state-of-the-art Agent Banking network of the Bank.
7. Bank Asia and ACDI/VOCA signed a Memorandum of Understanding for digital financial inclusion of smallholder farmers to develop a company-led activity (initiative).
8. A Memorandum of Understanding has been signed for strategic partnership with Finova Technologies Limited., a technology based organization to facilitate e-commerce services incorporating artisans, micro/small entrepreneurs, and creative homemakers of Bangladesh with its unique service DORPON through Bank Asia Agent Banking channel.
9. The leading digital service provider of the country, Robi, signed an MoU with the leading Bank Asia, to provide micro financial support for Robi customers to purchase 4G handsets. The MoU paves the way for Robi and Bank Asia to collaborate in providing micro financial support to the underprivileged segment of the subscriber base.
10. Bank Asia signed an agreement with Shakti Foundation, a prominent micro finance institution and the pioneer in urban micro finance, on promoting digital financial inclusion among Shakti's beneficiaries.
11. Bank Asia collaborate with Fairbanc Ltd for digital credit solution for the underserved small-medium enterprises of Bangladesh especially for Fast-Moving Consumer Goods (FMCG) supply chain and distributors.
12. Bank Asia in collaboration with Swisscontact has been implementing a project "Sarathi - Progress through Financial Inclusion" for RMG workers of Bangladesh ensuring social assistance and balanced economic growth.
13. World Savings & Retail Banking Institute (WSBI) workshop on "Rural Financial Inclusion" was organized in Dhaka, Bangladesh from 2-4 October 2018 hosted by Bank Asia Limited. The national & international delegates from different sectors, such as Regulatory Bodies, Government Institutions, Banks, MFIs, BFIs, Donor agencies, INGOs, Technology Solution Providers, Fin Techs, MNOs and other stakeholders attended the workshop.
14. Training & Development: 31 in house trainings were arranged where 1,082 participants and agent banking stakeholders received 21,456 hours of training.



Receiving "Retail Banking Award 2018" in the category "Financial Inclusion Initiative of the year" by Asian Banking & Finance (ABF).

PAYMENT SERVICE DEPARTMENT (PSD)

Executing all Inter-bank payments smooth and fast, yet secured and compliant, has been the focus of Payment Service Department since inception. Decentralized Outward and Centralized Inward model in all units is the key-feature of PSD operation. Seek and seal all possible loopholes has been in place throughout the year to prevent mishaps. Customized automation, employee-friendly modules and end-to-end dual authentication enabled PSD to keep pace with the evolving challenges of technical revolution in national banking arena. Inclusion of Agent Banking and Islamic Windows in all unit operational updates are result of continuous process development and intent to extend service to all Bank Asia customers.

FUNCTIONAL ORGANOGRAM



PSD executed on an average 15,596 transactions daily, which is 39.11% higher than 2017, daily average volume stands at Tk.5.50 billion which is 13.01% higher than previous year. Forecasting such increase, PSD took initiative to engineer some impact design modifications in two major modules, BACH & BEFTN, to decrease operation time along with further minimization of Operation risk. Few other customizations to ensure extended compliance are under development, due in 2019.

BACH UNIT:

Majority workforce of PSD is involved in BACH operation, handling around 6,900 transactions daily, worth Tk. 480 crore. Besides operation, PSD is capably advancing towards the new era of BACH-II project of Bangladesh Bank which will enable our clients to do FC cheque transactions through Automated Clearing.

BEFTN UNIT:

Apart from strengthening our Inward Foreign Remittance service, PSD successfully distributed bulk payments like dividend warrants and salary payments on behalf of corporate clients and enlisted companies in capital market. Individuals are also enjoying BEFTN facility through branches, net-banking and Smart App. BEFTN unit handled average 8,513 transactions daily, worth Tk. 39 crore. Upcoming Multi-session will enable us to credit beneficiary accounts with other banks within same day, while multi-currency FC transaction is also under process.

RTGS UNIT:

Bank Asia has the pride to execute first ever RTGS transaction in Bangladesh. Furthermore, PSD has enabled all branches, Islamic wings and Agent Banking for RTGS. This rapidly growing payment mode has seen daily average transaction was over Tk. 31 crore.

PERFORMANCE OF PAYMENT SERVICE DEPARTMENT

UNIT	2017		2018		Annual Growth
	Transaction	Tk. In Billion	Transaction	Tk. In Billion	
BACH	1,546,324	1,071	16,76,472	1,165	8.42%
BEFTN	1,204,811	74	20,68,639	95	71.69%
RTGS	25,026	54	44,936	77	79.56%

MICR UNIT:

An array of diversified MICR instruments like SB & CD for conventional banking, MSA, AWC & MSND for Islamic Wing, three types of card cheques, Payment Order and FC Cheque for OBU unit is being delivered by PSD. Daily average of delivered instruments stand over 25,000 leaves. Also, we have plans to introduce FC Cheque & FC Demand Draft by 2019.

Revenue Contribution (Million Taka)



ACHIEVEMENTS

- (i) System (hardware, software & connectivity) readiness for BACH-II project upgrade,
- (ii) Expansion of RTGS service to all branches,
- (iii) Module customizations executed for man-power requirement minimization.

TRAINING & DEVELOPMENT

- (i) PSD nominated 13 employees to participate 24 trainings.
- (ii) PSD arranged 3 day-long trainings for 115 employees of various branches.
- (iii) PSD provided hands-on training at PSD premises to 5 employees of 2 branches.

STRATEGIC PLANNING

- (i) Implementation of BACH-II will be the prime focus in 2019.
- (ii) Attract customers towards BEFTN & RTGS through visibility at all branches.
- (iii) Arrange trainings and workshops to build awareness and enhance knowledge base.

Directors' Report

PEOPLE MANAGEMENT DIVISION (PMD)

Bank Asia Limited acknowledges the continuous effort of its People Management Division (PMD) to convert its human resources into human capital. PMD of Bank Asia is working relentlessly to promote innovation, cultural diversity and a congenial working environment to stimulate organizational sustainability. PMD is committed to ensure corporate values such as togetherness, mutual respect, integrity etc and thus ensuring the best possible environment for all of its employees for their career growth and organizational development. PMD focuses on building capabilities using employee management and set strategies that align with organizational goals for aiming to create Bank Asia as a “preferred employer of the choice”.

Based on above mentioned systemic perspective, PMD provides Bank Asia Limited with complementary, diverse and innovative competencies which will be developed by stimulating sustainable individual behavior. PMD persuades employees to move forward to establish corporate values in terms of Customer Centricity, Quality, Responsible Citizenship, Building the Leadership. PMD helps to establish the Bank Asia culture and climate in which employees have adequate competencies and commitment to serve our customers better.

Bank Asia firmly believes that long term profit and sustainable growth can only be ensured with the proper induction and retention of the talents. With this context, PMD works on ensuring, “Right Person in Right Place in Right Time in Right Number” so that the brand promise of “For A Better Tomorrow” can be achieved smoothly.



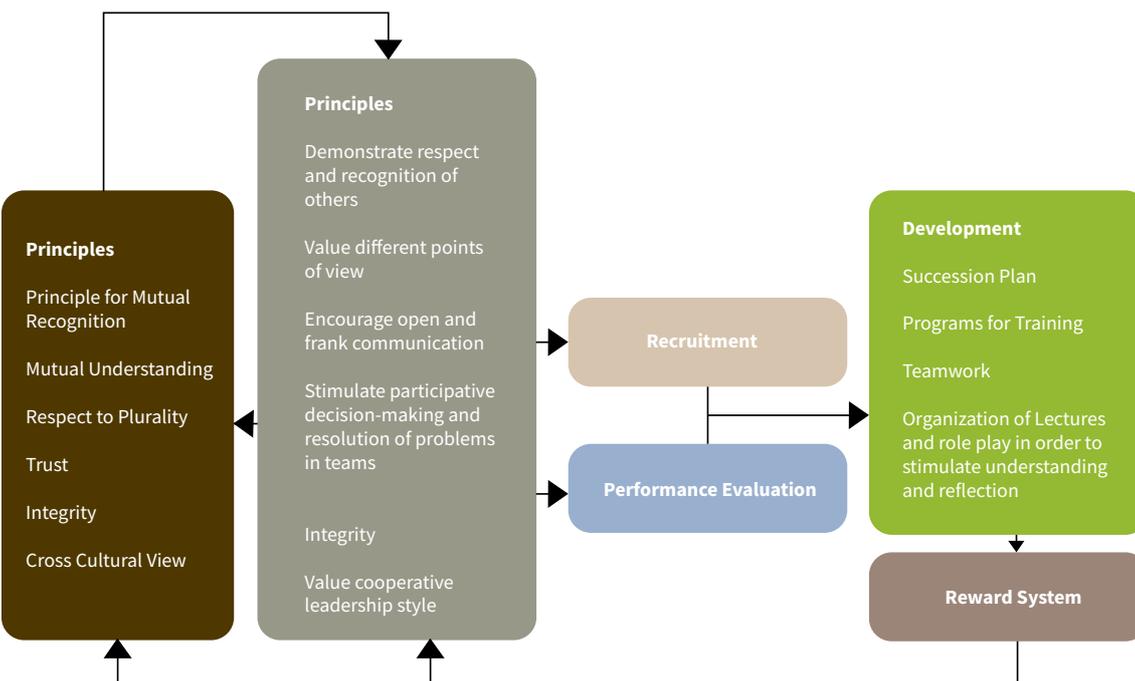
Functions:

PMD follows a people friendly approach in its day to operation in achieving Bank’s corporate mission and vision. The key functional areas of the Division are depicted in the following diagram:



Strategic Focus:

PMD goes further and pursues a strategic and coherent approach in managing human resources. In particular, PMD has established some principles and based on those, some competencies are cultivated in our employees that being incorporated with regular HR functions increasing overall scope for development. Graphically, the process can be summarized as follows:



Directors' Report

BANK ASIA INSTITUTE FOR TRAINING & DEVELOPMENT (BAITD)

BAITD is committed to impart training to increase knowledge, develop skill and bring change in attitude of manpower in individual, task and organizational level. BAITD organizes need-based training program to cope up with changes and introduction of new concept, idea and technology for achievement of business strategy of Bank Asia Limited. During the year 2018, BAITD offered 111 trainings for 63,458 MH maneuvering 3,460 personnel denoting a growth of 42%, 12% and 41% correspondingly with its facilities of 3 Classrooms with the capacity of 64 participants, 1 dining, 1 library with more than thousands of collection, 1 computer lab having the capacity of 24 PCs, 2 floors for dormitories with a capacity of 28 people, 1 gymnasium and a common room.

BAITD envisages to offer 135 trainings for 79,000 MH to 4,200 personnel in the year 2019.

Plan for year 2019

In the academic calendar for the year 2019, all the training courses have been divided into eight categories:

- Foundation training courses.
- Core competency courses/ workshops on core areas of banking.
- Islamic banking courses.
- Financial inclusion courses.
- Risk managing courses.
- The winner's manual for soft skill development.
- ICT courses.

Recruitment

In the year 2018, a total of 263 employees vis-a-vis 239 in 2017 were recruited to strengthen the human capital of Bank Asia. New workforce supported the continuous expansion of the Bank's activities. New workforce also supported to reduce Domain Gap.



Certificate Awarding Ceremony of 48th foundation course

Regional Distribution of Employees

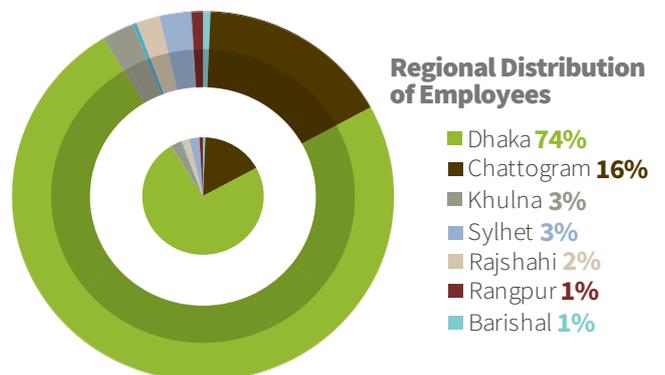
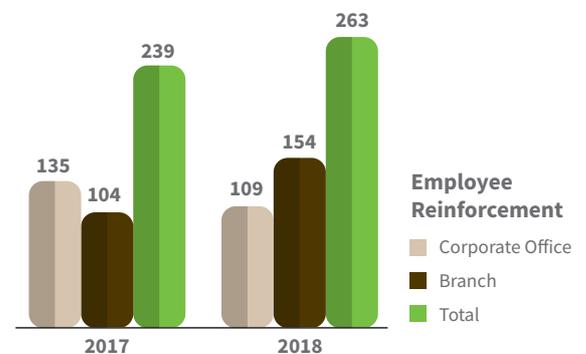
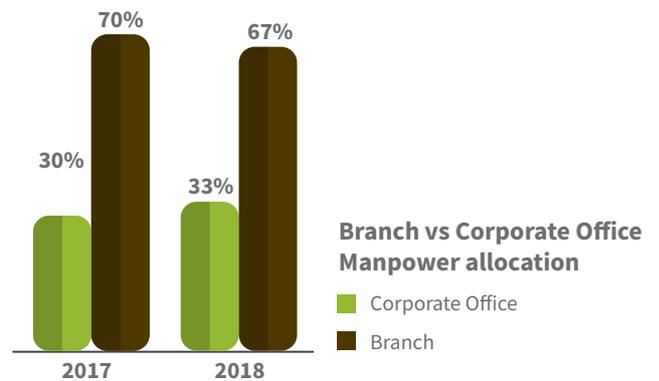
Employees of Bank Asia Limited is deployed in all over the country depending on the business potentiality as well as banking service scarcity. High concentration has been given to Dhaka and Chittagong districts as both the regions are considered as major business areas where service scarcity still exists. Other regions were also given due importance and new workforces were deployed based on needs.

Employment

Transparent recruitment process, recognizing and allocating sufficient time for recruitment established confidence in interviewer and interviewee as both the parties have the opportunity to express and understand views, ideas, expectations and objective of each other. Bank Asia generally conducts two types of recruitment. One is fresh recruitment and another is lateral/experienced recruitment. For the fresh hiring, Bank Asia generally engages highly illustrious consultancy firms/institutions to conduct the assessment professionally. To recruit proven bankers as lateral entrants, Bank Asia sets customized committee to identify the best among the bests.

Employee Distribution in Branch & Corporate Office

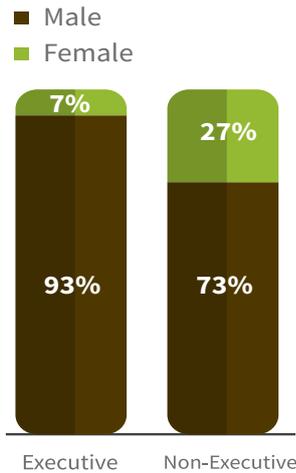
We have about 8% growth in number of employees from 2,087 in 2017 to 2,256 in 2018.



Directors' Report

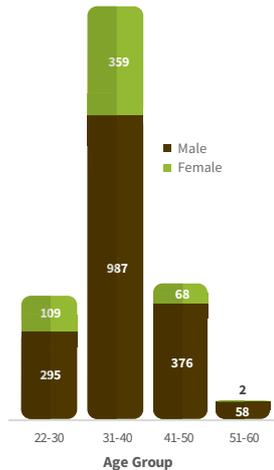
Gender Distribution by Position

In a total of 2,256 employees, overall male female ratio stands at 76:24 with non-executive segment having the highest concentration of female employees.



Age Distribution

Bank Asia has a relatively younger segment in its overall employee pool where 60% of the employees fall in 31-40 years age bracket.



Performance Management

To facilitate the career growth of its employees, Bank Asia emphasizes on fair evaluation of their performance and its proper appreciation. As it is known, unbiased performance evaluation culture plays a critical role in creating a sustainable workforce while also supporting the Bank's bottom line. Bank Asia established 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.

ACCOUNTS

Accounts Department has been carrying out the responsibilities of ensuring accountability, transparency and effectiveness of every penny of the Bank through automated and compliant accounting services.

Accounts Department ensures:

- Proper accounting and reconciliation of every transaction of the bank
- Three Es (Effectiveness, Efficiency and Economy) in every amount expended by the bank
- Accounting services with accuracy
- Delivery of services at minimum Turnaround Time (TAT)
- Meticulous compliance with all Regulatory and Internal policies/ procedures

Pre-Audit:
 Bills Processed: 15,505 (Nos)
 Amount: Tk. 2,697 mln
Cost Savings: Tk. 11.5 mln
 Revised Branches Financial Delegation Matrix

Financial Control



New GL Created: 113
Rectification Entry Pass by Branch: 1,596 (Nos)
 Tk. 205 mln
 Branch-wise OPEX monitoring (33 letters issued)

GL Monitoring and Controlling Chart of Accounts



Quarterly/Half Yearly/Yearly Fixed Asset Schedule Preparation:
 Accounting of Fixed Asset Addition/Disposal/Depreciation/Adjustment

Fixed Asset (FA) Schedule Management



Payment Processing and Book keeping:
 No of Bills/Vouchers: **14,619**
 No of Transactions: **61,213**
Voucher Maintenance

Payment Processing



Daily Reports: 160
Weekly Reports: 54
Monthly Reports: 102
Quarterly Reports: 17

Regulatory Reporting



Process Development for Monitoring:
 Development of Automated Fixed Asset Mgt. System
 Regulatory report automation

Process Development



Guiding proper accounting entry to the branches
 Developed Bank Asia Higher Studies Scholarship disbursement and documentation procedures
 Developed Accounting process of Digital RMG Booth
 Developed uniform procedures for daily voucher keeping and checking

Accounting Process Development



Reconciliation Statements Prepared: 12
 (Bangladesh Bank Account and Account with other Banks 43 nos of Accounts)
Letters issued to Branches / Departments For Adjustment of Entries: 670 (Nos)

Reconciliation and Suspense Control



ID Approved: 510 Users
Rights modified: 6,302 Times
Rights Deputed: 1,210 Users
Limit Enhanced: 725 IDs

User Access Control



Provided Month Closing Guideline to the Branches-12 Circular Issued
 Provided closing related support to the Branches
 Opex Provisioning Internal Report
 Department wise OPEX
 Monthly OPEX Report

Month Closing & Departmental MIS



RESEARCH & STRATEGY

Research and Strategy Division (R&SD) was formed in October 2015 to aid management in informed decision making and strategy formulation through analyzing business environment, industry dynamics and market forecast. Through scientific methods, R&SD provided reliable, accurate, valid information on business, economy, financial market, service quality and other contemporary issues. In the year 2018, R&SD has undertaken eighty nine (89) research projects and produced three hundred and seventy (370) reports. In this regard, R&SD not only acquired & disseminated business insights, but also helped converting those insights into strategies.

MAJOR RESEARCH PROJECTS IN 2018

Customers Branch Experience Survey 2018

The study was conducted to gauge customer experience of top-14 branches of Bank Asia (BA) in terms of staff behaviour, queue and branch environment. It successfully depicted service quality strength and areas of improvements for these 14 branches. By adopting the suggestions mentioned in the study, BA aims to raise the standard of its customer service quality.

Command Area wise Key Business Performance: Bank Asia vis-à-vis Major Competition

The objectives of this study were to identify key competitions' different business performance, gauge the size of the command area in terms of different business indicators, track movement of BA branches market share in the respective command area, identify the areas of improvement and devise branch wise strategies to further improve performance.

Banking Industry Analysis

This analysis was mostly a secondary conclusive research focusing on top private commercial banks' (PCBs) performance vis-a-vis Bank Asia's. This report highlighted the scope of improvement for the bank at the same time underlined strategies for the upcoming years. In 2018, a number of researches on banking industry have been conducted, including financial statement analysis, liquidity position analysis and comparative analysis of top PCBs.

Branch/ Islamic Banking Window (IBW) wise Budget as Per Market Growth and Potentiality

R&SD significantly contributed to branch budget exercise for the year 2018. By combining the insights from the aforementioned two (2) studies, R&SD suggested two budgets: I) Market growth-wise budget and II) Market potentiality wise budget for all the branches.

Branch/Outlet Feasibility Study

R&SD visited twenty eight (28) locations to find out business opportunities & barriers and helped the top management in taking informed decisions to establish branch at most feasible areas.

Call Center Service Quality Assessment of Bank Asia

To track service quality performance including areas of improvement of Bank Asia's call center, R&SD conducted a comparative research. Based on the findings, several immediate, midterm and long-term initiatives were taken, including different types of trainings & workshops.

Analysis of Islamic Banking Business of Bank Asia

To measure the efficiency & effectiveness of Islamic banking business and guide the decision makers, R&SD prepared budget for Islamic banking business of each IBW of the Bank. Besides, R&SD conducted different research on Islamic banking including financial statement analysis of the IBWs and major competition, reasons of high cost deposit in Islamic banking deposit pie and Islamic banking business potentiality including Branch & Agent Banking.

Industry/Sector Specific Research Report

To direct the investment path & explore the industry/sector outlook of different industry, R&SD regularly conducted different industry/sector specific research by focusing on recent business trend, major critical success factors, opinion of experts. In the year 2018, R&SD prepared industry report on Liquid Petroleum Gas (LPG). Besides, a number of industry/sector specific research works are on progress.

PLANNING FOR 2019

In the year 2019, R&SD is planning to continue its regular activities including yearly budget preparation, command area wise key business performance report, industry/sector analysis report, branch/outlet feasibility study, service quality assessment survey, banking industry analysis and other ad-hoc research works. In addition, R&SD has planned to conduct research on customers' branch experience survey, evaluation of call center service, customer service handbook development, monetary policy statement analysis, mystery shopping, etc.

LOGISTICS AND SUPPORT SERVICES

Logistics support is the vital functional area of the Bank, which builds necessary infrastructure and provides essential establishment to effectively operate the Bank in order to achieve the goal. In a banking business environment, integrated logistics support services is a management function that provides planning, design and support of business operation of infrastructure development, procurement, inventory, warehousing, distribution, transportation, customer support etc.

MAJOR ACTIVITIES IN 2018

- In 2018, Bank Asia opened up 07 (seven) new branches, 02 (two) Collection Booth, 01 (one) RMG Digital Banking Booth and 14 new ATM

booths at different places of the country.

- A 10 (ten) storied commercial building has been constructed on Bank's own land at Sukrabad, Mirpur Road, Dhaka.
- Construction work of 12 storied own Building Complex at Karwanbazar, Dhaka is in progress.



Opening of Bank Asia Tower Branch

Directors' Report

ANTI MONEY LAUNDERING

Combating of money laundering (ML), terrorist financing (TF) and financing of proliferation of weapons of mass destructions (PF) is a prime element in promoting a strong, sound and stable financial sector. Money laundering has a major impact on a country's economy because it has directly impact to economic growth. Financial institutions have been penalized with large amount by different government or even government agency due to laxation on AML & CFT issues. Money laundering and terrorist financing can damage financial sectors as well as financial stability to the great extent of a country.

The FATF recommendations have been set out comprehensively and consistently to measure and combat Money Laundering (ML) and Terrorist Financing (TF) as well as the financing of proliferation of weapons of mass destructions (PF) that is mandatory for each country to implement/comply. These recommendations are universally recognized as the international standard for anti-money laundering and countering the financing of terrorism (AML & CFT). To fulfill the recommendations of Financial Action Task Force (FATF), MLP Act 2012 (amendment 2015), Anti Terrorism Act in 2009 (amendment 2012 & 2013) as well as instructions of BFIU, Bank Asia has identified, assessed and took effective action to mitigate their money laundering and terrorist financing risks considering the customers, products, delivery channels, geographical locations and also assessed some regulatory risks i.e. risk arises from non-compliance of AML and CFT measures.

Considering the situation, Central Compliance Committee (CCC) of Bank Asia has already installed a software named 'AML Solution' to find out the names of black listed persons/ institutions instantly at the time of opening any type of account. The local terrorists/organizations list, United Nations Security Council Resolutions (UNSCR) and OFAC lists are also included in it. At the time of changing information, we are updating these lists regularly with the help

of ICTD & Era Infotech Ltd. For monitoring the foreign trade transactions 'Nazdaq' a UK based software also installed in CBS as Bank can be stand always stable on safe position. Besides, Anti Money Laundering Department, Corporate Office arranges and conducts AML & CFT workshop throughout the year to train all the employees of our Bank and about 98% employees obtained AML & CFT related training. In addition to this, Bank Asia has been arranging district level AML and CFT related training as lead bank for officials of the schedule Banks operating in the district(s) selected by the BFIU.

For identifying present lapses/irregularities related to Account Opening, preparation and update of KYC and other related matters, preparation of accurate Transaction Profile which is commensurate with the account holder's original source of fund, scrutiny of the documentary Credit (LC) files & related documents as per checklist of BFIU circular-19 and to build up the knowledge of AML & CFT matters and so on, the officials of AMLD conducts audit and inspection independently throughout the year of our Branches, SME Service Centers and Islamic Windows of our Bank. AMLD also inspects Agent point/outlet of the Bank which have been operating under the umbrella of the Agent Banking Division to ensure financial inclusion and effective AML & CFT framework.

Moreover, Anti Money Laundering Department has been arranged meeting for mitigating the queries of foreign banks or financial institution under US Patriot Acts. The Department also attends to the account queries of Bangladesh Financial Intelligence Unit (BFIU), Income Tax Office, National Board of Revenue (NBR), Central Intelligence Cell, Customs & Bonds Commissionerate Office and Anti Corruption Commission (ACC) office and so on. In the branch level, Branch Anti Money Laundering Compliance Officer (BAMLCO) and Branch Anti Money Laundering Officer (BAMLO) are very much proactive to prevent ML & TF issues independently and would make the Bank compliant on these issues.

Chief Anti Money Laundering Compliance Officer (CAMLCO) and Deputy Chief Anti Money Laundering Compliance Officer (DCAMLCO) of our Bank had participated in the CAMLCO Conference 2018 which was organized jointly by the Bangladesh Financial Intelligence Unit (BFIU) and Association of Anti Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB).

Complying the AML & CFT issues, we can control and minimize adverse effects of Money Laundering (ML), Terrorist Financing (TF) & Financing of Proliferation of weapons of mass destructions (PF).



Mr. Mohammad Borhanuddin, DMD & CAMLCO, Chairman of AACOBB congratulating newly appointed Head of BFIU, Mr. Abu Hena Mohd. Razee Hassan

CAPITAL STRENGTHENING

Bank Asia is always keen to maintain sufficient capital base against doing business to support healthy growth of business and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap. Bank's CRAR (Capital to Risk

weighted Asset Ratio) reached to 15.05% as on December 31, 2018 against required 10%. Furthermore, to keep the adequate capital base in next 5 years bank has decided to issue further 7 year floating rate non-convertible subordinated bond of Tk.5,000 million in 393rd Board meeting on October 17, 2018.

BRANCH OPERATION

In 2018, some additional assignments have been included with the existing port folio of Branch Operations Division. Those are – i) Centralized Account Opening, ii) Online Account Opening (ঘরে বসে হিসাব খুলুন®) through OMNI Channel, iii) Centralized Sanchaypatra Operation and iv) Approval of opening Account without NID.

Account Opening is the primary stage for establishing Banker customer relationship. Keeping this in mind Management has decided to impose strict monitoring to establish discipline and safeguard Bank from any regulatory non-compliance and introduced Central Account Opening concept since 1st October 2018.

ঘরে বসে হিসাব খুলুন® is an online platform to open Bank account in any of our Branch from anywhere without filling up physical Account Opening Form (AOF). Through this platform customer need to fill-up the format (AOF) online and appear at Branch only once to submit signature and mandatory

documents to make the Account operative. This platform will allow customers to fill-up AOF at their leisure time without coming to the Bank.

The main thought behind the Centralized Sanchaypatra Operation is to allow Branch Official to be more customers focused and monitoring of the whole operation centrally. As such, Central Sanchaypatra Operation has been shifted to BOD on 1st November 2018. In this regard BOD is also using a Web-based application namely; Bond Management System (BMS) which enables to complete the function in quickest time without error. Now, customer doesn't need to come to Branch repeatedly rather once to Purchase Sanchaypatra and surrender their coupon to BOD. On maturity coupon/encashment amount will be automatically credited to their pre-declared account. In 2018 Bank earned around Tk. 5.15 mln as sales commission and Tk. 0.386 mln as Service Charge against "Auto Coupon Encashment Service".

Furthermore, BOD is also giving decision/approval to Branches in opening of Accounts with Photo ID other than NID. BOD has given approval for more than 1,000 Account opened without NID. In 2018, BOD issued 257 Instruction and Information Circulars on different regulatory as well as Bank's internal issues. 31 PA numbers issued from Branch Operations unit.

From the wing of 'Central Customer Service & Complaint Management Cell (CCS & CMC)', BOD has handled 105 complaints during the period, and resolved those very sensibly and efficiently. In this regard BOD has guided the branches for the improvement of institutional and individual ethical standard, to ensure better customer service quality and to demonstrate customer awareness program. In 2018, BOD has ensured formation of Branch Level Customer Service & Complaint Management Desk (BLCS & CMD) at all Branches.

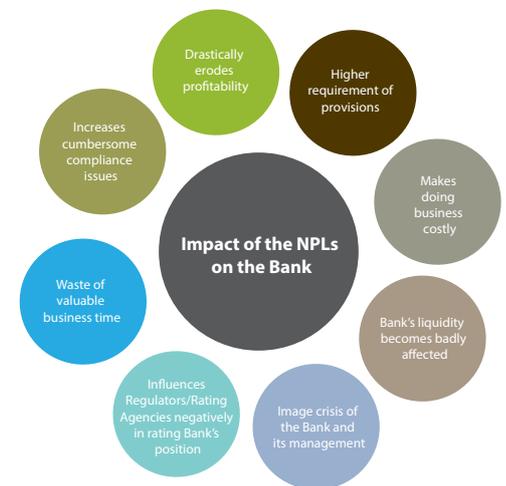
RECOVERY

Special Assets Management Division (SAMD) is entrusted with the job of managing the non-performing loans in the most articulated way to keep the health of asset portfolio of the bank in a well shape. Besides, recovery from written-off loans is another important task of SAMD which directly hits the profitability of the Bank as well as provision requirement. SAMD also plays a key role in keeping bank's overall image in the market, favorable CAMELS rating, acceptable rating in the eye of the overseas financial partners and the like by keeping NPLs at a tolerable level. Moral persuasion, adept negotiation, proper and timely legal action, subsequent monitoring & follow up drives towards departmental success. Apart from above, SAMD contributes in proper compliance and timely reporting to the Bangladesh Bank and other authorities

regarding various issues related to the NPLs of the bank. Through vigorous recovery initiatives taken by SAMD with the help of branch and other departments of corporate office, Bank Asia has notably reduced CL% from 4.38% to 4.10% in 2018.

Million Taka

Sl	Particulars	Year 2017	Year 2018
1	Cash Recovery Against Classified Loans during the year	2,504.96	4,084.61
2	Cash Recovery from Written off loan during the Year/Period	34.65	100.86
Total		2,539.61	4,185.47



Suit Position

Million Taka

Frequency	Artha Rin Suit filed		Artha Rin Suit settled finally		Artha Rin Suit running		Decree obtained & Ex. running		Recovery from Artha Rin Suit		Recovery from N.I Act Case	Total Recovery from cases
	Nos	Value	Nos.	Value	Nos	Value	Nos	Value	Running Suits	Settled Suits		
As on 31.12.2016	297	13,558.77	80	1,660.00	217	11,898.76	129	5,576.31	77.87	949.03	-	1,026.90
As on 31.12.2017	362	24,774.13	101	2,766.62	261	22,007.51	135	5,158.47	340.77	958.64	81.89	1,381.30
As on 31.12.2018	603	2,862.75	113	287.26	490	2,575.48	151	728.42	54.86	105.20	61.84	603

SAMD's contribution in recovery of total Tk. 844.16 million by selling two vessels is remarkable. These sale proceeds resulted in interest income for Tk. 210.00 million in the year 2018. Both the vessels were subject matter of two admiralty suits exclusively dealt by the legal wing of SAMD.

Directors' Report

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 III 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, guided by the hon'ble Board of Directors and aligned to related rules and regulations of various regulatory bodies. The corporate governance of Bank Asia sets top priorities in 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. In recognition of that Bank Asia has garnered ICAB National Award for Best Presented Annual Report 2017, Bank Asia also awarded joint Third Position under the category: Corporate Governance Disclosure Sector. The details of corporate governance practice of Bank Asia are discussed in a separate segment 'Corporate Governance' under page no 200-249.

CORPORATE SOCIAL RESPONSIBILITIES

Bank Asia always streamlines its efforts to look beyond short-term quantitative gains and concentrates on issues that make the institution socially responsible. It gives all out efforts towards sustainable balanced growth. We are committed to social and environmental well being and strive to ensure sustainable balanced growth in economic, social and ecological arena. Bank Asia strongly believes that sustainable growth of an entity is nothing but a counterfeit ideology

without being communally responsible in business conduct and contribute to the society. That is why Bank Asia is always committed to be a proud development partner of its communities where it belongs and make the communities grow up through continuous and balanced CSR activities.

Like previous years, Bank Asia spent an amount of Tk. 126.91 million for several CSR activities this year. A significant amount was given to three regular programs - Higher Study Scholarship, infrastructural development of different institutes and support to the flood and cold affected people. Other CSR programs include environment, sports, health, art & culture, disaster management. The pace of CSR contribution is expected to accelerate in the future with long term vision. In depth CSR activities of the bank are available in Corporate Social Responsibility (CSR) segment.

GREEN BANKING

Green banking or Sustainable finance refers to any form of financial service integrating environmental, social and governance criteria into the business or investment decisions for the lasting benefit of both clients and society at large. We recognize that the policies and practices we adopt today will shape not only our lives but also those of future generations. We therefore have an opportunity to make a positive contribution to environmental and social concerns by enacting policies designed so that our business operations do not degrade the environment or cause social harm. Such policies not only indicate positive environmental responsibility, but also present business opportunities such as innovative financial products and investments in sustainable forestry and renewable energy. This will help us better manage our risks, develop expertise and provide clients with solutions to evolving exposures. During day to day business Bank Asia heavily contributes towards the carbon emission in terms of use of paper, electricity, stationary, lighting, air conditioning, electronic equipment etc. even though this is moderate compared to other carbon sensitive industries like steel, oil and gas etc. In the case of banks, the direct interface with the environment has considerably increased due to rapid growth of the banking

industry. Energy consumption is the only way to describe our living, but excessive use is called waste. Prime focus of Bank Asia is utilization of solar power, Reduction of Energy & Resource Consumption; control the consumption of water, waste management, emission of greenhouse gas etc.

As step of utilization of solar energy we have already installed solar panels in our 11 branches. During the year, we have disbursed Tk.32.46 million to Green finance, which helps sequestration of carbon and help to reduce environmental effect. In 2018 for waste water processing project Bank Asia finance Tk.18.16 million for Waste Management plant. The Bank also participate an agreement with Regulatory Bank as a participant in the refinance scheme for Green Product / Initiatives in Bio- Gas and Green Industries projects of the Regulatory Bank's newly introduced refinance scheme (Revolving Fund) of Tk. 200.00 crore for promoting smooth financing in Green products/initiatives in Bangladesh. Bank Asia also financed Tk. 324.28 million in Pet bottle recycling plant. Moreover, Bank Asia draws attention and creates awareness of its stakeholders on different environmental issues each year through its Sustainability Report. There are other green banking activities played by the bank which was covered in detailed in environmental performance segment.

BANK ASIA SECURITIES LIMITED (BASL)

Bank Asia Securities Limited (BASL), a majority owned subsidiary company of Bank Asia Limited started its independent commercial operation from April 17, 2011 having 07 outlets across the country with a paid-up capital of BDT 2,000.00 million.

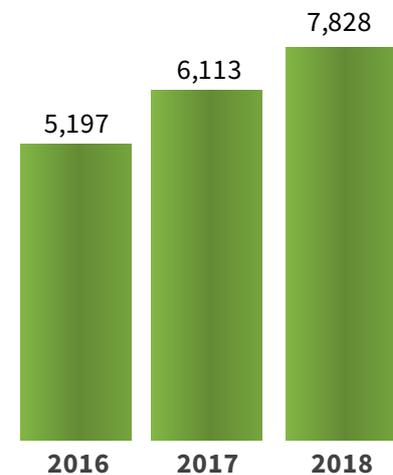
Bangladesh Capital Market observed a bearish trend throughout the year in 2018 due to low participation of investors, currency depreciation, instability in money market, rising nonperforming loans in the banking sector and political tension centering on the national election.

All the forces discussed above caused Dhaka bourse in downward trend throughout the year 2018. The prime index of the Dhaka Stock Exchange (DSE), DSEX started the year with 6,244.5 point on January and ended the year with 5,385.6 point fallen by 858.9 point or 13.75%. Total Market capitalization of Dhaka

Stock Exchange stood at BDT 3,872.95 billion as on December 31, 2018 from BDT 4,228.94 billion as on December 31, 2017 representing negative growth of 13.75%. The daily DSE average turnover in 2018 was BDT 5,511 mln against BDT 8,748 mln in 2017 fallen by 37% and Market P/E was 14.6 compared to 15.4 last year.

BASL has been continuing as 15th position of DSE's Top-20 in terms of daily turnover throughout the year. Total Operating profit stood at BDT 171.16 million as on December 31, 2018. Number of total active clients reached at 7,878 in December 2018, which was 6,113 in December 2017 representing a growth of 28.87%. Margin loan outstanding stood BDT 4,994 million in December 2018, which was BDT 5,074.11 million in December 2017.

Total Active Clients



BA EXCHANGE COMPANY (UK) LIMITED

The year 2018 has been very challenging due to some external and internal factors that include mainly uncertainty around Brexit and our shift towards almost cashless service activity for the whole year. GBP was very volatile and fell from the range of 1.44 to 1.27 by the end of the year.

Acquiring a bank account to operate this business has still been the paramount challenge as the high street banks have their blanket approach on this sector due to inherent risks and therefore most of the MSBs are operating as an agent of the likes of Western Union, MoneyGram and Ria etc.

While few other bank-owned companies have become the agent of large MSBs, we managed to overcome the problem securing our Bank account, but at the moment we have no facility to accept cash. We predicted it well that the future of money transfer would be cashless gradually and therefore we introduced Online Remittance Module (ORM) in March 2017 so that people can send money online from anywhere within the UK from the comfort of their home or on the go and can pay by their card.

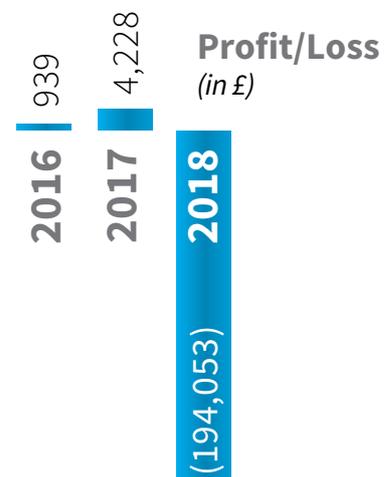
We are also starting our online remittance services from Europe from January 2019 under the brand name HelloTaka.com which we will gradually take to other countries.

In addition to the practical problems from an operational perspective, there have been pressures on our key customer base in that, financial restrictions placed on students have led to a drastic fall in the number of students coming to the UK, many have now been forced to go elsewhere in the EU, this population sector are a crucial part of our business as the permanently settled British-Bangladeshis have less inclination to send money back home other than during the festive periods.

Additionally HMRC tightly regulates the industry under the 2007 Money Laundering Regulations Act, putting limits on turnover and creating tough transparency rules and due to the pressure on more on more players now following our lead and applying the rules correctly is leading to some customers opting for other indirect methods such as Hundi or splitting the transactions through various different MSB's in the hope that the levels will not be easily detected.

Despite all the doom and gloom as noted above leading to a downfall in the whole sector in the last few years, we have managed to recover our business from the severe downfall of our business in the year 2014 in particular. We have been able to retain our customers despite the fact that we don't accept cash.

With the prudent directives of the board and management, hard work of our counter staff, unique marketing, improved service process, making us one of the most preferred choices of remittance partner by expatriates living and studying in the UK. We are also soon going to introduce our mobile apps to make the transfer even convenient. So our continuous endeavor will be deployed to improve service excellence further and convenience of our customers.



Directors' Report

BA EXPRESS USA INC.

BA Express USA Inc. was officially launched in 2014. Now it has two branches, one in New York and the other in Brooklyn. Working through an agent based models, BA Express USA Inc. serves its customers using a good number of agent locations placed across New York City area. The motto is to become the MTO of choice to all NRBs residing in USA by providing easy, low-cost and convenient remittance opportunity for the Bangladeshi community residing in New York. In 2018, BA Express sent remittance worth USD. 22.23 million. Operating loss stood at USD (328,169) in 2018 which was USD (124,639) in 2017.

Year	Invoice	Remittance (Million USD)
2016	63,944	29.49
2017	73,671	36.26
2018	45,182	22.23

INITIATIVES IN 2018

- Incorporated new agents to increase remittance volume
- Implemented new system solution for smoother customer experience.

FUTURE PLANS

- Increase the volume and coverage area
- Work towards reaching break even ultimately making profit
- Expansion of collection and distribution channels
- Tie up with 'Fin-Tech' companies to accelerate transaction pace and increase overall volume

EVALUATION OF QUARTERLY REPORTS

The Board of the Directors evaluates the quarterly reports every year. The Management prepares the financials and submits 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 approves 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.

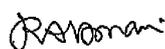
ADDITIONAL STATEMENTS

Additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994) is described in a separate segment.

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 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



Rumea A Hossain
Director



Romana Rouf Chowdhury
Director

Bank Asia's Integrated Reporting Framework



**corporate
governance,
compliance and
remuneration
report**



**risk
analysis and
integrated
strategy backed
business model**



**financial
statements**

Our Approach to

INTEGRATED REPORT

An Integrated Report (IR) is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term and aims to cover a vast area of the business activities in sustainability framework. Unlike Annual Report that merely deals with past information IR reflects on how nonfinancial considerations have influenced on financial decisions as well as overall strategy of the business over a period of time. IR offers greater context for data performing, demonstration of relevant information that fits into operations or a business, which may influence decision making more effective for the long run. Establishing a correlation between a bank's business activities and the reflection on society in terms value addition is, by its nature, very challenging.

Bank Asia prepares integrated report with the aim to how Bank Asia, as a financial institution, has excellently managed its business to deliver consistent value to its stakeholders. Our IR gives a clear indication of our business model, strategic focus, resource allocation and future outlook to help the stakeholders evaluate the Bank's intrinsic value creation capability. In our fifth Integrated Report to the Bank's stakeholders we focused more on risk and opportunities through risk management disclosures, corporate governance, and sustainable banking initiatives with a view to highlight Bank's overall performances of 2018 and discuss the key factors that are material to its present and future value creation. We identify that we must effectively manage our resources and relationships to ensure attractive returns on our investment over the long term. We have also tried to keep this report concise, consistent and complete, including all material matters, both positive and negative in a fair way and without material inaccuracy. 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. Keeping 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. By the journey of preparation each year IR gives us new insight on how to improve the report for the stakeholders and tried to make it more informative and accessible. Here we welcome any feedback on its ideas, design, content and comments can be directed to arteam.ba@bankasia-bd.com



Deposit and Advances Strategies

Million Taka
Industry Advance



Industry Deposit

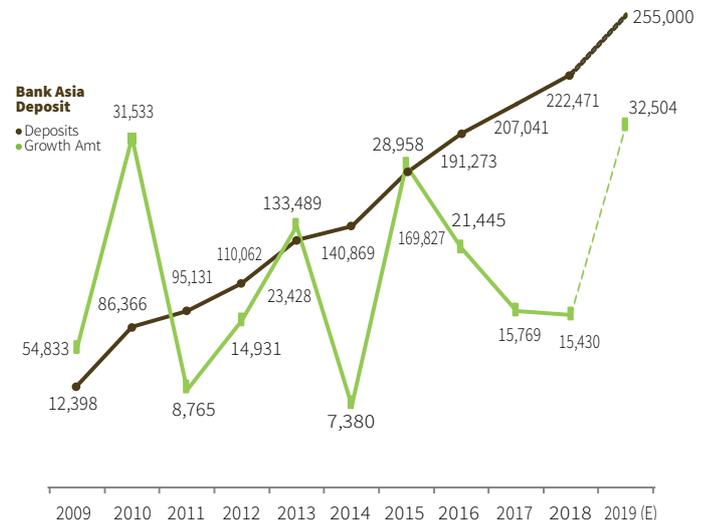
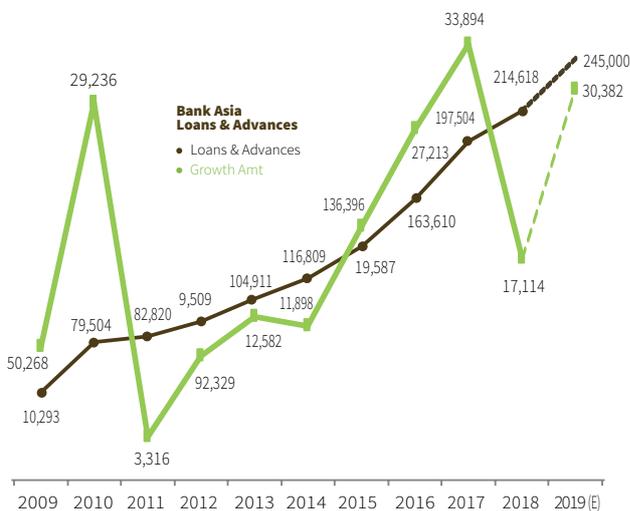


DEPOSITS STRATEGIES

- 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 with different segments of the society.
- Cross Selling of different products including retail to corporate customers.
- Exploiting the growing rural deposit basket by setting- up smaller size low cost rural branches and establishment of 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.
- Backward linkage industries to be targeted which will provide a good source of SME business through availing the benefit of supply chain management.
- More priority to export oriented industries to help increase forex flow, earn through multi channel which will 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 should apply to ensure strong internal control over business operation.

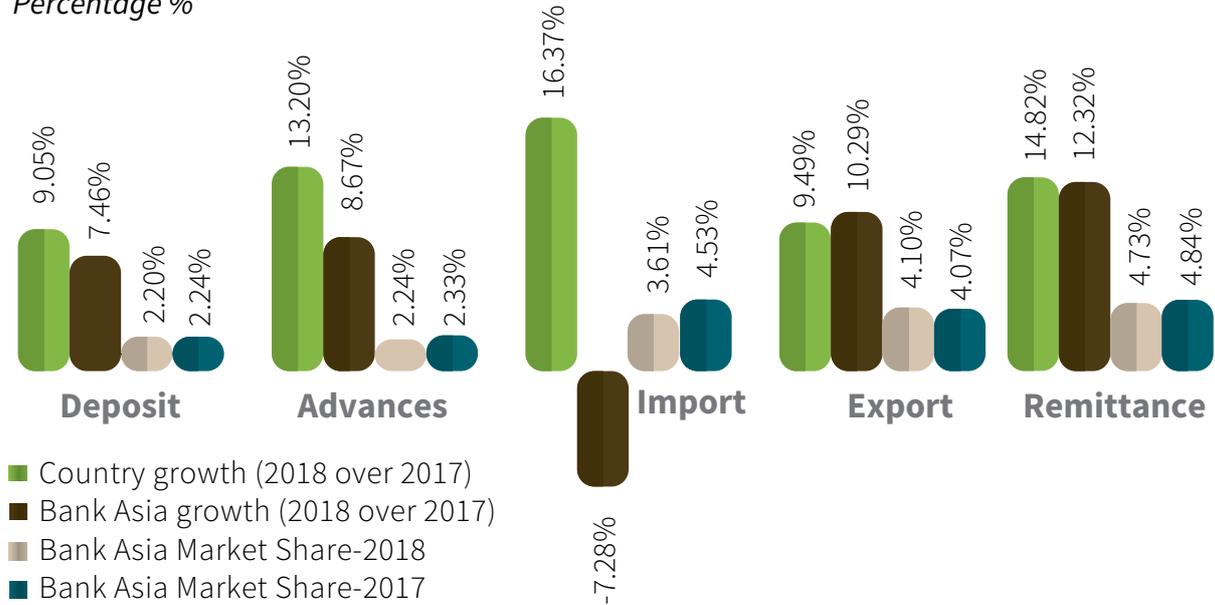
ADVANCES STRATEGIES

- 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.
- Identifying probable problem accounts through Early Warning System ('EWS') and 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.



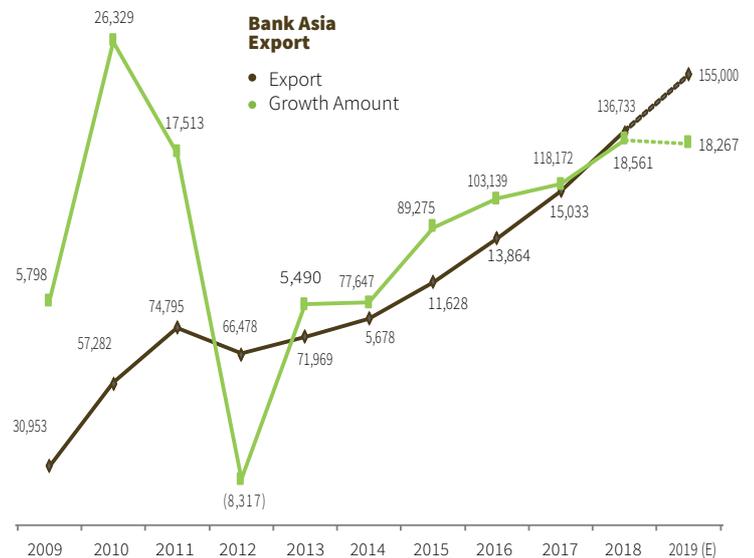
Import and Export Strategies

Country Position Vs Bank Asia Position
Percentage %



IMPORT & EXPORT STRATEGIES

- 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.
- Focusing on service export sectors like IT and Education.



Future Orientation

The year 2019 reflects few challenges along with some opportunities for Bangladesh economy and banking industry. It is essential to perform an intensive effort to move forward towards achieving the goal for a better tomorrow.

CHALLENGES

- a) The banking sector has brought remarkable changes in service quality by using modern technology but still the industry is not able to meet-up the level of expectation for addressing the challenge of loan defaults.
- b) Country's current account deficit reached at USD 9.78 billion which is ever highest due to higher volume of import and moderate export performances and remittance inflows. As a result, BDT is losing its value continuously and fluctuation of exchange rate is the big concerning factor for the importers.
- c) The spread of weighted average interest rate narrowed down to 4.45% in 2018 from 4.72% in the preceding year which would reduce the profitability of the bank.
- d) Deposit growth of Private Banks stood at 11.59% as of December 2018 from 12.58% at December 31, 2017 indicating a scarcity in the availability in supply of deposits reflecting higher borrowing rate which is marking higher costs for Banks.
- e) High dependency on fuel based electricity generation might see a rise in the cost of electricity marking a pumped up cost budget that will make business environment a bit complicated.
- f) RMG has been playing a big role to the economy of Bangladesh for the last four decades, approximately 83% of our export portfolio. European Union (EU), a major RMG importer of Bangladesh, is continuously putting pressure on RMG manufacturers on different issues like work environment, child labor, minimum wage etc. Risk on cancelation of GSP for these reasons may slow our export growth.
- g) Regulatory authorities of banking industries are consistently introducing new regulations and compliance

requirements. But these regulations are implemented on sudden decision, so their reliability is a challenge on economy.

- h) Ten Banks has been facing Tk.26,678 crore capital short fall made banking sector riskier, squeezing depositors' confidence, shrinks deposits and creates liquidity crisis. Government subsidiary to these banks through public revenue is a trade-off between economic development and loss compensation.
- i) Banking Industry is suffering from high levels of non-performing loans stood at 10.30% as of December 2018 from 9.31% as of December 2017. Naturally, these high NPLs have affected the profitability and the overall capital.
- j) Enormous capital expenditure in gigantic Padma Bridge without external finance and other big projects like the Metro Rail project, Dhaka Elevated Express, Rooppur Nuclear Power Plant with partial external financing can reduce national savings and reserve fund which may lead an adverse economic situation.
- k) Influx of roughly one million Rohingya from Arakan of Myanmar has twisted a severe problem for Bangladesh putting an upward demand for import of foodstuffs, involvement in different anti-social activities to fulfill basic needs, disturbing social peace being spread out over the country.

OPPORTUNITIES

- a) Bangladesh is the third fastest growing economy in the world in terms of achieving high Gross Domestic Product (GDP) in FY2017-18. Bangladesh expanded at 7.86% this year and per capita income has increased to \$1,751 in FY2017-18 from \$1,610 in the previous fiscal year.
- b) Government creates a new landmark by turning Bangladesh into developing countries and relationship with china is increasing for more investment opportunities. China is 3rd largest country invested in Bangladesh with 125.45 crore investment.

- c) The Executive Committee of the National Economic Council approved a total of 13 projects, and it costs Tk 9,481.77 crore will come from the national exchequer, while Tk 154.45 crore from the own funds of the organizations concerned and the remaining Tk 2,823.58 crore as project assistance.
- d) The Padma Bridge project will bring some benefit over the economy and banking industry. It was estimated that about \$2.1 billion would be injected into the economy which will add value of Tk. 45,367 crore.
- e) Agent banking is growing its extent by 1,468,797 account with deposits of Tk. 1,634.36 crore. Bangladesh has 5,791 agent banking outlets in the rural areas, whereas the countryside requires nearly 25,000 outlets to bring the unbanked people under the formal banking system.
- f) As freelancing sector is going high, Bank Asia has launched 'SHADHIN Card' for freelancing transactions.
- g) Bank Asia's ongoing financial inclusion program like "EBEK" & "Agent Banking" can create generous opportunities which will present in the geographically dispersed segment of Bangladesh.
- h) To ensuring swift communication, Information technology like smartphone and availability of internet facility makes the banking sector more attractive. Bank Asia aligns with advanced technologies introducing SMART Banking, My Family app, Online Credit Approval System (OCAS) - Diganta, Online CIB which will facilitate quick and uninterrupted automated customer servicing.
- i) GDP of Bangladesh saw an expansion of 7.86% in FY17-18 and Government is expecting growth will be 8.13% in FY2018-19 which will open up more economic opportunities in future.

Strategic Focus

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 altogether culminate performance of the Bank.

BUSINESS KPI'S

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 KRI'S

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

Bank Asia implemented zonal 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, conducting customer satisfaction survey for identifying client expectations as well necessary actions to be taken for service improvement.

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 like ETP, Zigzag and HHK technology, plants nursery, biogas 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, mobile operation through mobile banking, EBK project for the ultra-poor people and agent banking for the underserved population.

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	606,570.77	304.85
Branch Banking Services	1509	91,531,5291.80	460,017.13
Chairman, MD's & DMD's Secretariat	6	3,639,424.62	1,829.09
HR Planning & Manning	39	23,656,260.03	11,889.11
Operations Support	88	53,378,227.76	26,826.71
Finance Function	14	8,491,990.78	4,267.89
Treasury Function	14	8,491,990.78	4,267.89
Loan processing & supervision	332	201,381,495.60	101,209.87
International Operation	59	35,787,675.43	17,986.09
Information Systems	166	100,690,747.80	50,604.93
Board Secretariat	6	3,639,424.62	1,829.09
Internal Audit & Compliance	22	13,344,556.94	6,706.68
Total	2,256	1,368,423,657	687,739

Our Activities and Values



BUSINESS ACTIVITY

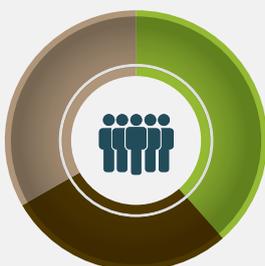
- By using deposited money placed by customers and other surplus entity to facilitate lending to the customers with proper utilization of existing capital by minimizing risk through approved regulatory environment
- By accelerating investment and build up capital through offering quality banking facilities and knowledge-based services to our customers
- By maintaining economic stability through proper control of money market
- By offering unique products to our clients to support their business requirements, including commodity, credit, foreign trade, debt and equity instruments

VALUE CREATION ACTIVITIES

- To support economic growth, through credit, investment capital, trade finance and infrastructure financing we facilitate allocation of capital
- Facilitate access to financial services, enabling socio-economic development and personal wealth creation, which are relevant to the markets in which we operate
- Provide effective markets to encourage banking activities of customers and clients through secure and reliable transactional systems and processes
- Enable financial protection and diversification through risk transfer
- To ensure customers have safe as well as convenient access to their savings and funds we deploy and maintain the integrity of banking infrastructure
- Focused on technologically advanced banking systems appropriate to our industry to make banking more facile & interactive for customers
- Build and maintain a good governance framework to protect and enrich value creation
- Actively make progress against our strategic priorities to achieve our vision
- Engage with stakeholders and responsive to their concerns
- Entrench our code of ethics and values
- Reduce our operational impacts and promote positive change
- Be an active corporate entity

BANK ASIA'S VALUE CREATION ACTIVITIES

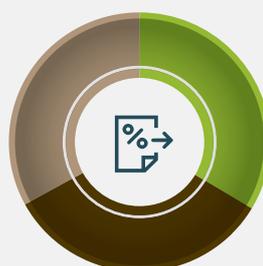
The outcomes of the roles we play in the course of our business activities, and the ways to ensure that value creation is maintained, are illustrated below:



Growth of Employees

8% 2018
6% 2017
7% 2016

We recruit talented people and train them so that they can increase the company's value by giving their best effort and labor.



Tax Amount (Taka in million)

4,424 2018
4,408 2017
4,349 2016

By paying taxes, we contribute directly to governments to build stronger economies



Reinvestment (Taka in million)

5,710 2018
4,678 2017
4,180 2016

Wealth is reinvested for further growth of our business, which ultimately benefit our stakeholders



Infrastructure



Technology



Legal



Ethical



Customer

VALUES THAT MAKES US STRONGER

- Efficient, skilled and experienced employees
- Dedicated customer service
- Proactive
- Team Work
- Commitment to the Shareholders
- Integrity and accountability
- Confidentiality
- Highly efficient management
- Sustainable commitment to the society

THE VALUE WE HAVE CREATED

Being a financial institution engaging in banking activities, we are a part and parcel of economy and facilitate at a fundamental level of economic growth and social development of the economies we serve.

We always believe that one of our greatest strength is Human Resource and for quality and value added service to the stakeholders, we frequently arrange training and development programs to our employees. We have also made 8% growth in employment creation from last year. Using the available stocks of capital, we create value through our integrity of banking infrastructure. Ultimately, the most significant outcomes of our business activities are contribution to socioeconomic development, which we are achieving through profitability and the amount of dividend and tax of Bank Asia in 2018 was 10% (proposed) and Tk. 4,424 million respectively. As the Basel

Capital Accord (Basel) requires banks to allocate financial capital to meet capital requirements, so we facilitate allocation of capital to support economic growth and in 2018 our reinvestment amount was Tk. 5,710 million. In addition, we had Tk. 7.89 million as environmental savings and as financial inclusion we are serving 839,375 beneficiaries through EBEK project and 749,067 account holders with a growth of 140% through Agent banking program. To protect and enrich value creation, we build value based culture and maintain strong systems and governance frameworks.



Environmental Savings (Taka in million)

7.89 2018
5.99 2017
5.88 2016

Our commitment gradually increasing over the years for maintaining eco friendly environment which is essential for our survival



Beneficiaries of EBEK

839,375 2018
1,629,286 2017
1,266,930 2016

With an aim to serve the unbanked people, Bank Asia successfully operating EBEK (Ektee Bari Ektee Khamar) project since 2012



A/c of Agent Banking

749,067 2018
311,947 2017
132,353 2016

Provide banking services to geographically dispersed poor segment of the society through Agent banking since 2013

Capital is one of the most vital factors of production. Banking industry belongs to service sector where human capital is the most valuable asset. Bank Asia has enriched its capitals in every form whether financial capital, human capital, manufacturing capital or intellectual capital to ensure future growth and prospects

Capital	Input Stage
<p>Financial Capital </p>	<p>Financing and funding arranged from valued depositors and shareholders in the form of deposits, equity and reinvestment that are used in making loans, advances and investment. To reduce the cost of fund, we focus on loan re-pricing for better performance</p>
<p>Human Capital </p>	<p>People involved in planning, executing, monitoring and controlling business on whom Bank Asia has investment to build up leadership skills and competencies for the purpose of making an industry competitive and customer oriented workforce</p>
<p>Manufacturing Capital </p>	<p>Valuable resources, business processes and technologies used in providing effective, efficient and innovative services to our customers.</p>
<p>Intellectual Capital </p>	<p>Aggregate value of intangible intellectual resources like brand image, enriched knowledge and competencies of employees, innovative research and development team, market reputation that offers a competitive edge to Bank Asia. Structured network, qualitative database, better software, good security systems are also used in our bank</p>
<p>Social and Relationship Capital </p>	<p>The relationship of Bank Asia with its stakeholders like business partners, regulators, customers, voluntary organizations which help build and maintain a strong social reputation and trust.</p>
<p>Natural Capital </p>	<p>Both natural and biological resources of nature preserved by ourselves like air, water, fuels and living things</p>

Value Added Stage

Performance Stage

Output Stage (For Stakeholders)

Bank Asia provides diverse forms of deposit schemes through assessment in terms of risk exposure, capital adequacy, loan provision and regulators' instructions in advancing loans and making investment.

- Deposit Tk. 222,471 million : 7% growth
- Loan & advance Tk. 214,618 million: 9% growth
- Profit earned Tk. 2,266 million: 11% growth
- CRAR maintained 15.05%
- NPL ratio came down to 4.10% from 4.38%

Shareholders

Bank Asia tries to generate an excellent risk-adjusted return for its shareholders. It has announced a 10% dividend in 2018, NAV per share increased to Tk. 21.02 compared to Tk. 18.96, EPS increased to Tk. 2.04 compared to Tk. 1.84 from the last year.

Employees are motivated and supported to participate in both internal and external training on different issues throughout the year.

- 2,256 employees engaged in Bank Asia
- 70,690 man hours of training provided
- 263 new employees recruited during the year
- Profit per employee Tk. 3.57 million

Customers

Bank Asia always shows a positive response towards its customers and innovation in customer services and thereby loan, deposit and profit of the Bank increased in by 8.7%, 7.5% and 20.53% respectively in 2018

Bank Asia focuses on a skilled and competent employee force, strong internal business process platform, output based infrastructural facility in all of the branches, implemented technological innovation

- 123 branches and 4 SME Service centers
- 66% of cash transactions through 149 ATMs
- SMART Banking apps for utility payment and fund transfer
- Diganta apps - online loan proposal
- MY Family- central contact platform
- Automate " Treasury Management System"
- A-card for marginal farmers
- SHADHIN Card for freelancers

Employees

Recruitment of new employees, both local & foreign trainings for employees and provided Tk. 10.79 million against 339 no. of claims of insurance

Introducing, expanding & diversifying product portfolio, reducing service waiting time, conducting customer service quality survey, Bank Asia creates a market reputation.

- Tk. 6,954 million of Agent banking deposit through 749,067 no. of account
- Ever expanding Alternative Delivery Channel
- Bank Asia Foundation constructs a hospital and gives Scholarship to meritorious students with other CSR activities

Government & Regulators

Bank Asia complies with all the rules and regulations as set by regulators i.g. Bangladesh Bank, BSEC, NBR, and relevant laws i.g. Bank Company Act 1991 (amended as of 2013), Company Act 1994, Transferable Negotiable Act 1881 and other applicable laws. Total 4,424 million tax and VAT paid by the Bank in 2018.

Bank Asia builds relationship with customers providing smooth and innovative services, contributes to our society through CSR, helps government paying corporate tax and collecting VATs, supports regulator to ensure financial stability.

- Spent an amount of Tk.126.91 million for the overall betterment of the nation
- Tk. 42.69 million is given to 873 rural and meritorious students under Higher Study Scholarship program

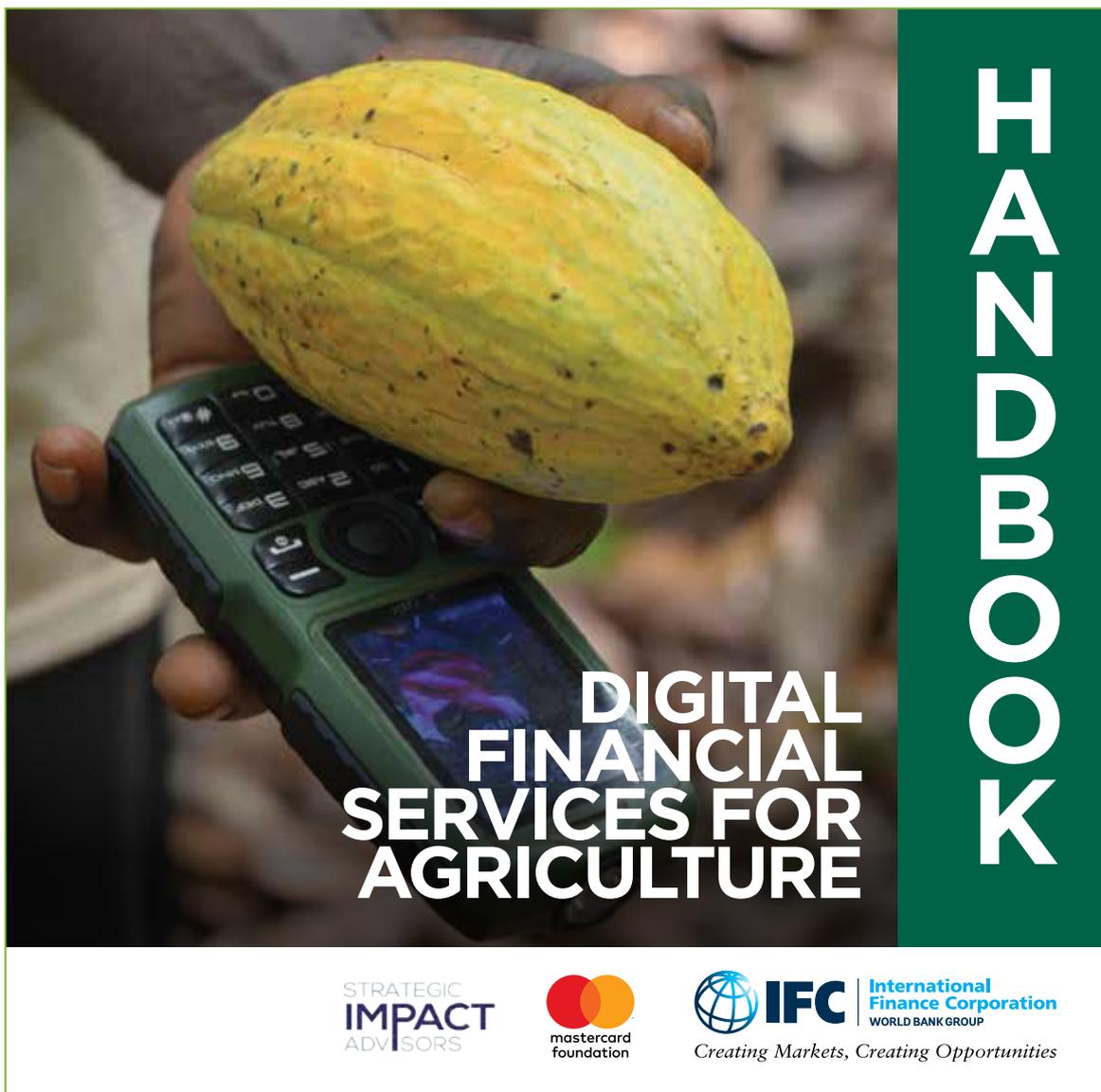
Local Communities

Bank Asia always promotes green banking and have taken every decision with both financial and environmental considerations in mind. Public awareness as well as regulatory requirement enforced the organization to increase environment friendly investment gradually.

Bank Asia tries to create a public awareness on the preservation of natural capital, reduction of wastage and keep the environment free from pollution through its operational activities and by publishing Sustainability Report which conveys a unique message to our stakeholders each year

- Net savings from environmental activities was Tk. 7.89 million
- Empowering communities through Agricultural credit of Tk. 2,880 million
- Disbursed Tk. 32.46 million to Green finance
- 10 nos. trainings were provided regarding green banking

A handbook named DIGITAL FINANCIAL SERVICES FOR AGRICULTURE by IFC & Mastercard Foundation where a case study on Bank Asia is published regarding Financial Inclusion in Agriculture



CASE STUDY 3

Bank Asia

Key Attributes

Provider Type

- Commercial Bank

Years in Existence (Service Offering)

- 2-3 years

Product Offering

- Savings
- Lending/Credit
- Payments
- Money Transfer
- International Remittance
- Insurance

Target User(s)

- Farmers
- Input Side Value Chain Actors
- Outputs Side Value Chain Actors

Digital Product Form Factors

- Basic mobile device
- NFC-enabled card
- Tablet/smartphone
- SaaS/Cloud Services
- Traditional software

Revenue Model/Pricing

- Interest
- Fees (transaction-based)
- Fees (service based)

Target Partners

- Farmer Associations
- Inputs Side Value Chain Actors
- Outputs Side Value Chain Actors
- MNOs
- Third-party technology partners
- NGOs

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Bank Asia offers its retail, enterprise, and corporate clients residing or operating in rural areas with a branchless banking service to their bank accounts via authorized agents to conduct the same transactions they can conduct within a banking hall.

Origin of the idea

Bank Asia launched its agency banking service with the goal to include the financially excluded; particularly those citizens or enterprises located in rural areas where agriculture is a dominant revenue source. The exclusion of a large percentage of people from formal financial services is a chronic problem for many modernizing economies, including Bangladesh. Exclusion makes individuals and households vulnerable to a range of risks such as overreliance on or exploitation by informal money lenders. Exclusion also creates risks at a macroeconomic level if key sectors become saturated with unregulated financing schemes. Enhancing financial inclusion, therefore, is not only a development objective but a strategic pillar for broad, economic growth.

What are the market problems this offering seeks to solve?

The primary problem Bank Asia's rural agent network addresses is proximity and accessibility. Agents are physically closer to remote populations and many operate out of pre-existing locations that are well-established and known to local communities. These locations also maintain longer hours of operation than traditional brick and mortar branches. This is particularly helpful for MSMEs that have high cash handling requirements and large cash inventories later in the day after branches close.

The second problem the service addresses is product availability. Unlike earlier deployments in Bangladesh that were restricted to a smaller set of offerings such as domestic money transfer, airtime purchase, and limited bill payment, Bank Asia is a regulated financial institution and its network of rural banking agents provides customers with access to the full complement of banking services and financial products. Agents offer deposits, withdrawals, savings, payments, money transfers, credit, lending and insurance.

Another problem Bank Asia addresses is pricing and affordability. The combination of digital solutions and reduced infrastructure costs allows Bank Asia to offer rural customers "no frills" accounts that have minimal or no balance requirements, and limited transaction or servicing fees. With respect to savings, individual and enterprise customers can open short-term, long-term or variable accounts. With respect to credit and lending, Bank Asia offers a range of financing with more flexible terms and conditions around funding limits, funding use, and repayment schedules. Agents also serve as collection points for credit, loan, or insurance payments.

Finally, Bank Asia addresses the need for financing and transaction services within agri-value chains. Through its digital payments and disbursement processing capabilities, Bank Asia adopts a holistic approach to lending and payments whereby farmers and other agri-value chain actors can interact digitally in person (e.g. at a rural collection point such as a cooperative) or remotely via mobile device or rural banking agent. These services improve both the availability of working capital to increase trading activity and the timeliness of payment collection, especially for farmers, so that earnings can be accessed more quickly.

How are digital channels used throughout the offering?

Digital channels are an integral part of Bank Asia's branchless banking agent network offering. Agents are equipped with one of several devices depending on their on-site configuration (i.e. power supply, mobile internet connectivity). An agent might have a desktop, laptop, POS terminal, tablet, or smartphone. All devices have an NFC-enabled component or a biometric scanning capability. Bank Asia acquisition agents are similarly outfitted with hardware and software that allows them to originate applications and that functions online and offline to minimize the number of touch points required to activate an agent on their core agent banking system. Because its target customers are rural and less affluent, Bank Asia made a conscious decision not to impose any technology (mobile or otherwise) requirements. An individual rural client can access her or his account through biometric identification along with a PIN entry.

Implementation: the experience thus far

Bank Asia has issued over 550,000 accounts since the launch of its branchless banking service. Its agents average 2,000 new account enrollments

per day. The typical average deposit per rural retail customer is 9,000 to 10,000 taka (about \$115). Its deposit portfolio is 435 crore taka (\$54.37 million) and its lending portfolio has reached 135 crore taka (\$16.87 million) with a PAR at 3 per cent. Given the nascence of the service offering and the target customer segment which is accustomed to more flexible, informal repayment terms, Bank Asia is confident the PAR figure will improve. Bank Asia is also partnering with multiple MNOs in the market to provide micro-finance to rural customers with mobile subscriptions using an alternative credit scoring algorithm tied to voice and data consumption patterns. It is worthwhile to note that enrollment and deposit mobilization figures are driven by a customer segment with the highest percentage (60%) of less formally educated customers (below Grade 5) of any of Bank Asia's service delivery channels.

Bank Asia currently has about 2,350 registered agents. A majority of these agents currently operate as local municipal centers of the government but a growing percentage are for-profit entities or NGOs providing micro-finance services to specific rural regions. Bank Asia relies on a range of selection criteria and licensing requirements, which

03 DIGITAL SOLUTIONS

include a minimum capital reserved, a vault for temporary case storage, a fixed location with a stable power supply, and extended opening hours (which is also a stipulation from the central bank in its recent guidance on agent banking services). Based on a blended commission structure that draws from float interest and per transaction revenues, agents have thus far demonstrated a motivation to mobilize and effectively safeguard deposits as opposed to simply drive account activation without emphasizing product comprehension and usage. Bank Asia believes that its current commission structure will offer its agents break-even potential on a monthly basis.

Looking ahead: growth, opportunities and challenges

Bank Asia is engaging UN agencies and USAID around issues of digitizing social safety net stipends as well as micro-credit or micro-loan issuance to farmers for agro-inputs. With NGOs, Bank Asia is pursuing options to provide rural credit unions and VSAs with a digital deposit mobilization capability tied to a loan disbursement and collection capability. In some cases, Bank Asia is also considering partnering with established local NGOs as potential agents, as initial platform data suggest that the commission-based revenue could provide a meaningful funding source for these NGOs and reduce

reliance on development funding. In terms of private sector partnerships, Bank Asia has opened talks with companies like Unilever to integrate an enterprise payments solution that can be rolled out in stages where different payments legs are digitized or merchants are issued branchless banking accounts and migrate to a digital payments channel all at once. Finally, Bank Asia is open to partnerships with MNOs and other banks as it sees growth opportunities in extending micro-finance to qualifying mobile subscribers based on an alternative credit scoring methodology and providing other mobile banking agents with a way to deposit excess cash float following a large cash delivery.

KEY TAKEAWAYS

- Bank Asia prioritized enrollment of smaller farmers and adopted a holistic approach to serving agri-value chains by acquiring enterprises based on production activities of farmers, including those involved in input supply or output trading and processing.
- Agent banking service includes 2,350 registered agents and 550,000 rural customers; 60 percent of customer base falls within the lowest segment of formal education. Rural agent network has mobilized \$54.37 million and maintains a lending portfolio of \$16.87 million.
- Current lending PAR is 3 percent but leadership expects levels to further decline as the service becomes more established and customers adjust to more formal repayment processes.
- Commission structure is blended to incentivize deposit mobilization, payments and money transfer services, and new product issuance. Break-even on a monthly basis is achievable at the individual agent given current commission structure.
- Agents are equipped with hardware (laptop, desktop, tablet, smartphone or POS terminals) but customers have flexibility vis-à-vis account access method, including biometric, PIN, card, or mobile handset.

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DIGITAL FINANCIAL SERVICES FOR AGRICULTURE 65

FINANCIAL SERVICES FOR AGRICULTURE



Risk Management Report

The table below gives an overview of the locations of our risk disclosures.



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RISK MANAGEMENT FRAMEWORK

Page: 112-114

RISK MITIGATION METHODOLOGY

Page: 115-119

DISCLOSURE OF RISK REPORTING

Page: 120-125

Message from the Chairman of Risk Management Committee of the Board



Risk Management in Banking has been transformed over the past decade, largely in response to regulations that emerged from global financial crisis and fines levied in the wake. But important trends are afoot that suggests risk management will experience even more sweeping change in the coming days.

Risk management is the process by which a business seeks to reduce or mitigate the possibility of loss or damage inherent in the industry. A key factor in bank risk management is the means to identify sources of risk and enact efficient plans to counteract it.

Risk management in Bangladeshi bank is a relatively newer practice, but has already shown to increase efficiency in governance. Board members and senior executives of banks need to be clear on how risk categories impact capital allocation and value.

Bangladesh Bank continued its efforts for upgrading the initiatives taken to manage various risks of banks in a prudent manner. Most recently Bangladesh Bank issued revised guidelines on risk management of banks. Bank Asia has taken necessary steps to implement Bangladesh Bank guidelines which will significantly enhance governance and would play important role in mitigating all the risks of the products and services offered by the bank.

Md. Nazrul Huda

Chairman

Risk Management Committee of the Board

From Chief Risk Officer's Desk



In view of overall economic prosperity of the country, 2018, the consequences in which were observed in the banking industry in the form of step growth of bank credit and boost of non-funded business. It was expected that these positive momentums would help the overall banking industry to secure next level of sustainability. Nevertheless the expectation was not fully met due to negative catastrophe i.e. non-performing (NPL) credit. The overall hike of rescheduled loans, continuous liquidity mismatch etc. are direct consequence of this NPL. The degree of this impact was further worsen by factors like “Court Stay order”, unhealthy complete environment in the banking sector. In parallel to aforesaid credit risk, the banking industry has experienced various form of market, operational and liquidity risk. A consolidate indication of the aforementioned pattern of banking risk was indicated by “Global Ratings Agency” in the form of sounds alarm along with ‘negative watch’ on Bangladeshi banking system.

In view of this, the bank has tuned the existing risk management practices to align with global best practices. The risk management activities are running with the motto that, the 2018 was the year of risk management awareness and the 2019 will be the year of strengthening risk management structure. Being an active part of countries’ banking industry, Bank Asia Ltd., always undertake an active approach to risk management and remained consistent in forming a best-in-class capability. The core motto of risk management practice at Bank Asia Ltd. are, solid understanding about materials risks of the bank and continuous formulation of effective strategies for active risk mitigation.

Md. Sazzad Hossain
DMD & CRO

Risk Management Report

RISK MANAGEMENT FRAMEWORK

1. INTRODUCTION:

Risk management is a “Coordinated set of activities and methods that is used to direct an organization and to control many risks that can affect its ability to achieve the objectives”. It is the architecture that includes risk management principles, a risk management framework and a risk management process. The risk management is primarily consists of understanding material risks and handling those risks in a way best-suited to achieve organizational objectives. Effective risk management has also given us so many benefits like reduction of frequency and severity of losses, safe and sound banking practices and better returns to stakeholders due to lower losses.

The year 2018 was a consolidation year for risk management for the bank. More precisely, during the elapsed year, in one hand risk management of the bank has consistently evolved through embracing new ideas and practices in view of trending economy and increasing complexity, competitiveness in banking industry. On the other hand the bank has tuned existing risk management practices to align with global best practices. In parallel to looking only in the past and present the bank has developed the perception toward forward looking attitude. As a result the risk management tools like Stress Testing, Value-at-Risk are now considered more than just a regulatory report. During the year the bank has gradually started to process of minimizing capital requirement through effective risk management instead of injecting fresh capital to accommodate more risk. On a nutshell, the 03 layered (i.e. operational, management and Board) joint effort has constantly helped the bank to operate in a sustainable state throughout year even under has macro-economic circumstances.

1.1. A Risk Management Approach

It is important not only fulfill regulatory requirements but also improve financial and operational performance of the banks. Strong and integrated risk management is essential for the long-term sustainability of the bank's business. The comprehensive risk management policies

and sophisticated risk management processes are required for systematic identification, measurement, monitoring and controlling of all business risks. Bank's overall financial soundness can be measured only by adopting a strong risk management process by communicating concise risk management standards to all concerned officials through adequate policies, directives, operating procedures and training programs.

1.2. B Risk Management Units of the Bank

Credit Risk Management and Client Rating Unit is primarily responsible for finding out and recommending mitigation for all credit risk related issues of the bank. Major focus of the unit will be to ensure continuous understanding of any kind of changes in risk parameter and review of credit related activities of the bank to measure the performance of existing credit risk management tools. This unit is also responsible for developing internal client rating model and periodic credit related reporting of the bank management and Board Risk Management Committee.

Market Risk Management Unit is primarily responsible to identify, assess, manage, report and any risk arising from Asset-Liability mismatch, change in yield curve and/or market volatility (FX or equity investment).

Operational Risk Management Unit is primary responsible to manage any possible operational risk resulting from people, process, system and external forces.

Process Development and Review Unit

is basically a process reengineering unit. This unit will proactively review various operational processes (regardless of any specific risk) to identify any area of development. Based on such identification the unit will take necessary steps to enrich the process i.e. through policy/process development and eventual implementation, which can not only safeguard bank's asset but also contribute strongly towards profitability.

Capital Management Unit

is primarily responsible to ensure execution of Pillar –II capital computation. More precisely the unit will develop methodologies/models to accurately calculate additional capital requirement on top of minimum capital requirement.

2. MAJOR COMPONENT OF RISK MANAGEMENT OF BANK ASIA

The Bank's risk management framework is applied on an enterprise wide basis and consists of three key elements:

- Risk Governance,
- Risk Appetite, and
- Risk Management Procedure

2.1 Risk management framework and Risk Governance Structure of the Bank

The risk management framework is combination of different global and national rules, regulation and practices and risk management standards which are applicable for overall risk management of the bank. The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the Bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximize shareholder returns. The bank's enterprise-wide risk management framework provides the foundation for achieving these goals.

Effective risk management begins with effective risk governance. The Bank has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced senior management team and a centralized risk management group that is independent of the business lines.

In line with global and national level risk management framework Bank Asia Ltd. has own Risk management framework for overall risk management of the Bank. Following are main elements of a risk management framework that apply Bank irrespective of its size and complexity of business:

First and foremost, effective risk management framework demands active involvement of the Board of Directors (BoD) and senior management in the formulation and oversight of risk

Risk Management Report

management processes. Accordingly, they should provide strategic direction and approve the overall business strategies and significant policies of the Bank, including those related to managing and taking risks, and should also ensure that senior management is fully capable of managing the activities that the Bank institutions undertake

Second, adequate Policies, Procedures, and Limits need to be defined by the Directors and senior management to tailor the risk management policies and procedures to the types of risks that arise from the activities of the Bank

Third, adequate Risk Monitoring and Management Information Systems is developed for effective risk monitoring and to identify and measure all material risk exposures. Consequently, risk monitoring activities must be supported by information systems that provide senior managers and directors with timely reports on the financial condition, operating performance, and risk exposure of the institution

Fourth, establishing and maintaining an effective system of controls, including the enforcement of official lines of authority and the appropriate separation of duties such as trading, custodial, and back-office is one of management's more important responsibilities. A properly structured system of internal controls promote effective operations and reliable financial and regulatory reporting, safeguards assets, and helps to ensure compliance with relevant laws, regulations, and bank policies

Fifth, the Risk Management Function institutionalized to supervise overall risk management at the bank. Ideally, overall risk management function is independent from those who take or accept risk on behalf of the bank.

Risk Appetite

Risk Appetite refers to the broad types and amounts of risks that a bank is willing to undertake in implementing its business strategy. Setting the risk appetite is an exercise where Bank's risk capital is allocated effectively and risk limits are set within the risk strategy of the Bank. Thus, the risk appetite is set, covering overall group position of a bank ensuring main business units are in line with the business objectives set by Board of Directors.

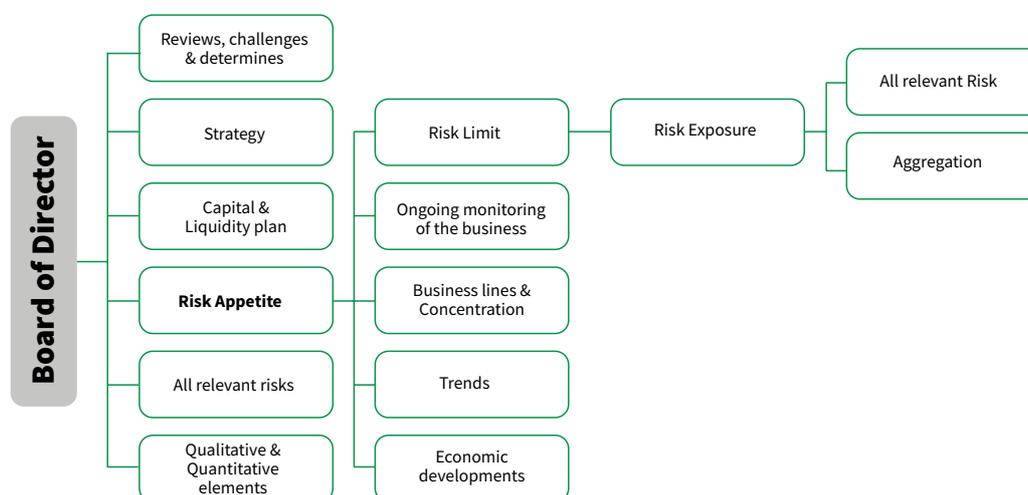
Bank Asia Limited has three level of structure in regards to managing risk.



Particulars	Roles and Responsibilities
Board Risk Management Committee	<ul style="list-style-type: none"> Design and implement Risk strategy and policy Review, monitor and understand risk profile of the bank Review and recommend bank's risk appetite, limit and tolerance level Review of Management level operational risk structure Performance review and recommendation
Executive Risk Management Committee	<ul style="list-style-type: none"> Identifying, measuring and managing bank's existing and potential risks through detailed risk analysis Determining general principal for measuring, managing and reporting the bank's risk Minimizing/controlling risks through ensuring proper implementation of the decisions; Reviewing risks involved in new products and activities and ensuring that the risks can be measured, monitored, and controlled adequately; Oversee the development, implementation and maintenance of the bank's overall risk management framework and risk appetite, strategy, principals and policies Ensure bank's Risk Management practices are in line with regulatory benchmark and industry best practice
Supervisory Review Process Committee	<ul style="list-style-type: none"> Ensure that the bank has an internal process to identify and assess all relevant risks of the bank Vetting/recommending general principal for development of ICAAP document Ensure that capital is adequately allocated against the ICAAP outcome Error free and timely reporting of ICAAP outcome to Strategic layer and BB
Core Risk Assessment Committee	<ul style="list-style-type: none"> Adoption of in-house core risk assessment methodology Perform periodic assessment of Core Risk Guidelines' implementation status Review and approval of core risk rating and recommendation for improvement Extend supervisory support for implementation of committee's resolution
Policy Review Committee	<ul style="list-style-type: none"> To review the Department/Division specific SOP/Policy/PPG before approval To place the requirement of new policies of the bank To monitor the adoption of Policy of the bank

Risk Management Report

Considering the importance and regulatory requirement, Risk Management Division of Bank Asia Limited has developed risk appetite for the year 2018 & 2019. Bank Asia Limited has considered new areas under risk appetite statement. Parameter wise risk appetite was set considering historical trend, Central Bank benchmark, International Benchmark and perception of the senior management.



2.3 Core Risk Assessment Procedure:

With a view to establish a benchmark of banking operation quality in the country, the Central has developed 06 (six) separate core risk guidelines. These guidelines primarily provide global best practices in these areas under the context of Bangladeshi banking. As part of adoption of standard operational process across the banking operation, Risk Management Division will be playing a vital role for adoption of these benchmark practices. The primary role of the division is to identify the gap in current operational process of the bank and as prescribed structure in respective core risk guideline, facilitation of formation and providing secretarial services to core risk management committee, facilitate recommendation and change implementation process regarding improvement in core risk areas.

Risk Culture

Risk Culture of the Bank promotes its business objectives and an environment that enables management to execute the business strategy in a more efficient and sustainable manner. The Board of Directors regularly reviews the risk profile of the Bank and its subsidiaries and makes every senior leader a responsible stakeholder in developing a strong risk culture within the Bank. Further, the Bank ensures that, every employee has a clear understanding of their responsibilities in terms of risks undertaken by them in every step they take in their regular business activities. Bank Asia Limited has developed a risk management framework covering risk governance, which includes, risk management structure comprising different sub committees and clearly defined reporting lines ensuring risk management unit is functioning independently. Risk governance of the Bank also includes setting the risk appetite statement, risk limits, risk management functions, capital planning, risk management policies, risk infrastructure and MIS and analysis to monitor Bank's risk profile.

3. Risk Management Division of the Bank

As per Bangladesh Bank's advised all scheduled banks including Bank Asia Limited formed a separate Risk Management Unit through letter reference no 1164/14 (Bank Asia) /2009-464, dated June 10th, 2009. In order to comply Bangladesh Bank requirement Bank Asia Limited has formed a dedicated Risk Management Unit which subsequently restructured and approve as Risk Management Division (RMD) during 246th Board meeting vide memo no. 6618/2013 dated 13th February, 2013.

In order to strengthening and updating the risk management system of the bank, Central Bank has issued a circular DOS#13, dated September 09, 2015. The major change observations of that circular are:

- Revision of organogram of Risk Management Division
- Enhancement of the role of Risk Management Division
- Setting minimum interaction of Head of RMD with various committees of the bank

The Risk Management Division of the bank act as the core wing for overall risk management operation of the bank. The division consists of 05 sub units and the Head of the division directly reports to Board RMC. There are 04 purely risk related committee at management level and a risk management committee at Board level.

Structure & Reporting Line of Risk Management Division

- ✓ RMD consists of 05 units
- ✓ Head of RMD directly reports to Board RMC via ERM
- ✓ Head of RMD is member of all risk related committee of the bank
- ✓ Head of RMD & CRO is the chairman of ERM
- ✓ President & Managing Director is the Chairman of SRP Team
- ✓ At least quarterly risk reporting to Board RMC and Board

Risk Management Report

RISK MITIGATION METHODOLOGY

The success of banking operation largely depends on choosing the best equation between risk and return. This implies that by nature the banking operation is subject to various risks. However to ensure the sustainability, among all other factors creating value (i.e. return/profit) is a basic requirement for any financial organization. Keeping the uncertainty factor in mind each bank need to adopt a risk management framework that should be effectively enough to manage all material uncertainties to achieve the goal of the organization.

The process starts through defining what the organization wants to achieve and the external and internal factors that may influence success in achieving those objectives. This step is called establishing the context and is an essential precursor to risk identification.

Risk assessment comprises the three steps of risk identification, risk analysis, and risk evaluation. Risk identification requires the application of a systematic process to understand what could happen, how, when, and why.

Risk analysis is concerned with developing an understanding of each risk, its consequences, and the likelihood of those consequences

Risk evaluation involves making decision about the level of risk and the priority for attention through the application of the criteria developed when the context was established.

Risk treatment is the process by which existing controls are improved or new controls are developed and implemented.

1. CREDIT RISK:

Credit risk primarily triggers either from unwillingness or inability of a credit borrower to serve its obligation, resulting economic loss to the bank. Credit risk arises from on balance sheet claims such as loan and overdrafts as well as off balance sheet commitments such as guarantee, acceptance, letter of credit etc. Similar to most other banking institutes, in the case of Bank Asia Limited, loans are the largest and most obvious sources of credit risk.

Bank's credit risk management (CRM) specifically addresses the following areas:

The CRM should be mainly responsible for:

- Implementation of the credit risk policy/ strategy approved by the board.
- Ensure compliance with limits approved by the board
- • Makings recommendations to the board, for its approval, clear policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks.

Deciding delegation of credit approving powers, prudential limits on large credit exposures, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning, regulatory/legal compliance, etc.

A. Operating Under Sound Credit Granting Procedure

Bank followed strictly specified policies, standard for granting credit by way of evaluating borrower:

- Internal credit rating assessment
- External credit rating assessment by ECAI
- Analysis of specific borrower repayment capacity- review of financial statements by way of analysis five key financial indicators- Balance Sheet, Income Statement, Net worth and Fixed Assets reconciliation, Key ratios and Cash flows statements
- Risk based loan pricing
- Credit growth increase after ensuring optimum asset quality and without compromising bank's standard of excellence
- Credit facilities are allowed after consideration of absolute due diligence
- Inherent risk in credit proposal are being identified and mitigation steps are taken
- Collateral is properly valued and verified by concerned officer in periodically basis
- Risk grading is being done in line with the Bangladesh Bank guideline and bank's own policy
- Credit delegations are specified for new/ fresh limit, renewal or enhancement of limit, consumer/ retail loan, personal loan etc.

B. Maintaining and Appropriate Credit Administration Measurement and Monitoring Process

- Bank established an appropriate credit administration measurement and monitoring process to mitigate credit risk.
- Borrower follow-up and corrective action
- Internal loan review.

Timely identification of problem assets:

Documentation Weakness

- Failing to file collateral agreements/ security agreements with appropriate public departments
- Transferring the collateral to another country/state
- Guaranties with expired dates Changes in legal status
- Unauthorized corporate/ partner signatures Collateral Deterioration
- Changes of value in the marketplace
- Rising interest rates decrease real estate and investments
- Technological advances
- Rapid depreciation of equipment or inventory
- Tax law changes (real estate)
- Natural disasters
- Spoilage or mishandling of collateral.

Extended Credit and High Use of Lines of Credit

- Borrower is at the top of line each month

Risk Management Report

- Failure to meet financial covenants in loan agreement
- Delays in payment of principal and interest Use of overdrafts/low balances in current account
- Credit inquiries from other lenders
- Change of accountants
- Other Indications of Problem Loans
- Delay in receipt of financial statements
- Delay in management promises or
- Adequate provision maint

C. Ensuring Adequate Controls Over Credit Risk

Bank established a system of independent, ongoing credit review and the results of such review are communicated directly to the Board of Directors and senior management. Detail on credit risk management is disclosed in CRO's report [page no. 111](#) and other part of Annual Integrated Report 2018

Credit Risk Concerns & Mitigation Plan Operational Level		
Key Risk	Reference Tool (example)	Mitigation Process
Portfolio Growth	Reason for growth	MAT
Credit Concentration	HHI, Gini, SEI, SI	Sectoral Lending Cap, Capital Allocation
Security/ Collateral/margin Status	Coverage Assessment, Stress Testing	MAT
Loan Categorization & Classification	Transition Matrix, Reason for classification, Stress Testing, Foundation IRB approach	MAT, Escalation, Crash program (e.g. Project "BEE")
Documentation Lapses	Audit report review	Continuous follow-up, Capital allocation
Unplanned conversion & undrawn	Separate product and periodic review	Management Strategy & Capital Allocation
Regulatory Adherence	Single borrower limit, Env. Risk rating	

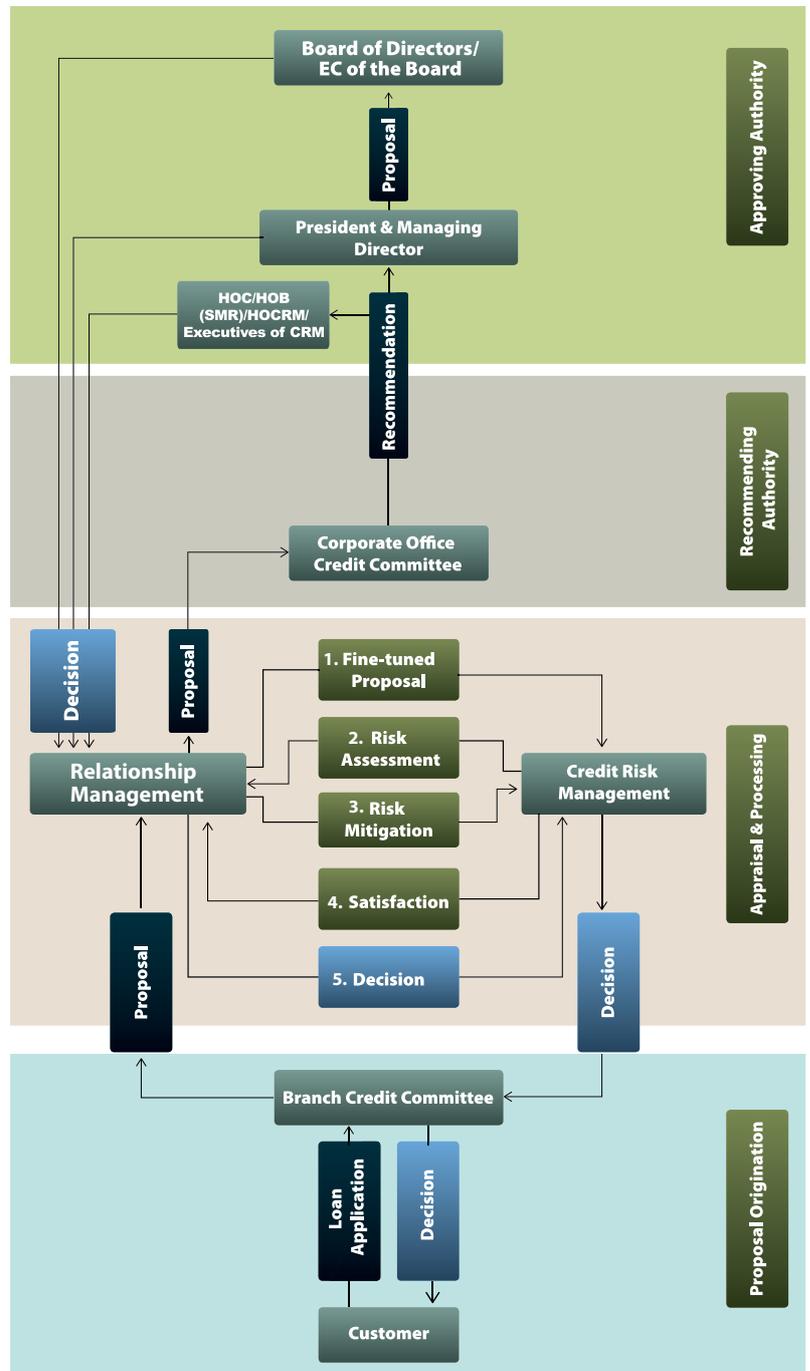


Diagram
Credit Approval System of Bank Asia

Risk Management Report

2. MARKET RISK :

Market risk is defined as the risk of losses against expected (fair) value of financial assets, liabilities and off-balance sheet items resulting from absurd market condition (e.g. macro-economic factors). The underlying risk is also considered as non-diversifiable risk, i.e. risk that cannot be avoided. In general market risk is often triggered by other forms of financial risks such as credit and market liquidity risks. For example, a downgraded of the credit standing of an issuer (e.g. share) could lead to a drop in the market value of the securities issued by the issuer. Furthermore, a major sale security by another holder could depress the price of the security.

2.1 Interest Rate Risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risk and embedded optionality.

2.2 Equity risk is defined as losses due to changes in market price of equity held by the Bank. To measure and identify this risk, marks to market valuations of the equity instruments that are traded in secondary market are made. The minimum capital standard for equities is expressed in terms of two separately calculated charges for the “specific risk” of holding a long or short position in an individual equity and for the “general market risk” of holding a long or short position in the market as a whole.

2.3 Foreign exchange risk arising mainly from our strategic investments which are denominated in currencies other than the BDT. Foreign exchange position is managed by treasury division. In the year ended 2018, Total Risk Weighted Assets for Foreign Exchange Risk is Tk. 4,434 million and capital requirement is Tk. 443.40 million.

2.4 Commodity risk is the risk of loss due to changes in spot and forward prices and the volatility of precious and base metals, and energy products. A commodity is defined as a physical product which is or can be traded on a secondary market, e.g. agricultural products, minerals (including oil) and precious metals. The price risk in commodities is often more complex and volatile than that associated with currencies and interest rates. Commodity markets may also be less liquid than those for interest rates and currencies and, as a result, changes in supply and demand can have a more dramatic effect on price and volatility. These market characteristics can make price transparency and the effective hedging of commodities risk more difficult. For spot or physical trading, the directional risk arising from a change in the spot price is the most important risk. However, banks using portfolio strategies involving forward and derivative contracts are exposed to a variety of additional risks, which may well be larger than the risk of a change in spot prices. In the year ended 2016, Bank has no Risk Weighted Assets for Commodity Risk.

Risk Concerns & Mitigation Plan Operational Level		
Key Risk	Reference Tool for Assessment	MAT, Mgt. strategy & capital allocation
Market Sensitivity	VaR (FX & Equity), Sensitivity, interest rate risk, Duration Gap, Portfolio analysis	
Regulatory Compliance	Investment limit	
Concentration Risk	HHI, Gini, SEI, SI	
Macro-Economic Review	Industry Outlook (Proposed)	

3. LIQUIDITY RISK :

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. An institution short of liquidity may have to undertake transaction at heavy cost resulting in a loss of earning or in worst case scenario; the liquidity risk could result in bankruptcy.

Banking organization like Bank Asia Ltd., where off-balance sheet exposure is significant or has strong dependency on corporate deposit or experiencing step asset (i.e. primarily credit portfolio or investment book) growth is exposed to high level of Liquidity risk. Liquidity risk should not be seen in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequence of other financial risks such as credit risk, interest rate risk, foreign exchange risk etc.

- Funding liquidity risk: risk generates when bank will be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition.
- Market liquidity risk: risk generate when bank cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market.

Bank Asia assesses liquidity risk in ICAAP document under Pillar-2 by considering following key indicators:

Regulatory Liquidity Indicators (RLIs):

- Cash Reserve Requirement (CRR)
- Statutory Liquidity Ratio (SLR)
- Medium Term Funding Ratio (MTFR)
- Maximum Cumulative Outflow (MCO)
- Advance Deposit Ratio (ADR)/Investment Deposit Ratio (IDR)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)

Risk Management Report

Bank's own liquidity monitoring tools

- Wholesale Borrowing and Funding Guidelines,
- Liquidity Contingency Plan,
- Management Action Trigger (MAT)

Computation of capital charge against above key liquidity indicators, bank maintained additional capital.

Risk Concerns & Mitigation Plan Operational Level		
Key Risk	Reference Tool (example)	Mitigation Process
Corporate Governance & Strategic risk	Assessment of Corp. Governance Status & strategic risk	MAT, Escalation and Capital allocation
Control Lapses in Opr. Process	Attachment, Risk Control Self-Assessment	
Fraud & all other opr. risks	Incident reporting, internal audit, Key Risk Indicator (KRI) [Proposed]	

4. OPERATIONAL RISK:

Operational Risk refers to the risk of loss resulting from inadequate or failed internal process, people and system or from external events. This definition includes legal risk but excludes strategic and reputational risk. Unlike other risk as faced by the bank, the operational risk is inherent in most of the process and operations of the bank and cannot be separated from other risks. Operational risk in a bank are the functions of the bank's overall environment and culture, employee competence and integrity, management strategies and philosophies, extent and degree of process centric approach to business, etc.

Risk Concerns & Mitigation Plan Operational Level		
Key Risk	Reference Tool (example)	Mitigation Process
Sensitivity	Stress Testing, LCR, NSFR	MAT, Escalation to senior mgt. and ALCO
Liquidity Ratio	CRR, SLR, MTF, MCO, AD	
Maturity Mismatch	Duration Gap, Structured Liquidity Profile	

5. REPUTATION RISK:

Reputation risk is the current or prospective risk to earnings and capital that arise from decline in the customer base, costly litigation due to adverse perception of the stakeholders. It originate from the lack of compliance with industry service standards or regulation, failure to meet commitments, inefficient and poor quality customer service, lack of fair market practices, unreasonably high costs and inappropriate business conduct. In a nutshell, "reputation risk arises from the failure to meet stakeholders' reasonable expectation of bank's performance and behavior". Reputation risk is a subset of operational risk which can adversely affect the capital base if the driving forces of the risk turn worse. Banks assess reputational risk in ICAAP document under Pillar-2 by considering following key indicators:

- Credit Rating conducted by ECAIs
- Internal fraud
- External fraud
- Non-payment or delayed payment of accepted bills (foreign & domestic)
- Quality of customer service.

Assessing above key indicators for all aspects bank maintains additional capital for that/those risk/risks.

6. STRATEGIC RISK:

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, non-adaptability/ less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base.

In this context, strategic risk possesses a significant space in the ICAAP of the banks, following aspects is considered:

- CAMELS rating – optimum level (satisfactory)
- Operating expenses as % of operating income- optimum level up to 45%
- Classified loans as % of total outstanding loans- optimum level up to 5%

Risk Management Report

- Classified loan recovery as % of total classified loans- optimum level minimum 20%
- Written-off loans as % of total classified loans- optimum level up to 15%
- Interest waiver as % of total classified loans-optimum level up to 5%.

7. INTERNAL CONTROL & COMPLIANCE RISK:

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.

Bank's senior management is responsible for establishing a compliance policy that contains the basic principles to be approved by the board and explains the main processes by which compliance risks are to be identified and managed through all levels of the organization.

The board and management are accountable for the bank's compliance, the compliance function has an important role in supporting corporate values, policies and processes that help ensure that the bank acts responsibly and fulfils all applicable obligations.

8. MONEY LAUNDERING RISK:

Money Laundering Risk can be defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. The bank has a designated chief compliance officer at Head Office and Compliance Officers at branches who independently review the transactions of the accounts to verify suspicious transactions.

The convergence of several remarkable changes in the world markets propelled Money Laundering to become a worldwide problem. Bank Asia considers Money Laundering and Terrorist Financing Risk not only a compliance requirement of the regulatory bodies but also as one of its core business values. The Board of Directors and the Management are firmly committed to combat Money Laundering activities.

9. ENVIRONMENTAL AND CLIMATE CHANGE RISK:

Environmental and climate change risk refers to the uncertainty or probability of losses that originates from any adverse environmental or climate change events (natural or manmade) and/or the non-compliance of the prevailing national environmental regulations. This is a facilitating element of credit risk arising from environmental issues. These can be due to environmental impacts caused by and / or due to the prevailing environmental conditions. Environmental and climate change risk can hamper the business stability of the borrowers in respect of both- i) profitability and ii) reputation. Consequentially, the extent of risk for the banks will be higher. Sector Environmental Due Diligence (EDD) Check List specified in Guidelines on Environmental Risk Management (ERM) issued vide BRPD Circular No. 01/2011 dated 30/01/2011 is use to determine this risk. For the loans under the sectors specified in the guidelines and which will have EnvRR of 'High (H)' was considered for the capital charge against this risk.

Risk Management Report

DISCLOSURE OF RISK REPORTING

Risk management report addresses the disclosure requirements of Basel III pillar 3, and materials risk that effect bank's earning, capital and shareholders' value and management action plan against that risks set out by Bangladesh Bank. Banks prepared its statement regarding capital adequacy statement in line with pillar I of Basel III on quarterly basis and submitted to Bangladesh Bank by following month both in solo basis and consolidated basis. Solo basis included Bank's conventional banking, Islamic banking and Off- shore banking. Consolidated basis included Bank and its three subsidiary companies i.e. Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc.

1. BASEL III APPROACH ADOPTED:

Bangladesh Bank vide its BRPD Circular No. 18 dated December 21, 2014 implemented revised regulatory capital framework for banks in line with Basel III in Bangladesh with effect from January 01, 2015. Implementation process period of Basel III is Jan 2015 to Dec 2019 and full implementation will start from Jan 2020.

Basel III incorporated strengthening capital framework, enhancing risk coverage, risk based capital requirement with leverage ratio, reducing pro cyclicity and promoting countercyclical buffers, addressing systemic risk and introduce global liquidity standard. Under Basel III capital framework, bank has to maintain buffer capital 2.5% in addition to minimum capital requirement 10%.

Leverage ratio express % of total tier I capital (after related deduction specified by BB) to total exposure i.e. on balance sheet and off- balance sheet exposure (after related deduction specified by BB) and also submit the information to Bangladesh Bank on quarterly basis.

To ensure strong liquidity base, Bank also maintaining two liquidity standard i.e. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) having more than $\geq 100\%$. LCR was introduced to promote short- term resilience of bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. NSFR was introduced to promote resilience over a longer horizon (1 year) by creating additional incentives for bank to fund its activities with more stable

sources of funding on an ongoing structural basis. Bank prepare LCR and NSFR and submit Bangladesh Bank on monthly and quarterly basis respectively.

Credit Risk Out of three approaches Standardized Approach, IRB and Advanced IRB, Bangladesh Bank adopted Standardized Approach. The capital requirement for credit risk is based on the risk assessment made by external credit assessment institutions (ECAIs) recognized by BB for capital adequacy purposes. Banks assigned a risk weight to all on-balance sheet and off-balance sheet exposures. Risk weights are based on external credit rating (solicited) as mapped with the BB rating grade or a fixed weight specified by BB.

Market risk Out of two approaches Standardized (Rule Based) Approach and Internal Models Approach, Bangladesh Bank adopted Standardized (Rule Based) Approach. In such approach, Bank maintained capital on for various market risks (interest rate risk, price, foreign exchange risk and commodity risk) which were determined separately.

Operational risk Out of three approaches i.e. Basic Indicator Approach, Standardized Approach and Advanced Measurement Approach, Bangladesh Bank adopted basic indicator approach. Under that approach, Bank calculated capital charge is a fixed percentage (15%) of average positive annual gross income of the bank.

Sl	Risk Category	2018		2017	
		Million Tk.	%	Million Tk.	%
A	Credit Risk	207,992	89%	200,778	91%
i	On- Balance sheet	155,471	67%	155,067	70%
ii	Off- Balance sheet	52,521	23%	45,710	21%
B	Market Risk	6,519	3%	3,519	2%
i	Interest Rate Risk	257	0%	-	0%
ii	Equity Position Risk	1,828	1%	2,382	1%
iii	Foreign exchange	4,434	2%	1,136	1%
C	Operational Risk	18,575	8%	16,818	8%
Total		233,086	100%	221,115	100%

2. PILLAR-I MINIMUM CAPITAL REQUIREMENT (MCR) CALCULATION:

The MCR is a Basel prescribed minimum capital assessment process against credit, market and operational risk of the bank. The underlying assessment is a mandatory requirement of the Central Bank and assessment are carried out on quarterly basis. Regarding MCR calculation Risk Management Division of the bank will perform necessary analysis to understand the trend of MCR of the bank, develop necessary model to predict the overall MCR of the bank, place necessary recommendation for improvement..

3. PILLAR-II SUPERVISORY REVIEW PROCESS UNDER ICAAP:

Internal Capital Adequacy Assessment Process (ICAAP) Supervisory Review Process (the Second Pillar of Basel-III) of Risk Based Capital Adequacy framework is intended to ensure that banks have adequate capital to support all the risks in the business and at the same time to encourage banks to develop and use better risk management techniques in monitoring and managing their risks. The key principle of the supervisory review process (SRP) is that "banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level".

As part of Basel III accords, Bank has proactively developed a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) on yearly basis as stipulated by the Bangladesh Bank and submits accordingly. Upon adoption of internal format, the bank will have the ability to perform risk assessment in line with the bank's own strategy.

ICAAP is aimed at ensuring that the Bank maintains an amount of capital for additional risk that was not covered in Pillar I of Basel III. SRP committee made dialogue with

Risk Management Report

Bangladesh Bank SREP committee and fixed additional capital requirement. SRP-SREP dialogue stands for an exclusive meeting between the SREP team of BB and SRP team of a bank. The objective of the dialogue is to determine the adequate level of capital needed for a bank by reviewing the ICAAP and strategies of the bank. The intensity and frequency of the dialogue depends on the level of complexity and magnitude of the banks' activities as well as the difference between the capital requirements assessed by the bank and BB. Terms of reference of the dialogue are:

- Minimum capital requirement against credit, market and operational risks
- Risks to be covered under SRP e.g. residual risk, concentration risk, interest rate risk in the banking book, liquidity risk, reputation risk, strategic risk, settlement risk, appraisal of core risk management practice, environmental and climate change risk as well as other material risks.
- Adequate capital against comprehensive risks.
- Stress testing exercises and results.

4. CONCENTRATION RISK:

Concentration risk arises for invest most or all of the assets to single or few individuals or entities or sectors or instruments. It indicates bank's failure to diversify its loan and investment portfolios, concentration risk emerges. Downturn in concentrated activities and/or areas may cause huge losses to a bank relative to its capital and can threaten the bank's health or ability to maintain its core operations.

Bank assesses concentration risk in ICAAP document under Pillar-2 in following two ways:

4.1. Credit Concentration Risk: When the credit portfolio of a bank is concentrated within a few individuals or entities or sectors, credit concentration risk arises. Following individual concentration is considered for credit concentration risk:

- Sector wise exposure
- Division wise exposure (geographic concentration)
- Group wise exposure
- Single borrower wise exposure
- Top borrower wise exposure.

Sector wise concentration

Sector	2018		2017	
	Million Tk.	%	Million Tk.	%
Chief Executive and other senior executives	152	0%	142	0%
Agriculture	5,916	3%	4,075	2%
Industry	102,576	48%	96,610	49%
Constructions	3,916	2%	5,281	3%
Power, Gas, Water and Sanitary Services	3,624	2%	2,023	1%
Transport, Storage and Communication	2,621	1%	2,824	1%
Trade Services	45,579	21%	34,741	18%
Housing Services	14,305	7%	13,883	7%
Banking and Insurance	4,659	2%	7,179	4%
Professional and Misc. services	31,271	15%	30,748	16%
Total	214,618	100%	197,504	100%

Geographical concentration

Division	2018		2017	
	Million Tk.	%	Million Tk.	%
Dhaka Division	151,481	71%	158,640	80%
Chittagong Division	50,229	23%	28,007	14%
Khulna Division	3,683	2%	3,348	2%
Rajshahi Division	4,752	2%	3,562	2%
Barisal Division	778	0%	564	0%
Sylhet Division	2,178	1%	2,265	1%
Rangpur Division	1,050	0%	805	0%
Mymensingh Division	467	0%	314	0%
Total	214,618	100%	197,504	121%

Single borrower wise exposure

Particulars	Million Tk.
Total Capital	35,083
A. Maximum outstanding exposure (35% of total Capital)	12,279
Maximum Funded Limit (15% of total Capital)	5,262
Maximum Non Funded Limit (20% of total Capital)	7,017
B. For Export Financing:	
Maximum outstanding exposure (50% of total Capital)	17,541
Maximum Funded Limit (15% of total Capital)	5,262
Maximum Non Funded Limit (35% of total Capital)	12,279
C. Large Loan Limit (10% of Total Capital)	3,508

Risk Management Report

Top borrower wise exposure

Sl. No.	Name of clients	Outstanding (Taka) 2018			Outstanding (Taka) 2017		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Summit Group	568	11,870	12,438	452	7,278	7,729
2	Basundhara Group	3,329	2,579	5,907	2,647	2,695	5,342
3	Salam Group	2,072	3,430	5,502	-	-	-
4	ECHOTEX	1,690	3,147	4,837	1,718	2,205	3,923
5	Pran RFL Group	1,843	2,795	4,638	2,423	3,247	5,670
6	City Group	1,270	3,339	4,610	1,257	3,554	4,811
7	Western Marine Group	2,288	2,002	4,290	1,860	1,951	3,811
8	AA Yarn Mills Limited	2,367	1,639	4,006	3,034	1,718	4,752
9	Max Infrastructure Ltd.	3,337	556	3,893	2,666	747	3,414
10	S.A Group	-	-	-	3,566	-	3,566
11	Aman Group	-	-	-	3,241	1,004	4,246
12	Partex Group	-	-	-	3,182	846	4,027
13	Toma Group	-	-	-	1,939	1,908	3,847
14	Energypac	-	-	-	997	2,635	3,632
	Total	18,765	31,356	50,121	28,983	29,788	58,771

4.2 Market Concentration Risk:

When the investment portfolio of a bank is concentrated within a few instruments or any instrument of few companies or any instrument of few sectors, market concentration risk arises. Following individual concentration is considered for market concentration risk:

- Instrument (financial securities) wise investment
- Sector wise investment in listed instruments
- Currency wise investment of foreign exchange portfolio.

Assessing concentration of above indicator for all aspects bank maintains additional capital for that/those risk/risks

5. STRESS TESTING

The underlying tool is used to assess the bank's vulnerability to unexpected but presumable change in various related factors (e.g. increase in NPL, change in interest rate, fall of security value etc.). The impact of this model is expressed through change in overall CAR of the bank. Central Bank has advised all banks to perform stress testing on quarterly basis. The outcome of stress testing is needed submitted to Bangladesh Bank upon review of senior management and Board.

6. MARKET DISCIPLINE

In line with Pillar III of Basel III, Bank prepared market discipline statements on yearly basis and submitted to Bangladesh Bank accordingly. Bank also disclosed market discipline in separate Annual Integrated report (page no. 121) and bank's websites

7. RISK MANAGEMENT PAPER

Risk Management Report for different risk related issues are prepared and presented to top management and submitted to Bangladesh Bank. On the basis of said paper, awareness was created regarding different risks.

8. RISK BASED AUDIT

In parallel to generic audit function, the necessity of adoption of Risk Based audit is increasing. The underlying audit function is an effective tool for effective risk management. Where typical audit process primarily aim to identify irregularities among transactions/events which has already occurred, the risk based audit is used to validate that the internal control environment is functioning as planned.

9. CAPITAL MANAGEMENT OF BANK

Bank's capital management framework serves to ensure that the bank (both in solo basis and consolidated basis) are able to maintain adequate capital level. The bank capital management objectives are to:

- Maintain sufficient capital resources to meet minimum regulatory capital requirements set by Bangladesh Bank in accordance with Basel III requirements
- Maintain sufficient capital resources to support the bank's risk appetite
- Cover unexpected loss of the bank and support the bank's credit rating
- Ensure the bank holds capital in excess of minimum requirements in order to achieve the target capital adequacy ratios set by management and approved by the board, to maintain minimum adequacy in stress situation.

Risk Management Report

Raising Tier II capital

Subordinated Non- Convertible Zero Coupon Bond of Tk. 599.99 million: Bank issued 6 Years subordinated bond for Tk. 599.99 million on August 14 2012 for Tier II capital. Out of that Tier II capital outstanding stood at Tk. 92.59 million on December 31, 2017. The bond will be fully redeemed on August 14, 2018.

7 Years Floating Rate Non- Convertible Subordinated Bond of Tk. 3,000 million

The bank raised successfully Tk. 3,000 million Tier 2 capital in the form 7 year floating rate (11.50% to 14%) Subordinated bond on February 19, 2015 through private placement after obtaining required approvals from general shareholders, Bangladesh Securities and Exchange Commission and Bangladesh Bank.

7 Years Floating Rate Non- Convertible Subordinated Bond of Tk. 5,000 million

To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap Bank Asia has completed all formalities further issuance of Subordinated Bond of Tk. 5,000 million as Tier 2 capital. In this regard, Bank has already completed further issuance of Subordinated Bond of Tk. 5,000 million as Tier 2 Capital in April 2017.

10. CAPITAL PLANNING

Bank's capital planning is a dynamic, ongoing and forward-looking mechanism to incorporate changes in a banks strategic focus, risk tolerance levels, business plans, operating environment, or other factors that materially affect capital adequacy.

Capital planning assists the banks Board of Directors and senior management to:

- identify risks, improve banks understanding of overall risks, set risk tolerance levels, and assess strategic choices in longer-term planning,
- identify vulnerabilities i.e. concentrations and assess their impact on capital,
- integrate business strategy, risk management, capital and liquidity planning decisions, have a forward-looking assessment of the bank's capital needs, including capital needs that may arise from rapid changes in the economic and financial environment.

Capital planning considers both short- term and long-term capital needs and is coordinated with a bank's overall strategy and business growth, usually with a forecast horizon of five years. Bank capital planning include following components:

- Identifying and evaluating risks
- Setting and assessing capital adequacy goals that relate to risk
- Maintaining a strategy to ensure capital adequacy and contingency planning
- Ensuring integrity in the internal capital planning process and capital adequacy assessments.

	2015	2016	2017	2018	2019	2020
	Implementation process					full implementation
Minimum Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.5%	2.5%
Minimum Total Capital plus buffer	10.0%	10.625%	11.25%	11.875%	12.5%	12.5%
Leverage Ratio	3%	3%	3% Readjustment	Migration to Pillar I		
Liquidity coverage ratio	≥ 100% (fr Sept)	≥ 100%	≥ 100%	≥ 100%	≥ 100%	≥ 100%
Net stable funding ratio	≥ 100% (fr Sept)	>100%	>100%	>100%	>100%	>100%

11. CAPITAL RELIEF BY REDUCING RISK

In the year 2018, the Board of Directors and the Senior Management of the bank emphasized rigorously on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. As a result of strong persuasion & drive, the number of valid rated borrowers of the bank increased significantly.

Claim Nature	BB Rating	Risk Weight	Funded Exposure		Non Funded Exposure	
			Exposure	RWA	Exposure	RWA
Claims on Corporate (excluding equity exposure)	1	0.20	22,416.76	4,483.35	6,818.12	1,363.62
	2	0.50	43,889.18	21,944.59	25,733.44	12,866.72
	3,4	1.00	28,290.05	28,290.05	10,500.30	10,500.30
	5,6	1.50	-	-	7.80	11.70
	Unrated	1.00	18,173.51	22,716.88	20,561.01	25,701.26
Claims on SME	SME 1	0.20	-	-	-	-
	SME 2	0.40	1,342.04	536.81	215.04	86.02
	SME 3	0.60	10,722.80	6,433.68	983.73	590.24
	SME 4	0.80	1,123.22	898.58	233.30	186.64
	SME 5	1.20	31.52	37.82	-	-
	SME 6	1.50	-	-	-	-
	Unrated (Small enterprise & <BDT 3.00m)	0.75	4,144.15	3,108.11	75.68	56.76
	Unrated (Small enterprise & <BDT 3.00m)	1.00	6,371.18	6,371.18	213.82	213.82
Total			136,504.42	94,821.07	65,342.24	51,577.08

Risk Management Report

12. BORROWER'S RATING

As prescribed by Bangladesh Bank, all banks in Bangladesh assessing credit risk under standardized approach of the Risk based capital adequacy framework (Basel III) where External Credit Rating Institutes (ECAIs) duly recognized by BB performs borrowers rating. According to Credit rating of individual borrower, Risk Weighted Asset (RWA) is calculated for assessing the Minimum Capital Requirement (MCR) under Pillar-I of Basel III

Key initiative of 2018-taken by Risk Management Division

Remarkable Achievement	Maintain "Low" CRMR Rating throughout 2018
	Reached "Highest" CRAR of the bank 15.05% without fresh capital injection
	During 2018 the bank has consistently remain covered under Stress Testing
	Adoption of effective capital management framework i.e. "Capital Rationing"
	Rated Exposure was 84.03% of total eligible exposure

During the year 2018, Risk Management Division of Bank Asia Limited has taken different initiatives to strengthen the overall risk management function of the bank. Followings are the major initiatives for the year 2018:

Policy Development: The bank has made significant improvement in migration to uniform operation instead of practice based operation. As part of that policy/operation procedure development/review remain a top priority of the bank. In parallel to development/review of direct risk related policy/procedure (e.g. Risk Management Manual, Capital Management Policy under Basel III, Standard Operation Procedure of RMD etc.) to address operational risk, RMD has simultaneously focused on ensuring development and review of cross divisional policy(s)/ procedure(s). To streamline this massive process a supervisory committee has been formed (i.e. Policy Review Committee). In reference to policy related issue bank has developed a number of policies for the year 2018 such as Capital Rationing Policy, Investment Policy, Lawyer Enlistment Policy, Valuation Methodology etc.

On a nutshell, in view of risk policy the bank remain active throughout 2018, side-by-side the bank has prioritized scope of development for the year 2019.

Sectoral Lending Cap: Sectoral Lending Cap is the sector wise strategic business planning and Broad guideline for branch(s), business wings for a given year. It is a regulatory requirement that each bank should specify its own sector specific lending limit. Furthermore, balanced credit portfolio is one of key requirement for strengthening overall risk management as well as ensuring sustainability of the bank.

Bank Asia Limited has adopted its first sectoral lending cap during 2013 which was basically "Thumb" rule basis calculation. Currently Risk Management Division has revised the methodology and the format of the lending cap. Different aspects (i.e. economic outlook, sector specific development, perception of respective business wings etc.) have been considered for preparing the sectoral lending cap of 2019. To ensure strategic objectives in the sectoral lending cap for 2019, RMD has considered overall loan growth in the appetite, sector wise NPL and appetite limit for NPL and capital adequacy etc. RMD has also synchronized the sector wise existing capital requirement and targeted capital adequacy for 2019. As part of projection model RMD has used the "Solver Tool" in MS Excel for determining sector wise combination of targeted loan growth to achieve targeted capital adequacy. Furthermore, RMD has accumulated sector wise business information published in the new paper, monetary policy or any other reliable media source(s). RMD has also duly considered the prospect and the negative news during the lending cap preparation.

Risk Appetite: Risk appetite is the level of risk that a bank is able and willing to accept or tolerate considering its exposures and business activities. The appetite should be in line with business objectives and obligations to stakeholders. Considering the importance and regulatory requirement, Risk Management Division of Bank Asia Limited has developed risk appetite for the year 2019. Bank Asia Limited has considered new areas under risk appetite statement. Parameter wise risk appetite was set considering historical trend, Central Bank benchmark, International Benchmark and perception of the senior management.

Segregation of duties of CCO & CRO:

It was a major concern issue regarding segregation of duties of CCO and CRO. For better management of risk, Risk Management Division has raised the issue and submitted a paper to Board to specify the roles and responsibilities and the reporting line of CRO. Very recently the Board has approved a separate roles and responsibilities of CRO and CCO.

Structured NPL Monitoring System: To monitor the regular NPL status of the bank, ICT Department and Risk Management Division of the bank has jointly developed a NPL monitoring system that is capable of reporting of branch wise movement and portfolio of NPL accounts. The NPL monitoring system is in live under MISDB (Dash Board) of the bank.

Implementation of EAS (Early Alert System): To check the portfolio status of the bank in a regular basis, implementation of EAS is very important. Considering the same, Bank has developed an Early Alert Policy which is Board approved. Risk Management Division of the bank is developing the system based Early Alert Process which will facilitate the overall portfolio monitoring.

Internal Credit Rating System: To adopt the advanced approach of Credit Risk, Bank has developed Internal Credit Rating System for SME which is under UAT (User Acceptance Testing). A total number of 150

SME credit proposals have been evaluated through this system. On the other hand, database design and flowchart diagram of corporate rating has been completed.

Take Over Loan Marking: To track the performance of loan takeover accounts from different banks/NBFIs a project has been initiated to do the necessary modification in the CBS. The project will be completed within February 15, 2019.

Review of NPL Files: To identify the actual reason for NPL of Top customers, a joint collaboration between the members of RMD and SAMD has been started to review the NPL files. 03 (three) NPL files have been reviewed during this period. Based on the review, a hand book will be prepared mentioning the facts for NPL.

Review of Top 20 Borrowers

Concentration: A new initiative has been taken to review the Top 20 borrowers funding structure. ERMIC advised CRO to setting up internal conservative ceiling instead of relying on regulatory benchmark.

Monitoring of Written-off Accounts:

During the year 2018, overall NPL of the bank was within the regulatory benchmark, strong monitoring and recovery drive are the main reasons for such achievement. But it was identified that a large number of accounts have been written-off during this period. As such a monitoring system is required for regular monitoring of the said accounts. A Committee has been formed for regular monitoring and recovery from the written-off accounts.

Documentation Lapses Monitoring:

On a yearly basis, bank is performing its additional capital requirement for documentation lapses for funded credit portfolio. For a time being, strong monitoring process helps the bank to reduce the capital charge against the documentation lapses. Risk Management Division of the bank has developed web based software for capital calculation of documentation lapses under ICAAP.

In addition to that, currently Risk Management Division of the bank is planning to develop and perform some

projection modeling based on current risk management practices.

Stress Testing: On a quarterly basis each bank performs "Sensitivity Analysis". Through the year 2018, bank was able to maintain its Capital Adequacy after minor shock in all events. Risk Management Division has already developed some projection events on Stress Testing (i.e. change in eligible security value, change in exposure of Top Borrowers etc.) based on MS Excel Tool "Solver".

Minimum Capital Requirement

Calculation: To meet the regulatory requirement, bank performs MCR calculation on quarterly basis which is generated from automated software. The said software is capable to calculate how much capital is required for each 100 Tk. lending (branch specific and mode of lending i.e. funded and non-funded). It is mentioned here that at the end of year 2018, bank was able to maintain the highest CRAR of 15.05%.

Vintage Curve Analysis: To identify the basic reason and overall monitoring for bad portfolio (portfolio at risk) in a particular time horizon, a new tool has been introduced named "Vintage Curve Analysis".

CONCLUSION

Bank Asia continuously followed international standard regarding managing risk as specified by Bank for International Settlement (BIS) in its core principles of effective banking supervision specially following along with others:

Principle 15 – Risk management process

Principle 16 – Capital adequacy

Principle 17 – Credit risk

Principle 18 – Problem assets, provisions and reserves

Principle 19 – Concentration risk and large exposure limits

Principle 20 – Transactions with related parties

Principle 21 – Country and transfer risks

Principle 22 – Market risks

Principle 23 – Interest rate risk in the banking book

Principle 24 – Liquidity risk

Principle 25 – Operational risk

The global economy continues to be volatile and under stress, and our continued commitment to sound risk management has proved to be effective as reflected in our strong capital and liquidity position. We recognize that maintaining and continually enhancing our risk management capabilities will be critical in the months ahead to ensure that the bank's financial and strategic objectives are achieved within approved levels of risk appetite.

As we enter the final year of this decade, the list of concerns that will keep risk managers up at night continues to grow. The inextricable linkages between political, economic, social and environmental risks have become undeniable, implying that risk managers must become social scientists in order to comprehend the evolving risk matrix, and that they no longer have the luxury of sticking to a conventional script in order to do their jobs well. For this reason, the coming year, and the coming decade, will challenge those in the risk management community as never before.

Statement on Non-Performing Loan (NPL) Management

One of our core business priorities is to curb non-performing loans by maintaining quality assets. In this regard, Bank Asia's credit approval process has been framed to unveil and assess the unforeseen inherent risk so that assets quality will not deteriorate in the long run. Additionally, early warning system gives us alarms so that precautionary actions may be taken against vulnerable assets. Above all, proper monitoring and strong recovery drive from branch and corporate office help in maintaining quality assets of Bank Asia. From 2016 Debt Collection Unit under SAMD (Special Asset Management Division) was formed for further recovery drives of written off loans. Executives of Corporate Office got involved in recovery campaign alongside with their normal desk activities as an innovative idea that resulted in a huge NPL recovery in 2018.

STRATEGIES FOR NPL MANAGEMENT & RECOVERY PROCESS

The recovery strategies are formulated based on analysis carried out by the following four units of the Division:

- Recovery Unit Off-site (Non-Legal)
- Recovery Unit On-site (Non-Legal)
- Debt Collection Unit (Write-off)
- Recovery Unit-Legal and
- Recovery Unit MIS & Compliance.

All the units are working on different area of recovery process towards achievement of their time bound set goals. They are also keeping good contribution in the profitability of the Bank through recovery of NPL vis a vis release of Interest Suspense kept suspended against NPL.

NPL STATUS OF BANKING INDUSTRY OF THE COUNTRY

The amount of classified loan in country increased to Tk. 993.7 billion in September 2018 from Tk. 803.10 billion in 2017. So, having growth of 19.18% despite huge rescheduling and restructuring of loans.

NPL & Recovery Status of Bank Asia

- The Bank ended the year with 4.10% Non-performing loan or classified loan which was amounted to Tk. 8,809 million compared to Tk.8,642 million in 2017. We have Tk.9,173 million under stay order where a significant portion of classified loans came from the vacation of stay order from Honorable High Court.

- At the end of 2018, the Bank's write off loans was Tk. 10,151 million against 227 accounts compared to Tk. 7,261.47 million against 176 accounts in 2017. The closing balance has increased due to addition of Tk. 2,890 million as write off loans as well as collection of Tk. 102.55 million from written-off accounts.
- During the year 74.06% of rescheduled loans remained standard, i.e. cash recovery and installment payments of major rescheduled / restructured borrowers were regular. It may also be noted that the remaining 25.94% of rescheduled loans that were downgraded to classified status constitutes 43.48% of total classified loans. Management has already increased recovery initiatives from those defaulted loans.
- The cash recovery against Classified Loans and Written off loan during the Year/Period was one of the highest in last couple of years which was Tk. 4,185 million in 2018 over Tk. 2,540 million in 2017 from hard core rescheduled, restructured, B & L and write off loan accounts

TOTAL CLASSIFIED LOANS COUNTRY VS BANK ASIA

(In Billion)

	Bank Asia		Country	
	2018	2017	2018 (Sep)	2017
CL Amount	8.81	8.64	993.7	803.10
CL Ratio (in %)	4.10%	4.38%	11.5%	9.31%

NPL BY BANKS TYPE

(In Billion)

Types of Banks	Total CL	Required Provision	Provision Maintained	EXCESS(+)/SHORTFALL(-)	Provision Maintenance Ratio (%)
SCBs	480.8	270.1	177.2	-92.9	65.60
SBs	52.4	25.0	27.9	2.9	111.6
PCBs	436.7	253.1	261.2	8.1	103.15
FCBs	23.8	16.6	17.3	0.7	104.32
TOTAL	993.7	564.9	483.6	-81.3	85.5

Source: Bangladesh Bank Quarterly (July-September, 2018) Vol. XVI, No.1

In the year 2019, our strategic planning will be as follows:

1. Strong Supervision, follow up and monitoring for the NPL accounts as well as rescheduling & restructured loans to be ensured both by on-site and off-site basis
2. In every NPL prone branch, a recovery unit must be formed and a weekly feedback to be taken by SAMD
3. Proper monitoring, follow up & supervision in pre-classification stage should be ensured by C&LL, ME, CMSE, CRM and other concerned departments
4. Adequate staff in SAMD and optimum utilization of manpower in SAMD to be ensured
5. Appropriate Legal action to be initiated
6. Amicable settlement may be allowed in applicable sector
7. A separate Recovery Unit for Chittagong Zone to be formed
8. Recovery Agent may be engaged in some special cases.
9. Eligible accounts to be written-off as

per Guidelines of Bangladesh Bank.

We are optimistic that by deploying our above mentioned strategies, we will be able to keep the classified loan of the bank within 3.50% at the end of the year 2019.

Furthermore, with the concentrated efforts by our "Debt Collection Unit" we will also be able to recover Tk. 1,260 million from the written-off accounts of the bank by this year. Bank Asia is putting all out efforts to recover defaulted clients and stop fresh inclusion of CL. For success in that front, management is further streamlining its credit appraisal process.

Basel III Pillar 3 Market Disclosure

Annual Disclosure for the year ended December 31, 2018

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 III. Bangladesh Bank has specified the standard of disclosure through Guidelines on Risk Based Capital Adequacy (December 2010) which revised in Basel III Guideline on December 2014 with effect from January 2015. 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 December 29, 2010 as to Guidelines on 'Risk Based Capital Adequacy for Banks' and subsequent BRPD Circular 18 dated December 21, 2014 on 'Guideline on Risk Based Capital Adequacy', following detailed qualitative and quantitative 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.

To cope up with the international best practices and to make the bank's risk absorbent capital 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel II) was introduced from January 01, 2009 as a parallel run with BRPD Circular No. 10, dated November 25, 2002 (Basel I). At the end of parallel run, Basel II regime started from January 01, 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that, Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel III) vide its BRPD Circular 18 dated December 21, 2014 that Basel III reporting start from January 2015 and full implementation will start from January 2020. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance.

Basel III Pillar 3 Market Disclosure

1. SCOPE OF APPLICATION:

Qualitative Disclosures	
a) The name of top corporate entity in the group to which this guidelines applies	<p>BANK ASIA LIMITED</p> <p>The consolidated financial statements of the Bank include the financial statements of i) Bank Asia Limited ii) Bank Asia Securities Limited iii) BA Exchange Company (UK) Limited. and iv) BA Express USA Inc.</p> <p>Bank Asia holds 99.99%, 100% and 100% shares of Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc. respectively.</p> <p>The bank has an approved disclosure policy to observe the disclosure requirements set out by the Bangladesh Bank and International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) where relevant to the bank.</p> <p>A brief description of these institutions are given below:</p> <p>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 127 branches including 4 SME/Agri branches and 4 SME centers. Moreover, it has 149 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in USA. The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.</p> <p>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.</p> <p>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.</p> <p>BA Express USA Inc. BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014.</p>
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:	
(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)	
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable for the bank
d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable for the bank

Basel III Pillar 3 Market Disclosure

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, general reserve and retained earnings, Minority Interest.
		Tier 2: Capital of the bank consists of 50% revaluation reserve for fixed asset & securities, subordinated debts and general provision.

		Quantitative Disclosures	
		<i>Million Taka</i>	
Sl	Particulars	Solo	Consolidated
a)	Tier-I (Core Capital)		
a.1	Paid up capital	11,104	11,104
a.2	Non-repayable share premium account	-	-
a.3	Statutory reserve	8,268	8,268
a.4	General reserve	8	8
a.5	Retained earnings	1,840	1,687
a.6	Minority interest in subsidiaries	-	0.01
a.7	Dividend equalization account	-	-
a.8	Others	-	-
a.9	Sub-Total (a.1 to a.8)	21,220	21,067
	Less: Regulatory adjustments	-	-
a.10	Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	55	55
a.11	Common Equity Tier -1 capital (Going-Concern Capital)/ Core Capital (a.9 - a.10)	21,165	21,013
a.12	Additional Tier 1 Capital	-	-
a.13	Total Tier- 1 Capital	21,165	21,013
b)	Tier-II (Supplementary Capital)	-	-
b.1	General Provisions (provisions for unclassified loans + provision for Off-balance sheet exposure)	6,249	6,249
b.2	Asset revaluation reserves up to 50%	1,341	1,341
b.3	Subordinate debt	7,400	7,400
b.4	Other reserve	-	-
b.5	Sub-Total (b.1 to b.4)	14,991	14,991
	Less: Regulatory adjustments	-	-
b.6	80 % of revaluation reserve for fixed assets, securities and equity securities	1,073	1,073
b.7	Total Tier- 2 Capital (b.5 - b.6)	13,918	13,918
c)	Tier-III (Eligible for market risk only)	-	-
c.1	Short-term subordinated debt	-	-
c.2	Sub-Total (c.1)	-	-
d	Total Eligible Capital (a.13+ b.7+ c.2)	35,083	34,930

Basel III Pillar 3 Market Disclosure

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 managing its capital to meet regulatory requirement considering the risk profile. Below are few highlights:

- Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (MCR) is 10%, whereas as on December 2018 the CRAR of the bank was 15.05%.
- During the same period Minimum Capital Requirement (MCR) of the bank was BDT 23,309 million and eligible capital was Tk. 35,083 million; i.e. the bank hold Tk. 11,774 million surplus capital.

Reduction of Capital Requirement through increasing Rated Clients:

As per Basel-III 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-III, 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 2018 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 Division (RMD), CRO along with the branches has taken all-out efforts to increase the number of corporate borrower's exposures 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, significant number of rated clients increased in the year 2018 from the year 2017.

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

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures			
<i>Million Taka</i>			
Sl.	Risk Category	Solo	Consolidated
Details of Risk Weighted Assets (RWA)			
a	Credit Risk		
a.1	On- Balance sheet	155,471	157,762
a.2	Off-Balance sheet	52,521	52,521
a.3	Total Credit Risk (a1+a2)	207,992	210,283
b	Market Risk	6,519	7,208
c	Operational Risk	18,575	19,098
Total RWA		233,086	236,589
Detail of Risk Wise Minimum Capital Requirement (MCR)			
a	Credit Risk		
a.1	On- Balance sheet	15,547	15,776
a.2	Off-Balance sheet	5,252	5,252
a.3	Total Credit Risk (a1+a2)	20,799	21,028
b	Market Risk	652	721
c	Operational Risk	1,858	1,910
Total Minimum Capital Requirement		23,309	23,659
Total Maintained Capital		35,083	34,930
Total Capital Surplus		11,774	11,271
Detail of Tier wise Capital of the Bank			
1	Tier-1 Capital	21,165	21,013
2	Tier-2 Capital	13,918	13,918
3	Tier-3 Capital	-	-
Total Capital		35,083	34,930
Total Capital to Risk Weighted Asset Ratio (CRAR) [Total capital/RWA]		15.05%	14.76%
Tier 1 CRAR [Tier 1 capital / RWA]		9.08%	8.88%

Basel III Pillar 3 Market Disclosure

4. CREDIT RISK:

Qualitative Disclosures

(a) 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.

Definitions of past due and impaired (for accounting purposes)

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".

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures							
	Types of loans and advances	Provision					
		STD	SMA	SS	DF	BL	
> Description of approaches followed for specific and general allowances and statistical methods	Consumer	House finance	1%	2%	20%	50%	100%
		Loans for professionals	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	1%	1%	5%	5%	100%
		Small and medium enterprise finance	0.25%	0.25%	20%	50%	100%
		Others	1%	1%	20%	50%	100%

The Bank has 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 credit approval in line with the recommendation from 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, policy formulation & implementation, green finance, issuance & sanction advice are the major activities of CRM division. Separate segments for Corporate, Retail, SME, Credit Cards have been formed under CRM division 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 division. Sanctions are conveyed to the Branches after getting approval from various dedicated authority, Head of Credit, President & Managing Director and 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 & responsibilities and thus minimizes the credit risk.

> Discussion of the Bank's credit risk management policy

To stream line the overall credit portfolio, the bank has taken various initiative, for example, complete separation of business and risk, supervision of fresh credit proposal from branch through business wings at corporate office, empowerment of CRM and other risk management wings, digitization of loan documentation management process etc. Further to the above 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.

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.

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures

Amount in BDT Million

Particular	Outstanding
b) Total gross credit risk exposures broken down by major types of credit exposure	214,618
Chief Executives & Others senior executives	152
Agriculture	5,916
Industry	102,576
Constructions	3,916
Power, Gas, Water and Sanitary Services	3,624
Transport, Storage and Communication	2,621
Trade Services	45,579
Housing Services	14,305
Banking and Insurance	4,659
Professional and Misc. services	31,271
c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	214,618
Dhaka Division	151,481
Chattogram Division	50,229
Khulna Division	3,683
Rajshahi Division	4,752
Barishal Division	778
Sylhet Division	2,178
Rangpur Division	1,050
Mymensingh Division	467
d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	214,618
Chief Executive & other senior Executives	152
Agriculture	5,916
Food Manufacturing	11,751
Beverage industry	434
Tobacco industry	232
RMG industry	25,513
Textile industry	21,785
Wood cork and allied products	50
Furniture and Fixture	153
Paper and paper products	5,673
Leather and leather products	1,897
Rubber products	2,125
Chemical and chemical products	1,395
Basic metal products	8,827
Electrical machinery and apparatus	2,848
Other manufacturing industries	16,108
Ship building	2,730

Basel III Pillar 3 Market Disclosure

Particular	Outstanding
Ship breaking	622
Pharmaceutical	436
Constructions	3,916
Power, Gas, Water and Sanitary Services	3,624
Transport, Storage and Communication	2,621
Trade Services	45,579
Housing Services	14,305
Banking and Insurance	4,659
Professional and Misc. services	31,271
Others	-
e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	214,618
Repayable on demand	30,721
Not more than 3 months	28,777
More than 3 months but not more than 1 year	64,149
More than 1 year but not more than 5 years	74,761
More than 5 years	16,210
f) By major industry or counterparty type	
Sector wise past due loan classification categories:	
Sub- Standard	273
Doubtful	691
Bad and Loss	7846
Total	8,810
Specific and general provisions	8,985
Total General Provision:	5,092
Total Specific Provision:	3,893
g) Gross Non Performing Assets (NPAs)	8,810
Non Performing Assets (NPAs) to Outstanding Loans Advances	4.10%
Movement of Non Performing Assets (NPAs)	
Opening balance	8,642
Additions	7,599
Reductions	7,431
Closing balance	8,810
Movement of specific provisions for NPAs	
Opening balance	3,740
Less: Transferred to General Provision	-
Less: Write-off	(2,554)
Add: Recovery from previously written off	103
Transfer from General Provision	-
Add: Provisions made during the period	2,605
Closing balance	3,893

Basel III Pillar 3 Market Disclosure

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.

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.

The equity markets are traditionally volatile with a high-risk, high-returns profile. As such investors in the equity market have to plan and strategize 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.

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 regulatory 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.

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures

Amount in BDT Mln.

Sl.	Particular	
a)	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	Nil
c)	Total unrealized gains (losses)	Nil
	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.	
d.1	Specific Risk	91
d.2	General Market Risk	91
d3.	Total (d1+d2)	183

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 affected 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 Stress 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 interests rate changes i.e. 1%, 2% and 3%.

Amount in BDT Mln.

Quantitative Disclosures

Sl.	Particular			
1	Market Value of Assets	305,929		
2	Market Value of Liabilities	251,190		
3	Weighted Average of Duration of Liabilities (DL) in years	1.05		
4	Weighted Average of Duration of Assets (DA) in years	1.43		
5	Duration GAP (DA-DL) in years	0.56		
6	Yield to Maturity (YTM -Assets)	9.14%		
7	Yield to Maturity (YTM -Liability)	4.34%		
8	Magnitude of Interest Rate Change	1%	2%	3%

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures				
Sl.	Particular			
9	Fall in Market Value of Equity	(1,580)	(3,160)	(4,740)
Stress Testing		<i>Minor</i>	<i>Moderate</i>	<i>Major</i>
10	Regulatory capital (after shock)	33,479	31,899	30,319
11	RWA (after shock)	231,506	229,925	228,345
12	CRAR (after shock)	14.46%	13.87%	13.28%

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.

Amount in BDT Million

Quantitative Disclosures	
Particular	
The capital requirement for:	
Interest Rate Risk	26
Equity Position Risk	183
Foreign exchange	443
Commodity Risk	-
Total capital requirement against Market Risk	652

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.

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures	
Potential external vulnerable events	Considering the increasing complexity of banking operation resulted from various trending macro economic scenario and excessive competitive environment, it is unlikely to completely avoid potential external vulnerable events. However, through effective risk management operation the impact from potential external vulnerable events are quite minimum.
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.

Amount in BDT Million

Particular	Solo	Consolidated
Capital Requirement for Operational Risk under MCR	1,858	1,910

9. LIQUIDITY RATIO

Qualitative Disclosures	
Views of BOD on system to reduce liquidity Risk	<p>Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments in time when payment falls due. Thus, liquidity risk can be of two types:</p> <p>a) Funding liquidity risk: The risk that a firm will be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition</p> <p>b) Market liquidity risk: The risk that a firm cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market</p> <p>Banking organization, where off-balance sheet exposure is significant or has strong dependency on corporate deposit or experiencing step asset (i.e. primarily credit portfolio or investment book) growth is exposed to high level of Liquidity risk. Liquidity risk should not be seen in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequence of other financial risks such as credit risk, interest rate risk, foreign exchange risk etc.</p>

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

In the perspective of Bangladesh, identifying and monitoring the driving factors of liquidity risk is viewed from the following aspects:

Regulatory Liquidity Indicators (RLIs):

- Cash Reserve Requirement (CRR)
- Statutory Liquidity Ratio (SLR)
- Medium Term Funding Ratio (MTFR)
- Maximum Cumulative Outflow (MCO)
- Advance Deposit Ratio (ADR)/Investment Deposit Ratio (IDR)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)

Methods used to measure
Liquidity Risk

Bank's own liquidity monitoring tools:

- Wholesale Borrowing and Funding Guidelines
- Liquidity Contingency Plan
- Management Action Trigger (MAT)

Computation of Capital Charge against Liquidity Risk: If annual average of any RLIs of any bank falls below Bangladesh Bank's requirement the bank will be required to maintain additional capital for that RLI (or those RLIs).

As per Bangladesh Bank guideline management maintain sufficient CRR and SLR.

Liquidity Risk Management
System

In December 2014, the Bangladesh Bank started to two new liquidity metrics as part of the implementation of Basel III. These are a short term liquidity stress metric, the Liquidity Coverage Ratio (LCR), and a longer term funding metric, the Net Stable Funding Ratio (NSFR). Banks have to maintain LCR and NSFR are at a minimum of 100%.

Policies and processes for
mitigating Liquidity Risk

Bank Asia Limited Asset-Liability Management Committee (ALCO) has responsibility for monitoring liquidity measures and limits. Liquidity is maintained in excess of the maximum cumulative outflows calculated within these stress tests. Board Risk Management Committee set policies and process to mitigate all risks including Liquidity risk.

Amount in BDT Million

Particular	
Liquidity Coverage Ratio (LCR)	118.20%
Net Stable Funding Ratio (NSFR)	117.34%
Stock of High quality liquid assets	47,831
Total net cash outflows over the next 30 calendar days	40,466
Available amount of stable funding	239,653
Required amount of stable funding	204,229

Basel III Pillar 3 Market Disclosure

10. LEVERAGE RATIO

Qualitative Disclosures	
Views of BOD on system to reduce excessive leverage	<p>In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by Bangladesh Bank. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives:</p> <p>a) constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy.</p> <p>b) reinforce the risk based requirements with an easy to understand and a non-risk based measure.</p> <p>The policy for Leverage Ratio including on and off balance sheet exposure and capital related policy. 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.</p>
Policies and processes for managing excessive on and off balance sheet leverage	<p>There are approved limits for instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against such risk.</p> <p>Calculation of Leverage Ratio</p> <p>A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.</p> $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$
Approach for calculating exposure	<p>The exposure measure for the leverage ratio will generally follow the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following will be applied by the bank:</p> <p>i. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments (e.g. surplus/ deficit on available for sale (AFS)/ Held-for-trading (HFT) positions).</p> <p>ii. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure.</p> <p>iii. Netting of loans and deposits is not allowed.</p>

Particular	Amount in BDT Million	
	Solo	Consolidated
Tier-1 Capital (A)	21,165	21,013
Exposure measure :		
On balance sheet exposure	303,399	303,948
Off balance sheet exposure	71,250	71,250
Less: Regulatory adjustment made to Tier I capital	55	55
Total exposure (B)	374,594	375,143
Leverage Ratio (A/B)	5.65%	5.60%

Basel III Pillar 3 Market Disclosure

11. REMUNERATION

Qualitative Disclosures

Name, composition and mandate of the main body overseeing remuneration:

Managing Director, Senior Management Team (SMT) & Head of People Management Division (PMD) governs the remuneration related policies and practices in alignment with the bank's short & long term objectives. They play an independent role, operating as an overseer; and if required, make recommendation to the Board of Directors of the Bank for its consideration and final approval for any remuneration related policy. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of Senior Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance-based compensation by ensuring effective remuneration policy, procedures and practices aligned with the Bank's strategy and applied consistency for all employee levels.

A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches:

- a. Information relating to the bodies that oversee remuneration.

Remuneration Committee of Bank Asia also oversee its two foreign subsidiary i.e. BA Exchange Company (UK) Limited and BA Express USA Inc. and one local subsidiary i.e. Bank Asia Securities Limited.

A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group:

Risk Takers are senior employees who can take, or influence the taking of material risk for Bank Asia or for a material business unit.

Designation	No of Employee
President and Managing Director	01
Deputy Managing Director	04
Senior Executive Vice President	07
Executive Vice President	12
Senior Vice President	13

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

Key features of remuneration 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 incidence of gender discrimination in terms of remuneration.

Bank Asia compensation program focuses on individual short-term goals vis-a-vis long-term success and overall profitability of the Bank. Both our short-term annual incentive and long-term compensation plans promote our pay-for-performance philosophy, as well as our goal of having a meaningful amount of pay at-risk, and we believe both plans provide us a competitive advantage in the acquisition and retention of talents.

Objectives of remuneration policy :

The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits. Performance is judged, not only on what is achieved, but also on how it is achieved as well as alignment with the Bank's values.

b. Information relating to the design and structure of remuneration processes.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any change that was made:

The remuneration committee reviewed the bank's remuneration on 2018 and revised the remuneration by conducting a survey considering the following facts:

- Oversee Bank's remuneration position and revise the structure according to the competitive market
- Align compensation strategy with business strategy
- Determine the percentage of increment at each job grade
- Get acquainted with inflation in the economy

Based on the survey, Banks changes the remuneration on Compa-Ration based of its existing employees

A discussion of how the bank ensures that employees dealing with risk and its compliance are remunerated independently of the businesses they oversee :

Control function of internal control and compliance directly responds of Audit Committee of the Board and dotted report to the President and Managing Director. Credit Risk Officer reports to President and Managing Director directly.

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed):

A balanced scorecard approach has been adopted by the Board with real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-a-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.

- a. Description of the ways in which current and future risks are taken into account in the remuneration processes.

A discussion of the ways in which these measures affect remuneration:

The way in which each individual contributes to or impacts on the key criteria differs depending on the area of the business/target activities in which they operate and nature of activities specified by the management. These differences are reflected in the expected outcomes and performance indicators developed for each individual employee/role and satisfactory performance against these indicators is required to qualify for annual increment of remuneration, performance bonus, promotion and other benefits.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration:

Since the implementation of real-life SMART KPI to evaluate the contribution of all individuals, no change has been taken place.

An overview of main performance metrics for bank, top-level business lines and individuals:

Bank Asia is solely depending on the contribution of its existing talents. From 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-a-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:

- b. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

- 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 the least, unbiased performance evaluation at the end of the year.

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance:

Yearly performance bonus, salary increment, staff house building loan are directly linked with employee's individual performance.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.

Variance performances like performance bonus, salary increment are determined by the outcome of scorecard in prescribed KPI of the individual.

- c. Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.

Bank Asia provides its Employees incentive compensation delivered in the form of deferred cash awards, subject to performance based on Key Performance Indicators (KPI).

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

A summary of Short-term and Long-term compensation plan are given below:

Total Compensation = Fixed Pay (Salary)+Variable Pay (Bonus)+Variable Pay (Long term incentive)

Form of variable remuneration offered by Bank Asia:

Cash Form:

Short-Term Incentives / Rewards

1. Yearly fixed and incentive bonus;
2. Yearly Increment;
3. Business accomplishment financial award;
4. Special Increment for special assignments/accomplishment;
5. Car, fuel and car maintenance allowance for executives;
6. Cash Risk allowance for cashier;
7. Charge allowance for Head of Branches

Long-Term Incentives / Rewards

1. Provident fund;
2. Gratuity;
3. Benevolent fund
4. Employee house building loan with minimum interest rate
5. Provident fund loan with minimum interest rate
6. Periodically salary review (enhancement)
7. Furniture allowance for executives
8. Yearly professional membership fees for professional certificates holder

Non-Cash Form:

Short-Term Incentives / Rewards

1. Medical insurance coverage for self, wife and two children;
2. Accelerates promotion for top talents;
3. Study leave

Long-Term Incentives / Rewards

1. Foreign training award;

- d. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

Basel III Pillar 3 Market Disclosure

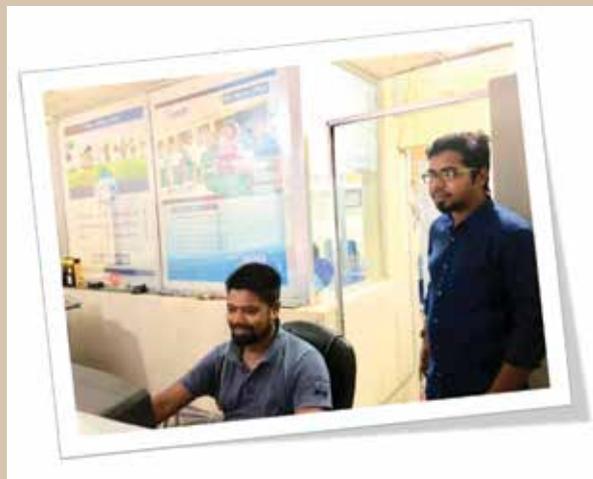
Qualitative Disclosures															
Particular	Amount in BDT Million														
a. Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Meeting regarding overseeing the remuneration was held on need basis.														
b. Number and total amount of guaranteed bonuses awarded made during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of severance payments made during the financial year	<table border="1"> <thead> <tr> <th>No.</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td>Nil</td> </tr> <tr> <td></td> <td>Nil</td> </tr> <tr> <td></td> <td>Nil</td> </tr> </tbody> </table>	No.	Amount		Nil		Nil		Nil						
	No.	Amount													
		Nil													
	Nil														
	Nil														
c. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.	Nil Nil														
d. Breakdown of amount of remuneration awards for the financial year to show:	Breakdown of Remuneration is as follows(Taka in million):														
- fixed and variable	<table border="1"> <tbody> <tr> <td>Basic salary</td> <td>1,049</td> </tr> <tr> <td>Allowances</td> <td>1,075</td> </tr> <tr> <td>Festival bonus</td> <td>172</td> </tr> <tr> <td>Gratuity</td> <td>192</td> </tr> <tr> <td>Provident fund contribution</td> <td>97</td> </tr> <tr> <td>Performance bonus</td> <td>267</td> </tr> <tr> <td>Total :</td> <td>2,852</td> </tr> </tbody> </table>	Basic salary	1,049	Allowances	1,075	Festival bonus	172	Gratuity	192	Provident fund contribution	97	Performance bonus	267	Total :	2,852
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Allowances	1,075														
Festival bonus	172														
Gratuity	192														
Provident fund contribution	97														
Performance bonus	267														
Total :	2,852														
- deferred and non-deferred.	Nil														
- different forms used (cash, shares and share linked instruments, other forms).	All the remunerations are provided in the form of cash														
e. Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:															
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil														
Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil														
Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil														

At Customers' Doorsteps



Farida Begum always prays for the owner of the Bank Asia Agent Outlet, from where she is collecting her widow-allowance regularly. The outlet is very close to her house in Chakaria, Cox's Bazar and all they require is just her finger print. No long walks, no long queue, no bureaucratic complexity. She remembers how difficult it was to collect Social Safety Net allowances before there was an Agent Banking outlet. She feels really blessed to have a Bank Asia Agent Outlet in her area.

Promoting Rural Entrepreneurship



Jashimuddin's story is about the local 'computer guy' becoming the 'banker to the community'. Like most other, Jashim wanted a government job but couldn't get one. Since he was good with computer and internet, he started a shop to provide computer related services at Sirajganj district. He learned that his computer skills and some basic logistics were all he needed to be a Bank Asia Agent. So he became one, and believes that now he is serving the community the best way he can.

At your Bright Future



Mohammad Khalil (Rajapur, Jhalokathi) relies on the remittance his wife sends from abroad for cultivating vegetables commercially. He used to rely on money sent via the 'hundi' system. There were a lot of hassles. Getting the money in time was very rare. He was feeling hopeless. But since the Bank Asia Agent Banking Outlet started operating near his house, he opened an account there and now things are much easier. Both Khalil and his wife are feeling very optimistic about their future now.

Summary Sustainability Report

Electromagnetic Radiation
is inviting grave danger to our
environment

*The content below gives an
overview of the locations of
Summary Sustainability Report*

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Achievement for Sustainability Report



Bank Asia achieved Sustainability Reporting Awards (SRA) by NCSR (National Centre for Sustainability Reporting), Jakarta, Indonesia

- Gold Rank- Best Sustainability Report in Asia Sustainability Reporting Rating 2018 - 14th SRA 2018 for Sustainability Report 2017 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners)
- 'Winner-Best Sustainability Report in Overseas category' - 13th SRA 2017 for Sustainability Report 2016
- Best Sustainability Report in Bangladesh - 12th SRA 2016 for Sustainability Report 2015
- Best Sustainability Reporting Award 2015, Runner up 1 in Overseas Category for Sustainability Report 2014
- Sustainability Reporting Award 2014 (SRA 14) for Most Impressive Report 2013 for Sustainability Report 2013
- Sustainability Reporting Award 2013 (SRA 13) for Most Progressive Report 2012 for Sustainability Report 2012
- Commendation for the first time - 9th SRA for Sustainability Report 2012

Sustainable Banking Operations



Message from the President and Managing Director



People, Planet, Profit are now- a- days the crux of any sustainable business. In line with this thought, we at Bank Asia firmly believe that we have strong role to play in promoting sustainable development including the transition to a low carbon economy through our green financing and green banking activities. With this belief and commitment, I am proud to share Bank Asia's sustainability report which shows how we have contributed to the community and environment in 2018.

Bank Asia firmly believes that sustainability is the core element of competitiveness and to achieve this bank business model need to create value for stakeholders in a sustainable way. With the aim of accomplishing the above beliefs Bank Asia highly focuses on the tasks which creates sustainable economic, environmental and social impact over the society.

Live Green- Save Green

Bank Asia always believes in growing in a responsible manner by maintaining an ecofriendly environment across the organization. For that purpose, the Bank circulated Green Banking Policy guidelines to all the employees for raising awareness regarding conservation of energy, water, saving paper, etc.

Bank Asia has also adopted policies to reduce energy in its in-house management by utilizing maximum natural day light, energy savings bulbs, and green computing based data center. Bank Asia is also very much focused on managing the waste generated from day to day banking activities, food consumption, physical wear and tear of computer and office equipment, obsolete furniture & fixture and newspapers. To reduce the waste, Bank has taken some necessary measures such as- usage of both sides of papers and collection of wasted papers using bins after shredding, donation of old equipment and furniture for charity, accumulation of food wastes by community cleaners on daily basis and disposition of toner, cartridges and newspapers through community cleaners.

On the other hand, Bank Asia highly encourages its customers to use E-Statement, SMS banking, SMS Alert, Net Banking, and E - Fund Transfer and E-Mail Correspondences to diminish wastage of paper. This year the Bank developed more number of green banking instruments compared to the previous year, through which the customers can save their valuable time and unnecessary paper work as well.

Now-a-days freelancing is very popular among the youths and to make the freelancing activities more feasible, Bank Asia recently launched "SHADHIN Card" for freelancing which is used by the freelancers for facile transactions. For enhancing public conversance and highlighting green

banking activities, Bank Asia published an advertisement in the "The Daily Star" on World Environment Day 2018.

While selecting businesses for financing, the bank focuses on green financing like renewable energy generation, carbon emission project, solar home system, CNG conversion project, bio-gas, managing different waste, treatment of liquid waste, urban building safety project, and effluent treatment plant in brick fields in a continuous basis. Bank Asia has an agreement with Bangladesh Bank as a participant in the refinance scheme for Green Product / Initiatives practicing with these appreciated initiatives in Bio- Gas and Green Industries projects. During the year 2018 we disbursed Tk. 32.46 million to Green finance, which has helped sequestration of carbon and reduce adverse environmental effect.

Embracing Corporate Social Responsibility

Being committed to bring social and environmental prosperity Bank Asia spent an amount of Tk. 126.91 million for several CSR activities in the year 2018. Bank Asia donated to Prime Minister's Relief Fund for different generous activities and also distributed warm cloths among cold-hit and flood hit people. Bank Asia supports poor meritorious students by providing Higher Study Scholarship to become emergent human capital of our country. In 2018, total 837 students received support for education under Bank Asia's higher studies scholarship scheme amounting to Tk. 42.69 million and the total beneficiaries are 2,133 so far.

Economy of Financial Inclusion

Being pioneer of Agent Banking operations, Bank Asia has always given special attention to its agent banking services. With the aid of advanced technologies and flexible Agent Banking module, Bank Asia reached to remote areas with 2,566 agent outlets covering 64 districts and 417 upazillas across Bangladesh which also ensures compatible security for the customers. We have now reached to customers' doorsteps by extending our agent outlets across Bangladesh. As a result, each and every customer can easily withdraw his allowances without any sort of complexity. Many rural customers consider it as a blessing because their requirement can be over just by putting a fingerprint. Moreover, it is also creating employment opportunities for the jobless people.

Bank Asia has been supporting the under privileged people through its EBK operation in 31 districts encompassing 222 upazilas, comprising of 839,375 beneficiaries. Bank Asia is also concentrating on school banking services with an aim to build savings habit of school going children. Bank Asia has collected deposit of Tk. 48.75 million from 19,500 school banking accounts up to 2018.

Sustainable Agri Economy

Bank Asia has facilitated 372 no. of borrowers by disbursing TK. 8.61 million under special Agricultural Credit at 4% concessional Interest Rate. In 2018, the Bank disbursed Agriculture Loan of Tk. 2,880 million to 65,867 rural farmers which has created numerous employment opportunities in that sector. Bank Asia, the pioneer of smart agriculture card (A- Card), disbursed loan of Total Tk. 9.05 million to 457 farmers in 2018. Moreover, Bank Asia has facilitated the scheme of ten-taka account holders' (1,336 nos.) by disbursing Tk. 46.28 million.

Engage - Produce - Grow

At Bank Asia, we provide our employees ample opportunities for personal growth through comprehensive training and other development programs. In 2018, Bank Asia has provided 70,690 man hours training to 3,729 participants on different operational and behavioral aspects.

Award and Recognition

Bank Asia always believes in transparency in disseminating information to the stakeholders irrespective of different events. We are really privileged to share that, Bank Asia has been granted "GOLD RANK" in Asia Sustainability Reporting Rating 2018, in the 14th Sustainability Reporting Awards (SRA) 2018 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Jakarta, Indonesia for Sustainability Report 2017. This is noteworthy that we are achieving sustainability award every year under different category by NCSR.

In Bank Asia, we are persistently monitoring the changing environment in which we operate to ensure stakeholders' concerns are duly captured and managed on an on-going basis. We are always trying our best to ensure fairness and transparency in our all decision making process for the establishment of sustainable banking across the country. At last, I extend my sincere gratitude and appreciation to all our valuable stakeholders for their active and feasible engagement towards Bank Asia's vision to build a poverty free Bangladesh.



Md. Arfan Ali
President and Managing Director

Report Parameter

REPORT PARAMETER

Bank Asia is the pioneer in the banking industry to publish Sustainability Report and awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting. Our prior two reports were based on GRI reporting framework G3/G3.1 guidelines. But from the year 2014 to 2017 we have prepared our sustainability report based on GRI reporting framework G4 guidelines. This is the first time from 2018 we are reporting on GRI reporting framework GRI standard with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects 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 2018. This is our sixth 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 2018 covers only banks 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 three subsidiary companies, one in

Bangladesh and others in UK and USA, 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. in UK and BA Express USA Inc. at NY, USA are two wholly owned subsidiaries with a primary responsibility of remittance channeling to Bangladesh from UK and USA market. Financial statements of BA Exchange Company (UK) Ltd. and BA Express USA Inc. 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. Mohammad Ibrahim Khalil, FCA, Chief Financial Officer, Mr. Md. Shamim Hasnat, First Assistant Vice President, Group Finance and Ms. Nahid Tania Khan, Executive Officer, Group Finance. They may be reached through

E-mail

sustainability.ba@bankasia-bd.com

Triple Bottom Line

PEOPLE

Bank Asia always plays a very dynamic 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. 3.57 million and Tk. 1.0 million respectively during 2018. 70,690 man-hours training have been provided to 3,729 employees in the year 2018 both in home and abroad. Bank Asia works with a wide range of suppliers, vendors, agents and others. To create value the Bank works with them through collaboration by applying its own policy and practice for selecting these suppliers and others.

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 initiatives are detailed out in other parts of the report. As greening of mind, 27,144 manhours of training provided to 129 staffs regarding green banking under foundation and other trainings course in 2018.

PROFIT

During 2018 Bank Asia generated operating profit of Tk. 8,060.4 million.

Strategic Focus for Sustainability

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, reducing green house gas emission, mapping bank's carbon foot print, efficient energy use, environment friendly projects, plant nursery and horticulture projects etc.

GOING GREEN IN THE FUTURE OF BANKING

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, 'Ektee Bari Ektee Khamar' Project, Agent Banking channels, domestic remittance distribution through bank branches and agent banking outlets.

PROMOTING FINANCIAL INCLUSION

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.

GIVING BACK

CUSTOMER SATISFACTION

Bank Asia is sincere to create higher customer satisfaction and loyalty by its brand enhancement programs & creating brand ambassadors, personalized banking, online product innovation, measure and reduce customer efforts for greater value proposition.

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, Agent Banking, EBK & Social Safety Net program and many more specialized services with its core banking activities. To excel in this new era of technological triumph, Bank Asia has successfully introduced internet banking, cutting edge ICT, state of the art network solution, 24/7 ATM service and 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 the bank has 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.

Number of countries where

the organization operates

Bank Asia runs its operation only in Bangladesh. However, the Bank has two fully owned subsidiaries in overseas. Among these subsidiaries, 'BA Exchange Company (UK) Limited' and 'BA Express USA Inc.' facilitate as speedy and dependable medium for remitting the hard-earned money of expatriates backhome. 'BA Exchange Company (UK) Limited' started its operation in London on May 16, 2011. The 3rd subsidiary of Bank Asia 'BA Express USA Inc.' started its operation on June 1, 2014 in New York. It has also opened its 2 new overseas branches in Jamaica and Brooklyn for remittance channeling to Bangladesh.

BRANCH NETWORK

Currently we have 127 branches and SME service centers across the country spread over different zones that includes 119 branches, 4 SME/ Agricultural branches and 4 SME service centers. Geographically 65 are placed in capital Dhaka, 38 in Chattogram the 2nd largest commercial hub after Dhaka, 7 in Sylhet zone one

of the leading remittance flow area, 6 in Khulna zone the 2nd international port city and adjacent to world's largest mangrove forest, 5 in Rajshahi the silk city and world's finest mango production area, 3 in Rangpur famous for one of the oldest (1916) and best reputed college, C armichael College, 2 in Barisal, the main rice producing center of Bangladesh and 1 in Mymensingh, renowned for one of the largest Agricultural University and largest residence of Garo ethnic communities of the country. All these branches and SME centers are efficiently supervised and monitored by Zonal heads who take care of their overall performance indicators on a regular basis. Every year on an average 7 new branches are added to our branch network.

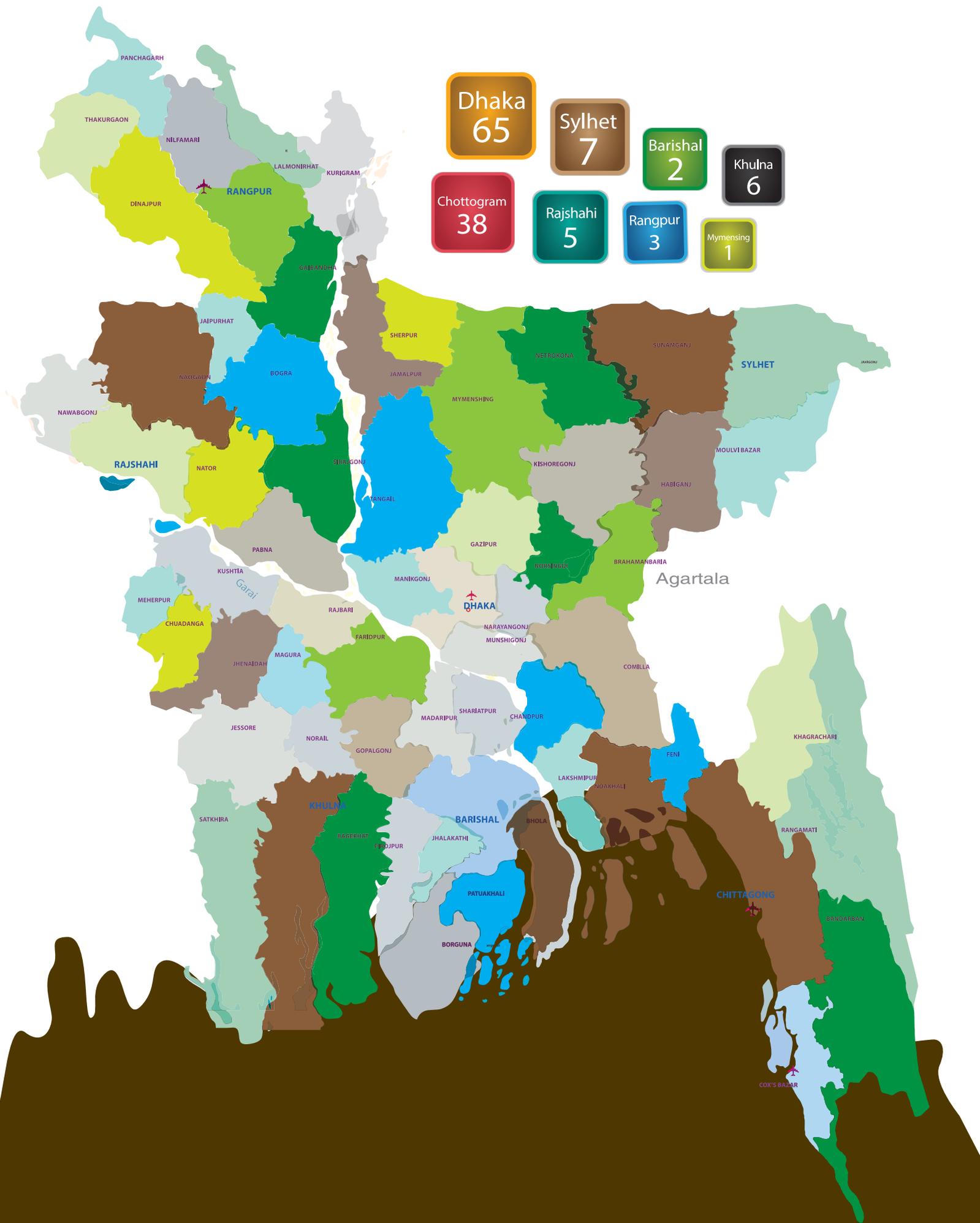
SCALE OF THE REPORTING ORGANIZATION

As of the end of 2018, our Bank's operating profit is Tk. 8,060 million and total assets are Tk. 307,291 million. The Bank's Capital to Risk Weighted Assets Ratio (CRAR) is 15.05 %.

MEMBERSHIP WITH ASSOCIATIONS

Number of employees	2,291 (2,256 of Bank and 35 of Subsidiaries)
Number of branches	127 (119 branches, 4 SME/Agri branches and 4 SME service centers)
Total operating income	Tk. 14,123 million
Total debt & equity	Tk. 283,951 million & Tk. 23,340 million
Number of ATMs	149 own ATMs and more than 10,000+ shared
Number of credit cards	48,980
Number of VISA debit cards	More than 405,771

- Bangladesh Institute of Bank Management(BIBM)
- Bangladesh Associations of Banks (BAB)
- Association of Bankers Bangladesh (ABB)
- The Institute of Bankers Bangladesh (IBB)
- The American Chamber of Commerce in Bangladesh (AMCHAM)
- Bangladesh Foreign Exchange Dealers Association (BAFEDA)
- Bangladesh Association of Publicly Listed Companies (BAPLC)
- Money Market Dealers Association
- Metropolitan Chamber of Commerce and Industry
- Islamic Banks Consultative Forum (IBCF)
- Central Shariah Board for Islamic Banks of Bangladesh (CSBIB)



Primary Brands Products & Services



A brand is the idea or image of a specific product or service or company that customers connect with, by identifying the name, logo, slogan or design of the company who owns the idea or image. Branding is when that idea or image is marketed so that it is recognizable by more and more people, and identified with a certain service or product when there are many other companies offering the same services or products. The most successful product in the world has some special kind of brand identity.

In line with this, Bank Asia has a number of communication projects such as Corporate Communications, Product Communications, Event Management, Production, OOH Branding etc. Under its Corporate Affairs and Branding Department (CAB), Launching of Retail Deposit and Cards products and Agent Banking services, Rebranding of Islamic Banking Services are some of the significant activities to name a few. CAB has done an excellent job to establish consistent and uniform communication of the Bank. On top of that, cost perception has been redefined. Principle of budget optimization has been implemented in every single activity starting from production, event management, item purchase and so on. CAB under the Public Relations Department contributed to media innovations and media support. It produced and distributed branded gift items for clients on the occasion of 'Bangla Nabobarsha', and 'Mahe-Ramadan' that created an impulse in brightening image. Ramadan Schedule, Engraved wooden box, Branded wooden pen and Note book, Pocket diary etc. created huge appeal among general people. CAB also introduced E-Card in the Pohela Baishakh occasion as a part of green banking initiatives.



“স্বাধীন” - A Freelancer Card

At present, freelancers are using foreign cards for bringing hard earned foreign currency which remains outside of our national economy. For propelling the freelancing sector, Bank Asia has taken an initiative to partner with BASIS, MasterCard and under supervision of ICT division of Peoples Republic of Bangladesh launched freelancer card for the very first time in Bangladesh, named “SHADHIN”. The “SHADHIN” forex card will enable freelancers to legally receive their income directly from international employers in a safe and secured environment.

Currently, freelancers are using foreign cards for bringing hard earned foreign currency which remains outside of our national economy. In order to retain those foreign currencies in national economy, Bank Asia has taken an initiative to partner with BASIS and MasterCard and under supervision of ICT division of Peoples Republic of Bangladesh launched freelancer card for the very first time in Bangladesh. This card will give the freelancer community, the freedom to bring in their earnings safely through a legal channel.

Product features of “SHADHIN”:

- Dual Currency Master card (Foreign and Local)
- Individual and organization both can use this card.

- Maximum 70% retention facility in foreign part
- 100% convertibility facility to Local currency
- Insurance facility for card holder
- Special discount facilities in restaurants, hotels, airports etc.
- ATM withdrawal facility, 24 hours call center
- ATM/POS usage in Home & Abroad
- Online / e-commerce transaction (local and foreign currency)
Chip based card to ensure data security and Transaction Alert

BENEFITS

With the help of this “SHADHIN” card, freelancer community will get the freedom to bring in their earnings safely through a legal channel and retain 70% of their earnings in foreign currency (ERQ) account. There are approximately 650,000 registered freelancers, out of which, 500,000 are working and earning on a monthly basis in Bangladesh. The “SHADHIN” card will give this community the freedom to legally make their monetary transactions on time and in a secured ecosystem thus, creating a digitally empowered freelancer community in Bangladesh.

Recently Bank Asia has signed a MOU with Payoneer. So, “SHADHIN” card holders will also be able to transfer money from their Payoneer Account to “SHADHIN” card using Bank Asia SMART App. This will simplify the process and reduce time of Payoneer account holders for bringing money in Bangladesh.

Emphasizing the needs of freelancer for bringing their earnings, we hope that “SHADHIN” card will be more benefitted for legal and safe currency transactions around the world the banking service to the customer’s access to finance in a better and faster manner.



Launching ceremony of “SHADHIN”- A Freelancer Card

Products & Services

RETAIL BANKING PRODUCTS

Deposits

Low Cost/No Cost Deposit Accounts

- Current Deposit Account
- Savings Bank Account

Term Deposit (s)

- Fixed Deposit Regular

Scheme Deposit (s)

- Monthly Benefit Plus
- Double Benefit Plus
- Triple Benefit Plus

○ Griha Shaj

○ Shapner Kuthir

○ Shapner Nirman

○ Nijer Bari

● Consumer Durable Loan

● Unsecured Personal Loan

○ Proyojon

○ Chuti

○ Sheba

● Loan for Professionals

○ Shabolombi

● Loan for Senior Citizens

○ Purnata

● Green Energy Loan

● Talent Learning and Earning

● Bicycle loan

● Motorcycle loan

Credit Card

● VISA Credit Platinum Card (with Priority Pass)

● VISA Credit Gold Card

● VISA Credit Classic Card

● VISA Credit Butterfly Card

● Visa Prepaid Hajj Card

● Virtual Card

● Master Credit Titanium Card (with Lounge Key)

● Master Credit Gold Card

● Master Credit Silver Card

● LankaBangla Card Cheque

● Gift Card

● Shadhin Card (Freelancer Card)

● Prepaid Travel Card

Islamic Credit Card

● Salamah Platinum Card

● Salamah Gold Card

● Salamah Silver Card

ISLAMIC BANKING PRODUCTS

Deposit Products

● Al Wadiah Current Account (AWCA)

● Mudarba Savings Account (MSA)

● Mudarba Corporate Privilege Savings Account (MCPSA)

● Smart Junior Saver (School Banking) Account

● Mudarba Savings Account (MSA) - Smart

● Mudarba Special Notice Deposit Account (MSNDA)

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- * Priority Pass facility
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- * Meet Greet & Assist Services Ltd. at Hazrat Shahjalal Int. Airport
- * Discount at Renowned Merchant outlets
- * Free Supplementary Card
- * Reward Points

Cards Department
The Board Building, 2nd & 3rd Floor, 111-113 Mirpurhejira, Dhaka-1000
Email: bc.cards@bankasia-bd.com | Hotline: 16205 & 0961 7016203 (24/7)

Mastercard Bank Asia

- Star Savings Account
- Short Notice Deposit Account
- Foreign Currency Account
- Account for Under-privileged Section (10 Taka, Street Urchin, Beneficiaries of National Service program, Cleaners, Garment Workers, Technicians of Small Industries, etc.)

- Bank Asia Sanchay Plus
- Deposit Pension Scheme Plus
- Shonchoy E KotiPoti

Consumer Finance

- Auto Loan
 - Shapner Bahan
- House Finance
 - Shapner Abash

- Mudarba Term Deposit Account (MTDA) for different tenure
- Corporate Term Deposit Account (CTDA) for different tenure
- Mudarba Monthly Profit Paying Deposit Scheme (MMPPDS)
- Mudarba Deposit Pension Scheme (MDPS)
- Mudarba Hajj Savings Scheme (MHSS)
- Cash Waqf

Investment Products

- Bai Murabaha Muajjal (both Local and Post Import)
- Hire Purchase Shirkatul Melk (HPSM)
- Musharaka
- Murabaha Import Bills
- Quard against Accepted Bills
- Quard against MTD
- Quard against Schemes

MICRO, SMALL, MEDIUM AND AGRICULTURE BANKING PRODUCTS

Deposits

- All conventional deposit products except savings bank deposit, scheme deposits and other deposits for only individual customers.

Micro & Small Enterprise Finance

Asset Product

- Shomadhan - Over draft for Trading, Manufacturing, Service & Women Entrepreneurs
- Utshob-Collateral free Seasonal loan
- Shubidha -Collateral free Term loan for Trading
- Sristi -Collateral free Term loan for Manufacturing
- Shofol - Collateral free Term loan for Service
- Shondhi -Term loan for Trading
- Shombridhi - Term loan for Manufacturing
- Sheba -Term loan for Service
- Subarno -Term loan for Women Entrepreneur
- Probaho-Term loan for Electric Cluster at Dhaka
- Shombhabona-Term loan for New Entrepreneur
- Bondhon-Term & seasonal loan for Handloom & Specialized cloth Cluster at Bogra
- Bahon-Commercial Vehicle Finance
- Nilima-Collateral free Term Loan for Women Entrepreneur (except Dhaka & Chittagong)
- Shopner Khamar- For dairy sector value chain entrepreneurs (through selected Agent outlets)
- Uttaran- For existing excellent CMSE loan borrowers.

Liability Product

- Astha-SME Current Account

Medium Enterprise Finance Funded Products

- Secured Over Draft (SOD)
- Cash Credit Hypo
- Over Draft A/C
- SOD (Earnest Money)
- Loan against Imported Merchandize
- Loan against Trust Receipt
- Payment against Document (PAD)
- Documentary Bills Purchased - LCY
- Demand Loan (Workorder)
- Forced Demand Loan against L/C
- Term Loan Industrial
- Term Loan Others
- Loan General
- Transport Loan
- House Building Loan - General
- Lease Finance
- Time Loan

'Non Funded Products

- Letter of Guarantee
- Letter of Credit (Sight/Deferred/UPAS/EDF)
- Back to back Letter of Credit (Local & Foreign)

Agriculture Finance

- SOD (10 Taka Savings)
- Demand Loan against 10 Taka Savings
- Short Term against 10 Taka Savings
- Cropping Demand Loan
- Dairy and Fattening Demand Loan
- Dairy and Fattening Term Loan

- Equipment Term Loan
- Poultry Demand Loan
- Poultry Term Loan
- Demand Loan against NGO
- Agriculture Term Loan against NGO

CORPORATE BANKING

Cash Management Products

Bank Asia provides corporate customers a full range of cash management products and services. A wide range of solutions are offered to help them plan, monitor and manage their liquidity and meet payments, receivables, accounts and information requirements. Specific products and services are as follows:

- Day-to-day cash control
- Account Packages – Current, SND and Fixed Deposits
- Monitoring money at the bank, both active and non-active cash
- Receipts and items in the course of collection
- Payments and items in the course of being paid
- Cash Pick Up & Delivery
- Short-term investments
- Short-term borrowings
- Short-term foreign exchange positions
- Electronic payments
- Booths

Funded Products

- Secured Over Draft (SOD)
- Cash Credit Hypo
- Over Draft
- SOD (Earnest Money)

হটলাইন - ১৬২০৫
www.bankasia-bd.com

“বাহন” হল ব্যাংক এশিয়ার একটি এসএমই প্লান অর্থায়ন কর্মসূচী। এর আওতায় সব ধরনের ব্যবসায়ীদের তাদের ব্যবসায়ের প্রয়োজনে যানবাহন ক্রয়ের জন্য লীজ প্রদান করা হয়।

Bank Asia

- Fishery Demand Loan
- Fishery Term Loan

- Exporter's Cash Credit
- Documentary Bills Purchased - FCY

- Documentary Bills Purchased - LCY
- Demand Loan (Work order)
- Loan against Imported Merchandize
- Loan against Cash Incentive
- Payment against Document (PAD)
- Loan against Documentary Foreign Bill
- FCY
- Forced Demand Loan against L/C
- Term Loan Industrial
- Term Loan Others
- Loan General
- Transport Loan
- Loan against Packing Credit
- Loan against Trust Receipt
- House Building Loan - General
- Lease Finance
- PAD (Export Development Fund)
- Export Development Fund (EDF) Loan (FCY)
- Time Loan
- Demand Loan (Work order)

Non Funded Products

- Letter of Guarantee
- Letter of Credit (Sight/Deferred/UPAS/EDF)
- Back to back Letter of Credit (Local & Foreign)

Structured Financing

- LCY syndication arrangement
- FCY term Loan and syndication
- Multilateral financing
- Advisory services
- Trustee and agency services
- Arranging Debt (Bonds/Commercial Paper)
- Customized financial solutions
- Special arrangements (IPPF/ Special fund of BB/ Agribusiness Loan etc)

OFF-SHORE BANKING UNIT (OBU) PRODUCTS

- On-shore Import & Export Bill Discounting
 - UPAS Loan
 - Bill Purchase
- Working Capital Finance
 - LTR
 - Packing Credit
 - Term Loan
 - Lease Finance
- Trade Finance
 - Import, Export
- Loans & Advances to wholly foreign

owned entities

- LTR
- Term Loan
- Demand Loan
- Term loan to local entities
- ECA loan to local entities
- Nostro account services to other local banks

AGENTBANKING

Products

- Current Deposit Account
- Savings Bank Account
- Short Notice Deposit Account
- School Banking Solution
 - Smart Junior Saver Account
 - School Banking Account
 - School Fee Collection
 - Payroll Banking for Teachers
- Term Deposits
- Financial Inclusion & Financial Literacy
- 10 Tk. Accounts

Services

- Account Opening
- Deposit & Withdrawal
- Fund Transfer within bank and to any bank in Bangladesh
- Inward Foreign Remittance payment
- Utility Bill Payment
- Balance Inquiry
- Account Statement (mini)
- Insurance Premium Collection
- Passport Fee Collection
- SME Loan Processing
- Agricultural Loan Processing
- Retail loan processing
- Repayment of loan Installment
- Disbursement and Payment of Social Safety Net
- Salary Disbursement Solution
- A-Card for farmers
- Debit/NFC Card Services
- Mobile Top Up
- Agent Banking Apps

TREASURY PRODUCTS

Money Market, Fixed Income, & Capital Market

- Call Money
- Notice money
- LCY/FCY Term
- Fixed Income & Capital market

securities

- Repo
- ALS(Assured Liquidity Support)
- Reverse Repo
- Currency Swap

Foreign Exchange

- Spot Foreign Exchange
- Forward Foreign Exchange
- Forex Swaps
- Cross Currency Swaps
- Interest Rate Swaps
- Interest Rate Cap and Collar

CAPITAL MARKET SERVICES

- Brokerage Services
- Attractive Commission Rate
- Wide Branch Network
- Margin Loan
- CDBL Services
- Research
- Daily Market Update and News Summary
- Institutional and Foreign Trade
- Panel Broking
- Portfolio and Risk Management
- Internet and Smartphone trading

Advertisements on Integrity

ছড়ায় ছড়ায় শুদ্ধাচার

এ দেশ আমার, মাটি আমার
করবে আমার লালস,
আমাদেরও দায়িত্বটা
কবতে হবে পালন।

কেবলো পাতুন তই

সৌজন্যে:

বাংক এশিয়া

The Daily Prothom Alo on 16.12.2018

ছড়ায় ছড়ায় শুদ্ধাচার

এ দেশ আমার এ দেশ তোমার
এ দেশ সবাই জানি
এই দেশ থেকে মুছে দেব যত
কলঙ্ক আর গ্লানি।

যাযাবর মিশু

সৌজন্যে:

বাংক এশিয়া

The Daily Samakal on 02.10.2018

ছড়ায় ছড়ায় শুদ্ধাচার

অসচ্ছার ও শিষ্টাচার
সভ্য জাতির অংকের
করলে সবাই চেঁচা
এগিয়ে যাবে দেশটা।

কলঙ্ক নওরাজ

সৌজন্যে:

বাংক এশিয়া

The Financial Express on 27.06.2018

ছড়ায় ছড়ায় শুদ্ধাচার

অসৎ পথে অর্থ মেলে
শান্তি পাওয়া যায় না
কেউ কখনও অসৎ লোকের
সঙ্গী হতে চায় না।

কেবলোই চৌহুরী

সৌজন্যে:

বাংক এশিয়া

The Daily Prothom, Alo on 26.03.2018

Stakeholders' Engagement

Bank Asia believes in the proper stakeholders' engagement in every aspect of its banking activities. We identify our stakeholders through conducting 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 their 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 analysis from the aspects of governance, economic, environment and social influences help the bank recognize and respond to emerging risks and opportunities and meet the expectations of those who shape the operating environment. Continuous engagement with stakeholders is integral to the success of our business.

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



Stakeholders' Engagement

Stakeholders	Ways of inclusion	Their priorities	Our response
Customers	<ul style="list-style-type: none"> ○ Ongoing market research and product innovation ○ Customer Service Enhancement Program ○ Customer Relationship Management ○ Direct Customer feedback ○ Customer satisfaction survey and complaints ○ Different channels, Branches, Call Centre, Priority Centre, ATM Booth, Internet Banking & others 	<ul style="list-style-type: none"> ○ Quality service delivery ○ Good returns from deposits ○ Preferential pricing, charges and commission ○ Privacy and Information ○ Security Dispute Resolution ○ Product Information, Affordability and Convenience ○ Product variation according to market demand ○ Strict Shariah compliance in Islamic products and services 	<ul style="list-style-type: none"> ○ Proper actions are taken of customers complaints if any service goes against the customer service policy of the Bank ○ Front desks and relationship managers ensure fast and high quality service delivery following one to one relationship ○ E-products like mobile apps, SMS banking, EGP service, E-commerce, E-payment solution, internet banking ○ ALCO sits every month to decide pricing and rates based on market analyses ○ All network nodes are run by online core banking system (CBS) ○ Separate online CBS for Islamic products ○ First day in every month is being observed as 'Customer Service Day' where Corporate Office executives met with customers in branch premises
Employees	<p>Business conferences, teleconferences, video conference etc. Training, workshops and orientation Program, Internal meeting, Group emails, intranet circulation, Future Leadership Development Program (FLDP), Safe and Clean working environment, Physical Fitness</p>	<ul style="list-style-type: none"> ○ Talents and performances development ○ Regular training ○ Inflation adjustment in pay package planning ○ Periodical salary review to adjust with cost of living index ○ Proper job description setting as per individual skill ○ Performance driven career progression ○ Healthy working environment and Policy formulation for safe working atmosphere ○ Ensure hygienic and congenial workplace ○ Group Health Insurance ○ Gymnasium at Corporate office and BAITD ○ Transport facilities for female employees ○ Sports Tournament ○ Correspondence program of employees regarding FLDP ○ Cleanliness Day ○ Debating Club 	<ul style="list-style-type: none"> ○ 70,690 man hours of training to 3,729 human capital in 2018 ○ 339 Claims of insurance received of Tk. 10.79 million in 2018 ○ Salary package adjusted in line with market competitiveness and inflation ○ Yearly performance Bonus for employee motivation ○ All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ○ Well set KPIs for performance and inherent quality analysis ○ Ensure continuous learning and application ground for career build-up ○ Pick and drop facilities has been provided through 14 vehicles both in Dhaka and Chattogram region ○ Formulation of 'Female anti harassment policy' and 'Grievance handling policy' to resolve complaints in a fair manner ○ Employees under different mentors are being trained as per FLDP program ○ 'First Saturday' of every alternate months has been observing as 'Cleaning Day' where all employees of the branches and Corporate Office actively participate to clean the premises including all office equipment and fixtures
Subsidiaries	<ul style="list-style-type: none"> ○ Policies formulation ○ Agreed upon strategic goals 	<ul style="list-style-type: none"> ○ Goals and Strategic focuses are based on local environment analysis & regulatory purview 	<ul style="list-style-type: none"> ○ Review local market and environment before setting its strategic priorities ensuring proper representation from subsidiaries

Stakeholders' Engagement

Stakeholders	Ways of inclusion	Their priorities	Our response
Shareholders/ investors	AGM,EGM, annual & semiannual report, publishing quarterly financials, Credit rating and price sensitive information (PSI) in newspapers	<ul style="list-style-type: none"> ○ Healthy return on investments and stable dividend policy ○ Growing earnings ○ Sound governance and risk management ○ Stable Ratings of the bank based on overall financial performances 	<ul style="list-style-type: none"> ○ Maintained attractive plough back ratio ○ Timely repayment of debt with stated return ○ Each queries of the investors meet up through our share department efficiently and fairly ○ Established risk management culture ○ Transparency & integrity in financial reporting ○ Maintained consistent ratings through financial commitments
Board and Management	<ul style="list-style-type: none"> ○ Decisions based on financial and business delegation of different levels ○ Major decisions must be placed to board for approval 	<ul style="list-style-type: none"> ○ Governance principles, policies & procedures formulation ○ Strategic focus & value creation ○ Strategic business planning 	<ul style="list-style-type: none"> ○ At least one board meeting in every month, frequent executive committee meeting, audit committee meeting ○ Board members meet management on various occasions like annual & semi- annual business conferences, different remarkable day celebration
Government & regulatory Authority	Strict ethics & compliance with applicable laws, rules and regulations	<ul style="list-style-type: none"> ○ Proper compliance with laws & regulations ○ Timely reporting as per requirement ○ Timely payment of right amount income tax and VAT 	<ul style="list-style-type: none"> ○ We ensure proper compliance and timely reporting to government bodies and regulators ○ Contributed Tk. 4,424 million to National Exchequer which significantly contributed to Government's revenue collection ○ Providing timely and up-to-date information to the regulators as per their requirement
Local Communities	Promoting financial inclusion both banked and unbanked people CSR contribution Scholarship, Health, Disaster Management	<ul style="list-style-type: none"> ○ Provide banking facility to geographically dispersed poor segment of the society ○ Benefit economy by poverty reduction through banking services to rural poor people by EBEK Project ○ Support to basic need for living ○ contribute towards quality of life ○ Compensation for adverse direct or indirect impact for bank's activities ○ Support to under privileged people through Social Safety Net Program ○ Bank Asia Foundation (BAF)formation 	<ul style="list-style-type: none"> ○ Strongly consider environmental and social impact and restrain from adverse impact upon society ○ Target segment is underdeveloped and under privileged people ○ Conducted larger scale CSR activities through the Foundations operation ○ Significant contribution to education, health, disaster management, Art & culture, environmental and Sports sector
Business Partners	Procurement management, training and communication	<ul style="list-style-type: none"> ○ Fair trade, fair enlistment, ○ Sustainable and stable growth of the bank 	<ul style="list-style-type: none"> ○ Free from any bias or, coercion from influencing quarters ○ Ensure fair play and competition to award work order ○ Timely payment to vendors

Material Aspects and Boundaries

Material Aspect	Boundaries inside the organization	Boundaries outside the organization
Financial Inclusion	Client base of the organization increases with diversity, tapping business opportunities, increase of revenue generation	The community including the overall economy benefitted from reduction of poverty through augmenting economic activities in the geographically dispersed areas
Energy Consumption	Efficient use of scarce resources	Sequestration of carbon emission and the national GHG inventory will be reduced
Human Capital & Talent management	Enhancement of operational level efficiency. Attaining cost savings through reducing time requirement. Customer retention rate will be higher	The clients will be benefitted from customer friendly efficient services and will be more loyal to bank
Agricultural Credit	Product diversification and attachment to mainstream of the economic activity of the country	As an agricultural country, share croppers and marginal farmers will be benefitted by lower interest rate and their poverty level will be improved
Environment friendly Investment	As a responsible corporate entity, the Bank believes in doing business without compromising with the eco system. It emphasizes conserving scarce resources for next generation	Public awareness as well as regulatory requirement enforced the organization to increase environment friendly investment gradually
Building the Community	Discharging our responsibility towards society to ensure sustainable balanced growth in economic, social and ecological arena	Overall betterment of the nation through CSR activities in different sectors like health, education, sports and culture etc.

The last two years' (1424 & 1425) greetings card of Pohela Baishakh was designed by the painting from our colleagues' children. The thriving painting works of the children inspire us for designing attractive Greetings Card.



Environmental Performance

ENERGY

Energy Savings

Everyone knows that saving energy is a good thing, but most people will only be motivated when we can demonstrate just how much energy they are wasting, and just how much potential there is for them to improve. If your organization wants to save energy, simple changes in people's behavior can quickly lead to significant energy savings, but such changes will only happen if the people are aware of the energy consumption that they have the power to control. Since the inception of our corporate Office from 2011, Bank Asia ensuring the maximum usage of natural day light to reduce the energy consumption substantially in contrast with other mainstream constructions. Moreover, energy savings bulbs consist of a third of the total lighting system here. As a result, more than 40% electricity is saved every year using the day light in side corporate office. E-mail has been the focus of both internal and external communications with an aim to reduce the paper consumption since 2005 thereby reduce deforestation.

Energy Consumption

Energy Type	Million Taka	
	2018	2017
Electricity	111.72	93.97
Fuel and CNG	13.95	10.40

Solar powered branches

We have already installed solar panels in our 11 branches located at Patherhat, Madhobdi, Dohajari, Hajigonj, Faridpur, Elephant Road, Lalmatia, Sonaimuri, Bashabo SME service Centre, Bank Asia Bhaban & Nimtola Branch.

Financing renewable energy and carbon offset projects

During the year 2018 we have disbursed Tk. 2,880.49 million to 65,867 farmers where through A- card, the Smart form of Agricultural credit was propagate into 457 rural farmers and Tk. 9.05 million was used in this year 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. In 2018, our Cards Department through its digital filling system have been archived more than 76,320 pages. Moreover

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 paper saved 250,000 pages of paper and Tk. 40,000 as courier service cost. Unlike every year, the Bank has also developed e-Cards for its stakeholders in this year.

Million Taka

Sl	Instruments	Quantity	Cost of Conventional Practice	Cost of Green Banking Concept
1	E Statement	101,960	1.02	NIL
2	SMS Banking	143,477	1.43	0.036
3	SMS Alert	291,655	2.92	0.073
4	Net Banking	68,680	0.69	NIL
5	E Fund Transfer	56,008	0.56	NIL
6	Digital Attendance	1,890	0.000787	NIL
7	E Mail Correspondence	138,335	1.38	NIL
Total amount			8.00	0.11
Net Savings			Taka 7.89 million	

SOLAR HOME SYSTEM

Bank Asia is committed to enlighten every rural home with green electricity. At present, only about 40% 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. In 2018, the outstanding amount was Tk. 453.59 million in different solar home system projects including LED Bulb/Tube Assembly Plant financed by the Bank.

WATER USAGES

Water conservation encompasses the policies, strategies and activities to manage fresh water as a sustainable resource, to protect the water environment, and to meet current and future human demand. Population, household size and growth and affluence all affect how much water is used. If our organization wants to save energy, it's important that our staff become aware of the energy consumption that they are responsible for. 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 as minimum as need. Total consumption is controlled by monitoring per employee drinking water cost per month.

WASTE MANAGEMENT

This process is involved in dealing with the waste generated from 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 old equipment and furniture for charity or sold
- Food wastes are collected by community cleaners on daily basis
- Toner, cartridges and newspapers disposed off through community cleaners.

GREENHOUSE GAS EMISSION Saving CO2 emission

Since 2014, Bank Asia implemented Video Conferencing System to connect with remote branches for strengthening relationship between Head Office and branches. By using the system, Management can save time and money as well as CO2e by avoiding long distance travel in order to attend meetings. Currently, the system has been implemented in few branches.

Environmental Performance

REDUCING CARBON FOOTPRINT

Since inception Bank Asia has turned to eco-friendly banking as a way to lower carbon footprint in its' normal banking activities. As part of our commitment for our green economy we have signed a participation agreement with Bangladesh Bank under refinance scheme in 2011 for lending in solar energy, bio- gas, and effluent treatment plant(ETP) & hybrid Hoffman kiln (HHK).

Bank Asia is very concern about the present situation of our environment because of wastes so the future of the people is threatened with boundless destruction. The situation is worst in both cities and villages. Environmental problems like unplanned urbanization, industrialization, disposal of hazardous wastes, rivers, lakes and roads, soil pollution, water shortage, water contamination and water logging are only a few to mention. The total outstanding amount of different liquid waste management project for financing Biological & Chemical Technology Combined ETP and Waste Water Processing Plant was Tk. 827.42 million in 2018.

During the year, we have disbursed Tk. 32.46 million for financing Green Establishment/ Green Building project, which helps to reduce environmental effect.

In addition, the Bank financed Triple Apparels Ltd, having USGBC Certified LEED Certificate (energy and water efficient, healthy, comfortable and environmentally friendly construction) from 2017 and the outstanding balance was Tk. 716.16 million in 2018.

Refinance Scheme

Regulatory Bank introduced a refinance scheme (Revolving Fund) of Tk. 200 crore to offer refinance facility against the Bank/ Financial Institution's finance to promote smooth financing in Green products/

initiatives in Bangladesh. For this purpose Bank Asia has participated an agreement with Regulatory Bank as a participant in the refinance scheme for Green Product / Initiatives practicing with these appreciated initiatives in Bio- Gas and Green Industries projects.

BANK ASIA AND GREEN BANKING

Bank Asia always believes in growing in a responsible manner maintaining eco-friendly environment by playing a major role to mitigate Environmental risks which is essential for our survival. Since its inception, Bank Asia has been committed towards Sustainable Development that makes environmentally, economically and socially responsible. 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 towards supporting Green Economy.

The Bank's working environment encourages usage of e-mails, relying on online instructions for communication, using natural daylight and 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. 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. Besides this, Bank Asia has also introduced a new department in early 2017

named Sustainable Finance Department the same in alignment with Bangladesh Bank with its proficient Sustainable Finance Committee to monitor Sustainable Banking and Sustainable Finance.

Moreover Bank Asia ICT Division has been providing automation system in different department like

- "Treasury Management System" - developed eTesero by ERA InfoTech for practicing paperless reporting and other documentations
- ICT help desk (Microsoft System Center Service Manager) - developed and implemented SCF system by Infini System Pvt Ltd
- 'MY Family' apps- a central contact platform of the Bank
- Deployed Smart Clients instead of conventional PCs
- Developed MISDB provides quality report with graphs

All of the above initiatives ultimately reduces time, energy/power consumption and operational expenditure as well as better and prompt customer services of the Bank. These also reduce load of repeated operations and increase manpower efficiency.

As greening of mind, a number of training was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, Financial inclusion, CSR and Green Banking this year. In 2018, Training Institute of Bank Asia has provided 5 trainings on Green Banking under Foundation training course & other training related to Green banking to 129 employees of 27,144 manhours. Mentionable that Bank Asia organized an International Workshop on Rural Financial Inclusion.



Bank Asia financed Wastewater Recycling Project

Waste water processing plant

Waste water treatment is a process used to convert wastewater into fresh water that can be returned to the water cycle with minimum impact on the environment, or directly reused. So that our environment become secure for biodiversity. Bank Asia is very concern about this. In 2018, total finance was Tk.18.16 million for Waste Management plant.

Environmental Performance

In view of highlighting our Green Banking activities and creating awareness amongst our stakeholders, 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.

Like the previous year, Bank Asia has published Sustainability Report and achieved Gold Rank- Best Sustainability Report in Asia Sustainability Reporting Rating 2018 - 14th SRA 2018 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Jakarta, Indonesia for Sustainability Report 2017.

Bank Asia strongly believes that, creating awareness is very important for sustainability. In this regard, this year for enhancing public conversance and highlighting green banking activities, Bank Asia has published an advertisement in "Daily Star" on World Environment Day, 2018 where Tk. 345,000 (approx.) spent for this advertisement.

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, weapons & munitions, Gambling, casinos, pornography (goods/stores/web-based), alcoholic beverage and all offices of the bank are declared smoking free zone. We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess borrowers through Environmental & Social Due Diligence (ESDD) checklists.

Sustainable Finance with ESRM Guidelines

To contribute ensuring the protection of the environment and the society, Bank Asia Ltd is adamant to integrate sustainability into overall credit management by adopting Environmental & Social Risk Management policy. Implementation of Environmental & Social Risk Management policy will benefit Bank Asia in following ways.

- Reduction of the probability of increasing NPL (Non-performing Loan) due to closing down a project as a result of environmental /social issue
- Improvement of the quality of asset portfolio by excluding the clients not

capable to meet the Environmental & Social requirement

- Maintaining an environmentally and socially clean portfolio will also have impact in CAMELS rating, liquidity and capital requirements credit growth and profit distribution.
- Improvement of the Brand image of the Bank by committing to the betterment of the environment and to the society.

Online Banking

Technology continues to be a strong pillar in the Bank's idea to attract the banking experience of its customers. Bank Asia has been one of the pioneers in introducing Online Banking and in 2018, it covers 119 branches, 4 Agri./SME branches, 4 SME service centers, 149 own ATMs, more than 10,000+ shared ATMs and others. Online banking system is a great way to reduce wastage of paper.

Currently Bank Asia account holder is facilitating e-commerce transaction such as e-ticket purchasing of bus, train, airways, cinemas & movies, mobile flexi-load, hotel booking, bill payment such as hospital bill payment, advertisement bill payment, passport fees payment, WASA, DESA, qubeq bill payment, computer accessories &

service related payment, e-shopping etc. by the debit/ credit card of Bank Asia with less expense & in faster time from any time anywhere.

We have also integrated Internet banking system to NPBS on first phase and through this connectivity our customers can transfer fund from their Account to Inter-Bank Accounts and Debit & Credit Cards real time and vice versa.

In our banking system recently 'e-Commerce' has incorporated for its valued customer where Bank plays as payment partner & account holders can shop online through internet banking. Through SSL, Bank Asia Limited A/C Holder can purchase products & Services from 175+ Merchant websites.

Others

Bank Asia spent Tk. 126.91 million to Prime Minister Relief and Welfare Fund, Higher Studies Scholarship, construction of HFRCMCH & Ma Amiran Hospital in Sirajdikhan, Malkhanagar, support to flood & cold hit people, different socio cultural and religious program in 2018.

COMPLIANCE

During 2018, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations on communities.

Financing on Pet Bottle Recycling Plant

PET is one of the most common consumer plastics used. PET is used as a raw material for making packaging materials such as bottles and containers for packaging a wide range of food products and other consumer goods. Examples include soft drinks, alcoholic beverages, detergents, cosmetics, pharmaceutical products and edible oils. Bank Asia finance Tk. 324.28 million in Pet bottle recycling plant.



Bank Asia financed Pet Bottle Recycling Plant



Growing Together

for sustainable environment



Driving environment-friendly innovative agricultural value chain

- Creating awareness on advanced agricultural techniques that promote optimal usage of fertilizer and pesticides: scaling up towards sustainable development.
- Growing farmer's center network through **Agent Banking** where farmers will become environmental change maker.
- Establishing social franchise that offers financial freedom to farmers.
- Serving agro ecosystem digitally: loans and accounts (Online Banking Platform)

Supported by:



Partners:

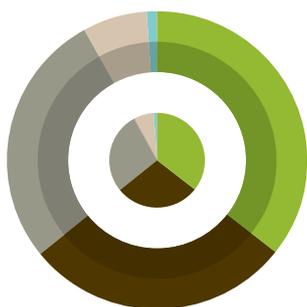


Economic Performance

VALUE ADDED STATEMENT

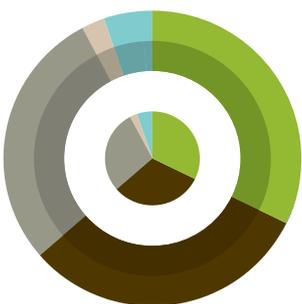
Value added statement shows how much value (wealth) has been created by the bank through utilization of its capacity, capital, manpower and other resources and how it is allocated among different stakeholders i.e. employees, shareholders, government etc.

In the year 2018, bank's net value addition was Tk. 7,988 million; 32% distributed to employees as salaries, 25% to shareholders as dividend & reserve, 29% to government as income tax and rest of the amount used for business expansion and growth.



Value Added Statement 2017

- 36%** To employees as salaries
- 29%** To providers of capital as dividend and reserve
- 28%** To Government as income tax
- 0.03%** Retained profit
- 7%** Depreciation
- 1%** Deferred Taxation



Value Added Statement 2018

- 36%** To employees as salaries
- 25%** To providers of capital as dividend & reserve
- 29%** To Government as income tax
- 3%** Retained profit
- 6%** Depreciation

Million Taka

Items	2018	2017
Income from banking services	27,131	22,809
Less: Cost of services & supplies	(15,698)	(13,128)
Value added by banking service	11,432	9,681
Non-banking income		
Provision for loans & Off-balance sheet exposure & others	(3,444)	(2,630)
Total	7,988	7,051

Distribution of value addition	2018		2017	
	Amount	%	Amount	%
To employees as salaries	2,896	36%	2,534	36%
To providers of capital as dividend & reserve	2,034	25%	2,045	29%
To Government as income tax	2,350	29%	1,969	28%
To expansion & growth				
Retained profit	233	3%	2	0.03%
Depreciation	476	6%	460	7%
Deferred Taxation	-		42	1%
	708		503	
Total	7,988	100%	7,051	100%

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.

Million Taka

Particulars	2018	2017	2016
Invested fund by shareholders			
Shareholders equity	23,340.13	21,054.49	19,038.48
Add: Cumulative Provision for loans/ investment/ off-balance sheet items, offshore banking units & others	10,576.78	9,589.05	8,938.44
Total invested fund by shareholders	33,916.92	30,643.54	27,976.92
Average invested fund by the shareholders [A]	32,280.23	29,310.23	27,110.26
Earnings for the year			
Profit after taxation	2,266.28	2,047.53	1,545.91
Add: Provision for loans/ investment, off-balance sheet items and Offshore banking units	3,444.10	2,630.03	2,633.73
Less: written off during the year	2,890.07	2,138.55	920.45
Earnings for the year [B]	2,820.30	2,539.01	3,259.19
Average cost of equity (based on Shanchay Patra rate issued by the Government of Bangladesh) plus 2% risk premium [C]	13%	13%	13%
Cost of average equity [D= A x C]	4,196.43	3,810.33	3,524.33
Economic Value Added [B-D]	(1,376.13)	(1,271.32)	(265.14)

Economic Performance

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 2018, total market value of the bank was Tk. 19,653.86 million and total book value of equity is Tk. 19,387.72 million i.e. addition of market value was Tk. 267 million.

Million Taka

Particulars	No. of shares (in Million)	Share price (in Taka)	Taka
Market value	1,110.39	17.70	19,653.86
Book value	881.26	22	19,387.72
Market Value Added			267.00

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 2018, the Bank contributed Tk. 4,424 million to national exchequer.

CONTRIBUTION TO NATIONAL EXCHEQUER

Million Taka

Particulars	2018	2017
Income tax payment on bank's earnings	1,069.00	1,674.00
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	3,293.00	2,673.21
Income tax payment by the employees	62.00	60.86
Total Payment	4,424.00	4,408.07

SUPPORTING THE ENTREPRENEURS THROUGH CMSE

Cottage Micro and Small businesses are catalyst in the socio economic development of many countries of the world. They are viewed as vehicles for the achievement of national macroeconomic objective in terms of employment generation at low investment cost and enhancement of apprenticeship training. Keeping this in mind, Bank Asia SME has stepped into the territories where no Bank or FIs have reached so far. With 4 SME Service Centers & 123 branches in urban & rural areas Bank Asia provides its services for promoting and expansion of businesses which ultimately created productive new off-farm employment.



Signing Agreement between Bank Asia and BSCCL

Market Value Added

Million Taka

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



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

Economic Performance

To take the financial accessibility to the unserved / underserved population across the country, Bank Asia focused on increase of market coverage and as a part of that objective to develop the MSEs from rural level the bank opened 2,566 Agent Banking outlet throughout the year 2018. We introduced 4 fully agricultural branches to widen the access to finance and assist our agro community with the mostspecialized and innovative banking solution available.

Focusing on cluster financing, grooming-up new entrepreneurship development, promoting women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to underserved people Banks Asia's CMSE Department always engaged for opening the door of prosperity to many entrepreneurs of the country. Bank Asia also adopted a cluster-based approach for financing cottage, micro, small and medium enterprises (CMSEs) as a full-fledged commercial bank. Throughout the year, we financed 118 entrepreneurs in different CMSME clusters with the disbursement amount of Tk. 34.40 million.

In 2018, CMSE strongly focused on cottage & micro enterprise financing, cluster financing, new entrepreneurship development financing, promoting rural people as well as rural women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to the unbanked new entrepreneurs.

The Bank has created new partnership with Financial Inclusion Department, Bangladesh Bank for financing to the SME Entrepreneurs under re-finance of ADB fund in 2018 and also partnered with Infini Systems Pvt. Ltd. for financing suppliers of the corporate customers using

“Veefin” software under the title “Supply Chain Finance” jointly collaboration with International Finance Corporation (IFC) which create a platform for the countrywide entrepreneurs to get access to easy digital finance. .

CMSE Department participated “Banker-SME Women Entrepreneur Gathering & Product Fair-2018” organized by Bangladesh Bank and also in the “Entrepreneur-Banker Match Making program with SME Foundation” held at Munshigonj and Rangpur. Moreover, the Bank has set up dedicated Women Entrepreneur / SME Help desks in all branches across the country to assist SMEs and also has specialized teams for door-step banking. During the year, the Bank arranged 6 training /seminar sessions and provided training to 150 entrepreneurs on capacity building, business development and monitoring.

The SE & SPL Department of the Bank has arranged launching of 2 new products titled “Shopner Khamar”-for dairy sector value chain entrepreneurs, “Uttaran”-for existing excellent CMSE loan borrowers. Apart from the above, the Bank arranged different business meeting with the existing and potential clients throughout the year.

EMPOWERING COMMUNITIES THROUGH AGRI/RURAL CREDIT

During 2018, Bank Asia has disbursed Tk. 2,880.49 million (Tk. 171.34 through own network and Tk. 2,709.15 million through our NGO Network) as short and long-term credit in agricultural/rural sectors. This financing helped to create enormous employment opportunities in farms, especially in the fields of crops & fisheries. Total number of beneficiaries was 65,867. Besides this, A- card, the Smart form of Agricultural credit was propagate into 457

rural farmers where an amount of Tk. 9.05 million was used in this year.

FINANCIAL INCLUSION IN ECONOMICALLY DISADVANTAGED AREAS

Agent Banking

With the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population, Bank Asia has introduced Agent Banking services as the pioneer in Bangladesh. Our Bank made a unique Agent banking module with technology based banking concept ensuring appreciate security with real time banking for customers. The Bank has implemented 2,566 Agent outlets in 64 districts in most geographically dispersed poor segment of the society. During the year, the Bank provides Agent Banking services through Union Digital Centres, E-commerce solution to be established with the Agent Banking network, introducing A-Card for farmers to be benefited in their agricultural productions, Mobile Application for Agent Banking Customer (both in English and Bengali).

In 2018 Agent Banking deposit was Tk. 6,954.29 million through 749,067 accounts. We are determined to support Government's commitment in building 'Digital Bangladesh' as charted out in the vision 2021 by bringing rural people under Agent Banking platform across the country through our local and international partners for developing their lives and livelihood. We remain committed, and see it as its duty to the nation to facilitate and encourage various formal and approved channels for providing convenient and accessible services, especially by bringing underprivileged sections and rural people into the fold of basic banking services.



Banker-SME Women Entrepreneur Gathering & Product Fair-2018



Vegetable field financed by Bank Asia

Economic Performance



An agreement with INPAY-an global payment network for providing online money transfer to Bangladeshi Remitters from EU countries



Community Investment 2018

Million Taka

Education	39.23	30.91%
Health	1.28	0.65%
Disaster Management	27.13	21.38%
Sports	1.17	0.92%
Art & Culture	7.23	5.70%
Others	51.33	40.44%

from 2017 whereas FRD remittance inflow increased by 12.39% (2018: USD 735 million and 2017: USD 654 million). Mentionable that, this year wage remittance inflow surpassed half a Billion mark for the first time in the history of FRD and the year ended at USD 522 Million, 12.26% higher from previous year's volume. Bank Asia's position was 9th in 2018 for remittance collection among all Banks' in Bangladesh. Moreover, the Bank was initiating online collection services through INPAY to collect remittance from 8 major EU countries. Besides this, the department has executed agreements with 5 new exchange houses where operations of 3 already started.

ONLINE PAYMENT GATEWAY SERVICES (OPGS)

Bank Asia is the first Bank to set-up arrangement with OPGSPs in Bangladesh like 'Payza' and 'Payoneer' to bring hard earned money which is earned by exporting services in nonphysical form e.g. data processing, off-shore IT service, software development, business process outsourcing (BPO) etc. It is giving a strong competitive edge of Bank Asia over the other players in the market by catering the Banking need of an emerging sector. In 2018, we have done 5,91,813 transactions amounting USD 65 million through 'Payoneer' and will do some promotional campaign to ensure more than USD 140 million in 2019.

Moreover the Bank has taken an initiative to partner with BASIS and Mastercard to launch freelancer card-"SHADHIN" for the very first time in Bangladesh. Bank Asia SHADHIN Mastercard collaborates with Payoneer to bring freelancer's money faster.

COMMUNITY INVESTMENT STRATEGY

With an aspire to ensure the Bank as a socially responsible corporate entity, Bank Asia is always conscious of its Corporate Social Responsibility (CSR) contributing towards quality of life of the society at large without compromising an ecological condition. In the year 2018, Bank Asia spent an amount of Tk. 126.91 million for the overall betterment of the nation.

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 CMSEs across Bangladesh and invests in community programs, which enable youth and those less fortunate, to create brighter economic futures for them. In 2018, total volume of disbursed CMSE loan is Tk. 47,494 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 2018, the bank has not faced any significant penalties for non-compliance with applicable laws and regulations for running its economic activities in Bangladesh.



Collaboration with Bank Asia SHADHIN Mastercard with Payoneer

Our Business Model



Social Safety Net Program

With experience to implement of EBK Project, Bank Asia is now capable enough to provide services to other government projects like Social Safety net Programs in collaboration with Social Welfare Department under Ministry of Social Welfare. The services cover under this program

Services covered under this program

- Senior citizen allowances.
- Insolvent autism allowances.
- Payments for widow or divorced women allowance.
- Wages of road maintenance workers.
- Food security allowances (Cash payments)

At a Glance Report of Bank Asia Social Payment is given below:

Particulars	EBEK (3 rd Revision)	Social Safety net	SWAPNO	UDC Based Agent Banking	SHOUHARDO III	Local Govt. salary/ Allowance Disburse	EGPP	UNICEF, ORPHAN ROHINGYA CHILD	UNDP	Total
District	31	6	2	44	8	1	8	1	3	44
Upazilas	222	10	16	314	23	1	8		25	314
UDC (union)	2200	74	76	2,355	115	12	57			2,370
Beneficiaries	839,375	93,827	3,066	332,768	54,957	271	2,691	5,583	5,773	1,338,311
Deposit / Disburse amount in mil	5,084.894	365.49	107.85	1,336.136	222.79	12.44	41.96	13.23	44.65	7229.44



Cash Disbursement among the Rohingya Origin



Account opening activities observed by world bank delegators through Digital Systems and allowance disbursement at Jawar UDC , Kishoreganj

Over the time we have made partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Senior Citizen, Widow and Disable beneficiaries. We have completed full district coverage of Kishoreganj and Chapai Nowabganj for Safety Net payment where almost 133,500+ beneficiaries will get banking service from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily “women worker wages payment” from their union. “Cash for work” is another prestigious program for Bank Asia which is run in partnership with Ministry of Disaster Management and Relief. We have also started World’s another largest Non-Government funded mega project named SHOUHARDO III with CARE Bangladesh where 54,957 beneficiaries has been receiving banking service from 8 districts. From 2018, we have started another cash disbursement project (financial support for the children of Rohingya Origin) signed with Unicef & Red Cross. Besides this, we have Employment Generation Program for the Poorest (EGPP) for Bangladesh to provide short term employment to the hardcore poor in 8 districts and 57 unions.



Opening account of a disabled women under Social Safety Net (Disable Allowance) program



Cash Disbursement among the Rohingya Origin



Account opening activities observed by world bank delegators through Digital Systems and allowance disbursement at Jawar UDC , Kishoreganj



Account opening of SHOUHARDO III at Gaibandha District



Account opening through Digital Systems and allowance

Sustainable HR Development

EMPLOYEE PROFILE

We strive to make Bank Asia a great 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 EMPLOYEES

Out of total number of 2,256 employees, 538 employees are female and rest 1,718 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 2017 total employees' composition in branch and corporate office was 71% and 29% respectively.

TOTAL EMPLOYEES DISTRIBUTION

Offices	2018		2017	
Corporate office	747	33%	641	29%
Branches	1,509	67%	1,480	71%

NEW EMPLOYEES

263 new employees were recruited during 2018, among which 67% for branches as a part of network expansion of the bank and remaining 33% for corporate office to ensure effective and timely support to branches

Offices	2018	2017
Corporate office	109	135
Branches	154	104

EMPLOYEES BY DIVERSITY

Bank Asia ensures equal opportunity as an employer irrespective of locality, gender or ethnicity. Local employees (99.7%) dominated in diversity composition.

Employee distribution by diversity

Officials	2018	2017
Local	2,250	2081
Indigenous	6	6

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 75% in 2018 for Corporate Office and branches in Dhaka city.

Employee distribution by Region

Region	2018	2017
Dhaka	1,687	1,540
Chattogram	367	362
Sylhet	75	73
Rajshahi	45	43
Barishal	14	15
Khulna	43	40
Rangpur	12	14
Mymensingh	13	14

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 no one is in top level management, 28 in mid-level and 510 in low-level management.

Gender Positioning of Directors

Board Level	2018		2017	
	Male	Female	Male	Female
Directors	10	5	5	4

Gender Positioning of Employees

Management Tier	2018		2017	
	Male	Female	Male	Female
Top Level	37	-	32	1
Mid-Level	313	28	309	28
Low Level	1,368	510	1,250	467

Gender Positioning by Grade

Male employees are dominating executive level which is around 93%. Comparatively female employees mainly belong to nonexecutive level and holds 27%.

Position	2018		2017	
	Male	Female	Male	Female
Executive	354	28	341	29
Non-Executive	1,348	510	1,233	467
Support Staff	16	0	17	0

Gender Positioning by Employment Level

Employment Level	2018		2017	
	Male	Female	Male	Female
Permanent	1,718	538	1,621	497

Age Distribution

Bank Asia has a relatively younger segment in its overall employee pool where 58% of the employees fall in 31-40 years age bracket.

Age Group	2018		2017	
	Male	Female	Male	Female
30 & Below	296	109	388	123
31-40	987	359	871	330
41-50	376	68	298	40
51-60	58	2	34	3
61+	1	0	0	0
Total	1,718	538	1,591	496

Sustainable HR Development

Top	6 Layers : 37 Senior Vice President to President
Mid	4 Layers : 341 First Assistant Vice President to Vice President
Low	8 Layers : 1,878 Trainee Officer to Sr. Executive Officer

Employees Turnover Rate by Gender

Male and female employees' turnover rate is very low in the Bank.

Gender	2018	2017
	No.	No.
Male	92	144
Female	23	20

Employees Turnover Rate by Region

As per demographic scenario, employees of Dhaka city left the Bank in 2018 which was 87.82% of total employees left.

Region	2018	2017
Dhaka	101	135
Chattogram	5	22
Cumilla	1	0
Sylhet	3	3
Rajshahi	1	1
Barishal	1	1
Khulna	-	1
Rangpur	1	1
Jashore	0	0
Bogura	2	0

PERFORMANCE MANAGEMENT SYSTEM

To facilitate the career growth of its employees, Bank Asia emphasizes on fair evaluation of their performance and its proper appreciation. As it is known, unbiased performance evaluation culture plays a critical role in creating a sustainable workforce while also supporting the Bank's bottom line. Bank Asia established 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. To evaluate the performance of Bank Asia's employees KPI is used in the following manner:

Bank Asia is solely depending on the contribution of its existing talents. 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

LEARNING AND DEVELOPMENT

Knowledge and 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 and workshop to the officers and 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 Training Institute for Training & Development BAITD is at new venue with new venture from 2016. Now the Bank established in its own 6 storied building at Lalmatia, Dhaka which is equipped with all modern study aid and course materials.

Training by Gender

Position	2018		2017	
	Persons	Hours	Persons	Hours
Male	3,014	56,669	1,946	44,946
Female	715	14,021	514	11,872

Training by Position

Position	2018		2017	
	Persons	Hours	Persons	Hours
Executive	702	13,789	386	8,915
Non-Executive	3,027	56,901	2,074	47,903

Training by Different Institutes

Particulars	2018		2017	
	Nos.	Hours	Nos.	Hours
In House Training	3,460	63,458	2,435	56,618
Bangladesh Bank	24	952	26	376
BIBM	92	3,688	54	1,233
Overseas/ Foreign Training	31	1,256	26	1,218
Training by other institutes	122	1,336	70	1,650
Total	3,729	70,690	2,611	61,095

Bank has organized 4 foundation training courses each 6 weeks long for entry level employees to improve knowledge base and proficiency in banking. Training Institute of Bank Asia has provided 5 trainings on Green Banking under Foundation training course & other training related to Green banking to 129 employees.

BANK ASIA AND GREEN BANKING

- As greening of mind, a number of training and workshop was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, financial inclusion, CSR and Green Banking this year.
- Sustainability Report has been published since 2012 as per GRI guidelines by Bank Asia. To create awareness among the stakeholders each year the theme of Sustainability Report has been designed considering environmental issues of the world. With this consequence, the theme of Sustainability Report 2017 was 'E-wastage'. Moreover the articles on green banking were published

Sustainable HR Development

in different newspapers reflects green initiatives by the Bank to our employees, stakeholders and all subscribers of those newspaper.

- During 2018, through OCAS (Online Credit Approval System) Diganta software 3,086 no. of accounts of tk. 1,316.78 million have been developed as a part of Technological improvement of the Bank. This system will reduce lead time, ensure accuracy, strengthen security and make accessibility easier and will provide a competitive edge over other banks on online banking.
- In 2018, Electronic sanction archive system has been developed for 6 departments; namely: CRM, CMSE, Islamic Window, SAMD, CFC & Agricultural wing. Total number of sanction archived during 2018 is 16,385 of Tk. 360,834.30 million

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:

- Business Needs Assessment
- Learning Needs Assessment
- Design & Development
- Delivery
- Reinforcement & Transfer of Learning
- Results & Measurement

Bank Asia and The Daily Star signs deal on Knowledge Development

The Daily Star and Bank Asia, exchange and signed documents of a deal at The Daily Centre in Dhaka under the deal titled "Spreading Knowledge", 1,000 copies of the Daily Star will be distributed among the students of Jahanagirnagar University.

Future Leader Development Program

The Future Leaders Development Program (FLDP) is an activity which has been taken with a perspective of focused improvement that gives hands-on involvement to all parts of the banking and escalated learning both at home and abroad upheld by tutoring and instructing for high-performing and aspiring people with a will to succeed. Through this program, a pool of talents is to be made from the officers of Bank Asia who can confront any difficulties those lie ahead.

By applying dynamic learning techniques, this program strives to create a pool of skillful managers prepared to effectively and rapidly make a genuine commitment to the association. Each officer of this program gets a chance to be migrated to various capacities occasionally and into some strategic capacities in the Bank to quicken the learning procedure important for them to possess vital positions later on.

To facilitate FLDP more vividly BAITD conducted 4 trainings regarding 'Operational Leadership for Sustainable Growth' in 2018. A total of 386 employees from the job grades of Executive Officer to Assistant Vice President of Dhaka and Chottogram region took part in the FLDP. Representatives take an interest in the program with eagerness and assurance which is unmistakably obvious amid different leadership development sessions. Each of the members began the trip of future pioneer improvement program with a pledge of "Ready to Fight".

MATERNITY LEAVE

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 6 months maternity leave with regular salary and allowances. An employee can avail this leave not more than two occasions during the entire period of service. The employee's annual KPIs (Key Performance Indicators) and thereby increment, promotion are not affected for this long term leaves.

Maternity leave availing in 2018

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 6 months' maternity leave with regular

salary and allowances. An employee can avail this leave not more than two occasions during the entire period of service. The employee's annual KPIs (Key Performance Indicators) and thereby increment, promotion are not affected for this long term leaves.

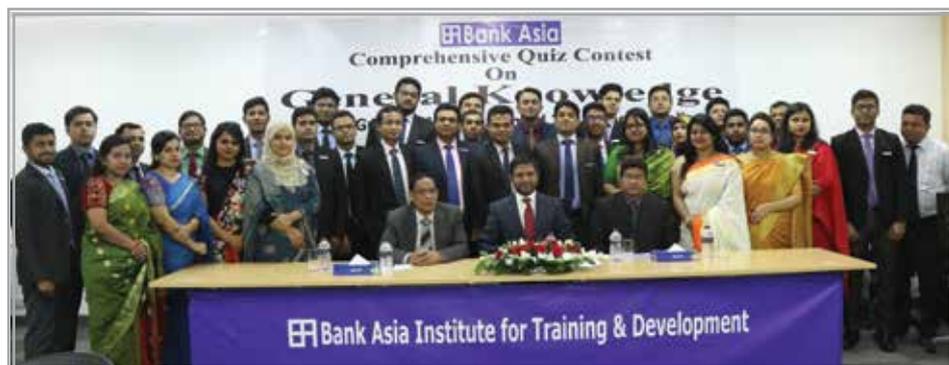
No. of female employees	Average leave at a stretch
40	180

Paternal Leave

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 5 working days' paternal leave. An employee can avail this leave not more than two occasions during the entire period of service. In 2018, every entitled employee has availed paternal leave facility.

CHILD CARE CENTER FACILITIES

To improve our employees' work family balance, Bank Asia has established a combined day care center named "Pushpita" in collaboration with other private commercial banks by renting 5,666 square feet at Motijheel, Dhaka. To provide a greater peace of mind to working parents especially mothers and to encourage the inclusion of women in the job market, the child care centre has established. Care givers and teachers are very educated. Children (2-5 years) are getting pre schooling education from the teachers. Parents who will keep their babies in Puspita they get the opportunity to watch their babies in their device from anywhere, any time through Live CCTV footage. The target number of Children is 60. The age limit of the babies will be 6 month to 6 years. Equipped with a skilled staff and a child friendly environment,



Comprehensive quiz on general knowledge for the participants of 48th Foundation training program

Sustainable HR Development

working mothers of Bank Asia no longer have to decide between quality care for their children and going to work. Currently the Day Care center consists of 28 babies, among them 2 are from Bank Asia's employee. There are 5 nannies, 3 teachers, 1 supervisor and 1 female security guard for overall maintenance of the center. Moreover, one Bank representative also engaged in the day care center.

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 and adequately equipped with fire-fighting equipment and fire drills.

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.

Cleaning Day

Bank Asia has developed its status for tidiness and well maintenance of Branch premises and Corporate Office. Tidiness is a basic piece of our way of life. Safeguarding of vouchers, records and other office archives are additionally as essential as tidiness. The costly interior decoration and expensive furnishings end up looking

plainly vain unless the premises are kept up all around. The administration, thus, chose to watch 'CLEANING DAY' on the 'FIRST SATURDAY' of each alternative month where all workers of the branch and the Corporate Office effectively take an interest. On the 'CLEANING DAY', every one of the employees turns up at their particular Branch/Department and engages themselves in cleaning the premises including all office gear and fixtures.

Customer Service Day

Clients are considered as utmost priority in Bank Asia. Their need fulfillment is the main concern among all exercises. Constant change and dynamic method of giving customer service to satisfy clients' requirement is embraced. Bank Asia is dependably a stage ahead to change over its service into warm hospitality. In accordance with that, 2019 declared as Customer Service year and first day in a month has been chosen when all individuals from top management take vigorous initiative alongside all branch employees to give service to clients. Moreover, BAITD conducted 5 trainings & quiz contest regarding Customer service Excellence program. Such program encourages branch employees to learn more innovative mediums of giving better customer service.

Bank Asia Cricket Festival

Like every year, Bank Asia organized interbank cricket tournament where Branches and different Divisions and Departments of Corporate office participated in friendly matches. In 2018, 32 teams under 8 Groups participated in this cricket festival.

Bank Asia Cycling Club

With an aim to avoid the traffic situation in Dhaka city, for maintaining physical fitness and ensure greener economy for the future Bank Asia voluntarily formed a 'Cycling Club' in the early 2016 for employee of Bank Asia and city dwellers. In every month a cycling rally has been organized along with different sports program where CEO & Senior Management Team also participates. In future Bank Asia Cycling club will go forward to build a Banker's community where everyone will intend to use cycle for day to day transportation.

Bank Asia Debating Club

Bank Asia Debating Club has started its journey in 2017 in order to create a sociable atmosphere among the members of debating club within Bank Asia. The President of Debating Club is Md. Arfan Ali, President & Managing Director of Bank Asia. Aims and objectives of the club are to provide a forum for debate, to improve presentation skill, public speaking skills, negotiation skills. Also improving mutual understanding, cultural orientation, respecting others opinions, absorbing the negativity, learning from opponents, enriching self confidence, banking knowledge, implication of finance and monetary policy in banking business and community issue. Besides this, the training Institute of the Bank BAITD organized debate competition as a comprehensive part of the Foundation training for the employees of the Bank.

CULTURAL EVENTS AND AMUSEMENT

Bank Asia Pitha Utshob (Rice Cake Festival)

The season of winter is always considered exceptional in our country and we celebrate it with pitha & date juice that



Debate competition
48th foundation training program

Sustainable HR Development



Celebration of Bank Asia's Pohela Boishakh

has become our age long tradition. On the eve of New Year, Bank Asia Limited always arranges for Pitha Utshob keeping conformity with our culture and to create a common ground for all employees to come and exchange pleasantries. Bank Asia Pitha utshob is marked for a new beginning of the year with a note of positivity and festivity.

Transport Facilities

At present 14 vehicles used for pick and drop facility specially for female employees of Bank Asia in Dhaka and Chittagong region where majority of the pool vehicles have been converted into CNG driven. Bank Asia provides full-fledged transport facilities for employees during and beyond usual working hours.

HUMAN RIGHTS, CHILD LABOR AND 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 2018, no incident of discrimination and violation involving rights of indigenous people and forced and child labor has been recorded.

GRIEVANCE REDRESSAL POLICY

For building awareness regarding human rights among the employees in the bank, Bank Asia formulates

- Female anti-harassment policy
- Grievance handling policy

Female Anti-harassment Policy

Bank Asia follows a zero tolerance approach to harassment of any kind to any female employees as the Bank feels harassment seriously weakens the working atmosphere. The policy guides about personal measures of affected female employees in addressing a complaint, role of management, investigation procedures and disciplinary measures. The policy also guides management about its role in case of false complaint.

Grievance Handling Policy

With a view to resolve undesirable issues at the workplace in the most effective manner Bank Asia has formally promulgated Grievance Handling Policy in 2014. The policy equally applies to all permanent and contractual employees for grievances related to promotions, transfer and posting, compensation package, incentive bonus, working environment etc. Under this policy, complaints are resolved informally where possible, and through a formal grievance procedure where necessary.

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. Anti-Money Laundering Department (AML), Corporate Office always arranges and conducts AML workshops to train all the employees of our Bank and about 98% of total employees (Branch/Corporate Office) obtained AML & CFT related training.



Celebration of Bank Asia's Pitha Utshob

Sustainable HR Development

AML/CFT Training Recipient

Number of AML & CFT training programs	No. of Employees
17	755

As a result, officials become aware and conscious regarding AML & CFT matters.

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

Delivering high quality customer service is one of the top priorities of Bank Asia. To maintain customer service standard of the bank, acquiring of new clients, doing more business with existing clients, maintaining high client retention rate and lower client attrition rate all are correlated. Properly constructed customer satisfaction surveys may provide the insights that are very much essential for feeling the real. In this regard, Bank Asia approved a new customer service policy in 2014.

We took initiatives to customer satisfaction survey on the basis of their satisfaction over the product & services that we offered to them. In 2018, we conducted surveys on satisfaction of customer on our provided services throughout the country. A simple random method was used on 100 branch and our target customers are both account holder and bearer who are availing cash & GB service. We intended to find out to the extent we can improve our service quality to retain the customer satisfaction and enhance it further.

In this survey we actually focus on NPS (Net Promoter Score) that represents the branch trend and customer's reference of Bank Asia. NPS score higher than 50 is

considered excellent, lower than 50 but higher than 26 is considered very good and lower than 24 and higher than 10 is good. Our overall NPS is 20 seems 'good' but considering the portfolio and profile of the HoBs, CSQ will be 'very good'.

If we consider overall satisfaction of customer on Bank Asia there are 67% satisfied customer, 12% dissatisfied customer and rest 21% are neutral. We hope, the number of dissatisfied customer will be lessening by taking proper satisfactory steps for the customer.

Therefore, through segmented NPS we measured the segment wise customer satisfaction on retail, corporate, both retail & corporate and walk-in customer. Retail customers satisfaction is highest scoring 9 out of 10 and Walk-in customers' (non A/C holders) NPS is the lowest among all segments scoring only 1 out of 10. NPS varies from segment to segment proving that all customers are not treated equally and service standardization is required.

STATEMENT ON COMPLIANCE

In the year 2018, 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 breach of customer privacy and loss of data.



Celebration of Bank Asia's Mezban program

Bank Asia Foundation

With a view to implement the guidelines of Bangladesh Bank for conducting larger Corporate Social (CSR) Activity through Foundation, Bank Asia Foundation has started its operations from February 2017. At present, the Foundation has been carrying out activities of CSR in a more systematic, structured and sustainable manner.

The Foundation has embarked upon a plan to construct a 250 bed hospital cum medical college at Malkhanagar, Munshigonj. Mr. A Rouf Chowdhury, Chairman of Bank Asia and Bank Asia Foundation and his family members have donated 700 decimal and a 3 storied building for the Hospital. The Hospital has been constructed for establishing a hospital, renovation and interior work of which is underway.

Besides this, the Foundation has completed the detailed exercise and finalized the list of 230 (approx) students for Bank Asia Higher Studies Scholarship for the year 2018 and the distribution of scholarship money has already started.

The activities of the Foundation, amongst others, will be the following:

1. Providing treatment facilities through of hospitals, clinics, medical & eye camps;
2. Providing scholarships to poor and meritorious students;
3. Distributions of blankets and winter cloths among the poor & distressed people;
4. Providing/rendering monetary and/or other help/assistance for the relief of people affected by natural and other calamities such as food, fire, famine, cyclone, earth-quack, storm, accident, pestilence, drought, epidemic etc.;
5. Promoting educational, scientific, religious and social activities/organizations and
6. Other similar charitable activities.



BA Higher Studies Scholarship organized by BA Foundation



Bank Asia-Ma Amiran Hospital and Medical College

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to self-regulatory mechanism whereby a bank ensures its active compliance with the spirit of the law, ethical standards and national or international norms. Bangladesh Bank CSR Guideline is the guiding principle in designing our CSR roadmap. Bank Asia prioritizes on long-term programs rather than the short-term ones that have sustainable and lasting impact on the people and society of the country.

Bank Asia's Corporate Social Responsibility (CSR) in Bangladesh runs with the aforementioned philosophies which are framed by the Board of Directors of our Bank.

At Bank Asia, employees work with a greater mission. They are motivated to contribute to the bank's social initiatives like warm clothes distribution to cold hit peoples all over Bangladesh, Scholarship to meritorious student, as part of "spreading knowledge" distributing free newspaper daily to different well-known university in Bangladesh. We also provide IP Camera in different location in Bangladesh for safely and security. Bank Asia also contributed in sports like Bangabandhu Int'l Volleyball Championship-2018 and Inhouse tournament. Employees' passionate involvement in CSR adds new dimensions to the bank's CSR portfolio. During 2018, Bank Asia has spent an amount of Tk.126.91 million for the overall betterment of the nation.



BA Higher Studies Scholarship at ICCB, Bashundhara

Donation for Societal Improvement by CSR in matrix:

Initiatives	Donation	Million Taka
		%
Education	39.23	30.91%
Health	1.28	0.65%
Disaster Management	27.13	21.38%
Sports	1.17	0.92%
Art & Culture	7.23	5.70%
Others	51.33	40.44%
Total	126.91	100.00%

Education

Bank Asia Higher Studies Scholarship

One of the major CSR activities of Bank Asia Ltd. is Higher Study Scholarship program for rural poor and meritorious students, who are studying in public universities. 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. Bank Asia has provided the scholarship for 1,750 students. Each of the students gets Tk.51,000/- annually as scholarship. In the year 2018, Bank Asia spent around Tk. 39.23 million for direct scholarship and educational infrastructural development purpose.

Initiatives	Taka
BA Higher Studies Scholarship	32,423,700
Infrastructural Development of Begum Badrunnessa Govt. Women College	428,375
Holy Family Red Crescent Medical College & Hospital	3,304,370
Jagoroni Chakra Foundation	100,008
Providing The Daily Star among meritorious students all over Bangladesh	2,975,400
Total	39,231,853

Begum Badrunnessa Govt. Women College

Bank Asia providing financial contribution to Begum Badrunnessa Govt. Women College continuously for increasing its living facilities. In this project Bank Asia contribute Tk. 0.043 million for its construction purpose.

Corporate Social Responsibility (CSR)

Holy Family Red Crescent Medical College & Hospital

For better living of HFRCMCH students in hostel, Bank Asia provided financial support to Holy Family Red Crescent Medical College & Hospital and in 2018, the amount was Tk. 3.30 million for the construction purpose.

Sharing Knowledge as a CSR initiative

With an aim to knowledge development and to make a tangible change in the society The Daily Star, the highest circulated and prestigious English national daily, plans to provide newspaper copies to meritorious students in different reputed public institutions. As a part of this, Bank Asia providing 1,000 copies of newspaper everyday under a joint venture initiative titled “Spreading Knowledge” as a CSR initiative and in 2018 Bank Asia provided Tk. 2.98 million for the purpose.

Health

Born Blind Baby Treatment

Every child in the society has the right to go ahead in their own eyesight. In the view of this, Bank Asia is providing treatment support under privileged born-blind children in our country since 2005. Bangladesh Eye Hospital is only partner in this great social work through a sophisticated treatment and nursing. So far, 1,164 born-blind infants from all over the county acquired their eyesight through the support of Bank Asia.

Other health related donations

Bank Asia donated Tk. 0.81 million for 11 individual patients’ treatment. The Bank has also extended support to individuals and institutions as a part of its CSR activities.

Health

Initiatives	Taka
Curative treatment of 11 individual patients	812,008
Sirajdikhan Ma-Amiran Hospital deep tube well construction	11,100
Total	823,108

Sirajdikhan Ma-Amiran Hospital at Makhnagar, Sirajdikhan, Munshigonj

With a view to implement the guidelines of Bangladesh Bank for conducting larger Corporate Social (CSR) activity through Foundation, Bank Asia Foundation has started its journey after its registration with Registrar of Joint Stock Companies & Firms in 2014. Mr. A Rouf Chowdhury, honorable Chairman, Bank Asia and Chairman, Governing Body, Bank Asia Foundation, has recently donated a huge quantum of land along with a three storied building at Malkhanagar, Sirajdikhan, Munshigonj for establishing a hospital, renovation and interior work of which is underway.

Disaster Management & Infrastructure Improvement

Bank Asia is committed to the welfare of the community at large. The Bank responds promptly to support the affected humanity. In 2018, the Bank distributed warm cloths among cold-hit people in different parts of the country during severe cold spell of winter to carry out its humanitarian activities and also to support flood-hit people. For this purpose the Bank donated Tk. 27.13 million in 2018.

Initiatives	Taka
Support to flood-hit & cold- hit people	26,349,160
IP Camera for Dinajpur & Cox’s Bazar	114,708
Sponsorship for setting up a water foundation at Nairpool in Sylhet	669,484
Total	27,133,352

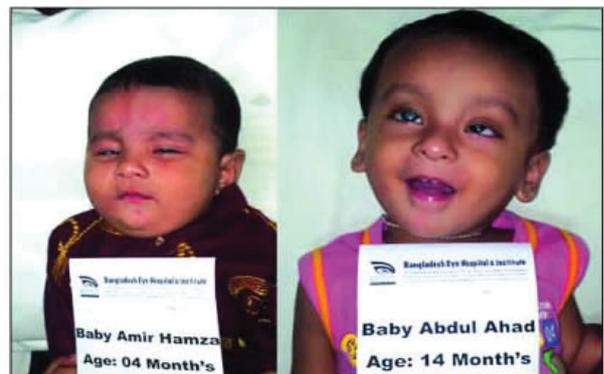
Bank Asia provides born-blind treatment support

Business Desk

Bank Asia is providing treatment support to the underprivileged born-blind children (0-8 years) of our country as a part of social responsibility since 2005.

Under this project, all the expenses for the treatment like primary health check-up, operation, medicine and accessories of born-blind infants are carried out by Bank Asia. Bangladesh Eye Hospital is working as a partner with Bank Asia in this project. The organization is working to revive the vision of the born-blind through a sophisticated treatment and nursing, says a media release

So far, 1164 born-blind infants from all over the country acquired their eyesight through the support of



Bank Asia. Currently, three different born-blind infants are undergoing treatment at Bangladesh Eye Hospital.

Bank Asia is always committed to provide treatment support to the born-blind of the underprivileged family of the country and constantly looking for new patients

every year. Guardians of born-blind infants from any part of the country can get all the information of treatment support by contacting the nearest branch of Bank Asia.

The Bank believes that every child in the society has the right to go ahead in his own eyesight.

Corporate Social Responsibility (CSR)

Sports

During 2018 Bank Asia contributed Tk.1.15 million to the Bangabandhu Int'l Volleyball Championship-2018 & Dhaka City Club as sponsorship and also organized different in house tournament for encouraging the employees of the Bank.

Arts & Culture

Bank Asia always supports promotion of art and culture where the Bank distributed Tk. 7.23 million in 2018.

Initiatives	Taka
Bangladesh Association of Banks for Development cultural Act	5,360,012
Baridhara Cosmopolitan club(Social Club)	575,012
Scolarstica Ltd	178,500
International Disability Day 2018	57,500
Sobuje Sajai Munshigonj for construction of A Children Park	500,000
Bangladesh Disabled Development Trust published advertisement	59,500
Economic Reporter's Forum for development of office space	500,000
Total	7,230,524

Other Social Projects

In 2018, Bank Asia donated/ sponsored/ spent Tk.51.33 million on the occasion of social project including Beparipara Baitunnur Jame Masjid, Savar, Prime Minister's Relief Fund, BDR victim Family to help government to carry out its humanitarian activities smoothly.



Bank Asia Cricket Festival 2018

Other Social Projects

Initiatives	Taka
Prime Minister's Relief Fund	50,000,000
Beparipara Baitunnur Jame Masjid, Savar	100,000
Financial support to Ms. Rashida Kabir Reba, widow of martyred Army officials killed in BDR munity	480,000
Contribution to Child Day Care Centre	400,000
Advertisement on World Environmental Day	345,000
Total	51,325,000



Child Day Care Center of Bank Asia



Customer Satisfaction Survey

Everything starts with customer. So customers are the first and top priority of the bank. Bank Asia has declared 2019 as Customer Service Year. Based on that, a survey on overall customer satisfaction has constructed by Bank Asia.

Research Methodology:

For conducting a survey on Customer Satisfaction, a simple research methodology has taken by Bank Asia.

No. of Samples Per Branch: 100

Sampling method: Simple Random

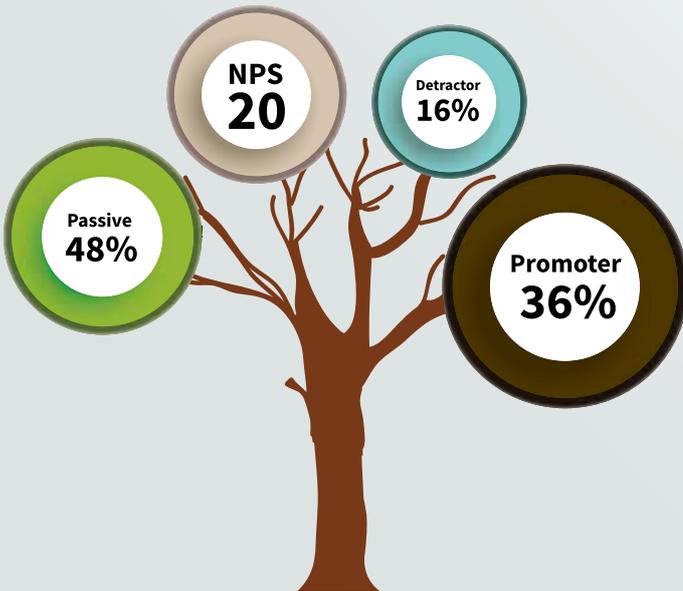
Target Customers: Both account holder and bearer who are availing cash & GB service

Interviewing Method: Branch interception (Exit Interview)

In this survey we actually focus on NPS (Net Promoter Score) that represents the branch trend and customer's reference of Bank Asia.

Note: NPS rating method = $NPS \geq 50$ = excellent, $26 \geq NPS \leq 49.99$ = Very Good, $10 \geq NPS \leq 24.99$ = Moderate.

Satisfaction Level



Segmented NPS:

This NPS actually defines the segment wise customer satisfaction on retail, corporate, both retail & corporate and walk-in customer.

NPS is lowest among walk-in customers which was mostly evident in all the branches. NPS is highest in Retail and Corporate which may give the positive impact to judge the performance.

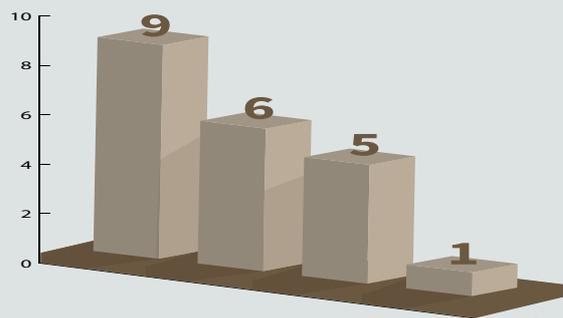
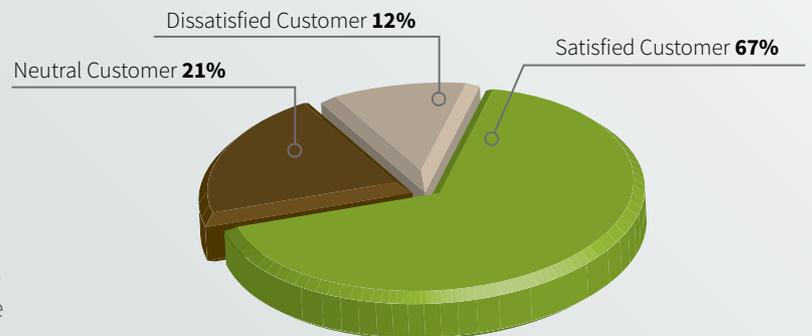
Overall NPS

Overall NPS 20 seems 'good' but considering the portfolio and profile of the HoBs, CSQ should be at least 'very good'.



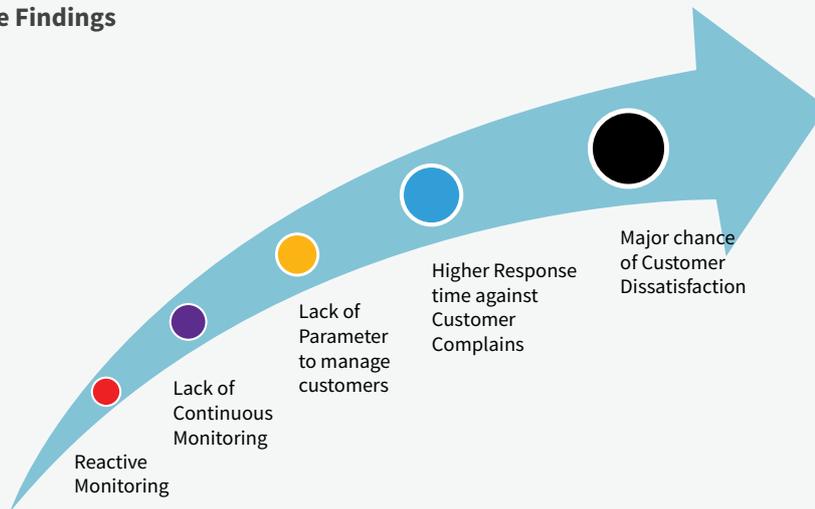
Overall Satisfaction:

Bank Asia focuses on customer satisfaction of bank's performance. Customer of overall bank is satisfied in Bank Asia's performance. Besides, the number of dissatisfied customer will be lessening by taking proper satisfactory steps for the customer.



Customer Satisfaction Survey

Other Qualitative Findings



Guidelines for Findings



Training and Campaign

Employee Engagement Program

Under Training and campaign we have two segments, one for employee and another for customer satisfaction. Employees are the direct communicators with customer so they require special training.

Various types of campaign are initiated by Bank Asia for employee motivation and engagement.

- **Islamic Deposit Campaign**- Conducted by Islamic Division
- **Show You Can**- Focus on Retail Loan
- **ZABIVAKA & APON ALO**- Retail Deposit campaign
- **Service Champ**- Most voted staff by the customer for best service given by him
- **Monthly Customer Service Day**- Instead of current bi-monthly, monthly customer service day can observed in all branches where spot reward may be provided to the staff that seemed to provide the best service on that day.

Market Performance

Financial Calendar	Announced On
Audited Consolidated result for the year ended 31 December 2017	April 08, 2018
Unaudited Result for the first quarter ended 31 March 2018	April 30, 2018
Unaudited Result for the second quarter and half year ended 30 June 2018	July 30, 2018
Unaudited Result for the third quarter ended 30 September 2018	October 17, 2018

Availability of information about BANK ASIA

Annual Integrated Report 2018 and other information about Bank Asia may be viewed on Bank's Website: www.bankasia-bd.com

Corporate Office

Rangs Tower (3rd Floor)
68 Purana Paltan, Dhaka-1000
Phone: 47110278, EXT- 301

E-mail: bankasia@bankasia-bd.com

Distribution of Dividend	Details
(Cash% - Stock %)	12.5% Stock
Announcement Date	April 08, 2018
Record Date	April 26, 2018
Distribution Date	May 23, 2018
Notice of 19 th Annual General Meeting	April 22, 2018
19 th Annual General Meeting	May 14, 2018

Bangladesh Capital Market observed a bearish trend throughout the year in 2018 due to low participation of investors, currency depreciation, volatility in money market, rising nonperforming loans in the banking sector. Political situation centering the national polls was one of the key reasons behind the dull movement throughout the year. Investors were adopting a wait-and-see stance, so the market has been affected negatively.

All the performance parameters of Dhaka bourse were in downward trend throughout the year. The prime index of the Dhaka Stock Exchange (DSE), DSEX started the year with 6,244.5 point on January and ended the year with 5,385.6 point fallen by 858.9 point or 13.75%. Total Market capitalization of Dhaka Stock Exchange stood at BDT 3,872.95 billion as on December 31, 2018, from BDT 4,228.94 billion as on December 31, 2017 representing negative growth of -13.75%. The daily DSE average turnover in 2018 was BDT 5,511 mln against BDT 8,748 mn in 2017 fallen by 37% and Market P/E was 14.6x compared to 15.4x last year.

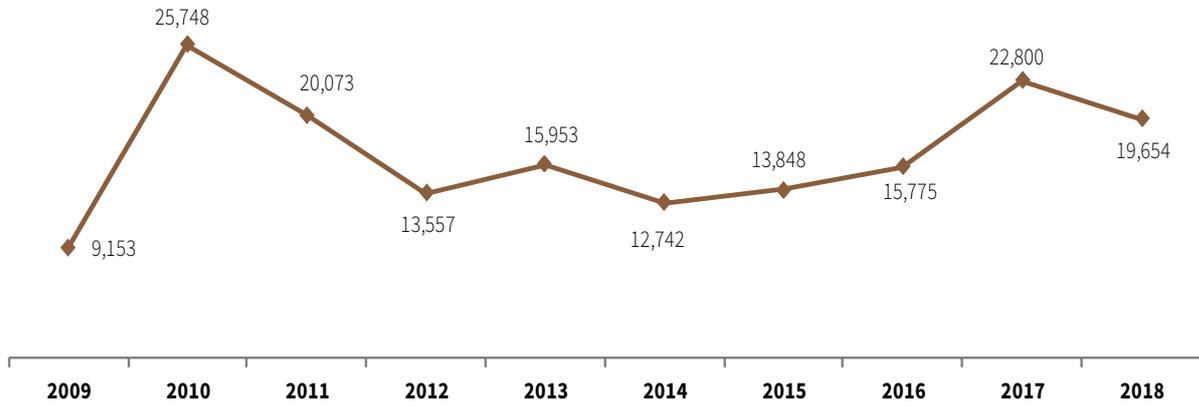
Stock Detailed

Particulars	DSE	CSE
Stock Symbol	BANKASIA	BANKASIA
Scrip code	11127	22022
Listing Year	2004	2004
Market Category	A	A
Electronic Share	Yes	Yes
Total Number of Securities	1,110,387,486	1,110,387,486

Year End Closing Price on December 31, 2018: Tk. 17.70
DSE Trading Days in 2018: 242

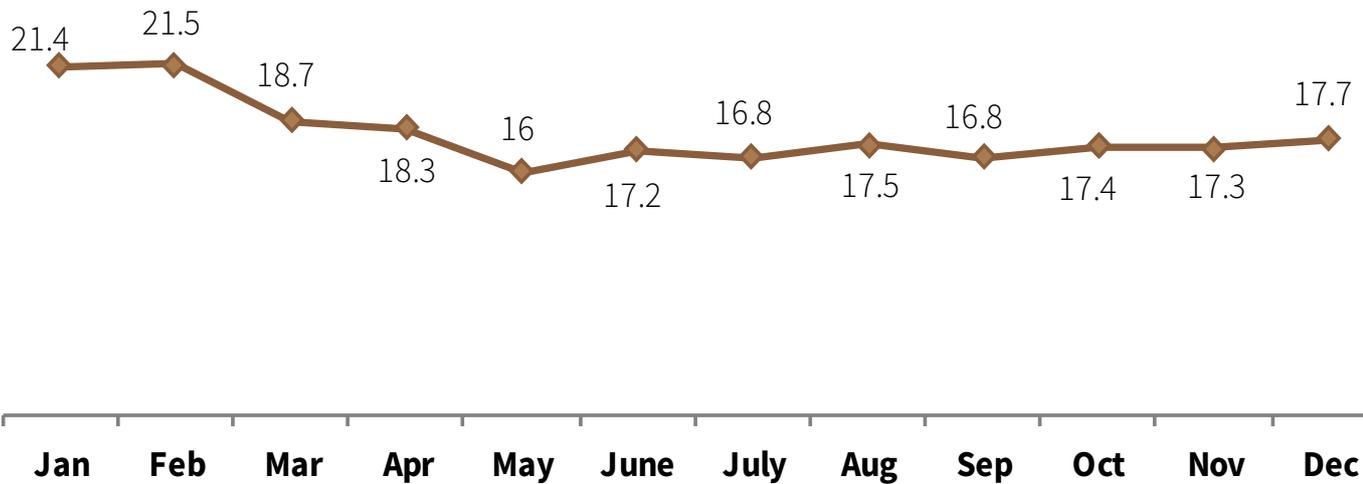
Market Capitalization

Million Taka

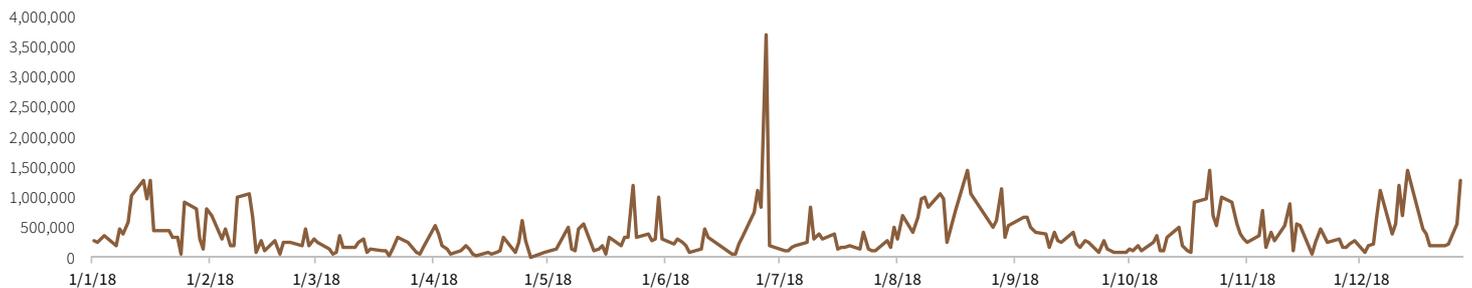


Market price of Bank Asia Share-2018

Per share value in Taka



Daily Trade Volume of Bank Asia



Stakeholders Relationship/ Grievance Redressal

Bank Asia strongly believes in maintaining smooth and interactive relationship with the stakeholders. We pursue high quality stakeholder's redressal policy proactively to handle all types of grievance, complaints in an effective and fair manner.

Bank Asia strongly believes in equitable treatment to every shareholder. We resolve any shareholders' complaint on a priority basis and have committed to serve the appropriate mechanism to address the shareholders' grievance within the time frame stipulated by the Bank.

SHAREHOLDER'S PERSPECTIVE

Bank Asia redressal system covers the following issues

- Receiving the complaints for non-receipt of dividend warrant, dividend intimation letter, cash dividend;
- Transfer of shares from suspense account to the shareholders BO account;
- Clarification of any price sensitive information over telephone;
- Grievance for not receiving of Annual Integrated Report, half-yearly financial position timely;
- Concerns relating to share dematerialization (DEMAT);
- Queries about and clarification on recent or upcoming price sensitive information over telephone, etc.

PROCESS ● REDRESSAL ● CHECKLIST

PROCESS	REDRESSAL	CHECKLIST	Yes	No
queries/ complaints/ grievance lodged by shareholder	Shareholders are properly communicated for collection warrants which have been refunded for non-delivery by the courier	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Review all logs objectively and fairly and give solution within a short time frame	Dividend warrants Revalidate the upon demand	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Bank account information are corrected while sending dividend through BEFTN system	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Send intimation to concerned shareholder after redressal by share department	Dividend warrants are reissued in case of failure to send dividend through BEFTN system	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Issue shareholding certificate, dividend certificate as and when required	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	e-TIN number is collected in case of cash dividend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Any Investors may lodge their complaint related to their investment in the company through formal letter, Bank's official e-mail ID i.e. bankasia@bankasia-bd.com and phone call to the Company Secretary and/or Share Department. We focus in addressing those complaints within the shortest possible time.

Redressal process of Bank Asia Limited

- Complaints raised by the investors/ shareholders must be dealt with courtesy and in a timely manner
- Complaints are treated and solved efficiently and treated fairly
- Communicate to the shareholders for collection of the dividend warrants which have been refunded for non-delivery by the courier

- Revalidate the dividend warrants upon demand
- Correction of bank account information while sending dividend through BEFTN system
- Re issue of dividend warrants, in case of failure to send dividend through BEFTN system
- Issue shareholding certificate, dividend certificate as and when required
- E-mail or letter must be send to all the investor who have submitted written complaints
- Request for e-TIN number in case of cash dividend

Redressal point for Shareholders

Bank Asia Limited
Share Department
Corporate Office
Rangs Tower (2nd Floor)
68 Purana Paltan
Dhaka-1000
Phone: 7110062 (Ext. 301)



General Shareholders at 19th AGM

Redressal Statistics 2018

Requests received from shareholders	Ways of addressing mentioned requests
<ul style="list-style-type: none"> ● Demat 2,610,290 shares; ● 19,809,044 shares credit among 29 shareholders from suspense account ● Re-issue 605 fractional dividend warrants for the year 2017 (which were returned from BEFTN) ● Issuance of 110 shareholdings certificate for income tax purpose; 	<ul style="list-style-type: none"> ● Demat confirmed 2,610,290 shares timely; ● 29 request responded; ● 605 duplicate fractional dividend warrants for the year 2017 issued ● 110 shareholdings certificate were issued;

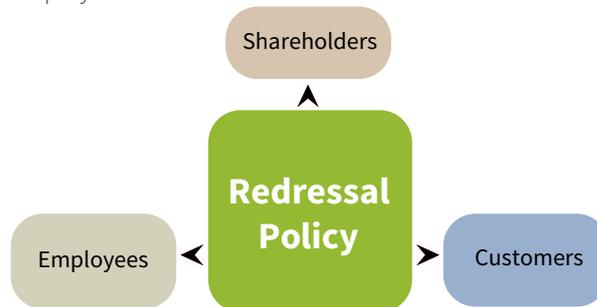
The bank continues to have regular communication with the shareholders through periodic updates of performance and at any time when it believes it to be in the best interest of shareholders generally.

CUSTOMERS' PERSPECTIVE

Customers are one of the key stakeholders of the Bank. We are very much conscious about customers' demand and always ready to serve them our best as per our Customers Service Policy and Customers Acceptance Policy (CAP). Like investors we also address up our customers queries and complaints through our corresponding department, division or unit. All the complaints are centrally handled by BOD (Branch Operation Department). In 2018, the Bank received 105 complaints from customers of various branches and all the problems were solved successfully through proper investigation and remedial action. Those problems were solved within 5 days (approx.) in which some complaints were met up within 24 hours.

EMPLOYEES' PERSPECTIVE

Employees are the main resource of the Bank, the human capital. We are committed to provide comfortable work environment to our employees for enriching their productivity. To resolve undesirable issues in the workplace and create a conducive and gender sensitive working environment we have separate Grievance Handling Policy and Female Anti- Harassment Policy. Our Human Resources Department takes necessary measures to redress if any adverse situation arises. In 2018, we didn't receive any significant complain related to our employees.



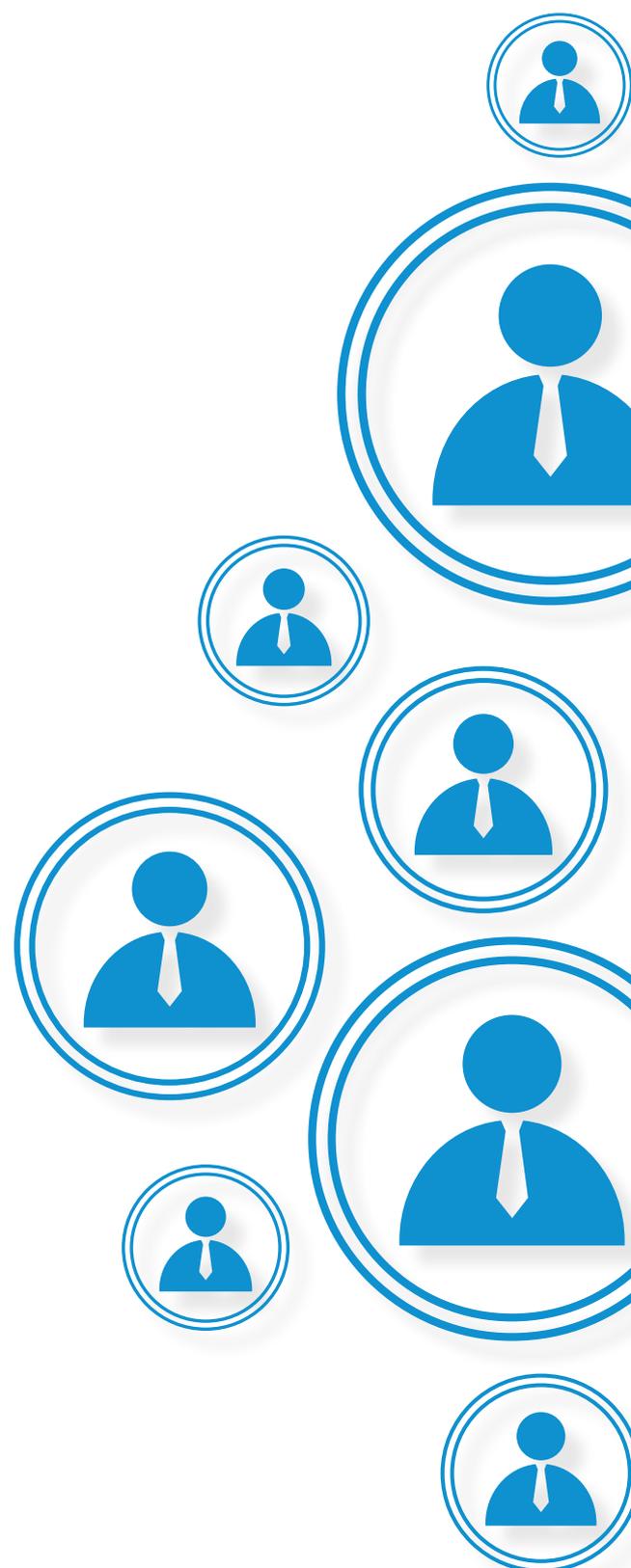
General Shareholders at 19th AGM



Corporate Governance

The table below gives an overview of the locations of our Corporate Governance statement

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Corporate Governance disclosure checklist in line with: <ul style="list-style-type: none"> • BSEC Notification • The Companies Act 1994 • Bangladesh Bank BRPD Circular 11,18 and 19 issued on October 27, 2013 	222-249





Corporate Governance

Corporate Governance refers to the relations between the management of a company and its Board of Directors, shareholders and other stakeholders. Corporate Governance also provides a framework for setting out a company's objectives and the means for achieving these and for tracking its performance.

Source: OECD

Corporate Governance Disclosure Checklist

(In line with South Asian Federation of Accountants (SAFA) Guidelines)

SL	Items	Compliance Status	Ref Page No
1	BOARD OF DIRECTORS, CHAIRMAN AND CEO		
1.1	Company's policy on appointment of directors disclosed		20-27, 205-206
1.2	Adequate representation of non-executive directors i.e. one third of the board, subject to a minimum of two	✓	206-207
1.3	At least one independent director on the board and disclosure/affirmation of the board on such director's independence	✓	20-27, 201, 208
1.4	Chairman to be independent of CEO	✓	208
1.5	Responsibilities of the Chairman of the board appropriately defined and disclosed.	✓	208
1.6	Disclosure of independence of Non-Executive Directors	✓	208
1.7	Existence of a scheme for annual appraisal of the boards performance and disclosure of the same	✓	208
1.8	Disclosure of policy on annual evaluation of the CEO by the Board	✓	208
1.8	Disclosure of policy on training (including details of the counting training program) of directors and type and nature of training courses organized for directors during the year	✓	208-209
1.9	existence of a scheme for annual appraisal of the boards performance At least one director having through knowledge and expertise finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting	✓	20-27, 209
1.10	Disclosure of number of meetings of the board and participation of each directors (at least 4 meetings are required to be held)	✓	209, 221-222
1.11	Directors issue a report on compliance with best practices on corporate governance that is reviewed by external auditors	✓	209-212,220
2	VISION/MISSION AND STRATEGY		
2.1	Company's vision/mission statements are approved by the board and disclosed in the annual report	✓	10, 212
2.2	Identification of business objectives and areas of business focus disclosed	✓	11, 101,155, 212
2.3	General description of strategies to achieve the company's business objectives	✓	11, 55-56, 212
3	AUDIT COMMITTEES		
3.1	Appointment and Composition	✓	201, 212-213, 332-333
3.1.1	Whether the audit committee chairman is an independent Non-executive Director and Professionally Qualified	✓	22, 201, 212
3.1.2	Whether it has specific terms of reference and whether it is empowered to investigate/question employees and retain external counsel	✓	212-213
3.1.3	More than two thirds of the members are to be Non-Executive Directors	✓	213
3.1.4	All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting	✓	20-27, 213
3.1.5	Head of internal audit to have direct access to audit committee	✓	213
3.1.6	The committee to meet at least 4 times a year and the number of meetings and attendance by individuals members disclosed in the annual report	✓	213, 221
3.2	OBJECTIVE AND ACTIVITIES		
3.2.1	Statement of Audit Committees review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	✓	201, 213-214,332-333
3.2.2	Statement to indicate audit committees role in ensuring compliance with Laws, Regulations and timely settlements of statutory dues	✓	201, 213-214,332-333
3.2.3	Statement of Audit Committee involvement in the review of external audit function	✓	201, 213-214,332-333
	v Ensure effective coordination of external audit function		
	v Ensure independence of external auditors		
	v To review the external auditors findings in order to be satisfied that appropriate action is being taken	✓	201, 213-214,332-333
	v Review and approve any non audit work assigned to the external auditor and ensure that such work does not compromise the independence of external auditors		
	v Recommend external auditor for appointment/reappointment		

SL	Items	Compliance Status	Ref Page No
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review	✓	201, 213-214, 332-333
3.2.5	Statement on Audit committee involvement in the review and recommend to the board of directors, annual and interim financial releases	✓	201, 213-214, 332-333
3.2.6	Reliability of the management information used for such computation	✓	201, 213-214, 332-333
4	INTERNAL CONTROL & RISK MANAGEMENT		
4.1	Statement of director's responsibility to establish appropriate system of internal control	✓	202
4.2	Narrative description of key features of the internal control system and the manner in which the system is monitored by the Board, Audit Committee or Senior Management	✓	214
4.3	Statement that the directors have reviewed the adequacy of the system of internal controls	✓	202
4.4	Disclosure of the identification of risk the company is exposed to both internally and externally	✓	112-125, 215-216
4.5	Disclosure of the strategies adopted to manage and mitigate the risks	✓	112-125, 215-216
5	ETHICS AND COMPLIANCE		
5.1	Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulation etc.	✓	11, 13, 216-217
5.2	Dissemination/communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same.	✓	11, 13, 216-217
5.3	Board's statement on its commitment to establishing high level of ethics and compliance within the organization	✓	11, 13, 216-217
5.4	Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	✓	11, 13, 163, 216-217
6	REMUNERATION COMMITTEE		
6.1	Disclosure of the charter (role and responsibilities) of the committee	✓	217
6.2	Disclosure of the composition of the committee (majority of the committee should be non-executive directors, but should also include some executive directors)	✓	217
6.3	Disclosure of key policies with regard to remuneration of directors, senior management and employees	✓	142-146, 217, 333
6.4	Disclosure of number of meetings and work performed	✓	217
6.5	Disclosure of remuneration of directors, chairman, chief executive and senior executives	✓	217
7	HUMAN CAPITAL		
7.1	Disclosure of general description of the policies and practices codified and adopted by the company with respect to Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counseling	✓	87-89, 180-185, 218
7.2	Organizational Chart	✓	17, 218
8	COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS		
8.1	Disclosure of the company's policy/strategy to facilitate effective communication with shareholders and other stakeholders	✓	164-166, 194-195, 218
8.2	Disclosure of company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM	✓	6, 218
9	ENVIRONMENTAL AND SOCIAL OBLIGATIONS		
9.1	Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	✓	148-157, 168-176, 186-189, 219
9.2	Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	✓	148-157, 168-176, 186-189, 219

**Report on the Activities
of the Audit Committee**



The Audit Committee of the Board of Directors of Bank Asia Limited was constituted in the 44th meeting of the Board held on January 18, 2003, in compliance with the Bangladesh Bank directives. The Audit Committee was formed with the objectives to establish a platform for a compliant and secured banking structure in the Bank. The present Audit Committee was reconstituted by the Board in its 383rd meeting held on May 14, 2018 consisting of the following members:

Names	Status with the Board	Status with the Audit Committee
Mr. Mashiur Rahman	Independent Director	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Mr. Dilwar H Choudhury	Independent Director	Member

The Company Secretary acts as a Secretary of the Committee

In the year 2018, 06 (six) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- i. External Audit Report of the Bank and the recommendations made therein.
- ii. Bangladesh Bank comprehensive inspection report and the recommendations made therein.
- iii. Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- iv. Actions taken by the management with regard to shortcomings raised in the Bangladesh Bank Inspection report and by the Internal Audit Team of the Bank.
- v. The corrective measures taken by the management with regard to the lapses pointed out on the internal control and other issues raised by internal and external auditors and inspectors of the regulatory authority.
- vi. 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.
- vii. Management Report on Accounts of the Bank for the year ended on 31.12.2017.
- viii. Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and

compliance thereof.

- ix. Review of status of recovery of classified loans and necessary guidelines provided to the management to reduce Non Performing Loan (NPL).

The Audit Committee further affirmed that:

- The rules and regulations of Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board are duly complied with.
- Adequate internal control and security measures have been taken by the Bank facilitating Information Technology (IT) based banking including generation of proper Management Information System (MIS).
- The system of internal control and business processes have been strengthened including development of human resources towards creation of a compliance culture in the Bank.
- Efforts have been made to keep assets of the Bank safe along with liabilities and commitments being transparent.
- The Financial Statements of the Bank have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which contained full disclosure.
- The good governance is in place in the Bank.

Reporting

The committee in the meetings has taken specific notes of lapses detected by the Internal Audit Team and the actions taken by the management towards correction, improving recovery of classified loans and initiating measures for lowering the quantum of NPLs through on-site and off-site monitoring. The committee also 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 ensured for avoidance of errors and omissions and, repetition of lapses that are detected by the internal and external auditors.

The minutes of the Audit Committee Meetings with observations and recommendations were circulated among the members of the committee and to the Board of Directors of the Bank for information.



Mashiur Rahman
Chairman
Audit Committee of the Board

Statements of Directors' responsibility to establish appropriate System of Internal Control

Strengthening and streamlining internal control system has significant importance and governance to attain short-term business objectives and long-term sustainability. During the year, market liquidity was tighter, interest rate was lower, private credit demand was high, and the challenge of ensuring effective internal audit and control system were even greater.

The board is cautious on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board review quarterly the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. They annually review the qualification, expertise and resources, and independence of the external auditors and the effectiveness of audit process and recommendation on re-appointment.

Directors confirm that the Board, through its committees, has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December, 2018. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

On Behalf of the Board of Directors,


A Rouf Chowdhury
Chairman

Statement of Directors' on Adequacy of the System of Internal Control

The Board of Directors follows some definite rules and regulations as stated in The Banking Companies Act 1991 (amended up to 2018). Therefore, the directors tried their level best to maintain sound corporate governance and performed their responsibilities. Broad business strategy, significant policies for internal control system and risk management have been taken properly and risk based internal audit has been accomplished as per 'section 15 Kha & 15 Ga of the Bank Company Act 1991 (amended up to 2018)' for ensuring that the bank is appropriately and effectively managed and controlled.

The Board has supervised the policies and various parts of businesses to construct an effective internal control system which is essential for sustainable growth maintaining efficient conduct of business. They have also reviewed the adequacy and completeness of accounting records, well preparation of financial information, and efficient management of risk, strengthening bank's assets and overall internal control process.

By forming the audit committee, the Board of Directors monitors the functional and effectiveness of internal control system. All the conditions depicted in the Banking Companies Act 1991 (amended up to 2018), guideline issued by Bangladesh Bank and corporate governance guidelines issued by Bangladesh Securities and Exchange Commission have been properly maintained at the time of preparing the Audit Committee. The principal activity of the Audit committee was to review the internal control system as well as managing the core risk of the bank. The process for monitoring compliances with laws and regulations and codes of business ethics have been properly reviewed by the committee.

The Audit Committee has observed the arrangements for increasing the internal control features to the prevalent management information system (MIS). They have also reviewed the corrective initiatives undertaken by management corresponding to fraud-forgery and deficiencies in internal control identified. All the compliance reports have been properly presented before the board of directors and regulators in a timely manner and all other regulatory functions about internal control system of the bank have been executed explicitly.

On Behalf of the Board of Directors,


A Rouf Chowdhury
Chairman

RESPONSIBILITY STATEMENT OF MD AND CFO

Name of the company: Bank Asia Limited
Declaration by MD and CFO
March 21, 2019
The Board of Directors
Bank Asia Limited
68, Purana Paltan
Dhaka 1000.

Subject: Declaration on Financial Statements for the Year Ended on December 31, 2018

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Bank Asia Limited for the year ended on December 31, 2018, have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on December 31, 2018, and that to the best of our 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 collectively present 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 in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



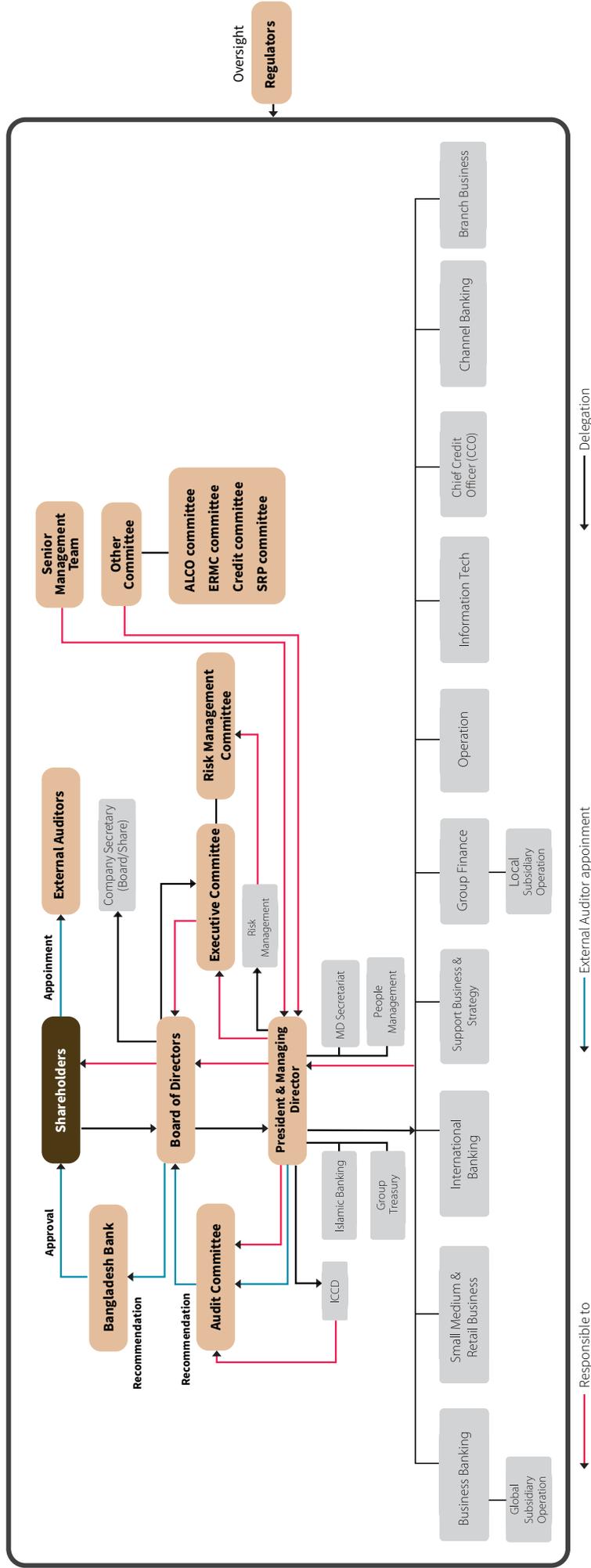
Md. Arfan Ali
President and Managing Director



Mohammad Ibrahim Khalil, FCA
Chief Financial Officer

Corporate Governance

Banking Governance Structure of Bank Asia



Corporate Governance

Statement of Corporate Governance

Corporate Governance means a structure for transparent, fair, timely and decisive decision-making by companies, with due attention to the needs and perspectives of shareholders, and also customers, employees and local communities. The

Stock Exchange (CSE). Bank Asia's common Shares are listed on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).



main purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver long term success of the company.

Sound Corporate Governance Practice in Bank Asia

Sound corporate governance is fundamental to the gaining of stakeholders' trust. Bank Asia's commitment to all stakeholders is reflected in our management culture that embraces the higher standards of corporate governance we maintain. In this framework, we are trying to provide an overview of the corporate governance structure, principles, policies and practices of the Board of Directors of Bank Asia Limited, management culture which together enable Bank Asia to meet governance expectations of the Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE) and Chittagong

1. BOARD OF DIRECTORS, CHAIRMAN AND CEO:

The business and affairs of the Bank are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organization and significant policies of Bank Asia Limited. The Board also sets the Bank's core values, adopts proper standards to ensure that Bank operates with integrity and complies with the relevant rules and regulation.

Currently, the Board consists of 16 (Sixteen) directors (including Managing Director) as of December 31, 2018, comprising:

- Ten Non - Executive Directors ;
- Five Independent Non-Executive Directors ;
- One Executive Director (President & Managing Director, Ex-Officio)

1.1 Bank Asia's policy on appointment of directors

Bank Asia complied with relevant guidelines of Bangladesh Bank circulars, rules and regulations of the Companies Act 1994, Bank Companies Act 1991 (amended up to 2018), Bangladesh Securities and Exchange Commission (BSEC) Notifications, Guidelines of Bangladesh Bank and Memorandum & Articles of Association of the Bank.

While appointing new Directors, Bank Asia emphasizes the mix of knowledge, skills, experience and perception. The Directors are elected by the shareholders in AGM and all appointment of the Board is made subject to approval of Bangladesh Bank. Bank Asia's Board is always committed to ensuring diversity and inclusiveness in its composition and deliberations and the Board embraces the proposition that having a diverse Board would have a positive, value relevant impact on the Bank. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational Background.

In case of nomination, removal, causal vacancy and alternate Directors, Bank Asia follows all relevant rules and regulations. The Bank's non-executive Directors are independent of management and free from day to day business of the bank. Directors are accountable to the shareholders for the Bank's performance and governance.

1.1.1 Roles and Responsibilities of Board of Directors

The business and affairs of the Bank are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organization and significant policies of Bank Asia. The Board also sets the Bank's core values, adopts proper standards to ensure that Bank operates with integrity, and complies with the relevant rules and regulations. Key responsibilities in summary are:

- Overseeing the sound and prudent management of the Bank;
- Approving the strategic direction of Bank Asia;

Corporate Governance

- Appointing and determining the duration, remuneration of the CEO;
- Evaluating the performance of the CEO;
- Succession planning for the Board, CEO and Bank's executives
- Determining Bank's dividend policy and capital structure;
- Approving Bank's risk management strategy, framework and monitoring their effectiveness;
- Considering the social, ethical and environmental impact as part of strategy formulation

1.1.2 Code of Conduct for the Board of Directors

The Board of Directors follows a code of conduct which was adopted to provide guidance to directors to perform their duty in an honest, responsible and business like manner and within the scope of their authority, has said for in the laws of country as well as memorandum and articles of association of the Bank.

1.1.3 Retirement and Re-election of Directors

According to clause 128 and 129 of the Articles of Association of the Bank, 3 (three) directors retired before the 19th Annual General Meeting (AGM) held on May 14, 2018, and all of the retiring directors was eligible for re-election as director and 3(three) new directors were elected as directors at the AGM.

In addition, two Independent Directors appointment was also approved by shareholders in the 19th Annual General Meeting (AGM).



Role of the Board

- **Directors of Bank Asia in conduct of its affairs**
 - Ensure that corporate responsibility and ethical standards underpin the conduct of bank's business
- **Provide sound leadership to CEO and management**
 - Sets the strategic vision, direction and long terms goals of Bank
 - Ensure the adequate resources and available to meet the objective
- **Bears ultimate responsibility for Bank Asia:**
 - Governance
 - Strategy
 - Risk Management
 - Financial Performance
 - Sustainability

Sl. No.	Name of Directors	Mode of Change
1.	Mr. A Rouf Chowdhury	Retired and Re-elected
2.	Mr. Mohd. Safwan Choudhury	Retired and Re-elected
3.	Mr. M Irfan Syed	Retired and Re-elected
4.	Mr. Rumea A Hossain	Elected
5.	Ms. Farhana Haq	Elected
6.	Ms. Mahrina Chowdhury	Elected
7.	Mr. Md. Nazrul Huda (Independent Director)	Re-appointed
8.	Mr. Dilwar H Choudhury (Independent Director)	Appointed

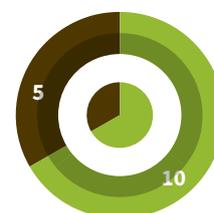
In addition, some other changes in directorship during the year were as follows:

Sl. No.	Name of Directors	Date of Change	Remarks
1.	Mr. M Irfan Syed	03.10.2018	Resigned
2.	Mr. Ashrafal Haq Chowdhury	12.11.2018	He has been appointed by Board on 17.10.2018 as Independent Director and subsequently got Bangladesh Bank approval on 12.11.2018.
3.	Mr. Enam Chowdhury	18.12.2018	He has been appointed by Board on 28.11.2018 as Representative Director of Amiran Generations Ltd. and subsequently got Bangladesh Bank approval on 18.12.2018.

1.2 Adequate representation of non – executive directors

As per guideline of Bangladesh Bank, Bank Asia maintain adequate representation of non-executive directors in the Board. The Managing Director is the only Executive Director in the Board of Directors of the Bank. All other Directors are non – executive directors.

Board Composition
■ Non Executive Director
■ Independent
■ Non Executive Director



Size and membership of Board Committees

Committee Composition*		Board Executive Committee	Board Audit Committee	Board Risk Management Committee
		Maximum Seven members	Minimum three members and maximum 5 members	Maximum Five members
		All members are Non - executive Directors	All members are Non-executive Directors	All members are Non - executive Directors
		Chair determined by the Board	Majority of members are Independent Directors	Chair determined by the Board
			Chair is Independent Director, who is not the Board Chairman	
Mr. A Rouf Chowdhury	Chairman of the BOD, Non-executive	✓		
Mr. Mohd. Safwan Choudhury	Vice Chairman, Non-executive		✓	
Mr. Md. Nazrul Huda	Vice Chairman, Non-executive, Independent	✓		Chair ✓
Mr. Rume A Hossain	Non-executive	Chair ✓		✓
Mr. Mashiur Rahman	Non-executive, Independent		Chair ✓	
Ms. Hosneara Sinha	Non-executive			
Ms. Naheed Akhter Sinha	Non-executive			
Major General Mohammad Matiur Rahman, (retd.)	Non-executive			
Ms. Romana Rouf Chowdhury	Non-executive	✓		✓
Mr. M Shahjahan Bhuiyan	Non-executive, Independent	✓		✓
Mr. Dilwar H Choudhury	Non-executive, Independent		✓	
Ms. Farhana Haq	Non-executive			
Ms. Mahrina Chowdhury	Non-executive			
Mr. Ashraful Haq Chowdhury	Non-executive, Independent	✓		
Mr. Enam Chowdhury	Non-executive	✓		
Mr. Md. Arfan Ali	Managing Director, Ex - Officio			

* Composition requirements for each Committee are set out in the relevant Committee Charter.

Corporate Governance

1.3 Independence of independent directors and their adequate representation

Participation of independent directors in the Board is considered as an important element of good governance. Independent Directors exert an independent view on the policies and decisions of the Board and emphasize that the policies and decisions are for the best interest of the whole bank. Bank Asia has 5 (five) Independent Directors in the Board. They are: Mr. Ashraful Haq Chowdhury, Telecom & Corporate Leader, three renowned retired bankers - Mr. Mashiur Rahman, Mr. M Shahjahan Bhuiyan, Mr. Dilwar H Choudhury and Mr. Md. Nazrul Huda, a retired central banker. The Independent Directors are also member of the sub-committees of the Board. Two of them are the members of the Executive Committee and Risk Management Committee and two of them are members of the Audit Committee. None of the directors of the Board, except the CEO, are involved in the day-to-day operations of the Bank. They provide their valuable opinion and recommendation in the meeting of Board and its committees.

1.4 Different position of the Chairman and the Chief Executive Officer

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 of the Bank is elected by the directors of the Bank and the CEO is being appointed by the Board of Directors subject to receiving permission from Bangladesh Bank.

1.5 Roles and responsibilities of the Chairman

The Board elects one of the Non-executive Directors as Chairman. Our Chairman is Mr. A Rouf Chowdhury, who became Chairman on 14 December 2011.

The Chairman's role and responsibilities includes:

- providing effective leadership to the Board in relation to all Board matters;
- guiding the agenda and conducting all Board meetings;
- in conjunction with the Company Secretary, arranging regular Board meetings throughout the year, confirming minutes of meetings, accurately record decisions taken and, where appropriate, the views of individual Directors;
- overseeing the process for appraising Directors and the Board as a whole;
- overseeing Board succession;
- acting as a conduit between management and the Board, and being the primary point of communication between the Board and CEO;
- representing the views of the Board to the public; and
- taking a leading role in creating and maintaining an effective corporate governance system.

1.5.2 Independence of Independent Directors

Bank Asia complied with relevant guidelines of Bangladesh Bank circulars, rules and regulations of the Bank Companies Act, 1991 (amended up to 2018) and guidelines of Bangladesh Securities and Exchange Commission regarding composition of its board of directors. While appointing new directors Bank Asia emphasizes the mix of knowledge, skills, experience and perception. The directors are elected by the shareholders in AGM. In case of nomination, removal, causal vacancy and alternate directors, Bank Asia follows all relevant rules and regulations. The Bank's non-executive directors are independent of management and free from day to day business of the bank.

1.6 Annual Appraisal of Board performance

The Board undertakes ongoing self-assessment as well as commissioning an annual performance review by an independent consultant. The review process conducted in 2018 included an assessment of the performance of the Board, the Board Committees and each Director, with outputs collected, analyzed and presented to the Board. The Board discussed the results and agreed follow up action on matters relating to Board

composition, process and priorities. The Chairman also discusses the results with individual Directors and Board Committee Chairs. The full Board (excluding the Chairman) reviews the results of the performance review of the Chairman and results are then privately discussed by the Chairman of the Board Risk & Compliance Committee with the Chairman.

1.7 Annual Evaluation of the CEO by the Board

While reappointing CEO, an evaluation report approved by the Board of Directors submitted to Bangladesh Bank by the chairman of the Board. Besides, The Board of Bank Asia Limited annually evaluate key performance indicators (KPIs) of CEO i.e. profitability, yearly budget achievement,

How the Board Spent Time in 2018



dividend ratio, return on equity, return on assets, earnings per share, CAMELS ratings, credit rating, classified loan ratio, risk management etc. The performance of the CEO is also evaluated by the Board based on Bank's operational results and other key indicators/efforts.

1.8 Training program of Board of Directors

All new Directors participate in an induction program to familiarize themselves with our business and strategy

Corporate Governance

culture and values and any current issues before the Board. The induction program includes meetings with the Chairman, the CEO and Managing Director, the Board Committee Chairs and Bank's Executive. The Board encourages Directors to undertake continuing education and training to develop and maintain the skills and knowledge needed to perform their role as Directors effectively, including by participating in workshops held throughout the year, attending relevant site visits and undertaking relevant external education.

1.9 Knowledge and expertise in Finance and Accounting

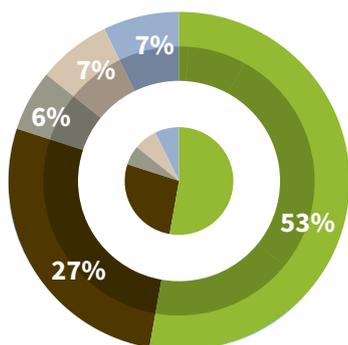
Bank Asia's Board of Directors comprises of members who have wide knowledge and experience in the field of finance, accounting, economics, management, marketing and business administration. By that, it is ensured that they have the ability to interpret the decisions of bank's management in a prudent manner.

1.10 Board meeting

The Board normally meets on monthly basis, and the meeting dates are scheduled well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on ad hoc basis to consider urgent matters. Bank Asia as per requirement of BSEC conduct Board Meetings and record the minutes of the meetings as well as keep the required books and records in line with

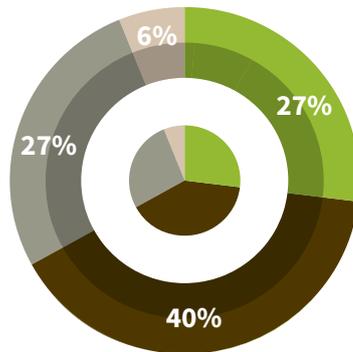
Professional Background of Board Members

- Entrepreneurship
- Banking
- Defence
- Telecom
- Information Technology



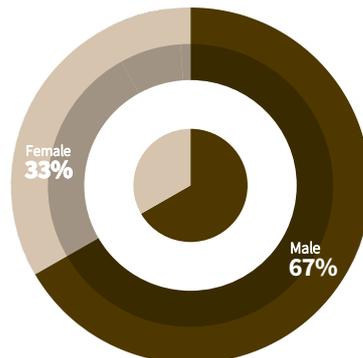
Length of Service Board Members

- 11-20 years
- 21-30 years
- 31-40 years
- Over 40 years



Gender Diversity of Board Members

- Male
- Female



the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB).

In addition, the Board considering strategic matters at each Board meeting, the Board also discusses our strategic plan and approves Bank's overall strategic direction on an annual basis. The Board also conducts a half year review of Bank's strategy. The Board conducts workshops on specific subjects relevant to our business throughout the year. Board meetings are characterized by robust exchanges of views, with Directors bringing their experience and independent judgment to bear on the issues and decisions at hand. Non-executive Directors regularly meet without

management present, so that they can discuss issues appropriate to such a forum. In all other respects, senior executives are invited, where considered appropriate, to participate in Board meetings. They are also available to be contacted by Directors between meetings.

1.10.1 Number of Board meeting

The Board had 23 (Twenty Three) scheduled meetings for the financial year ended 31 December 2018, with additional meetings held as required. The number of meetings of the Board and its committees held during the accounting year and the attendance of the Directors at those meeting are disclosed in [page no. 222](#) of this Annual Integrated Report 2018.

1.11 Directors Report on Financial Statement and Corporate Governance

Board of Directors of the Bank requires to prepare financial statements for accounting year. Moreover, the Board of the Bank need to include additional statements or disclosures in the Directors' report prepared under section 184 of the Companies Act, 1994 (Act no. XVIII of 1994). A separate statement of Director responsibility for financial reporting and corporate governance is given in [page no. 202](#) of this Annual Integrated Report 2018.

1.12 Board Committee

The Board has delegated authority to various Board committees to enable them to oversee certain specific responsibilities based on their terms of reference. The Board committees are constituted in accordance with BSEC and Bangladesh Bank Guidelines. The terms of reference of the Board committees set out the responsibilities of the Board committee, conduct of meetings including quorum, voting requirements and qualifications for Board committee membership. The composition of all our Board committees comprises Non-Executive Directors only. Any change to the terms of reference for any Board committee requires Board approval. Board of Bank Asia has established three specialized Board Committee i.e. Executive Committee, Audit Committee and Risk Management Committee.

Corporate Governance

1.12.1 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. As per the BSEC notification no BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, Audit Committee must consist of at least 3 (three) members with 1(one) Independent Director. All the members of Audit Committee should be selected from Directors and the Chairman must be an Independent Director.

Bank Asia's Audit Committee consists of 3 (three) members. All of them are non-executive directors from whom 2 of them are Independent Directors and the Company Secretary of the bank is the secretary of the Audit Committee. Mr. Mashiur Rahman, the Chairman of the audit committee is an Independent Director and from Business Administration background and all the members are knowledgeable in financial industry and have long experience in banking industry. More information about members of Audit Committee is available in the Director's Profile [Page from page no. 20-27](#)

1.12.2 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 EC is 7 (seven) 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.

1.12.3 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 supervises 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, 4 (four) members are in the Risk Management Committee. They set risk appetite; formulate risk identification & control policy, recommend changes to the risk management framework. They also monitor the internal capital adequacy assessment process along with the effectiveness of the risk management framework, policies and standards. The Risk Management Committee assists the Board in relation to the oversight of risk including the risk appetite and risk management strategy.

1.13 CEO & Roles and Responsibilities of CEO

Bank's CEO is Mr. Md. Arfan Ali. The detail information of CEO is given in separate part of director's information [under page no. 27](#)

Roles and Responsibilities of the CEO:

The President and Managing Director is responsible for implementation of Board policies and overall Management of the Bank. He discharges his duties under the delegation of financial, business and administrative authority given to him by the Board.

The main responsibilities and authorities of the Managing Director are as follows:

- The CEO undertakes his own responsibilities when the board vests the financial, business and administrative authorities on him. He remains accountable for achievement of financial and other business targets by means of business plan, efficient implementation and prudent administrative and financial management.
- The CEO ensures compliance of the Bank Company Act, 1991(amended up to 2018) and other relevant laws and regulations in performing routine functions of the bank.
- At the time of presenting any memorandum by the management in the Board Meeting or Board Committee Meeting, the CEO points out if there is any deviation from the Bank Company Act, 1991 (amended up to 2018) and other relevant laws

and regulations.

- The CEO remains accountable to report to Bangladesh Bank if any violation of the Bank Company Act, 1991(amended up to 2018) or of other laws/regulations is occurred.
- The recruitment and promotion of all staff of the bank except those in the two tiers below him rest on the CEO. He acts in such cases in accordance with the approved service rules of the Bank.
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, rests on him that he applies in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he nominates officers for training etc.

1.14 Role of Company Secretary

The Company Secretary of the Bank provides advice and support to the Board, and is accountable to the Board, through the Chairman, for all matters relating to the proper functioning of the Board and its Committees. The Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with Board and Board Committee Charters and procedures. The Company Secretary is appointed and removed by the Board.

1.15 Role of Chief Financial Officer (CFO)

A chief financial officer (CFO) is the senior executive responsible for managing the financial actions of a company. CFO oversee all the financial operations of the organization, including accounting, financial reporting, tax, business control. CFO manage all aspects of financial matters and decision making. Basically, the CFO directs a company's financial goals, objectives and budgets. He also advises the Board of Directors on the kind of actions to be adopted in upholding the high levels of financial control and reporting. Key responsibility and overall financial health of the Bank is separately disclosed in CFO's statement

Corporate Governance

1.16 Role of Head of Internal Audit and Compliance

The Head of Internal Audit and Compliance (HIAC) is responsible for Bank's strategic risk-based internal audit plan and managing the internal audit function in accordance with Bank's internal audit charter. Responsibilities include providing reasonable assurance on the effectiveness of the organization's risk management and the strength of internal controls. The position assesses organization-wide compliance with Bank's internal policies and procedures, laws and regulations, contractual terms and conditions. The Head of Internal Audit reports directly to the Audit Committee of Bank's Board of Directors.

1.17 Attendance of CEO, CFO, CS & HIAC in Board Meeting

The CEO, CS, CFO & HIAC of the Bank attend the meetings of Board of Directors. As Per BSEC that they are not attending the meeting which involve consideration of an agenda item relating to their personal matters. In addition, they are not entitle for any remuneration for attending such meetings of the Board of Directors.

1.18 Governance of Board of Directors of Subsidiary Company

In group concept, Bank Asia limited is parent company with having following three subsidiary companies

- Bank Asia Securities Limited, incorporated in Bangladesh – 99.99% owned
- BA Exchange Company (UK) Limited, incorporated in United Kingdom - 100% owned
- BA Express USA Inc., incorporated in United States of America (USA) - 100% owned

The board of the parent company is aware of the material risks and issues that might affect both the bank as a whole and its subsidiaries. It exercises adequate oversight over subsidiaries while respecting the independent legal and governance responsibilities that might apply to its subsidiary boards.

In order to fulfill its responsibilities, the board of the parent company:

- established a group structure

(including the legal entity and business structure) and a governance framework with clearly defined roles and responsibilities, including those at the parent company level and those at the subsidiary level;

- define an appropriate subsidiary board and management structure to contribute to the effective oversight of businesses and subsidiaries, which takes into account the different risks to which the group, its businesses and its subsidiaries are exposed;
- assess whether the group's corporate governance framework includes adequate policies, processes and controls and addresses risks across the business and legal entity structures;
- ensure the group's corporate governance framework includes appropriate processes and controls to identify and address potential intergroup conflicts of interest, such as those arising from intergroup transactions;
- approve policies and clear strategies for establishing new structures and legal entities, and ensure that they are consistent with the policies and interests of the group
- complied all regulatory requirement regarding monitor and review of subsidiary companies;
- have sufficient resources to monitor compliance of subsidiaries with all applicable legal, regulatory and governance requirements; and
- maintain an effective relationship with regulator and, through the subsidiary board or direct contact, with the regulators of all subsidiaries.

The details information of parent companies Board is given in separate part of this Annual Integrated Report.

Bank Asia Securities Limited

A majority owned (99.99%) subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010

under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2, Dilkusha Commercial Area, Dhaka 1000 which commenced its business on the 17 April 2011. Total paid up capital of BASL is Tk. 2,000.00 million. At the end of December 2018, BASL has following eight (08) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Anisur Rahman Sinha, Director
- Mr. Md. Nazrul Huda, Director
- Ms. Romana Rouf Chowdhury, Director
- Mr. Md. Arfan Ali, Director
- Mr. Md. Sazzad Hossain, Director
- Prof. M. Shahjahan Mina, Director
- Mr. Mohammad Ibrahim Khalil, FCA, Director
- Mr. Sumon Das, CEO

The Board of Directors of BASL conducted their roles and responsibility in line with the Companies Act 1994, Bangladesh Securities and Exchange Commission rules and regulation, Dhaka Stock Exchange rules and regulation parent Board guideline, and other regulatory act or guidance.

BA Exchange Company (UK) Limited

The company 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. The paid up capital of the company is £300,000. At the end of the year 2016, the company has following two (02) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Mohammad Arfan Ali, Director
- Mr. ABM Kamrul Huda Azad, CEO

The Board of Directors of BA Exchange Company (UK) Limited conducted their roles and responsibility in line with all relevant regulatory act or guidance.

Corporate Governance

BA Express USA Inc.

BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014. The paid up capital of the company is USD 960,000. At the end of the year 2016, the company has following three (03) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Rume A Hossain, Director
- Mr. Md. Arfan Ali, Director

The Board of Directors of BA Express USA Inc. conducted their roles and responsibility in line with all relevant regulatory act or guidance.

2. VISION, MISSION AND STRATEGIES OF BANK ASIA:

2.1 Vision/mission statement of Bank Asia Limited

Vision/ mission statements are approved by Board of Directors and are disclosed in Annual Report. The Board of Directors defined Bank's vision, mission, and strategic objectives and strictly adhere to it. Bank Asia strongly believe in the vision and mission and try to believe in the vision and mission and try to accomplish it in every business context as possible. Bank's vision, mission, strategic objective depicted on page no. 10 of this Annual Integrated Report.

2.2 Business Objectives and areas of Business Focus

The Board of Directors of Bank Asia always set business objectives as per market demand. They also set areas for focus in consistent with market. Detail business objectives and areas of business focus depicted on page no. 10 of this Annual Integrated Report.

2.3 Description of strategies to achieve the company's business objectives

Bank Asia always formulate strategies and different action plan in the beginning of the year which are clearly aligned with banks mission, vision and business objectives. Detail strategies to achieve the bank's business objectives depicted on Page no. 98-99 of this Annual Integrated Report.

3. AUDIT COMMITTEES:

The Audit Committee supports the Board with oversight of the integrity of the accounting and financial statements and the financial and statutory reporting processes of the Bank.

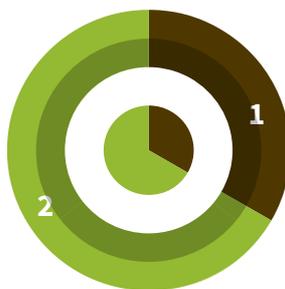
3.1 Appointment and Composition of Audit Committee

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. As per the BSEC notification no BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 Audit Committee must consists of at least 3 (three) members with 1(one) Independent Director. All the members of Audit Committee should be selected from Directors and the Chairman must be an Independent Director.

Bank Asia's Audit Committee consists of 3 (three) members. All of them are non-executive directors from whom 2 of them are Independent Directors and the Company Secretary of the bank is the secretary of the Audit Committee.

Audit Committee Composition

- Non Executive Director
- Non Executive Independent Director



Mr. Mashiur Rahman, the Chairman of the audit committee is an Independent Director and from Business administration background and all the members are knowledgeable in financial industry and have long experience in banking industry. More information about members of Audit Committee is available in the Director's Profile Page.

3.1.1 Chairman of the Audit Committee – an Independent Director

Mr. Mashiur Rahman, the Chairman of the Audit Committee is an Independent Non –Executive Director. He is a renowned banker and former Managing Director of IFIC Bank with having 4 decades of banking experience. More information about him is available in the Director's Profile Page.

3.1.2 Terms of Reference – Audit Committee

Audit committee takes up the responsibilities to supervise the management and control of 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, accounting policies & principles, hiring of external auditors, significant related party transaction, 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.

3.1.2.1 Key responsibilities of Audit Committee – as per Terms of reference

Financial Reporting

- Monitor the financial reporting process and ensure the integrity of the Bank's consolidated financial statements.
- Review the Bank's consolidated financial statements and any announcements relating to the Bank's financial performance prior to submission to the Board.
- Review the significant financial reporting issues and judgment to ensure the integrity of the statements

Corporate Governance

Internal Control

- Review the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as accounting policies and systems
- Approve changes to the Group Disclosure Policy

Internal Audit

- Review the adequacy and effectiveness of the Bank's internal audit function and processes, as well as ensure that Bank Audit is adequately resourced and set up to carry out its functions, including approving its budget.
- Oversee the Internal Audit.
- Review Bank Audit's plans, its effectiveness and the scope and results of audits.
- Approve the hiring, removal, resignation, evaluation and compensation of Head of Internal Audit.

External Audit

- Determine the criteria for selecting, monitoring and assessing the external auditor. Make recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor.
- Review the scope and results of the external audits and the independence and objectivity of the external auditor
- Review the assistance given by management to the external auditor

Related party transactions

- Review all material related party transactions (including interested person transactions) and keep the Board informed of such transactions, and the findings and conclusions from its review.

3.1.3 Audit Committee comprises of Non-Executive Directors

All the members of the Audit Committee are Non – Executive Directors. No executive of Bank Asia is eligible to become a member of Audit Committee.

3.1.4 All members are suitably qualified and expertise in Finance and Accounting

All member of the audit committee are suitably qualified and all of them have expert knowledge of finance and accounting. All members of Audit Committee are very competent and come from a variety of educational backgrounds which brings a diversity and uniqueness in the committee.

3.1.5 Accessibility of Head of Internal Audit to the meeting of the Audit Committee

The Head of Internal Control and Compliance Mr. Aminul Islam Mintu, FCCA has direct access to the Audit Committee and he can raise any concern whenever required to Audit Committee.

3.1.6 Audit Committee meeting

The Audit Committee conducted 6 (Six) meetings during the Year 2018. The attendance status of the meeting is [given in page no 221](#) of the report.

The number of Directors required to constitute a quorum is two. Of them one shall be Independent Director and Company Secretary shall act as the secretary of the committee.

3.2 Objectives and Activities of Audit Committee

Audit Committee of the Board has following objectives:

- the integrity of the financial statements and financial reporting systems and matters relating risks;
- the external audit engagement, including the external auditor's qualifications, performance, independence and fees;
- performance of the internal audit function;

- financial reporting and compliance with prudential regulatory reporting. With reference to the Board Risk & Compliance Committee, this includes an oversight of regulatory and statutory reporting requirements; and
- procedures for the receipt, retention and treatment of financial complaints, including accounting, internal controls or auditing matters, and the confidential reporting by employees of concerns regarding accounting or auditing matters.

3.2.2 Role to ensure making compliance with laws, regulation

The effectiveness of internal controls is continuously reviewed by the Audit Committee to ensure that they are working adequately and effectively. Audit Committee regularly evaluates the adequacy and effectiveness of the Bank's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports prepared by Internal Control and Compliance Division. Audit Committee also reviews ICCD's recommendations and management responses to these recommendations to ensure any lapses/deficiencies identified are being dealt with adequately and promptly.

3.2.3 Audit Committee's involvement in the review of external audit function

The Audit Committee and the Board place great emphasis on the objectivity and independence of the external auditors in providing relevant and transparent reports to the shareholders. In line with this, the Board has delegated the responsibility to assess the suitability, objectivity, and independence of the Bank's appointed external auditors to the Audit Committee. This responsibility is enshrined in the Audit Committees' Terms of Reference, while the procedures and processes for the conduct of such assessment are guided by the Group's Framework on Appointment of External Statutory Auditors for Provision of Statutory Audit and Non-Audit Services. The Audit Committee conducts such assessments on an annual basis. On that note, the external auditors have provided their written assurance to the Bank in

Corporate Governance

respect of their independence for FY 2018. In respect of fees, the details of the statutory audit and audit fees incurred for FY 2018 are set out under Note 32 on page 330 of the Financial Statements Annual Report 2018. To ensure full disclosure of matters, the external auditors are regularly invited to attend the Audit Committee meetings as well as general meetings of Bank.

3.2.4 Selection of appropriate accounting policies

The Board is also assisted by the Audit Committee in overseeing the financial reporting process and the quality of the Bank's financial statements to ensure that the Board dispenses with its fiduciary responsibility to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Bank's financial position, financial performance, and prospects. The Audit Committee is also tasked to review the appropriateness of the accounting policies applied by the Bank as well as the changes in these policies. Based on the Audit Committee's recommendations, the Board also ensures that the Bank's financial statements prepared for each financial year sets out a true and fair view in accordance with Bangladesh Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1994 and Bank Company Act 1991 (amended up to 2018).

3.2.5 Audit Committee involvement in interim financial statements

To comply BSEC Corporate Governance Code dated June 3, 2018 and Bangladesh Bank DFIM Circular No. 13 dated October 26, 2011 Audit Committee review along the management, the quarterly and half yearly financial statements before submission to the Board for approval.

3.2.6 Review of reliability of the management information used for such computation

Audit Committee expressed its satisfaction to the Board on the reliability of management information used for preparation of Financial Statements. Based on the Internal Audit Function and Statutory Auditor observation Audit Committee review the reliability of

information used for preparing such computation.

4. INTERNAL CONTROL AND RISK MANAGEMENT:

4.1 Bank Asia's Board responsibility to establish appropriate Internal Controls

To ensure good governance in the bank management it is essential to have specific internal control. A strong internal control system can ensure the achievement of banks' goals and objectives with long term profitability. It also helps to comply with rules and regulation as well as policies and to minimize the financial and reputational losses.

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. Along with Board of Directors internal control is affected by the senior management, audit committee and all level of personnel. Bank Asia follows the Bank Company Act, 1991 (amended up to 2018) Section 15 (kha) & (ga) that gives the responsibility to the Board of Directors for establishing policies for the bank company, for risk management, internal controls and compliance for ensuring their implementation.

4.2 Key features of Internal Control system and monitoring technique

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal controls include:

Organization Structure:

The Board has established an organization structure with clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment.

Annual Business Plan and Budget:

An annual business plan and budget are submitted to the Board for approval. Performance achievements are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board reviews regular reports from the Management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the Bank's policies.

Risk Management Committee:

The Board has delegated the risk oversight responsibility to the Risk Management Committee (RMC). The committee is responsible for formulating policies and frameworks to identify, measure, monitor, manage and control the material risk components impacting the businesses. The effectiveness of the risk management system is monitored and evaluated by the Risk Management Committee, on an on-going basis.

Written Control Policies

A written Annual Performance (APA) and Internal Control Policy (ICP) from Management are in place. The APA outlines the specific responsibilities of the various divisions/ departments, the Management, the Internal Audit Committee and the Audit Committee of the Board pertaining to internal control. The ICP is to create awareness among all employees with regard to the internal control components and basic control policy.

Risk Appetite

Risk Appetite refers to the broad types and amounts of risks that a bank is willing to undertake in implementing its business strategy.

4.3 Directors have reviewed the adequacy of the system of internal controls

Based on the internal controls established and maintained by the Bank, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as with CEO and CFO assurance, the Board, with the concurrence of the Audit Committee, is of the opinion that the Bank's internal controls adequate and effective as at 31 December 2018 to address financial, operational, compliance risks and information technology risks which the Bank considers relevant and material to its operations.

Corporate Governance

4.4 Identification of key risk Bank is exposed to both internally and externally

Bank Asia is fully aware of the paramount importance of being proactive and systematic in the management of risks that Bank business faced in daily operations. Accordingly, Bank Asia focused on maximizing risk management capacity to effectively cope with a crisis of any magnitude and manage diverse risks inherent in business activities. Risks associated with credit, market, liquidity and operations are managed through detection, measurement, monitoring, control and reporting in accordance with guidelines.

In 2018, Bank Asia improved non-performing loan (NPL) ratio and delinquency ratio through a continued balancing of the high risk portfolio, while maintaining a high degree of asset soundness and capital adequacy through portfolio optimization and risk management system upgrades. In addition, efforts were made to institute a front office-centered risk management culture, and also able to made significant improvements in crisis management ability by building an early-warning system designed to detect the first sign of an undue rise of industry risk.

Risk Governance:

Bank Asia has established and operates an advanced control system that comprehensively and systemically manages all possible risks. Board of Directors (BoD) of Bank Asia Limited has set in place the environment and systems to manage risks in accordance with guidelines set for business strategies, and delegates a portion of its risk management authority and responsibilities to the Risk Management Committee.

The Risk Management Committee is the highest decision-making body in terms of risk management. Its main functions are to establish, approve and manage risk policies and master risk management plans, in order to manage risks inherent in the operations level. There are more management level committee like ERM, SRP, PRC & CRMC.

Credit Risk Management:

Credit risk originates from the possibility of losses arising from the total or partial failure of borrowers or counterparties to meet their financial obligations. These risks are inherent in all conventional financial products such as loans and credit card debt as well as derivatives and other trades.

Bank Asia has set in place an in-house credit rating system and an independent risk management organization, as well as an early warning and other monitoring systems, in an all-out efforts to ensure comprehensive management of credit risks. Bank also operate such risk management systems as credit rating and pricing models each differed by type of asset – retail or corporate – to measure the likelihood of counterparty defaults. In addition, by setting credit limits by industry based on industrial credit ratings as well as by country and financial institution, Bank have diversified portfolio, thereby minimizing potential risks resulting from counterparty defaults.

Market Risk Management:

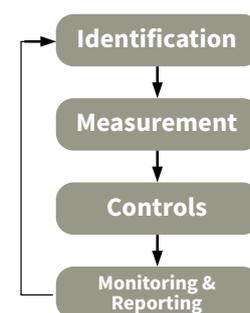
Market risk is the possibility of losses from marketable assets and liabilities under management due to fluctuations in interest rates, stock prices, foreign exchange rates and other market prices. The primary goal of market risk management therefore is to control potential losses in assets and debts arising from fluctuations in interest rates, stock prices and exchange rates within an acceptable range and thus secure both profitability and stability. To preemptively manage market risks, Bank Asia has set limits on exposure, value at risk (VaR), loss and other various market risks by product, division and other detail unit.

Liquidity Risk Management:

Liquidity risk is the risk of insolvency stemming from a shortage of funds due to a disparity between investment and funding periods or an unforeseen massive capital outflow, or the risk of paying opportunity costs arising from having to borrow funds or dispose of assets. Therefore, the key purpose of managing liquidity risks is to detect liquidity volatility factors in a timely manner, systematically manage funding obligations and investment maturities at an adequate liquidity level, and thus ensure a stable flow of revenue. Bank Asia not only sets limits on major liquidity risk management indicators, but also has an early warning system to identify a potential liquidity risk issue arising in the financial market. In addition, potential liquidity issues are constantly monitored through application of various liquidity stress scenarios, statistical analysis and capital amount simulations. Contingency plans are also in place for various types of liquidity crisis.

Operational Risk Management:

Operational risk is the risk of incurring losses resulting from inappropriate operation of human resources, internal processes or systems, or from an external circumstance. In general, operational risk is associated with overall business and marketing activities of a company. In other words, the operational risk of incurring losses not only stems from an internal operational defect or failure but also lies in an unpredictable non-financial risk arising outside the company such as natural disasters or terrorist attack. Bank Asia regularly measures the level of operational risks following changes in the business environment or in the level of internal control, with an aim to maintain and control operational risks at a manageable level at all times.



Corporate Governance

4.5 Strategies adopted by Bank Asia to manage and mitigate the risks

Bank Asia always pursues the industry's highest level of asset soundness. To achieve this, Bank Asia always focus on strengthening crisis management ability in preparation for any spike of uncertainty in global financial markets and economic downside risks. Bank Asia plan to bolster weaknesses in certain sectors, while preemptively responding to the toughening of different regulations and other changes in the business environments at home and abroad. Bank Asia able to manage the growth of loan assets up to a level where stable capital adequacy can be maintained. We also pursue an adequate degree of profitability based on risk tolerance level, and manage exposures by size, industry and product, in order to reduce credit concentration risks and balance our loan portfolio. Asset soundness is managed through continued improvement of credit evaluation systems and loan screening process. In particular, high risk loans are managed through the identification of borrowers at potential risk based on a systematic credit risk assessment employing early-warning systems and regular or irregular auditing of borrowers' credit standing. However, details of the risk management strategies are described in Page No. 111-125

5. ETHICS AND COMPLIANCE:

5.1 Disclosure of statement of Ethics and values

The Code provides a set of guiding principles to help us make the right decisions, ensuring as a Financial Institution Bank Asia uphold its reputation as a compliant Bank. As a member of the banking and finance industry, employees of Bank Asia are also committed to creating greater accountability, transparency and trust with customers and the broader community. With that in mind, the principles within the Code of Bank Asia also reflect the community's expectations, such as those outlined in the Banking and Finance Oath. The Code has the full support of the Board and the Senior Management and all employees of the Bank take compliance with the Code very seriously. The complete Code of Conduct can be read on page. 11, 13 of this Annual Integrated Report 2018.

5.2 Dissemination of the statement of ethics and code of conduct

Bank Asia, as a custodian of public funds, has a responsibility to safeguard its integrity and credibility. Therefore, Bank Asia sets out clearly the code of ethics and conduct for its employees. The code stipulates the sound principles that will guide all employees in discharging their duties. It sets out the standards of good banking practice. For any new conduct related issues, Human Resources Division time to time circulate it to the employees of Bank Asia Limited.

5.3 Board's commitment to establishing high level of ethics and compliance

Bank Asia's Board of Directors has always been committed to establishing a high level of ethics and compliance among all employees of the Bank. Board of Directors always encouraged management so that every employee maintains a high ethical standards. The Board of Bank Asia also acknowledge its responsibility for ensuring that the bank's business activities are conducted in accordance with the highest standard of ethics and compliance.

5.4 Establishment of Anti-Fraud program and whistle Banking Policy

5.4.1 Whistle- blowing policy

The Bank has in place a whistle-blowing policy which encourages all staff and members to raise genuine concerns or suspicions about possible improprieties in accounting, auditing, financial reporting or any other fraudulent activities. Procedures for handling of feedback/complaints received from customers and independent investigations to be conducted have been established.

5.4.2 Establishment of effective anti-fraud program and controls

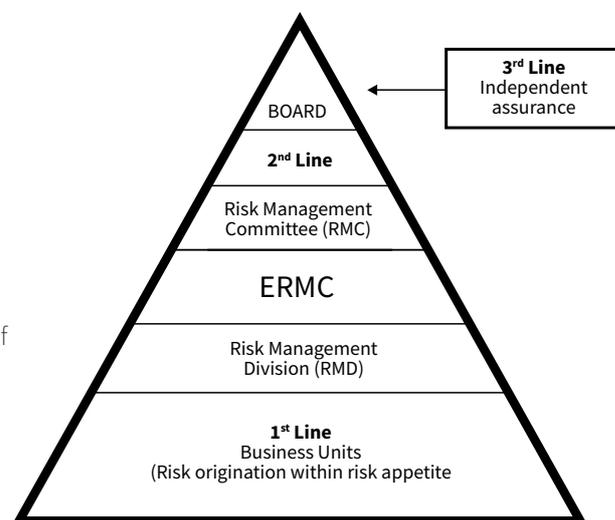
The anti-fraud program help bank to support its commitment to protecting revenue, reputation and other assets. Bank Asia established anti-fraud and anti-corruption program for the employee by conducting different trainings.

5.4.3 Accountability

The Board provides shareholders with quarterly and annual financial results. In presenting these statements, the Board aims to provide shareholders with a balanced and understandable assessment of the Bank's performance and position with a commentary at the date of announcement of the competitive conditions within the industry in which it operates. The Management provides all directors periodically with accounts and detailed reports on the Bank's financial performance and related matters prior to each Board meeting. The directors may at any time seek further information from and discuss with the Management on the Bank's operations and performance. Compliance Department with direct reporting line to the Risk Management Committee is set up to ensure compliance with legislative and regulatory requirements. The Board believes in conducting itself in ways that will deliver maximum sustainable value to all shareholders.

5.4.4 Avoiding conflict of interest

In Financial Institution like Bank, there exists high possibility of arising conflicts of interest between Board of Directors and the



Corporate Governance

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.

5.4.5 Related Party Transaction

The Company has in place policies and procedures governing related party transactions. The Board approves all related party transactions and ensures that these transactions with the Company are undertaken on an arm's length basis. The Audit Committee reviewed all material related party transactions and kept the Board informed of such transactions. During the year, the Company had collected deposits from its Directors and their related parties. No preferential treatment had been extended to the Directors and their related parties for these deposits.

5.4.6 Confidential Information

Bank Asia is committed to making information about its operation available to the public. Though there are some price sensitive information are related with the operation of the Bank. Until an announcement in relation to such information is made, directors and all employees of the Bank must ensure that such information is kept strictly confidential.

5.4.7 Insider Trading

Insider trading is the trading of a public company's stock or other securities (such as bonds or stock options) by individuals with access to nonpublic information about the company. Insider trading is illegal because it gives the insider an unfair advantage in the market, puts the interests of the insider above those to whom he or she owes a fiduciary duty, and allows an insider to artificially influence the value of a company's stocks. The Board member shall also not pass such information to someone who buy or sell securities. Accordingly, Bank Asia's Board designed the Code of Conduct for all the members of the Board and abide by the code of integrity and good governance in line with the National Integrity Strategy of Bangladesh.

6. REMUNERATION COMMITTEE

6.1 Charter of Remuneration Committee

As per Bangladesh Bank BRPD Circular no. 11 dated October 27, 2013, every bank have to form three committee in addition to the Board of Directors i.e. 1 (one) executive committee, 1(one) audit committee and 1(one) risk management committee. The mentioned circular also restricted to form any other permanent, temporary or sub- committee except the above mentioned three committees. As such Bank did not form any remuneration committee or other board committee on permanent basis.

6.2 Composition of Remuneration Committee

Bank Asia has a 5 (five) member's special committee on policy formulation that also work as compensation/ remuneration committee. That committee mainly recommends to Board about mode of annual performance bonus disbursement, annual increment etc.

At Management level Managing Director, Head of Human Resources Division and Chief Financial Officer are charged with governance of compensation and remuneration. Usually they make to proposition to the Board which is then reviewed and validated by special policy committee of the Board. After incorporating their recommendations the compensation / remuneration decisions are approved by the Board. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance-based compensation by ensuring effective remuneration policy; procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels. Meeting regarding overseeing the remuneration related policy by the President and Managing Director, Senior Management, Head of Human Resources Division and Chief Financial Officer was held on need basis.

6.3 Key policies with regard to remuneration of directors, senior management and employees

As per Bangladesh Bank Circular directors are only entitled to the remuneration for attending the meeting of the board and its sub- committee. For attending the Board Meeting, Audit Committee Meeting, Executive Committee Meeting and Risk Management Committee Meeting, the Directors receive an honorarium of Tk.8,000.00 each.

6.4 Number of meeting of Remuneration Committee

Bank Asia revised pay scale of the employees in 2018. For finalization of the revised pay scale, four meetings of the HR committee were held in 2018.

6.5 Remuneration of directors, chairman, chief executives and senior executives

6.5.1 Chairman and directors

During 2018, the expenditures incurred related to directors were Tk. 3,656,000 for Directors' honorarium and Tk. 69,600 for Directors' Traveling purpose.

6.5.2 President and Managing Director

Total remuneration to President and Managing Director for the year 2018 is Tk. 13,900,000.

Corporate Governance

and in the year 2017 was Tk. 13,900,000

6.5.3 Remuneration of Senior Executives

Bank Asia set remuneration policy and always update it accordingly. Remuneration for senior executives in market-based and competitive in order to attract, motivate and retain skilled and competent employees.

Name	Designation	Gross Earnings
Mr. Md. Zahirul Alam	DMD	71,94,948
Mr. Mohammad Borhanuddin	DMD	58,26,352
Mr. Md. Sazzad Hossain	DMD	57,16,676
Mr. Mohammad Ziaul Hasan Molla	DMD	53,98,778

7. HUMAN CAPITAL

Bank Asia always believes any expenditure in training, development, health and support is an investment, not just an expense. Being a value driven organization, Bank Asia considers its employees as the most precious capital that play the vital role in materializing the mission, vision, goals and objectives of the bank.

7.1 Human Resource Policy

The Human Resource policy of Bank Asia serves as a baseline with clarity on the philosophy and principles for People Management and Development in Bank Asia. It incorporates key principles and philosophies that support Bank Asia's Mission and Vision. The Human Resource Policy consists of a set of policies and guidelines that governs all aspects of human resource management, from talent acquisition and development, performance and consequence management, code of conduct to cessation of employment. A Disciplinary Policy is also established to provide for a structure where disciplinary matters are dealt with fairly, consistently and in line with the prevailing labor laws and employment regulations.

7.1.1 Human Resource Accounting

Human Resource accounting is the process of recognizing the value of a company's investment to its employees and reporting the investments in the balance sheet which is currently accounted as a simple operational expense in the traditional accounting practices that dealt with only physical asset creation. Unlike this traditional concept, in HR accounting the investments made in human resources are viewed as a capital expenditure because of the benefits that can be enjoyed for a long period of time and measured in monetary terms. HR accounting provides valuable information to the investors who are interested to make long term investment in the company.

Balance Sheet including Human Capital

Million Tk.

	31-Dec-18	31-Dec-17
Total Asset (Conventional)	307,291	288,997
Human Asset (Individuals' value)	18,955	16,896
Value of investments	22	15
Total Asset including Human Asset	326,269	305,908
Capital & liabilities		
Total Liabilities (Conventional)	307,291	288,996
Human Capital	18,977	16,911
Total Capital & Liabilities including Human capital	326,269	305,907

Bank Asia reported the total value of Human Capital to be Tk. 18,977 Million in the year 2018 compared to Tk. 16,911 million in 2017 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement.

7.2 Organizational Chart

Bank Asia's organizational chart outlines the internal structure of the Company. It emphasizes on the roles, responsibilities and relationships between individuals within the Company. It is used to illustrate the structure of Bank Asia as a whole as well as the Company segregated by divisions and departments

Corporate Governance

The organizational chart is shown on [page no. 17](#) of this annual integrated report.

8. COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

8.1 Strategy to facilitate effective communication with shareholder and other stakeholders

Bank Asia always perform different kinds of activities which promote regular, effective and fair communication with shareholders. All press statements and quarterly financial statement are published on Bank's website. The Board also provides shareholders with quarterly and annual financial reports. In presenting these statements, the Board aims to give shareholders a balanced assessment of Bank's performance. The Board also emphasize on timely and full disclosure of material corporate development to shareholders. For investment purpose, a dedicated investor relations team supports the CEO and the CFO in maintaining a close and active dialogue with investors. Bank Asia's website provides contact details for investors to submit their feedback and raise any questions. As a part of our communication strategy, following approaches are regularly reviewed to encourage effective two-way communication with shareholder and utilize new technologies:

- direct communication via mail and email
- the publication of all relevant company information in website

8.2 Policy on ensuring participation of Shareholders in AGM

The Bank strongly encourages and supports shareholder participation at its AGM. The Bank sends out the Notice at least 14 to 21 days before the AGM which provide ample time for shareholders to receive and review the Notice and reply with their attendance. The Bank holds the AGM at a central location with convenient access to public transportation. A registered shareholder who is unable to attend may choose to appoint one proxy to attend and vote on his behalf. As the authentication of shareholder identity information and the integrity of the information transmitted still remain a concern, the Bank has decided, for the time being, not to implement voting in absentia by mail, email or fax. Shareholders are allowed to speak in the AGM freely to give their valuable suggestions.

8.2.1 Uphold Shareholder Right

The Company advocates fair and equitable treatment to all shareholders. All price-sensitive information is timely disclosed publicly. Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders and they are informed of the rules, including voting rights and procedure that governs such general meetings of shareholders. Shareholders are entitled to attend and vote at the AGM by person or proxy.

8.2.2 Redressed of Shareholders Complaints

Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports, and dividend timely and other share related matter is resolved lawfully in time.

9. ENVIRONMENT AND SOCIAL OBLIGATION

9.1 Policies and practices relating to social and environmental responsibility of Bank Asia Limited

Bank Asia is committed to giving back to the society and advocating good environmental practices. Bank Asia carefully planned CSR activities to address the various needs of the community as well as to encourage employees to play an active role.

In response to the worldwide call for global warming reduction, Bank Asia is committed to reduce energy usage and office consumables. Reduction in paper usage is achieved by making reports available in soft copies and encouraging staff to print on both sides of the paper and print documents only when necessary. To reduce power consumption, electrical devices and equipment are switched off when not in use and lights in the buildings appropriately dimmed after office hours. Bank Asia will continue to raise the level of awareness amongst staff and step up on recycling efforts in all aspects of our operations. General description of Bank's policies and practices relating to social and environmental responsibility of Bank Asia Limited [are described in page no. 187-189](#)

9.2 Bank Asia's Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices

Bank Asia as a socially committed organization has taken several initiatives related with social and environmental responsibilities which [are described in page no. 187-189](#)

9.2.1 Sustainability Reporting

Bank Asia is the first Bank in Bangladesh which has the pride to publish GRI Certified Sustainability Report. Since 2012 Bank Asia has been publishing Sustainability report as per GRI standard content index. Sustainability reporting discloses how business impacts are the social, environmental and economic aspect of the surroundings. It also includes the aspect of Corporate Governance with importance.

Corporate Governance

CERTIFICATE AND COMPLIANCE CHECKLIST

Certificate on compliance of Corporate Governance Certificate from professional accountant on compliance of corporate governance is exhibited in [page no.221](#) of the Annual Integrated Report 2018.

BSEC compliance for Chief Executive Officer and Chief Financial Officer's Statements of Responsibilities

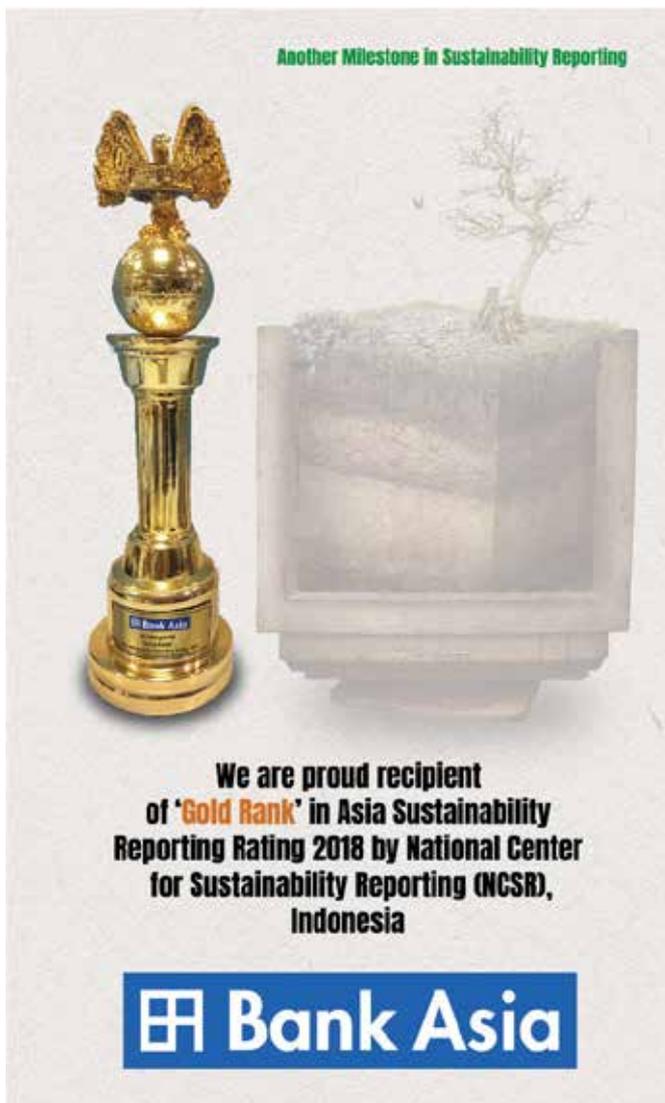
Chief Executive Officers and Chief Financial Officer Statement in line with BSEC notification is given in [page no.201](#)

Status of compliance in line with Bangladesh Securities and Exchange Commission (BSEC) regulation

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969: (Report under Condition No. 7.00) is exhibited in a separate segment [page no.223-230](#)

Status of compliance in line with Bangladesh Bank regulation

Status of compliance in line with Bangladesh Bank regulation is given in [page no.233-243](#)



Sirajdikhan Ma-Amiran Hospital at Makhanagar, Sirajdikhan, Munshigonj- a CSR initiative by Bank Asia

Corporate Governance

Committee Meeting

Board meeting held in 2018

Statement of Board meetings held and the attendance of Directors from 01.01.2018 to 31.12.2018 :23

SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A Rouf Chowdhury	23	23	0	
2.	Mr. Mohd. Safwan Choudhury	23	14	9	
3.	Mr. Md. Nazrul Huda	23	22	1	
4.	Mr. Rume A Hossain	15	12	3	From 14.05.2018
5.	Mr. Mashiur Rahman	23	22	1	
6.	Ms. Hosneara Sinha	23	0	23	
7.	Ms. Naheed Akhter Sinha	23	1	22	
8.	Mr. M Irfan Syed	17	14	3	Upto 03.10.2018
9.	Major General Mohammad Matiur Rahman (retd.)	23	20	3	
10.	Ms. Romana Rouf Chowdhury	23	20	3	
11.	Mr. M Shahjahan Bhuiyan	23	14	9	
12.	Mr. Dilwar H Choudhury	18	15	3	From 12.04.2018
13.	Ms. Farhana Haq	16	1	15	From 14.05.2018
14.	Ms. Mahrina Chowdhury	4	0	4	From 14.05.2018 to 27.06.2018 & from 04.10.2018
15.	Mr. Ashrafal Haq Chowdhury	5	1	4	From 12.11.2018
16.	Mr. Enam Chowdhury	11	9	2	From 27.06.2018 to 04.10.2018 & from 18.12.2018

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

Executive Committee (EC) meeting held in 2018

Statement of Executive Committee (EC) meetings held and the attendance of Directors from 01.01.2018 to 31.12.2018: 45

SI No.	Name	Total EC meeting held	No. of meeting Attended	No. of meeting absent	Remarks
1.	Mr. A Rouf Chowdhury	45	39	6	
2.	Mr. M Shahjahan Bhuiyan	45	26	19	
3.	Mr. Md Nazrul Huda	45	43	2	
4.	Mr. M Irfan Syed	34	29	5	Upto 03.10.2018
5.	Ms. Romana Rouf Chowdhury	45	38	7	
6.	Mr. Rume A Hossain	27	27	0	From 14.05.2018

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

Audit Committee (AC) meeting held in 2018

Statement of Audit Committee meetings held and the attendance of Directors from 01.01.2018 to 31.12.2018: 6

SI No.	Name	Total Audit meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Mashiur Rahman	6	6	0	
2.	Mr. Mohd. Safwan Choudhury	6	4	2	
3.	Mr. Dilwar H Choudhury	4	3	1	From 30.04.2018

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

Corporate Governance

Risk Management Committee meeting held in 2018

Statement of Risk Management Committee meetings held and the attendance of Directors from 01.01.2018 to 31.12.2018 (30th to 34th RMC): 5

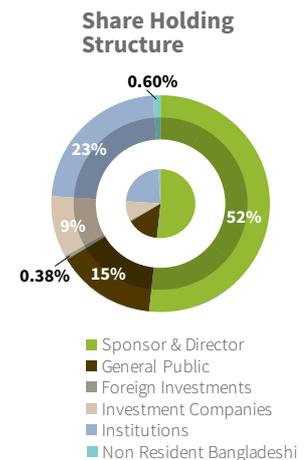
SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Md. Nazrul Huda	5	5	0	
2.	Mr. M Irfan Syed	4	4	0	Upto 03.10.2018
3.	Mr. A Rouf Chowdhury	2	2	0	Upto 03.07.2018
4.	Ms. Romana Rouf Chowdhury	5	4	1	
5.	Mr. Rume A Hossain	3	3	0	From 03.07.2018
6.	Mr. M Shahjahan Bhuiyan	3	3	0	From 03.07.2018

The Risk Management Committee has granted leave of absence against the absentee directors of the meeting

Shareholding Structure

At the end of the year 2018, the shareholding structure of Bank Asia Limited was as follows:

Category	No. of shareholders As on 31-12-2018	Total No. of shares as on 31-12-2018	% of total holdings as on 31-12-2018
Sponsors & Directors	27	580,171,212	52.25%
General Public	9,871	168,707,497	15.19%
Foreign Investments	4	4,244,723	0.38%
Investment Companies	75	95,345,747	8.59%
Institutions	296	255,227,403	22.99%
Non Resident Bangladeshi	71	6,690,904	0.60%
Total	10,344	1,110,387,486	100.000



Classification of shareholders by holding as on 31.12.2018

Holding	No. of shareholders as on 31-12-2018	% of total holdings as on 31-12-2018	Shares
less than 5000	7,767	0.833	9,244,666
5000 to 50000	2,150	2.650	29,428,682
50001 to 100000	149	0.946	10,506,501
100001 to 200000	77	0.953	10,581,100
200001 to 300000	41	0.924	10,260,645
300001 to 400000	9	0.271	3,008,923
400001 to 500000	14	0.587	6,520,803
500001 to 1000000	30	1.903	21,130,028
1000001 to 10000000	80	24.603	273,185,319
over 10000000	27	66.330	736,520,819
TOTAL	10,344	100.00	1,110,387,486

Pattern of Shareholding

Breakup of shareholding pattern as per clause 1.5 (xxi) of Bangladesh Securities and Exchange Commission notification no. SEC/CMRRC/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	Bank Asia Securities Limited	99.997% owned by Bank Asia
2	BA Exchange Company (UK) Limited	100% owned by Bank Asia
3	BA Express USA Inc.	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)

Sl. No.	Name of The Directors	No. of shares held as on 31-12-2018
1	MR. A. ROUF CHOWDHURY	22,238,237
2	MR. MOHD. SAFWAN CHOUDHURY (REPRESENTING PHULBARI TEA ESTATES LIMITED)	43,491,664
3	MR. RUMEE A. HOSSAIN AND HIS SPOUSE	43,186,013
4	MS. HOSNEARA SINHA AND HER SPOUSE	58,506,418
5	MS. NAHEED AKHTER SINHA AND HER SPOUSE	60,475,756
6	MS. ROMANA ROUF CHOWDHURY (REPRESENTING MAYA LIMITED)	39,694,473
7	MAJ. GEN. MOHAMMAD MATIUR RAHMAN (RETD.) (REPRESENTING SINHA FASHIONS LIMITED)	22,287,081
8	MS. FARHANA HAQ	52,211,661
9	MS. MAHRINA CHOWDHURY	29,817,617
10	MR. ENAM CHOWDHURY (REPRESENTING AMIRAN GENERATIONS LIMITED)	45,293,934
11	MR. MASHIUR RAHMAN (INDEPENDENT DIRECTOR)	NIL
12	MR. M. SHAHJAHAN BHUIYAN (INDEPENDENT DIRECTOR)	NIL
13	MR. MD. NAZRUL HUDA (INDEPENDENT DIRECTOR)	NIL
14	MR. DILWAR H CHOUDHURY (INDEPENDENT DIRECTOR)	NIL
15	MR. ASHRAFUL HAQ CHOWDHURY (INDEPENDENT DIRECTOR)	NIL
Total		417,202,854

Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouse

1	Chief Executive Officer's Spouse	88
2	Company Secretary	NIL
3	Chief Financial Officer	NIL
4	Head of ICCD	10,000

c) Executives

1	Mr. Md. Zahirul Alam	NIL
2	Mr. Mohammad Borhanuddin's spouse	3,375
3	Mr. Md. Sazzad Hossain	10,000
4	Mr. Sarder Akhter Hamed	NIL
5	Mr. S.M. Iqbal Hossain's Spouse	15,570

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

Credit Rating Certificate

CREDIT RATING AGENCY OF BANGLADESH LIMITED 

Ref: AGL (01)/RCM/180623/2018-13552

27 June 2018

Mr. Md. Arfan Ali
President & Managing Director
Bank Asia Ltd.
Corporate Office
Rangs Tower
68 Topkhana Road
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	AA+
Short Term	ST-2
Outlook	Stable

The entity rating is valid up to 30 June 2019. 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,

Hamdul Haq
Managing Director

Nasaba Hill Tower, Level-35, Plot-06, Panthapath, Tejgaon, Dhaka-1215; E-mail: info@crab.com.bd, Web: www.crab.com.bd, www.creditrating.com
☎ +88-02-55013678, 55013679, 55013681, 55013682, 55013683 (Fax) 55013684

Corporate Governance Compliance Certificate

 **PODDER & ASSOCIATES**
Cost and Management Accountants

Report to the Shareholders of Bank Asia Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Bank Asia Limited for the year ended on 31st December 2018. This Code relates to the Notification No. BSSE/CM/RC/2006-118/2017/Admn/91, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except conditions number 1(C)(a), 1(C)(b) & 4 which are waiting to comply as per Bangladesh Bank guideline;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is highly satisfactory.

For Podder & Associates

Jayanta Kumar Podder
Cost & Management Accountants

Place: Dhaka
Dated: 28th March 2019

N/1 (Ground Floor), Begun Bagicha, Dhaka-1000. Phone: 02-57162060, 02-57162425, E-mail: info@podder.com, Web: www.podder.com

Corporate Governance Compliance Checklist in line with Bangladesh Securities and Exchange Commission (BSEC) Regulation

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969

(Report under Condition No. 9.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1	Board of Directors.-			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not to be less than 5 (five) and more than 20 (twenty).	✓		The Board of Bank Asia Limited is comprised of 16 Directors including Managing Director.
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		05 out of 16 directors are appointed as Independent Director
1(2)(b)	For the purpose of this clause "independent director" means a director			
1(2)(b)(i)	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;	✓		Does not hold any share of the Company
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	✓		The Independent Directors have declared their compliances.
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		-
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		-
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		-
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		-
1(2)(b)(vii)	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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		-
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	✓		-
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓		-
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1(2)(c)	The independent director(s) shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM);	✓		-
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	✓		-
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		-
1(3)	Qualification of Independent Director.-			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business.	✓		-
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or bussiness association;	-	-	N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	✓		-
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or bussiness or law;	✓		-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	✓		-
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	N/A
1(3)(c)	The independent director shall have at least 10(ten) years of experiences in any field mentioned in clause (b);	✓		-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	No such deviation occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive officer;	✓		-
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	-	-	No such event arose
1(5)	The Directors' Report to Shareholders The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994(Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		-
1(5)(ii)	The Segment-wise or product-wise performance;	✓		-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		-
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			No such event arose
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;	✓		-
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc;			No such event arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	✓		-
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		-
1(5)(xi)	A statement that 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;	✓		-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		-
1(5)(xiii)	A statement that 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;	✓		-
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		-
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;	✓		-
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		-
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-	-	The Company has declared 5% stock & 5% Cash dividend.
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		-
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		-
1(5)(xxiii)(c)	Executives;	✓		-
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).	✓		-
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	✓		-
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas;	✓		-
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		-
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		-
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	-	-	N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		-
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		-
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		-
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		-
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			N/A
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including ,among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers and independency.			N/A
2	Governance of Board of Directors of Subsidiary Company,-			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓		-
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	✓		-
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		-
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		-
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Complied	
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		-
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		-
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		-
3(3)(a)(ii)	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;	✓		-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or in violation of the code of conduct for the company's Board or its member;	✓		-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		-
4.	Board of Director's Committee.-For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee;	✓		-
4(ii)	Nomination and Remuneration Committee.			N/A
5.	Audit Committee.-			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
5(1)(b)	The Audit Committee shall assist the Board 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;	✓		-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		-
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		-
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	✓		-
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten) years of such experience;	✓		-
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before 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 shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		-
5(2)(e)	The company secretary shall act as the secretary of the Committee.	✓		-
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		-
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	✓		-
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	✓		-
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		-
5(3)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		-
5(5)	Role of Audit Committee			The
5(5)(a)	Oversee the financial reporting process;	✓		-
5(5)(b)	Monitor choice of accounting policies and principles;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	✓		-
5(5)(d)	Oversee hiring and performance of external auditors.	✓		-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		-
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓		-
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓		-
5.5(h)	Review the adequacy of internal audit function;	✓		-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		-
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	✓		-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		-
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering(RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission:	-	-	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		-
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;	-	-	No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal internal audit and compliance process or in the financial statements;	-	-	No such Incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws,regulatory compliances including securities related laws, rules and regulations;	-	-	No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	No such Incidence arose
5(6)(b)	Reporting to the Authorities			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		-
6.	Nomination and remuneration Committee(NRC).-			The Company Applied to the Bangladesh Bank for guiding to solve conflict among BB Guideline & BSEC Guideline
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			The Company is waiting for Bangladesh Bank Reply
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All member of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion form such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			The Company is waiting for BB Reply
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of chairperson of the NRC , any member from the NRC shall be selected to be present in the annual general meeting (AGM)for answering the shareholder,s queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	Formulating the ceiteria for determining qualifications, positive atteib-utes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term perfor-mance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity,educational background and nationality;			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Complied	
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;			
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
7. External or Statutory Auditors				
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely :-			
7(1) (i)	Appraisal or valuation services or fairness opinions;	✓		-
7 (1) (ii)	Financial information system design and implementation;	✓		-
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	✓		-
7 (1) (iv)	Broker –dealer services;	✓		-
7 (1) (v)	Actuarial services;	✓		-
7 (1) (vi)	Internal audit services or special audit services;	✓		-
7 (1) (vii)	Any services that the Audit Committee determines;	✓		-
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	✓		-
7 (1) (ix)	Any other service that creates conflict of interest	✓		-
7(2)	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; his or her family members also shall not hold any shares in the said company:	✓		-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		-
8. Maintaining a website by the Company.-				
8(1)	The Company shall have an official website linked with the website of the stock exchange.	✓		-
8(2)	The company shall keep the website functional from the date of listing.	✓		-
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	✓		-
9. Reporting and Compliance of Corporate Governance.-				

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		Required certification has been obtained from "PODDER & ASSOCI-ATES" Cost & Management Accountants for the year ended 31st December 2018
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	✓		Board recommended the Professional for due appointment by the Shareholders in Upcoming AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		-

Compliance Checklist In Line With the Companies Act, 1994

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):-

Industry outlook and possible future developments in the industry	a	Discussed in the Directors' report
Segment-wise or product-wise performance	b	Discussed in the Directors' report
Risks and concerns	c	Discussed in a disclosure on Risk Based Capital under Pillar-3 of Basel- III, CRO's report and Risk Management Report.
A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	d	Discussed in Chief Financial Officer's report.
Discussion on continuity of any Extra-Ordinary Gain or loss	e	The Bank did not make any extra-ordinary Gain or loss in 2018.
Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	f	Given in notes to the financial statements
Utilization of proceeds from public issues, rights issues and/or through any others instruments	g	In 2018, the bank did not go for any public issues and right issues.
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.	h	The financial results of the bank was not deteriorated after the company went for Rights Offer.
If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	i	No significant variance occurred between quarterly financial performance and annual financial statements.
Remuneration to directors including independent directors	j	Discussed in the Corporate Governance Report
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	k	Discussed in Chief Executive Officer and Chief Financial Officer's statement of Responsibilities.
Proper books of account of the issuer company have been maintained.	l	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities.
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	m	Discussed in notes to the financial statements
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	n	Discussed in notes to the financial statements

Corporate Governance

<p>The system of internal control is sound in design and has been effectively implemented and monitored</p>	o	<p>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 part of Directors report.</p>
<p>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</p>	p	<p>There are no significant doubts on the Bank's ability to continue as a going concern.</p>
<p>Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained</p>	q	<p>During the year 2018, the bank generated operating profit of Tk. 8,060 million with a growth of 21% and net profit of Tk. 2,266 million with a growth of 11%. Net Interest Income reported a 42% growth to Tk. 7,902 million from Tk. 5,570 million driven by mainly taking a market lead in asset pricing while keeping the liability costing relatively unchanged which took spread to 4.34% in 2018 from 3.95% in 2017. It is also worth to mention that our Cost to Income ratio improved to 42.93% from previous years 44.12% signifying better earnings efficiency compared to operational costing. The Bank could also able to improve its EPS to Tk. 2.04 from Tk. 1.84 in last year. ROA of the bank stood at 0.76% and ROE at 10.21%. At the end of the year 2018 the bank was able to restrict CL to 4.10% compared to 4.38% in 2017 mainly due to the rigorous monitoring effort. Moreover, the Bank was also able to basket a handsome cash recovery of Tk. 4,185 million from classified and written off loan accounts.</p>
<p>Key operating and financial data of at least preceding 5 (five) years shall be summarized</p>	r	<p>Given in separate statement.</p>
<p>If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given</p>	s	<p>The Bank has been declaring dividend every year.</p>
<p>The number of Board meetings held during the year and attendance by each director shall be disclosed</p>	t	<p>Discussed in the Corporate Governance report and notes to the financial statements</p>
<p>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)</p>	u	<p>Discussed in the Corporate Governance Report and notes to the financial statements</p>
<p>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</p>	v	<p>Discussed in notes to the financial statements and Directors' Profile.</p>

Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD)

circular no. 11 dated 27.10.2013)

Sl No.	Particulars	Compliance Status
1	<p>FORMATION OF BOARD OF DIRECTORS</p> <p>The newly amended Section 15 of the Bank Company Act, 1991 (Amended upto 2013) includes provisions for prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 4(four) members from a family as director; etc.</p>	Complied
1.1	<p>Appointment of New directors:</p> <p>Under section 15(4) of the Bank Company Act, 1991 (amended upto 2013), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/ reappointing directors should furnish the following documents along with the application:</p> <p>a) Personal information of the nominated person (Appendix-ka);</p> <p>b) Nominated person's declaration(Appendix-kha);</p> <p>c) 'Declaration for confidentiality' by the nominated person(Appendix-ga);</p> <p>d) In case of Independent director, the approval letter from Security and Exchange commission;</p> <p>e) In case of Independent director, a declaration of the directors concern as Appendix-gha (he will also submit declaration under Appendix-ka, kha & ga);</p> <p>f) CIB report of the nominated person;</p> <p>g) Updated list of the directors.</p>	Complied
1.2	<p>Vacation of office of Director:</p> <p>a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated.</p> <p>b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.</p> <p>c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of BCA, 1991.</p>	Complied
1.3	<p>Removal of Directors from office:</p> <p>According to section 108(2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.</p>	N/A

Sl No.	Particulars	Compliance Status
1.4	<p>Appointment of Alternate Director</p> <p>Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed:</p> <p>a) Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.</p> <p>b) The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.</p> <p>c) Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.</p> <p>d) As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board.</p> <p>e) While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.</p>	N/A
2.	<p>DEPOSITOR DIRECTOR</p> <p>As the previous provisions regarding appointment of Depositor Directors of the Bank Company Act, 1991 has been amended; appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended upto 2013) bank can consider the tenure of existing depositor director or may appoint them as independent director.</p>	N/A
3.	<p>INFORMATION REGARDING DIRECTORS</p> <p>Banks are advised to take the following steps regarding director information: Every bank should keep an updated list of bank directors,</p> <p>a) Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.</p> <p>b) Banks should display a list of directors in the website and update it on a regular basis.</p>	Complied
4.	<p>RESPONSIBILITIES OF THE BOARD OF DIRECTORS</p>	
4.1	<p>Responsibilities and authorities of the board of directors:</p> <p>(a) Work-planning and strategic Management:</p> <p>i) shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.</p> <p>ii) The board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated at times.</p>	Complied

Sl No.	Particulars	Compliance Status
	<p>(b) Credit and risk management</p> <p>i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.</p> <p>ii) The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.</p>	Complied
	<p>(c) Internal control management</p> <p>The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.</p>	Complied
	<p>(d) Human resources management and development</p> <p>i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</p> <p>ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan.</p> <p>iii) The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.</p>	Complied
	<p>(e) Financial management</p> <p>i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.</p> <p>ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.</p> <p>iii) The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.</p>	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
	<p>(f) Appointment of Chief Executive Officer (CEO) In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.</p>	Complied
	<p>(g) Other responsibilities of the Board The board should follow and comply with the responsibilities assigned by Bangladesh Bank.</p>	Complied
4.2	<p>Meeting of Board Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.</p>	Complied
4.3	<p>Responsibilities of the chairman of the board of directors</p> <p>a) As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.</p> <p>b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.</p> <p>c) The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.</p>	Complied
5.	<p>FORMATION OF COMMITTEES FROM THE BOARD OF DIRECTORS The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.</p>	Complied
5.1	<p>Executive committee Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.</p>	Complied
	<p>a) Organizational structure:</p> <p>i) Members of the committee will be nominated by the board of directors from themselves;</p> <p>ii) The executive committee will comprise of maximum 07 (seven) members;</p> <p>iii) Members may be appointed for a 03 (three)-year term of office;</p> <p>iv) Chairman of the Board of Directors can be the chairman of executive committee;</p> <p>v) Company secretary of the bank will be the secretary of the executive committee.</p>	Complied

Sl No.	Particulars	Compliance Status
	<p>b) Qualifications of the Members:</p> <ul style="list-style-type: none"> i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; ii) Each member should be capable of making valuable and effective contributions in the functioning of the committee; iii) To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. 	Complied
	<p>c) Roles and Responsibilities of the Executive Committee:</p> <ul style="list-style-type: none"> i) The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations. ii) The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors. iii) All decisions taken in the executive committee should be ratified in the next board meeting. 	Complied
	<p>d) Meetings</p> <ul style="list-style-type: none"> i) The executive committee can sit any time as it may deem fit. ii) The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; iii) To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; iv) All decisions/observations of the committee should be noted in minutes. 	Complied
5.2	<p>Audit Committee</p> <p>The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.</p>	Complied
	<p>a) Organizational structure:</p> <ul style="list-style-type: none"> i) Members of the committee will be nominated by the board of directors from the directors; ii) The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director; iii) Audit committee will comprise with directors who are not executive committee members; iv) Members may be appointed for a 03 (three) year term of office; v) Company secretary of the bank will be the secretary of the audit committee. 	Complied
	<p>b) Qualifications of the Members:</p> <ul style="list-style-type: none"> i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ; ii) Each member should be capable of making valuable and effective contributions in the functioning of the committee; iii) To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. iv) Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee. 	Complied

Sl No.	Particulars	Compliance Status
c) Roles and Responsibilities of the Audit Committee		
	(i) Internal Control:	
	<ol style="list-style-type: none"> Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities; Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS); Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management; Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management. 	Complied
	(ii) Financial Reporting:	
	<ol style="list-style-type: none"> Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank; Discuss with management and the external auditors to review the financial statements before its finalization. 	Complied
	(iii) Internal Audit:	
	<ol style="list-style-type: none"> Audit committee will monitor whether internal audit working independently from the management. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process; Examine the efficiency and effectiveness of internal audit function; Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not. 	Complied
	(iv) External Audit:	
	<ol style="list-style-type: none"> Review the performance of the external auditors and their audit reports; Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not. Make recommendations to the board regarding the appointment of the external auditors. 	Complied
	(v) Compliance with existing laws and Regulations:	
	Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.	Complied
	(vi) Other Responsibilities:	
	<ol style="list-style-type: none"> Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities; External and internal auditors will submit their related assessment report, if the committee solicit; Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis. 	Complied

Sl No.	Particulars	Compliance Status
	<p>d) Meetings</p> <ol style="list-style-type: none"> The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; All decisions/observations of the committee should be noted in minutes. 	Complied
5.3	<p>Risk Management Committee</p> <p>To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.</p>	Complied
	<p>a) Organizational Structure</p> <ol style="list-style-type: none"> Members of the committee will be nominated by the board of directors from themselves; The Risk Management Committee will comprise of maximum 05 (five) members; Members may be appointed for a 03 (three) year term of office; Company secretary of the bank will be the secretary of the Risk Management Committee. 	Complied
	<p>b) Qualifications of the Members</p> <ol style="list-style-type: none"> Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; Each member should be capable of making valuable and effective contributions in the functioning of the committee; To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. 	Complied
	<p>c) Roles and Responsibilities of the Risk Management Committee</p>	
	<p><i>i) Risk identification & control policy :</i></p> <p>Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.</p>	Complied
	<p><i>ii) Construction of organizational structure:</i></p> <p>The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.</p>	Complied
	<p><i>iii) Analysis and approval of Risk Management policy:</i></p> <p>Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.</p>	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
	<p>iv) Storage of data & Reporting system: Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.</p>	Complied
	<p>v) Monitoring the implementation of overall Risk Management Policy: Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.</p>	Complied
	<p>vi) Other responsibilities:</p> <ol style="list-style-type: none"> 1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; 2. Comply instructions issued time to time by the controlling body; 3. Internal & external auditor will submit respective evaluation report whenever required by the committee. 	Complied
	<p>d) Meetings</p> <ol style="list-style-type: none"> 1. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes. 	Complied
6	<p>TRAINING FOR THE DIRECTORS The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.</p>	Complied
Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 18 dated 27.10.2013)		
A.	Rules and regulations for appointing CEO	
	<p>1. Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,-</p> <ol style="list-style-type: none"> a) He has not been convicted by any Criminal Court of Law; b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority; c) He was not associated with any such company/organization, registration or license of which has been cancelled. 	Complied
	<p>2. Experience and Suitability:</p> <ol style="list-style-type: none"> a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank. b) He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person. c) In respect of service, the concerned person should have excellent record of performance. d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company; e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive. 	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
3.	<p>Transparency and Financial Integrity: Before appointment as chief executive, satisfaction should be ensured to the effects that:</p> <p>a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession;</p> <p>b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;</p> <p>c) He is not a tax defaulter;</p> <p>d) He has never been adjudicated an insolvent.</p>	Complied
4.	Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5.	Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.	Complied
6.	<p>Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:-</p> <p>a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.</p> <p>b) Total salary shall be comprised of direct salary covering 'Basic Pay' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.</p> <p>c) Without improving the bank's major economic indicator like- CAMELS annual salary increment will not be payable.</p> <p>d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive.</p> <p>e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.</p> <p>f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.</p>	Complied
7.	Incentive Bonus: Subject to the payment of incentive bonuses to all stuffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.	Complied
8.	Honorarium for Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.	Complied
9.	Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.	Complied
10.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended upto 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-ka & Annexure-kha to Bangladesh Bank.	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
11.	Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank.	Complied
B.	<p>Responsibilities and authorities of the CEO</p> <p>The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as follows:</p> <p>a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.</p> <p>b) The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.</p> <p>c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.</p> <p>d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.</p> <p>e) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board.</p> <p>f) The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.</p>	Complied
Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 19 dated 27.10.2013)		
A	<p>Appointment of Advisor</p> <p>1. Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:</p> <p>a) Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities;</p> <p>b) Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person;</p> <p>c) Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Official of any company;</p> <p>d) A person who is working in any bank or financial institution or who has business interest in that bank will not be considered eligible for appointment to the post of advisor;</p> <p>e) Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated an insolvent by the court.</p>	N/A
	<p>2. Responsibilities: The responsibilities or terms of reference of advisor should be specified. The Advisor can advise the Board of Directors or the Chief Executive only on those matters that are specified in the appointment letter. Routine works or general works will not be included in his term of reference. He can't exercise any kind of power or can't participate in the decision making process of financial, administrative, operational or any other activities of the bank.</p>	N/A

Corporate Governance

Sl No.	Particulars	Compliance Status
3.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure-ka. This declaration must be also submitted to Bangladesh Bank.	N/A
4.	Remuneration and other facilities: The post of advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with terms of reference of the advisor will not be considered as acceptable by Bangladesh Bank.	N/A
5.	Tenure: The tenure of the advisor shall be maximum 1(one) year, which is renewable. An evaluation report (by the chairman that is approved by the board of directors) of previous tenure should be submitted to Bangladesh Bank along with the re-appointment proposal.	N/A
6.	Appointment of Ex-officials: For good governance any former director, chief executive or any official will not be eligible to become an advisor in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as advisor.	N/A
B	Appointment of Consultant	
1.	Terms of Reference: Consultant can be appointed for specialized tasks like tax, law & legal procedures, engineering & technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	N/A
2.	Responsibilities: The responsibilities or term of reference of consultant should be specified. He/she shouldn't be involved beyond his/her terms of references and he/she cannot exercise any kind of power in bank operation or cannot participate in the decision making process.	N/A
3.	Appointment: Consultant can be appointed with the approval of Board of Directors. After such appointment the bank shall send the consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.	N/A
4.	Tenure: The tenure of consultant should be consistent with the terms of reference, but would not exceed 2 (two) years. Generally, consultant's appointment will not be renewable, but to complete unfinished tasks, the contract can be extended up to maximum 1 year with the approval of Bangladesh Bank. An evaluation report (by the chairman that is approved by the board of directors) of previous period should be submitted to Bangladesh Bank.	N/A
5.	Remuneration/honorarium: The consultant's remuneration should be in the form of monthly or single lump-sum payment, he is not entitled to any other facilities.	N/A
6.	Appointment of Ex-officials: For ensuring good governance any former director, chief executive or any official will not be eligible to become a consultant in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as consultant.	N/A

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
M. Azizul Huq	Chairman
Mufti Abdul Mannan	Member
Mohammad Mofazzal Hussain Khan	Member
Dr. Md. Gazi Zahirul Islam	Member
Dr. Muhammad Ismail Hussain	Member
Shah Mohammad Wali Ullah	Member Secretary
Rumee A Hossain	Member [From the Board]
Md. Arfan Ali	Member [Ex-Officio] (President & Managing Director)
A.K.M. Mizanur Rahman	Member [Ex-Officio] (Head of Islamic Banking CC)



Bank Asia Shariah Supervisory Committee meeting

Report of Bank Asia Shariah Supervisory Committee (BASSC)

For the year 2018

Throughout the year, Bank Asia Shariah Supervisory Committee (BASSC) met in 5 (five) meetings and reviewed and evaluated different issues of Islamic Banking operations of the Bank. The Committee also extended its direction, opinion & verdict on Shariah compliance issues. It is worth mentioning here that to ensure compliance to Shariah rules the role of the BASSC is to provide with necessary guidance & opinion independently on an ongoing basis. On the other hand, the responsibility of the Bank's Board and Management, is to ensure that their business operations under Islamic Banking have adhered to and run in accordance with guidance of the BASSC. To reach and deliver maximum possible level of Shariah compliance, the BASSC approved the following steps taken in the year 2018:

1. Conducting Shariah audit & inspection in all Islamic Banking Windows on quarterly basis.
2. During this year, Investment activities under Islamic Banking have been started from all conventional branches of the bank through online facility. For this reason, all conventional branches came under Shariah Audit this year.
3. Continuing the practice of obtaining 'Shariah Clearance' from Shariah Unit of Corporate Office before disbursing every deal of Bai Murabaha Muajjal investment, with a view to confirming real buying & selling. This practice was appreciated by the Committee as such pre-disbursement culture is the 1st of its kind in the Islamic Banking history of Bangladesh. The Committee also termed this practice as exemplary for other Islamic Banking operators.
4. Organizing 4 (four) training and workshops to enrich knowledge base & skill level of the Islamic Banking officials on Shariah compliance.

5. To motivate Bank's manpower and to give them basic idea on Islamic Banking principles, products & services, 105 conventional branches of the Bank have been visited under the Islamic Banking Knowledge Sharing Program during this year,
6. 1238 Agent banking outlets of the Bank came under Islamic banking services. 8 (eight) special training program have been conducted for the Agent Owners, Customer Services officials and AROs to introduce the operations of Islamic Banking.
7. Some Shariah policies have been adopted related to Investment operations.

After reviewing and evaluating the Shariah Inspection Reports, Balance Sheet and Profit & Loss statement (Unaudited) of Islamic Banking of the Bank for the year 2018, the Committee, has expressed the following opinion:

1. Profit has been distributed to Mudaraba Depositors on the basis of pre-declared Income Sharing Ratio (ISR) in accordance with Shariah.
2. Compensation amount has been kept separate and not included in Bank's income.
3. Transactions with conventional part of the Bank have been made compliant with Shariah principle and recorded separately.
4. According to Shariah inspection reports, in investment operations, no violation of basic principles of Shariah has been identified. No doubtful transaction detected in the light of Islamic Shariah.
5. As per direction of Chapter 8 of 'Guidelines on Internal Control & Compliance in Banks' issued by

Bangladesh Bank titled 'Shariah Audit', operations of all of 5 Islamic Banking Windows of Bank Asia rated as 'low' in Shariah non-compliance risk in 2018; i.e. highly Shariah complied, the committee expressed full satisfaction in this regard.

Alhamdulillah! The committee opined that the commitment & endeavours of the officials of Islamic Banking team of Bank Asia, to maintain Shariah compliance is appreciable. However, the Management has been advised to take necessary steps to enhance professional excellence of the manpower through suitable & continuous training program and to take effective measures for creating awareness among the clients on Shariah compliance in banking practices.

May Allah give us tawfeeq in attaining His satisfaction through implementation of Shariah in every sphere of our life. Ameen.



M. Azizul Huq
Chairman
Bank Asia Shariah Supervisory Committee
(BASSC)

Chief Financial Officer's Report



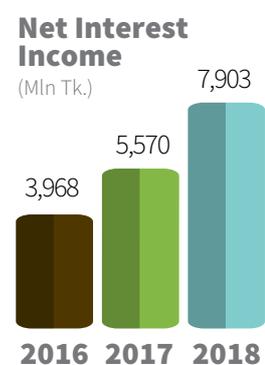
Robust customer service, foresightedness in business planning, effective capital management, efficient risk management, adoption of fast moving technology in financial service delivery, re-engineering of internal process, formulation of rules, guidelines and supportive arrangements are the key elements to strengthen our balance sheet and take our bank to new heights.

In the last couple of years the height of banking industry of Bangladesh has been elevated with progressive changes in terms of expansion of assets, modernization in payment system & service delivery, application of international standards, technology driven products and services, financial inclusion initiatives, capacity development efforts and improved regulatory and supervisory environment. However, the degrees of these positive changes are not similar in all banks. Oppositely, like previous years, the industry is still exposed to growing amount of non-performing loans followed by inadequate supervision in corporate governance and newer challenges such as financial crimes, competitions etc. Given those scenario, all banks are required to develop their customized paths to sustain on a continuous process. Effective leadership, comprehensive governance framework and technological adaptations are tools for tomorrow's banks to survive.

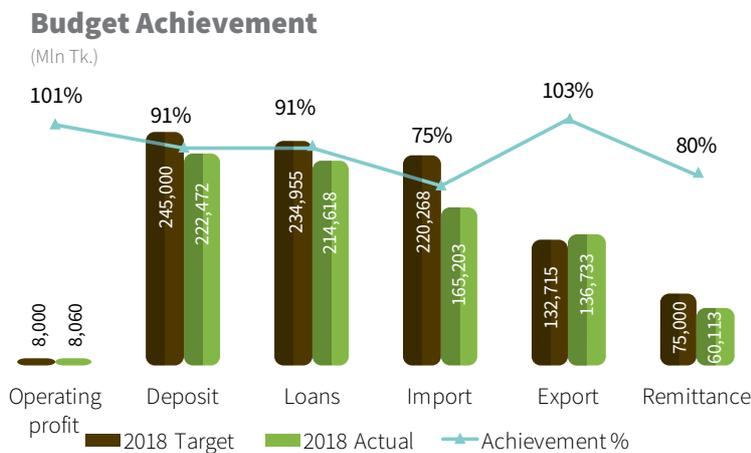
The scenario mentioned above influenced Bank Asia's business strategies in the following ways:

OPTIMIZING THE NET INTEREST MARGIN

During 2018 banking industry of Bangladesh faced so many challenges including restriction to maintain the deposit rate not less than 6% and lending rate not more than 9%, in order to comply with 6%-9% stipulation from the regulator. In that connection, Banks had to continuously adjust the deposit costing not only to align itself with the volatile market condition thus, retain deposits but also to match with the downward pressure of loans interest rate. Moreover, national election were heading very fast which created uncertainty related to business expansion risks as well as the consistency of the banking policies. Given that entire situation, Bank Asia was able to increase the year to year net interest margin with its concerted effort and market aligned strategies.



Chief Financial Officer's Report



SHAPING BALANCE SHEET WITH A PRAGMATIC BUDGET

Budgeting is one of the major guiding tools in transforming a company's objectives into numeric values where Board expectations and management ability meet at a certain point. A pragmatic budget is being prepared using a balanced assortment of top down and bottom up approach taking into account commanding area potentials, movement of market dynamics, peer group analysis, intrinsic and extrinsic factors, capacity of the branches and human resources etc. Along with the existing practice of preparing branch budget, this year all the corporate office level divisional activities (both cost and profit centers) have been accumulated with specific target under a single umbrella to make everyone responsible to achieve the yearly budget. Later on the actual results are reviewed on monthly basis by management and quarterly by Board.

BUSINESS AND PROFITABILITY FORECASTING

While preparing yearly budget we rely on historical data and some pre-assumed conditions. But quite often reality differs with those speculations since banking business is highly sensitive to default risk, interest rate risk, market risk that impacts actual results. In that case, we need to forecast our business growth and expected profitability so that we can take early measures to get close to the target. Our vibrant information system helps to track the daily business growth and expected profitability which relieves the pressure of uncertainty to a greater extent.

OPTIMIZING COST STRUCTURE

Cost to income ratio shows the proportion of operation cost incurred to generate revenue for the company. During 2018 Bank Asia successfully brought down the cost to income ratio to a significant level, though majority came from income growth i.e. 18% growth in operating income compared to 15% in operating expense. Bank's total operating expense incurred due to opening up 7 new branches, installing 17 new ATM booths and adding 204 employees to the portfolio. The burden ratio of 0.70% indicates the Bank's strength to bear its expense from non-interest income thus exhibiting lesser dependence on loans' interest income.

EFFICIENT TAX/VAT MANAGEMENT

Tax and VAT management are the integral part in banking business. There are many factors to consider while doing this job as a small error may eat up a significant portion of profit which will ultimately impact the stake holders. So efficiency in corporate Tax, VAT, employee benefit compliance, income tax on profits matters a lot. Bank Asia is one of the successful banks in the industry having updated tax assessment status. Recently we successfully completed final assessment of the Income year 2015 & Income year 2016 facing strong authority like CIC, LTU-VAT, VAT Audit Intelligence etc.

CAPITAL MANAGEMENT AND PLANNING

Capital, risk and strategy are closely interconnected and a balance is critically necessary between business expansions and associated risk mitigation for efficient capital

management. Since capital management is intrinsically linked to risk and a bank's risk appetite influences its strategic choices, capital management is the way that risk management finds expression in bank strategy at the highest level. In order to make the banking sector more resilient The Basel Committee on Banking Supervision (BCBS) released a global regulatory framework on Basel-III capital accord in December 2010 by refurbishing the global capital and liquidity rules.

It is to be mentioned that the Basel III capital accord implementation has already begun since January 2015 and will see completion by January 2020 as per the Bangladesh bank roadmap. The accord will be fully implemented by January 2020, where the Minimum Total Capital plus Capital Conservation Buffer will be 12.50% against existing 10% depicted as follows:

2017	2018	2019	2020
11.25%	11.875%	12.50%	12.50%

A strong capital base is the backbone for sustainable growth but equity capital is the most expensive source of fund which needs to be balanced with alternative sources of financing. In line with this thought, Bank Asia injected TK. 1,050 million to the core capital in 2011 by issuing Rights share accompanied by raising of Tier-2 capital in the form of 6 Year-13% Yield to Maturity, Non-convertible Subordinated Zero Coupon Bond for Tk. 600 million. In continuation, the bank further injected Tk. 3,000 million 7 Year Non-convertible Subordinated Bond in 2015 followed by similar bonds of Tk. 5,000 million each in 2017 and 2018.

Apart from raising core capital and supplementary capital, Bank Asia places equivalent emphasis on Capital Saving or Reduction of Capital Requirement in the form of credit rating of appropriate Corporate and SME clients (detailed out in risk management report section), optimizing worthy collaterals and diversifying the business portfolio to ensure minimal risk with the maximum gain in return. Keeping this in mind, Bank Asia always formulates its capital and business strategies based upon a 3 year capital planning.

Chief Financial Officer's Report

Capital Plan (Banking Operation) 2019-2021

Million Taka

Particulars	Actual		Planning		
	2017	2018	2019	2020	2021
Common Equity Tier 1 (CET1) Capital					
Paid-up capital	9,870	11,104	11,726	12,898	14,188
Statutory Reserve	7,345	8,268	9,894	11,475	13,295
General Reserve	8	8	8	8	8
Retained earnings	1,676	1,839	2,776	3,221	3,968
Less: Regulatory adjustments	(47)	(55)	(47)	(47)	(47)
Total CET1	18,852	21,165	24,357	27,556	31,412
Tier 2 Capital					
General Provision	5,432	6,249	7,416	8,661	10,011
Revaluation Reserve	536	268	0	0	0
Subordinated 6 year Zero Coupon Bond	93	0	0	0	0
Subordinated 7 year Floating Rate Bond2	3,000	2,400	1,800	1,200	600
Subordinated 7 year Floating Rate Second Bond3	5,000	5,000	5,000	4,000	3,000
Subordinated 7 year Floating Rate Second Bond4 (proposed)	0	0	5,000	5,000	5,000
Total Tier 2 Capital	14,061	13,918	19,216	18,861	18,611
Total Capital (Tier 1 + 2)	32,913	35,082	43,573	46,417	50,023
Risk Weighted Assets (RWA)	221,114	233,086	270,379	310,936	354,467
Minimum Capital Requirement+ Conservation Buffer	11.25%	11.88%	12.50%	12.50%	12.50%
Capital to Risk Weighted Assets Ratio (CRAR)	14.89%	15.05%	16.12%	14.93%	14.11%

Regulatory Adjustments

* Reciprocal crossholdings in the CET1 Capital of Bank Asia by other banks and financial institutions have been deducted.

** 100% of revaluation reserve for fixed assets, securities and equity securities will be adjusted from regulatory capital by 2019. So long 50% of such revaluation reserve were eligible for Tier 2 capital.

INVESTMENT

Investment is one of the vital component of a bank's balance sheet through which it primarily maintains the regulatory stipulation of 13% Statutory Liquidity Reserve (SLR) by investing in Govt. treasury bill/bond, quoted shares, Pre-IPO placement investment (Unquoted shares), mutual funds, different subordinated bonds, other corporate bonds, equity participation etc. thus, earn some fixed income for the company. In 2018, total investment of the bank stood at Tk. 35,996 million.

Capital Fund

(Mln Tk.)



Chief Financial Officer's Report

Key Performance Indicators (KPIs) of Banking Operation

Million Taka

Particular	2018	2017
Operating performance (statement of comprehensive income)		
Total operating income	14,123	11,967
Operating profit	8,060	6,688
Profit before tax	4,616	4,058
Profit after tax	2,266	2,048
EPS	2.04	1.84
Statement of financial position (balance sheet)		
Shareholders fund	23,340	21,054
Property, plant & equipment	5,432	5,330
Current asset	173,962	159,832
Current liability	163,274	151,962
Net current asset	10,687	7,870
Long term liability	120,712	115,980
Long term liability to current liability	73.93%	76.32%
Key performance ratios (%)		
Yield on advances	9.99	9.03
Cost of deposits	5.65	5.08
Cost of deposits and borrowing	5.65	5.23
Cost of fund	8.25	7.73
Cost of operation	2.6	2.5
Spread	4.34	3.95
Net interest margin	4.26	3.63
Burden ratio	0.70	0.43

DIVIDEND

Dividend, either in the form of cash or stock is viewed as one of the simplest yet powerful message regarding a company's historical performance and future prospect to its shareholders. A company's willingness to pay steady dividends over time and ability to increase them provide good clues about its fundamentals. However, companies that do not regularly pay higher dividends are not necessarily without profits. If a company thinks that its own desired strengthening of balance sheet or business expansion opportunities are better than giving away higher dividends, it may choose to retain some earnings, handle contingencies, reinvest into the business and create prospect for better dividend in the years to come.

Bank Asia issued stock dividend in the earlier years of its operation to strengthen its core capital and since 2014 a mix of stock and cash dividend are distributed. For 2018 the Board of Directors has proposed 10% dividend (5% Stock and 5% Cash) amounting to Tk.1,110 Million.

Dividend

(Mln Tk.)



Chief Financial Officer's Report

The following table shows dividend pay-out from 2013 to 2018:

Year	2013	2014	2015	2016	2017	2018 (Proposed)
Dividend	10%S	15% (10% S+5% C)	20% (5% S+15% C)	12%S	12.50%S	10% (5%S+5%C)
Million (Taka)	694	1,144	1,679	1,058	1,234	1,110

OPERATIONAL EFFICIENCY TARGETS AND OUTCOMES

The prudent and capable management of the Bank as well as the motivated employees are putting their concerted efforts which are reflected over the key performance indicators. Below comparative analysis shows the bank's operational competence through its drive for efficient cost management, effective risk management and value generation for the shareholders.

1. Efficiency per employee

Target: Improve capabilities in earnings
Outcome: Regular increase in profit/employee denotes motivation and hard work in discharging responsibilities.

2. Enhance Stakeholders Pie

Target: Consistent increase in after tax profit
Outcome: Steady but balanced growth in Profit after Tax denotes well-organized provision and tax management, thus, enhance stakeholders' pie.

3. Efficient Cost Management

Target: Reduce cost to generate income by employing cost effective measures and driving cost to income ratio below 40%.
Outcome: Continuous improvement in cost to income ratio by marking sound strategic cost management efforts. Savings reinvested in headcount and new capabilities including digital initiatives.

4. Earnings Per Share (EPS)

Target: Maintain growth in EPS to cater maximum return to the shareholders.
Outcome: Regular increase in EPS signifies shareholders confidence to the company.

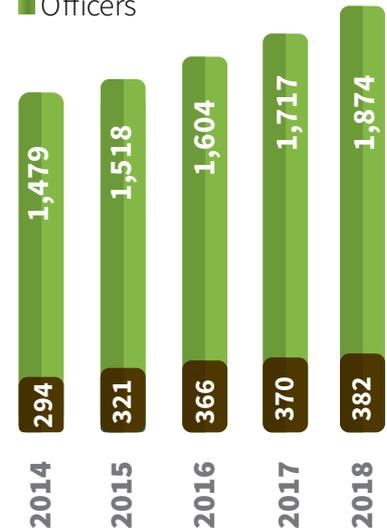
Staff Strength

Staff summary as of 31st December 2018

Age Group	Male	Female	Total
30 & Below	296	109	405
31-40	987	359	1346
41-50	376	68	444
51-60	58	2	60
61+	1	0	1
Total	1,718	538	2,256
Percentage	76%	24%	100%

Staff Strength

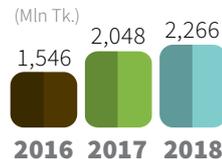
■ Executives
■ Officers



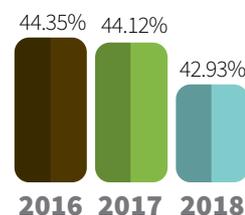
Operating Profit/Employee (Mln Tk.)



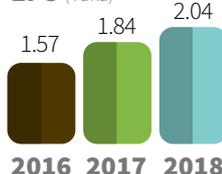
Profit after Tax (Mln Tk.)



Cost to Income Ratio



EPS (Taka)

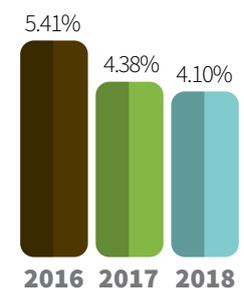


6. NPL to Total Loan

Target: Bring down the NPL to below 2% and sustain the efficacy of loan recovery as well as eliminate implausible financing sources.

Outcome: The year to year decreasing trend of NPL denotes balanced loan management as well as sound recovery drive.

NPL to Total Loan

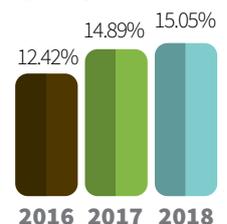


5. Effective Capital Management

Target: Keeping CRAR @14% which is well above the present regulatory requirement including buffer and adequate for future contingencies.

Outcome: Issued subordinated bond, prudently managed risk weighted assets, rated corporate and SME clients and kept CRAR @15.05%.

CRAR%



Chief Financial Officer's Report

Human Resource Accounting

Human Resource Accounting is a non-traditional approach of measuring the cost and value of human resources in any organizations. From the results of HR accounting, investors who are interested in making long term investment in service sector companies can be benefitted with valuable information such as labor intensity of an organization, basis for planning physical assets vs. developing efficient human resources etc. HR accounting also provides important insights to the Management team of a company regarding formulation of policies and programs for the development of human resources, training needs in specific areas etc.

Bank Asia reported the total value of Human Capital to be Tk. 18,977 Million in the year 2018 compared to Tk. 16,911 million in 2017 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement. The detailed discussion on Bank's HR Accounting has been presented at Page no 218 of this annual report.

Category wise Break down is presented in the table below

Million Taka

Category	2018			2017		
	No. of Employees	Per Capita Value	Total Value	No. of Employees	Per Capita Value	Total Value
Executives	379	17.04	6,459	370	16.11	5,961
Officer	1,877	6.66	12,496	1,717	6.37	10,935
Total	2,256		18,955	2,087		16,896

Brief Economic, Environmental and Social Performance

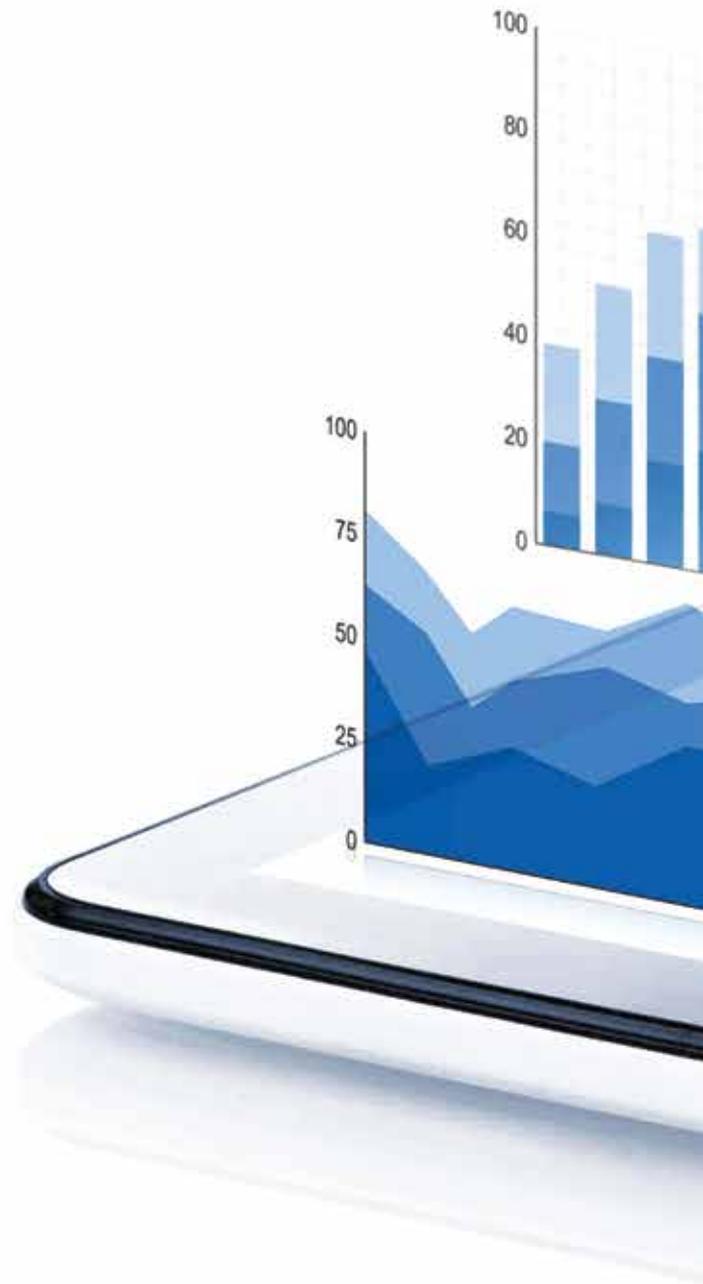
Economic responsibility	No of loans accounts	+4%
	Deposit customer accounts	+38%
	Savings customer accounts	+51%
Shareholders responsibility	Profit after Tax	2,266 million BDT
	Shareholders' fund	23,340 million BDT
	Share Price	17.70 BDT
Environmental responsibility	Electricity consumed	11,340,639 kwh
	Oil	79,534 ltrs
	CNG	1,28,700 m3
	Local business travel	10,039,341 Km
Social responsibility	Paper used	101,982 reams
	Staff strength	8%
	Benefits and emoluments	14%

Clarity and Integrity have always been the spirit of Group Finance of Bank Asia through which we try to assist in shaping the Business Strategy of the Management and the Board. We are confident that focusing on our customers' and stakeholder's needs, delivering quality services and having great people will help us grow in a sustainable way.



Mohammad Ibrahim Khalil, FCA
Chief Financial Officer

FINANCIAL STATEMENTS





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

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the 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 and separate balance sheets as at 31 December 2018, and the consolidated and separate profit and loss accounts, consolidated and separate changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and separate financial statement of the Bank give true and fair view of the consolidated balance sheet of the group and the separate balance sheet of the Bank as at 31 December 2018, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 02-03.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Investment	
Refer note no 3.1.2,3,4 and 5 and 7, 7(a) to the consolidated financial statements	
The classification and measurement in quoted and unquoted securities require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of quoted and unquoted securities is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.	We assessed the processes and controls put in place by the Group to identify and confirm the existence of financial instruments. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial instrument valuation processes, including controls over market data inputs into valuation models, applicable governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
Measurement of provision for loans and advances	
Refer note no 3.1.6, and 8, 8(a) 13, 13(a) to the consolidated financial statements	
The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. At year end the Group reported total gross loans and advances of BDT. 217,552,931,835 (2017: BDT. 200,328,423,831) and provision for loans and advances of BDT 9,502,495,960 (2017:8,249,680,309) including provision maintained by BASL BDT. 518,494,169 (2017: BDT. 408,494,169).	We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"> ● Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; ● Reviewed identification of loss events, including early warning and default warning indicators; ● Reviewed quarterly Classification of Loans (CL);

Key audit matter	How our audit addressed the key audit matter
<p>We have focused on the following significant judgements and estimates which could give rise to material misstatement in the financial statements or management bias:</p> <p>Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no. 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 8 dated 07 August 2007, 10 dated 18 September 2007, 14 dated 23 September 2012, 19 dated 27 December 2012, 5 dated 29 May 2013, 16 dated 18 November 2014, 8 dated 02 August 2015, 12 dated 20 August 2017, 15 dated 27 September 2017, 01 dated 03 January 2018, 01 dated 20 February 2018.</p> <p>For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows.</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> ● Reviewed the adequacy of the companies general and specific provisions; ● Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; ● Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
Legal and regulatory matters	
<p>We focused on this area because the Bank and its subsidiaries (the “Group”) operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group’s best estimate for existing legal matters that have a probable and estimable impact on the Group’s financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group’s key controls over the legal provision and contingency processes.</p> <p>We enquired into those charged with governance to obtain their views on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Group’s internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Group’s provisions and contingent liabilities disclosure.</p>
IT Assets Management	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included master data management, user access management, developer access to the production environment and changes to the IT environment. Among others, these are key to ensuring operating effectiveness of IT dependent application based controls.</p>	<p>We tested the design and operating effectiveness of the Group’s IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Group’s periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 02-03, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (As amended 2018) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 (as Amended 2018) and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities {other than matters disclosed in these financial statements};
- (iii) The financial statements of the Bank's subsidiaries named Bank Asia Securities Limited audited by us, but other two overseas subsidiaries BA Exchange Company (UK) Limited and BA Express USA Inc. was not audited by us. The financial statements of BA Exchange Company (UK) Limited for the year ended 31 December 2018 have been audited by AGP Consulting Chartered Accountants and Statutory Auditors, UK and expressed an unmodified opinion. The financial statements of BA Express USA Inc. for the year ended 31 December 2018 have been audited by United Financial CPA PC, USA and expressed an unmodified opinion. These accounts have been properly reflected in the consolidated financial statements.
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 36,800 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
21 March 2019


ACNABIN
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2018

Amount in Taka

	Notes	31 Dec 2018	31 Dec 2017
PROPERTY AND ASSETS			
Cash		15,555,719,854	17,933,208,773
In hand (including foreign currencies)	4.1(a)	2,683,207,852	1,994,978,583
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	12,872,512,002	15,938,230,190
Balance with other banks and financial institutions	5(a)	26,243,135,322	30,077,880,452
In Bangladesh		23,753,126,357	29,087,820,840
Outside Bangladesh		2,490,008,965	990,059,612
Money at call and on short notice	6(a)	100,000,000	-
Investments	7(a)	36,544,202,442	28,145,350,291
Government		33,133,291,838	24,431,255,000
Others		3,410,910,604	3,714,095,291
Loans and advances/investments	8(a)	217,552,931,835	200,328,423,831
Loans, cash credits, overdrafts, etc/investments		196,655,897,163	184,322,321,558
Bills purchased and discounted		20,897,034,672	16,006,102,273
Fixed assets including premises, furniture and fixtures	9(a)	5,445,867,834	5,344,230,907
Other assets	10(a)	7,786,013,371	9,117,178,530
Non - banking assets		-	-
Total assets		309,227,870,658	290,946,272,783
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	31,379,916,599	30,465,558,247
Subordinated non-convertible bonds	11(aa)	7,400,000,000	8,092,588,885
Deposits and other accounts	12(a)	222,734,891,777	207,283,945,687
Current/Al-wadeeah current accounts and other accounts		47,487,805,711	42,242,103,482
Bills payable		4,124,678,804	3,968,967,652
Savings bank/Mudaraba savings bank deposits		39,558,517,712	34,496,938,426
Fixed deposits/Mudaraba fixed deposits		131,563,889,550	126,575,936,127
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	24,523,223,592	24,170,500,633
Total liabilities		286,038,031,968	270,012,593,452
Capital/shareholders' equity			
Total shareholders' equity		23,189,838,689	20,933,679,331
Paid-up capital	14.2	11,103,874,860	9,870,110,990
Statutory reserve	15	8,268,393,179	7,345,137,782
Revaluation reserve	16(a)	2,120,032,204	2,154,384,193
General reserve		8,166,144	8,166,144
Retained earnings	17(a)	1,686,898,121	1,554,316,722
Foreign currency translation reserve		2,462,381	1,551,777
Non-controlling interest	17(b)	11,799	11,723
Total liabilities and shareholders' equity		309,227,870,658	290,946,272,783

Consolidated Balance Sheet

Amount in Taka

	Notes	31 Dec 2018	31 Dec 2017
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	136,225,517,128	135,839,309,791
Acceptances and endorsements		48,569,391,593	42,755,080,789
Letters of guarantee		41,312,967,803	40,724,304,753
Irrevocable letters of credit		30,327,687,774	37,891,236,914
Bills for collection		16,015,469,958	14,468,687,335
Other contingent liabilities		-	-
Other commitments		1,233,739,359	317,134,285
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		1,233,739,359	317,134,285
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		137,459,256,487	136,156,444,076

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



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
21 March 2019



ACNABIN
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Profit and Loss Statement

for the year ended 31 December 2018

Amount in Taka

	Notes	31 Dec 2018	31 Dec 2017
OPERATING INCOME			
Interest income	20(a)	21,010,148,200	16,537,474,861
Interest paid on deposits and borrowings, etc	21(a)	13,011,217,964	10,853,728,866
Net interest income		7,998,930,236	5,683,745,995
Investment income	22(a)	2,311,462,131	2,535,391,259
Commission, exchange and brokerage	23(a)	3,110,434,216	3,326,668,802
Other operating income	24(a)	985,191,390	809,479,684
		6,407,087,737	6,671,539,745
Total operating income (A)		14,406,017,973	12,355,285,740
OPERATING EXPENSES			
Salaries and allowances	25(a)	2,963,638,772	2,595,054,425
Rent, taxes, insurance, electricity, etc	26(a)	714,978,997	640,514,240
Legal expenses	27(a)	27,388,071	25,877,298
Postage, stamp, telecommunication, etc	28(a)	111,154,986	92,453,590
Stationery, printing, advertisements, etc	29(a)	136,747,954	100,166,466
Managing Director's salary and fees	30	13,900,000	13,900,000
Directors' fees	31(a)	3,886,000	3,286,400
Auditors' fees	32(a)	2,913,042	3,106,584
Depreciation and repairs of Bank's assets	33(a)	480,859,178	464,055,824
Other expenses	34(a)	1,767,128,995	1,484,175,539
Total operating expenses (B)		6,222,595,995	5,422,590,366
Profit before provision (C=A-B)		8,183,421,978	6,932,695,374
Provision for loans and advances/investments			
General provision		990,055,890	1,171,754,018
Specific provision		2,714,517,014	1,339,895,000
		3,704,572,904	2,511,649,018
Provision for off-balance sheet items	13.3	(172,971,972)	223,379,000
Provision for diminution in value of investments		10,000,000	906,056
Other provisions		12,500,000	-
Total provision (D)	34(c)	3,554,100,932	2,735,934,074
Total profit before tax (C-D)		4,629,321,046	4,196,761,300
Provision for taxation			
Current tax	13.5.1(a)	2,395,930,537	2,043,171,957
Deferred tax	13.5.2	-	41,500,000
		2,395,930,537	2,084,671,957
Net profit after tax		2,233,390,509	2,112,089,343
Appropriations			
Statutory reserve	15	923,255,397	811,505,752
General reserve		-	-
		923,255,397	811,505,752
Retained surplus		1,310,135,112	1,300,583,591
Attributable to:			
Equity holders of Bank Asia Limited		1,310,135,036	1,300,583,223
Non-controlling (minority) interest		76	368
		1,310,135,112	1,300,583,591
Earnings Per Share (EPS)	37(a)	2.01	1.90

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



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
21 March 2019



ACNABIN
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Cash Flow Statement

for the year ended 31 December 2018

	Notes	31 Dec 2018	31 Dec 2017
<i>Amount in Taka</i>			
Cash flows from operating activities (A)			
Interest receipts		22,761,387,592	18,210,636,506
Interest payments		(13,007,026,870)	(10,765,570,591)
Dividends receipts		31,854,449	53,427,973
Fees and commission receipts		3,110,434,216	3,346,784,283
Recoveries on loans previously written off		102,546,693	34,250,512
Cash payment to employees		(2,906,276,213)	(2,544,380,951)
Cash payment to suppliers		(206,063,350)	(166,777,619)
Income tax paid		(1,498,841,576)	(1,760,330,963)
Receipts from other operating activities	35 (a)	1,060,755,795	1,009,792,761
Payments for other operating activities	36 (a)	(2,641,350,091)	(2,279,360,190)
Operating profit before changes in operating assets & liabilities		6,807,420,645	5,138,471,721
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(19,325,039,902)	(34,448,774,534)
Other assets		(369,434,488)	(649,664,410)
Deposits from customers and banks		15,450,946,090	15,710,902,099
Trading liabilities		914,358,352	11,486,581,307
Other liabilities		19,736,557	320,008,905
Net Increase/(decrease) in operating assets and liabilities		(3,309,433,390)	(7,580,946,633)
Net cash flows from operating activities		3,497,987,254	(2,442,474,913)
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(8,702,036,838)	11,681,218,144
Sale/(Purchase) of trading securities		303,184,687	(114,761,896)
(Purchase)/disposal of fixed assets		(518,914,367)	(478,395,241)
Net cash flows from/(used in) investing activities		(8,917,766,518)	11,088,061,007
Cash flows from financing activities (C)			
Payment for finance lease		-	(107,864)
Issue of floating rate non-convertible subordinated bonds		-	5,000,000,000
Adjustment of subordinated non-convertible bond		(692,588,885)	(104,625,131)
Net cash flows from/(used in) financing activities		(692,588,885)	4,895,267,005
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(6,112,368,149)	13,540,853,099
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		48,012,769,325	34,471,916,226
Cash and cash equivalents at the end of the year		41,900,401,176	48,012,769,325
Cash and cash equivalents:			
Cash		2,683,207,852	1,994,978,583
Balance with Bangladesh Bank and its agent bank(s)		12,872,512,002	15,938,230,190
Balance with other banks and financial institutions		26,243,135,322	30,077,880,452
Money at call and on short notice		100,000,000	-
Prize bonds		1,546,000	1,680,100
		41,900,401,176	48,012,769,325

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



Chairman



Director



Director



Director



President and Managing Director

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

for the year ended 31 December 2018

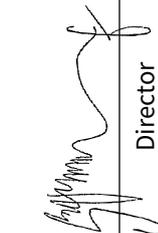
Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 01 January 2017	8,812,599,100	6,533,632,030	2,239,612,377	8,166,144	1,462,526	1,267,955,303	18,863,427,481	11,355	18,863,438,836
Transferred during the year	-	811,505,752	-	-	-	(811,505,752)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(31,512,920)	-	-	-	(31,512,920)	-	(31,512,920)
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	(10,425,178)	(10,425,178)	-	(10,425,178)
Foreign currency translation for the year	-	-	-	-	89,250	-	89,250	-	89,250
Issue of bonus shares	1,057,511,890	-	-	-	-	(1,057,511,890)	-	-	-
Net profit for the year	-	-	-	-	-	2,112,088,975	2,112,088,975	368	2,112,089,343
Balance as at 31 December 2017	9,870,110,990	7,345,137,782	2,154,384,193	8,166,144	1,551,777	1,554,316,722	20,933,667,608	11,723	20,933,679,331
Transferred during the year	-	923,255,397	-	-	-	(923,255,397)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	19,363,275	-	-	-	19,363,275	-	19,363,275
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	2,494,970	2,494,970	-	2,494,970
Foreign currency translation for the year	-	-	-	-	910,605	-	910,605	-	910,605
Issue of bonus shares	1,233,763,870	-	-	-	-	(1,233,763,870)	-	-	-
Net profit for the year	-	-	-	-	-	2,233,390,433	2,233,390,433	76	2,233,390,509
Balance as at 31 December 2018	11,103,874,860	8,268,393,179	2,120,032,204	8,166,144	2,462,381	1,686,898,121	23,189,826,890	11,799	23,189,838,689

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

A. J. Rashid

Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited

Balance Sheet

as at 31 December 2018

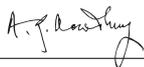
		<i>Amount in Taka</i>	
	Notes	31 Dec 2018	31 Dec 2017
PROPERTY AND ASSETS			
Cash		15,552,120,728	17,930,274,917
In hand (including foreign currencies)	4.1	2,679,608,726	1,992,044,727
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	12,872,512,002	15,938,230,190
Balance with other banks and financial institutions		25,865,613,166	29,603,011,389
In Bangladesh	5.1	23,488,274,856	28,766,652,560
Outside Bangladesh	5.2	2,377,338,310	836,358,829
Money at call and on short notice	6	100,000,000	-
Investments	7	35,999,198,344	27,545,818,419
Government		33,133,291,838	24,431,255,000
Others		2,865,906,506	3,114,563,419
Loans and advances/investments	8	214,618,151,145	197,504,138,756
Loans, cash credits, overdrafts, etc/investments		193,721,116,473	181,498,036,483
Bills purchased and discounted		20,897,034,672	16,006,102,273
Fixed assets including premises, furniture and fixtures	9	5,431,553,592	5,329,740,498
Other assets	10	9,724,763,581	11,083,658,773
Non - banking assets		-	-
Total assets		307,291,400,556	288,996,642,751
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	31,318,674,113	30,268,312,053
Subordinated non-convertible bonds	11 (aa)	7,400,000,000	8,092,588,885
Deposits and other accounts	12	222,471,716,244	207,041,471,381
Current/Al-wadeeah current accounts and other accounts		47,224,630,178	41,999,629,176
Bills payable		4,124,678,804	3,968,967,652
Savings bank/Mudaraba savings bank deposits		39,558,517,712	34,496,938,426
Fixed deposits/Mudaraba fixed deposits		131,563,889,550	126,575,936,127
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	22,760,876,373	22,539,776,869
Total liabilities		283,951,266,730	267,942,149,188
Capital/shareholders' equity			
Total shareholders' equity		23,340,133,826	21,054,493,564
Paid-up capital	14.2	11,103,874,860	9,870,110,990
Statutory reserve	15	8,268,393,179	7,345,137,782
Revaluation reserve	16	2,120,032,204	2,154,384,193
General reserve		8,166,144	8,166,144
Foreign currency translation reserve		-	-
Retained earnings	17	1,839,667,438	1,676,694,455
Total liabilities and shareholders' equity		307,291,400,556	288,996,642,751

Balance Sheet

Amount in Taka

	Notes	31 Dec 2018	31 Dec 2017
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	136,225,517,128	135,839,309,791
Acceptances and endorsements		48,569,391,593	42,755,080,789
Letters of guarantee		41,312,967,803	40,724,304,753
Irrevocable letters of credit		30,327,687,774	37,891,236,914
Bills for collection		16,015,469,958	14,468,687,335
Other contingent liabilities		-	-
Other commitments		1,233,739,359	317,134,285
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		1,233,739,359	317,134,285
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		137,459,256,487	136,156,444,076

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



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
21 March 2019



ACNABIN
Chartered Accountants

Bank Asia Limited

Profit and Loss Statement

for the year ended 31 December 2018

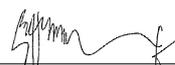
Amount in Taka

	Notes	31 Dec 2018	31 Dec 2017
OPERATING INCOME			
Interest income	20	20,910,683,339	16,411,574,859
Interest paid on deposits and borrowings, etc	21	13,007,993,495	10,841,556,834
Net interest income		7,902,689,844	5,570,018,025
Investment income	22	2,311,462,131	2,535,391,259
Commission, exchange and brokerage	23	2,990,693,997	3,119,816,288
Other operating income	24	917,723,225	742,166,065
		6,219,879,353	6,397,373,612
Total operating income (A)		14,122,569,197	11,967,391,637
OPERATING EXPENSES			
Salaries and allowances	25	2,882,190,002	2,519,793,179
Rent, taxes, insurance, electricity, etc	26	684,528,849	613,241,644
Legal expenses	27	25,213,849	24,615,519
Postage, stamp, telecommunication, etc	28	108,489,491	89,544,014
Stationery, printing, advertisements, etc	29	133,450,519	97,405,242
Managing Director's salary and fees	30	13,900,000	13,900,000
Directors' fees	31	3,656,000	2,992,000
Auditors' fees	32	875,500	952,100
Depreciation and repairs of Bank's assets	33	475,722,070	459,920,443
Other expenses	34	1,734,164,998	1,457,470,719
Total operating expenses (B)		6,062,191,278	5,279,834,860
Profit before provision (C=A-B)		8,060,377,919	6,687,556,777
Provision for loans and advances/investments			
General provision		990,055,890	1,171,754,018
Specific provision		2,604,517,014	1,234,895,000
	13.2	3,594,572,904	2,406,649,018
Provision for off-balance sheet items	13.3	(172,971,972)	223,379,000
Provision for diminution in value of investments	13.8	10,000,000	-
Other provisions	13.9	12,500,000	-
Total provision (D)	34(b)	3,444,100,932	2,630,028,018
Total profit before tax (C-D)		4,616,276,987	4,057,528,759
Provision for taxation			
Current tax	13.5.1	2,350,000,000	1,968,500,000
Deferred tax	13.5.2	-	41,500,000
		2,350,000,000	2,010,000,000
Net profit after tax		2,266,276,987	2,047,528,759
Appropriations			
Statutory reserve	15	923,255,397	811,505,752
General reserve		-	-
		923,255,397	811,505,752
Retained surplus		1,343,021,590	1,236,023,007
Earnings Per Share (EPS)	37	2.04	1.84

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



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
21 March 2019



ACNABIN
Chartered Accountants

Bank Asia Limited

Cash Flow Statement

for the year ended 31 December 2018

	Notes	31 Dec 2018	Amount in Taka 31 Dec 2017
Cash flows from operating activities (A)			
Interest receipts		22,447,616,948	17,912,520,733
Interest payments		(12,789,496,618)	(10,581,182,788)
Dividends receipts		31,854,449	53,427,973
Fees and commission receipts		2,990,693,997	3,119,816,288
Recoveries on loans previously written off		102,546,693	34,250,512
Cash payment to employees		(2,824,827,443)	(2,469,119,705)
Cash payment to suppliers		(202,765,915)	(164,016,395)
Income tax paid		(1,415,204,443)	(1,674,512,383)
Receipts from other operating activities	35	993,287,630	947,315,275
Payments for other operating activities	36	(2,570,828,687)	(2,203,483,187)
Operating profit before changes in operating assets & liabilities		6,762,876,611	4,975,016,323
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(19,214,544,287)	(34,520,372,598)
Other assets		(367,508,723)	(615,842,133)
Deposits from customers and banks		15,430,244,863	15,768,888,604
Trading liabilities		1,050,362,060	11,445,888,629
Other liabilities		(17,537,100)	114,275,353
Net Increase/(decrease) in operating assets and liabilities		(3,118,983,186)	(7,807,162,145)
Net cash flows from operating activities		3,643,893,424	(2,832,145,822)
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(8,702,036,838)	11,681,218,144
Sale/(Purchase) of trading securities		248,656,913	138,175,462
(Purchase)/disposal of fixed assets		(513,611,126)	(474,631,553)
Net cash flows from/(used in) investing activities		(8,966,991,051)	11,344,762,053
Cash flows from financing activities (C)			
Payment for finance lease		-	(107,864)
Issue of floating rate non-convertible subordinated bonds		-	5,000,000,000
Adjustment of subordinated non-convertible bond		(692,588,885)	(104,625,131)
Net cash flows from/(used in) financing activities		(692,588,885)	4,895,267,005
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(6,015,686,512)	13,407,883,235
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the year		47,534,966,406	34,127,083,171
Cash and cash equivalents at the end of the year		41,519,279,894	47,534,966,406
Cash and cash equivalents:			
Cash		2,679,608,726	1,992,044,727
Balance with Bangladesh Bank and its agent bank(s)		12,872,512,002	15,938,230,190
Balance with other banks and financial institutions		25,865,613,166	29,603,011,389
Money at call and on short notice		100,000,000	-
Prize bonds		1,546,000	1,680,100
		41,519,279,894	47,534,966,406

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



Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited

Statement of Changes in Equity

for the year ended 31 December 2018

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2017	8,812,599,100	6,533,632,030	2,239,612,377	8,166,144	1,444,468,074	19,038,477,725
Transferred during the year	-	811,505,752	-	-	(811,505,752)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(31,512,920)	-	-	(31,512,920)
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Issue of bonus shares	1,057,511,890	-	-	-	(1,057,511,890)	-
Net profit for the year	-	-	-	-	2,047,528,759	2,047,528,759
Balance at 31 December 2017	9,870,110,990	7,345,137,782	2,154,384,193	8,166,144	1,676,694,455	21,054,493,564
Transferred during the year	-	923,255,397	-	-	(923,255,397)	-
Adjustment on revaluation of fixed assets and other investment	-	-	19,363,275	-	-	19,363,275
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Issue of bonus shares	1,233,763,870	-	-	-	(1,233,763,870)	-
Net profit for the year	-	-	-	-	2,266,276,987	2,266,276,987
Balance at 31 December 2018	11,103,874,860	8,268,393,179	2,120,032,204	8,166,144	1,839,667,438	23,340,133,826

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

 A. F. Chowdhury Chairman	 Nazimul Huda Director	 Director	 President and Managing Director
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Bank Asia Limited Liquidity Statement (Analysis of Maturity of Assets and Liabilities)

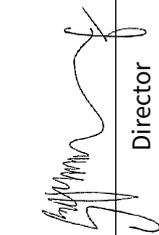
as at 31 December 2018

Amount in Taka

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets						
Cash in hand and with banks	3,678,714,983	-	-	-	11,873,405,745	15,552,120,728
Balance with other banks and financial institutions	13,030,613,166	10,076,500,000	2,758,500,000	-	-	25,865,613,166
Money at call and on short notice	100,000,000	-	-	-	-	100,000,000
Investments	5,460,178,275	102,600,000	12,679,200,000	7,320,000,000	10,437,220,069	35,999,198,344
Loans and advances	30,721,351,145	28,777,300,000	64,148,600,000	74,760,900,000	16,210,000,000	214,618,151,145
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,431,553,592	5,431,553,592
Other assets	1,040,021,506	821,800,000	566,385,667	5,184,222,408	2,112,334,000	9,724,763,581
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	54,030,879,075	39,778,200,000	80,152,685,667	87,265,122,408	46,064,513,406	307,291,400,556
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	4,076,274,113	13,952,500,000	10,117,500,000	9,572,400,000	1,000,000,000	38,718,674,113
Deposits	39,835,716,244	50,150,000,000	44,430,000,000	66,740,000,000	21,316,000,000	222,471,716,244
Provision and other liabilities	190,137,527	35,500,000	451,665,000	1,638,735,000	20,444,838,846	22,760,876,373
Total Liabilities (B)	44,102,127,884	64,138,000,000	54,999,165,000	77,951,135,000	42,760,838,846	283,951,266,730
Net Liquidity Excess/(Shortage) (A-B)	9,928,751,192	(24,359,800,000)	25,153,520,667	9,313,987,408	3,303,674,560	23,340,133,826


A.P. Rowshan

Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited

Notes to the financial statements

as at and for the year ended 31 December 2018

1. THE BANK AND ITS ACTIVITIES

1.1 Bank Asia Limited

Bank Asia Limited (“the Bank”) is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, governed by the Bank Company Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 127 branches including 4 SME service centres, 5 Islamic Windows and 149 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

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

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

1.2 Principal activities

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

1.3 Islamic banking unit

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

1.4 Off-shore banking unit

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

1.5 Bank Asia Securities Limited

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

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

1.6 BA Exchange Company (UK) Limited

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

1.7 BA Express USA inc

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

Notes to the financial statements

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the “First Schedule (Section 38) of the Bank Company Act 1991 (amended upto 2018), BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), etc. The Financial Reporting Act 2015 (FRA) has been enacted in 2015. Under the FRA the Financial Reporting Council (FRC) yet to be formed and they will issue financial reporting standards for public interest entities such as banks. Section 38 of the Bank Company Act 1991 has been replaced through BRPD Circular no. 10 dated October 04, 2015. The FRC is yet to be formed and as such no financial reporting standards have issued as per the provisions of the FRA. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Bank Company Act 1991 (amended upto 2018)
- ii. Companies Act 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Securities and Exchange Ordinance 1969
- v. The Securities and Exchange Rules 1987
- vi. Bangladesh Securities and Exchange Commission Act 1993
- vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015
- viii. Income Tax Ordinance and Rules 1984
- ix. Value Added Tax Act 1991
- x. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh (CDBL) rules and regulations.

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

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

i) Presentation of financial statements

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

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes inequity, liquidity statement) is prescribed in the “First Schedule” of section 38 of the Bank Company Act 1991 (amended up to 2018) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and Securities

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls under “Amortized cost”, “fair value through profit or loss” or “fair value through other comprehensive income” where any change in the fair value at the year-end is taken to profit or loss account or other comprehensive income/revaluation reserve respectively.

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

iii) Revaluation gain/loss on Government securities

IFRS: As per requirement of IFRS 9 where T-bills and T-bonds will fall under the category of “held for trading”, any change in the fair value of held for trading assets is recognized through profit and loss account.

T-bills/bonds designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve

Notes to the financial statements

Account. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve.

iv) Provision on loans and advances

IFRS: As per IFRS 9 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5% based on different categories of loans and advances. Such provision policies are not specifically in line with those prescribed by IFRS 9. Also, a general provision @ 1% should be provided for off-balance sheet exposures.

v) Other comprehensive income

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

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

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the accounts.

vii) Repo transactions

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

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

viii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse to the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

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

ix) Cash and cash equivalent

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

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

Notes to the financial statements

x) **Non-banking asset**

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

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

xi) **Cash flow statement**

IFRS: Cash flow statement can be prepared either in direct method or in indirect method as per IAS 7 of Statement of Cash Flows. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 cash flow is the mixture of direct and indirect method.

xii) **Balance with Bangladesh Bank: (CRR)**

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

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

xiii) **Presentation of intangible asset**

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

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

xiv) **Off-balance sheet items**

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

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

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

xv) **Disclosure of appropriation of profit**

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

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

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

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

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

xvii) **Recognition of Interest in Suspense**

IFRS: Loans and advances to customers are generally classified as "loans and receivables" as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

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

xviii) **Uniform Accounting Policy**

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 10. As such some disclosure, presentation and measurement requirements of IFRS 10 cannot be made in financial statements.
(Also refer to note 3.19 Compliance of IFRSs)

Notes to the financial statements

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 IAS/ IFRS 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.

Key estimates include the following:

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

2.4 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translation

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

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2018 have been converted into Taka currency at the revaluation rate determined by the Bank. For BA Exchange Company (UK) Limited and BA Express USA Inc. assets and liabilities in foreign currencies as at December 31, 2018 have been converted into Taka currency at the closing rate as on December 31, 2018 and profit and loss accounts have been converted into monthly average rate.

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

- assets and liabilities for each statement of Balance Sheet have been translated at the closing rate on the date of Balance sheet.
- income and expenses for Profit and Loss Statement have been translated at monthly average 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 three subsidiary companies namely, Bank Asia Securities Limited operating in Bangladesh, BA Exchange Company (UK) Limited operating in United Kingdom and BA Express

Notes to the financial statements

USA Inc. operating in USA.

The consolidated financial statements have been prepared in accordance with International Accounting Standard 27: Separate Financial Statements and International Financial Reporting Standard 10: Consolidated Financial Statements. The consolidated as well as separate financial statements are prepared for a common financial year ended on December 31, 2018.

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

2.5.1 Subsidiaries of the Bank

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

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

2.6 Cash flow statement

Cash Flow Statement is prepared principally in accordance with IAS 7 “Statement of Cash Flows” under the guidelines of BRPD circular no.14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. 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 IAS 1 “Presentation of Financial Statements” and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

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

Held for trading

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

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:

Notes to the financial statements

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

3.1.3 Investment in listed securities

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

3.1.4 Investment in unquoted securities

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

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

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

3.1.5 Investment in subsidiary

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

3.1.6 Loans and advances/investments

- Loans and advances/investments are stated in the balance sheet on gross basis.
- Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars/letters no. 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 8 dated 07 August 2007, 10 dated 18 September 2007, 14 dated 23 September 2012, 19 dated 27 December 2012, 5 dated 29 May 2013, 16 dated 18 November 2014, 8 dated 02 August 2015, 12 dated 20 August 2017, 15 dated 27 September 2017, 01 dated 03 January 2018, 01 dated 20 February 2018.

Notes to the financial statements

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

Types of loans and advances		Provision				
		STD	SMA	SS	DF	BL
	House finance	1%	2%	20%	50%	100%
Consumer	Loans for professionals	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	1%	1%	5%	5%	100%
	Small and medium enterprise finance	0.25%	0.25%	20%	50%	100%
	Others	1%	1%	20%	50%	100%

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

- 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.
- f) As per The Bangladesh Bank letter no. DBI-01/120/2018/74 dated April 03,2018 and DBI-1/120/2019/607 dated March 21, 2019 the rest shortfall provision amount Tk 14,000.00 Lac for the year 2017 against unclassified loans will be kept Tk. 7,000.00 lac in 2019 and Tk. 7,000.00 lac in 2020.
- g) The Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited, Abdul Monem Sugar Refinery Limited and Shinepukur Ceramics Limited under BRPD Circular No. 04 dated 29 January 2015. As of December 31, 2018 total outstanding amount was Tk. 3,870.17 million as per the terms and conditions of the said circular. Out of these facilities M/s. Samannaz Super Oil Limited and S. A. Oil Refinery Limited is now under stay order loan as unclassified with outstanding amount Tk 2,844.17million.
- h) In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk.9,173.50million which have not been reported under classification as at 31 December 2018 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 2,744.82 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36 "Impairment of 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 i.e, loans and advances, off balance sheet items and investments is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if -

there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date;

the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and a reliable estimate of the loss amount can be made.

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

3.1.8 Property, plant and equipment

Recognition and measurement

All fixed assets are stated at cost less accumulated depreciation as per IAS 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 IFRS.

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

Notes to the financial statements

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

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

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

Subsequent costs

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

Depreciation

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

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 IAS 16 “Property, Plant and Equipment”.

Construction work in progress/Building under Construction

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

Intangible Asset

a. Goodwill

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

b. Software

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

c. License

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

3.1.9 Leased assets

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

Notes to the financial statements

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 International Accounting Standard (IAS) 16, Property, Plant and Equipment in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard. No impairment loss was recognized up to the reporting period as there were no such indication existed as on Balance Sheet date.

3.1.11 Investment properties

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

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

3.1.12 Other assets

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

3.1.13 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

As per IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” the Bank recognizes 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.

3.2.3 Other liabilities

As per IAS 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.

Notes to the financial statements

Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 (amended up to 2018) 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 and HTM) in accordance with the Bangladesh Bank DOS circular no. 5 dated 26 May 2008. The tax effects on revaluation gain are measured and recognised in the financial statements as per IAS 12: Income Taxes.

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

Non-controlling (minority) interest

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

3.4 Contingent liabilities

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

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

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

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

3.5 Memorandum items

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

3.6 Revenue recognition

In line with IFRS 15 revenue and disclosure in the financial statements the income of the bank has been recognized as follows

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 Unearned Income account. Income/compensation on classified investments is transferred to profit/rent/compensation/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

Notes to the financial statements

recognised on the basis of realisation.

Dividend income on shares

Dividend income from investment in shares is recognised when the Bank's right to receive dividend is established. It is recognised when:

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

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

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

Other operating expenses

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

3.7 Employee benefits

3.7.1 Provident Fund

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

3.7.2 Gratuity Fund

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

3.7.3 Superannuation Fund

The Bank operates a superannuation fund for which provision is made annually as per actuarial valuation. 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 and children at rates provided in health insurance coverage policy.

3.7.5 Worker's Profit Participation Fund

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

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 has maintain provision @ 1% against off-balance sheet exposures complying BRPD Circular No. 07, dated 21 June 2018 and BRPD circular letter no. 01 dated 03 Jan 2018

3.9 Provision for nostro accounts

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

3.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates

Notes to the financial statements

that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

3.11 Earnings Per Share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2018 as per International Accounting Standard (IAS) - 33 "Earnings Per Share". EPS for comparative period also restated by the bonus share issued for the year 2017. Details are in note 37.

Basic earnings

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

Weighted average number of ordinary shares

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

The basis of computation of number of shares is in line with the provisions of IAS 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. It is pertinent to mention that, potential ordinary shares is in convertible subordinate bond that may entitle their holders to ordinary shares.

3.12 Reconciliation of inter-bank/inter-branch account

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

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

3.13 Risk Management at Bank Asia Ltd.

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

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

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

Notes to the financial statements

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

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

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

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

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

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

Residual Risk (e.g. wrong valuation of collateral, documentation error etc)	Capital computation under Pillar -II using the foundation Internal Rating Based (FIRB) approach
Concentration Risk	Herfindahl-Hirschman Index (HHI) index, Shannon's Index (SI) and Gini coefficient (GI)

Foreign Exchange Risk Management: The Foreign Exchange Risk arises from transaction involvement in any other national currency. Providing major foreign exchange related transactions are carried out on behalf of client thus bank has minimal exposure to the captioned risk. It is mentionable that the bank do not involve in any speculative transactions.

The treasury division independently conducts the transactions and back office is responsible for verifying the deal and passes necessary accounting entries. As advised by Bangladesh Bank on month end all foreign exchange related transactions are revalued at mark-to-market rate. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by management for settlement. It is mentionable that bank management is looking forward to establish treasury mid office to effectively perform the reconciliation activities.

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

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

Notes to the financial statements

plan. The Asset Liability Committee also monitors balance sheet risk.

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

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

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

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

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

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

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

Managing Information and communication Technology Risk : Bank Asia Limited follows the 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 Pillar II of Basel III. The Risk Management Division is primarily responsible for assessing and developing controls for managing these risks. In order to do so the RMD of the bank is performing various exercises like assessment of quality Risk Weighted Assets of the Bank, 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 Internal Capital Adequacy Assessment Process (ICAAP), perform the capital reporting model etc.

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

3.14 Events after reporting period

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

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

Notes to the financial statements

3.15 Related party disclosures

A party is related to the company if:

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

3.16 Directors' responsibilities on statement

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

3.17 Segment Reporting

As per IFRS 8 "Operating Segments", is a component of an equity:

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

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

3.18 Changes in Accounting Policies

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

3.19 Compliance checklist of International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS - 1	N/A
Share Based Payment	IFRS - 2	N/A
Business Combinations	IFRS - 3	Complied
Insurance Contracts	IFRS - 4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS - 5	N/A
Exploration for and Evaluation of Mineral Resources	IFRS - 6	N/A
Financial Instruments: Disclosures	IFRS - 7	Complied
Operating Segments	IFRS - 8	Complied
Financial Instruments: Recognition and Measurement	IFRS - 9	Complied
Consolidated Financial Statements	IFRS-10	Complied
Joint Arrangements	IFRS-11	N/A
Disclosure of Interests in other entities	IFRS-12	N/A
Fair Value Measurement	IFRS-13	Partially Complied
Regulatory Deferral Accounts	IFRS-14	N/A
Revenue from Contracts with Customers	IFRS-15	Complied
Presentation of Financial Statements	IAS - 1	Complied
Inventories	IAS - 2	Complied

Notes to the financial statements

Statement of Cash Flows	IAS - 7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS - 8	Complied
Events after the Reporting Period	IAS-10	Complied
Income Taxes	IAS-12	Complied
Property, Plant and Equipment	IAS-16	Complied
Leases	IAS-17	Complied
Employee Benefits	IAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Complied
The Effects of Changes in Foreign Exchange Rates	IAS-21	Complied
Borrowing Costs	IAS-23	Complied
Related Party Disclosures	IAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	N/A
Separate Financial Statements	IAS-27	Complied
Investments in Associates and Joint Ventures	IAS-28	Complied
Financial Instruments: Presentation	IAS-32	Complied
Earnings Per Share	IAS-33	Complied
Interim Financial Reporting	IAS-34	Complied
Impairment of Assets	IAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Complied
Intangible Assets	IAS-38	Complied
Investment property	IAS-40	Complied
Agriculture	IAS-41	N/A

3.19.1 New and amended standards and interpretations:

IFRS 15 - Revenue from Contract with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes: 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied.

The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. IFRS 15 has been adopted from January 2018, which did not impact the timing or amount of fee and commission income from contract with customers and the related assets and liabilities recognized by the Bank.

In December 2017 the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted IFRS replacing BFRS effective for annual periods beginning on or after January 01, 2018. As BFRS have been adopted from IFRS without any major modification, above change does not have material impact on financial statements. A number of standards and amendments to standards are effective for annual periods beginning after January 01, 2019 and earlier application is permitted. However, the Bank has not early adopted the following new standards in preparing these financial statements.

- a) IFRS 16 Leases
- b) IFRS 17 Insurance Contracts

3.20 Approval of financial statements

The financial statements were approved by the Board of Directors on March 21, 2019.

3.21 General

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (iv) These financial statements cover one calendar year from 01 January 2018 to 31 December 2018.

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking		
Local currency	2,642,651,071	1,975,567,432
Foreign currencies	36,957,655	16,477,295
	2,679,608,726	1,992,044,727
Off-shore banking unit	-	-
	2,679,608,726	1,992,044,727
4.1(a) Consolidated Cash in hand		
Bank Asia Limited	2,679,608,726	1,992,044,727
Bank Asia Securities Limited	7,290	5,742
BA Exchange Company (UK) Limited	3,483,040	2,727,856
BA Express USA, Inc	108,796	200,258
	2,683,207,852	1,994,978,583
4.2 Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Conventional and Islamic banking		
Balance with Bangladesh Bank		
Local currency (statutory deposit)	11,813,624,203	15,229,481,310
Foreign currencies	333,978,489	109,241,186
	12,147,602,692	15,338,722,496
Balance with agent bank (Sonal Bank Limited)		
Local currency	724,909,310	599,507,694
Foreign currencies	-	-
	724,909,310	599,507,694
	12,872,512,002	15,938,230,190
Off-shore banking unit	-	-
	12,872,512,002	15,938,230,190
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited	12,872,512,002	15,938,230,190
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	12,872,512,002	15,938,230,190

4.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991, DOS circular nos. 01 dated 19 January 2014 and MPD circular no. 01 and MPD circular no. 116/2018-592 dated 03 April 2018.

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

4.3.1 Cash Reserve Ratio (CRR)

Conventional Banking

As per Bangladesh Bank DOS Circular No. 01 dated January 19, 2014 and MPD circular no. 01 and MPD circular no. 116/2018-592 dated 03 April 2018, Bank has to maintain CRR @ 5.5% on fortnightly cumulative average basis and minimum @ 5% on daily basis.

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
i. Daily Bank's CRR maintenance:		
Required reserve (5 % on Demand and Time Liabilities)	10,107,919,550	11,467,765,770
Actual reserve maintained	11,016,525,310	14,207,565,140
Surplus	908,605,760	2,739,799,370
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (5.5 % of Demand and Time Liabilities)	11,118,711,505	12,423,412,918
Actual reserve maintained (average)	11,338,798,000	12,921,504,211
Surplus	220,086,495	498,091,294
Islamic Banking		
i. Daily Bank's CRR maintenance:		
Required reserve (5% Demand and Time Liabilities)	686,085,700	603,553,389
Actual reserve maintained	755,523,504	657,449,341
Surplus	69,437,804	53,895,952
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (5.5% of Demand and Time Liabilities)	754,694,270	653,849,505
Actual reserve maintained (Average)	755,523,504	657,449,341
Surplus	829,234	3,599,836
4.3.2 Statutory Liquidity Ratio (SLR)		
Conventional Banking		
13% of Average Demand and Time Liabilities		
Required reserve	26,280,590,830	24,846,825,835
Actual reserve maintained	35,613,981,000	28,158,817,000
Surplus	9,333,390,170	3,311,991,165
Islamic Banking		
5.5% of Average Demand and Time Liabilities		
Required reserve	754,694,270	553,257,273
Actual reserve maintained	786,588,000	595,836,000
Surplus	31,893,730	42,578,727
	9,365,283,900	3,354,569,892
4.3.3 Held for Statutory Liquidity Ratio		
Conventional Banking		
Cash in hand	2,645,456,000	1,950,308,000
Excess of CRR - Balance with Bangladesh Bank	-	1,784,152,000
Balance with agent bank (Sonali Bank Limited)	589,932,000	543,602,000
Government securities	32,377,047,000	23,879,074,900
Other securities	1,546,000	1,680,100
	35,613,981,000	28,158,817,000
Islamic Banking		
Cash in hand	31,058,000	41,737,000
Excess of CRR - Balance with Bangladesh Bank	830,000	3,599,000
Government securities	754,700,000	550,500
Other securities	-	-
	786,588,000	45,886,500
	36,400,569,000	28,204,703,500

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
5. Balance with other banks and financial institutions		
In Bangladesh		
Conventional and Islamic banking (Note 5.1)	23,488,274,856	28,766,652,560
Off-shore banking unit	-	-
	23,488,274,856	28,766,652,560
Outside Bangladesh		
Conventional and Islamic banking (Note 5.2)	1,911,475,826	802,548,570
Off-shore banking unit	465,862,484	33,810,259
	2,377,338,310	836,358,829
	25,865,613,166	29,603,011,389
5.1 Conventional and Islamic banking-In Bangladesh		
Current accounts		
AB Bank Limited	41,480	41,480
Agrani Bank Limited	5,696	6,847
Jamuna Bank Limited	345	1,463
Janata Bank Limited	66,465,691	-
National Bank Limited	-	816,024
Rupali Bank Limited	59,552,217	-
Standard Chartered Bank	9,354,693	1,943,441
Sonali Bank Limited	249,494,042	182,126,501
Trust Bank Limited	(8,923,545)	(6,148,777)
	375,990,619	178,786,979
Short- notice deposit accounts		
AB Bank Limited	545,194	532,105
Bank Alfalah Limited	2,012,720	1,993,416
BRAC Bank Limited	829,427	1,087,689
Islami Bank Bangladesh Limited	180,283	173,529
Bank Alfalah Limited	-	-
Uttara Bank Limited	116,613	128,842
	3,684,237	3,915,581
Fixed deposit accounts/ MTDR		
Islamic Finance and Investment Limited	200,000,000	-
Hajj Finance Company Limited	150,000,000	-
Premier Bank Limited	500,000,000	-
	850,000,000	-
	1,229,674,856	182,702,560
Placements		
With Banking companies	19,308,600,000	26,583,950,000
With Non-banking financial institutions	2,950,000,000	2,000,000,000
	22,258,600,000	28,583,950,000
	23,488,274,856	28,766,652,560

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
Details of Placement with Banking companies(Local Currency)		
AB Bank Limited	-	2,500,000,000
Bank Asia Islamic Window	-	1,400,000,000
EXIM Bank Limited	1,000,000,000	-
IFIC Bank Limited	-	5,100,000,000
Jamuna Bank Limited	4,000,000,000	2,000,000,000
Mercantile Bank Limited	1,000,000,000	-
Midland Bank Limited	-	500,000,000
Modhumoti Bank Limited	-	300,000,000
Mutual Trust Bank Limited	1,000,000,000	-
National Credit and Commerce Bank Limited	500,000,000	-
National Bank Limited	1,600,000,000	1,000,000,000
NRB Bank Limited	-	250,000,000
One Bank Limited	-	4,000,000,000
Social Islami Bank Limited	1,000,000,000	4,000,000,000
Standard Bank Limited	3,000,000,000	2,000,000,000
Shahjalal Bank Limited	-	1,750,000,000
	13,100,000,000	24,800,000,000
Less: Inter-company transactions with Bank Asia Islamic Window	-	(1,400,000,000)
	13,100,000,000	23,400,000,000
Details of Placement- with Banking companies (Foreign Currencies)		
Commercial Bank of Ceylon	-	413,500,000
Eastern Bank Limited	1,845,800,000	-
Islami Bank Bangladesh Limited	4,195,000,000	-
Mutual Trust Bank Limited	-	1,116,450,000
Modhumoti Bank Limited	167,800,000	827,000,000
Mercantile Bank Limited	-	827,000,000
	6,208,600,000	3,183,950,000
	19,308,600,000	26,583,950,000
Details of Placement with Non-banking financial institutions		
Delta Brac Housing	300,000,000	600,000,000
Investment Corporation of Bangladesh	2,000,000,000	-
IPDC Finance Limited	300,000,000	500,000,000
National House Finance and Investment Limited	-	200,000,000
United Finance Limited	200,000,000	200,000,000
Union Capital Limited	150,000,000	500,000,000
	2,950,000,000	2,000,000,000
5.2 Conventional and Islamic banking- Outside Bangladesh		
Current accounts		
Interest bearing		
Citibank N.A., London (EURO)	23,748,210	24,434,287
Citibank N.A., London (GBP)	6,372,266	9,046,861
Citibank NA, New York (USD)	299,678,693	244,077,093
Habib American Bank, New York	956,850	150,820,201
Mashreqbank PSC, New York (USD)	201,571	18,315,806
Standard Chartered Bank, Mumbai	1,319,346	4,131,323
Standard Chartered Bank, New York	667,918,664	56,220,625
	1,000,195,600	507,046,196

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
Non-interest bearing		
AB Bank Limited, Mumbai	1,562,296	38,621,372
Al Rajhi Bank K.S.A	127,982	17,982
Bank of Sydney	995,746	784,152
Bhutan National Bank Limited, Thimphu	14,884,715	2,392,802
Commerzbank AG, Frankfurt (EURO)	88,445,423	132,965,792
Commerzbank AG, Frankfurt (USD)	741,169,583	943,737
Habib Metropolitan Bank Limited, Karachi	2,882,244	9,754,377
ICICI Bank Limited, Kowloon	6,105,011	362,987
ICICI Bank Limited, Mumbai	540,261	1,023,138
JP Morgan Chase Bank N.A New York, U.S.A	350,075	13,714,038
Mashreqbank PSC, Mumbai (EURO)	768,342	790,571
Mashreqbank PSC, Dubai	1,232,672	-
Muslim Commercial Bank Limited, Colombo	13,303,597	1,629,075
Nepal Bangladesh Bank Limited, Kathmandu	16,822,578	13,763,471
Saudi Hollandi K.S.A	13,090,027	5,427,400
UBAF, Tokyo	-	18,235,632
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	2,486,562	672,514
Wells Fargo Bank NA, New York, (USD)	4,085,974	53,519,499
Wells Fargo Bank NA, London, (Euro)	1,867,588	64,571
Zurcher Kantonal Bank, Switzerland	559,550	819,264
	<u>911,280,226</u>	<u>295,502,374</u>
	1,911,475,826	802,548,570
Placement with Off-shore Banking Unit	922,900,000	504,470,000
Less: Inter company transaction	(922,900,000)	(504,470,000)
	1,911,475,826	802,548,570
Off-shore banking unit	465,862,484	33,810,259
	<u>2,377,338,310</u>	<u>836,358,829</u>
5.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	13,030,613,166	14,741,061,389
More than 1 month but not more than 3 months	10,076,500,000	14,203,150,000
More than 3 months but not more than 6 months	2,758,500,000	658,800,000
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	<u>25,865,613,166</u>	<u>29,603,011,389</u>
5(a) Consolidated Balance with other banks and financial institutions		
In Bangladesh		
Bank Asia Limited	23,488,274,856	28,766,652,560
Bank Asia Securities Limited	279,364,574	336,215,384
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>23,767,639,430</u>	<u>29,102,867,944</u>
Less: Inter-company transactions	14,513,073	15,047,104
	<u>23,753,126,357</u>	<u>29,087,820,840</u>
Outside Bangladesh		
Bank Asia Limited	2,377,338,310	836,358,829
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	37,479,766	54,274,321
BA Express USA, Inc	75,190,889	99,426,462

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
	2,490,008,965	990,059,612
	<u>26,243,135,322</u>	<u>30,077,880,452</u>
6. Money at call and on short notice		
Call money		
With Banking companies (Note 6.1)	100,000,000	-
With Non-banking financial institutions	-	-
	<u>100,000,000</u>	<u>-</u>
6.1 Call Money- with Banking companies:		
Pubali Bank Limited	<u>100,000,000</u>	<u>-</u>
6(a) Consolidated Money at call and on short notice		
Bank Asia Limited	100,000,000	-
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>100,000,000</u>	<u>-</u>
7. Investments		
Government (Note 7.1)	33,133,291,838	24,431,255,000
Others (Note 7.2)	2,865,906,506	3,114,563,419
	<u>35,999,198,344</u>	<u>27,545,818,419</u>
7.1 Government		
Conventional and Islamic banking (Note 7.1.1)	33,133,291,838	24,431,255,000
Off-shore banking unit	-	-
	<u>33,133,291,838</u>	<u>24,431,255,000</u>
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	5,566,966,237	6,200,555,735
Treasury bonds (Note 7.1.1.2)	27,564,779,601	16,729,386,230
Bangladesh Bank bills (Note 7.1.1.3)	-	1,499,632,935
Prize bonds	1,546,000	1,680,100
	<u>33,133,291,838</u>	<u>24,431,255,000</u>
7.1.1.1 Treasury bills		
91days treasury bills	-	1,987,575,306
182 days treasury bills	1,999,243,099	4,212,980,429
364 days treasury bills	3,567,723,138	-
	<u>5,566,966,237</u>	<u>6,200,555,735</u>
7.1.1.2 Treasury bonds		
Bangladesh Bank Islamic bond	754,700,000	550,500,000
2 years Bangladesh Government treasury bonds	10,360,647,089	1,991,138,902
5 years Bangladesh Government treasury bonds	-	1,879,928,645
10 years Bangladesh Government treasury bonds	7,173,179,558	6,446,776,045
15 years Bangladesh Government treasury bonds	7,067,240,345	5,618,296,400
20 years Bangladesh Government treasury bonds	2,209,012,609	242,746,238
	<u>27,564,779,601</u>	<u>16,729,386,230</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
7.1.1.3 Bangladesh Bank bills		
07 days Bangladesh Bank bills	-	1,499,632,935
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	2,865,906,506	3,114,563,419
Off-shore banking unit	94,182,403	514,046,529
Less: Adjustment with OBU	(94,182,403)	(514,046,529)
	<u>2,865,906,506</u>	<u>3,114,563,419</u>
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	478,246,611	478,653,578
Unquoted share	97,320,728	93,839,455
	<u>575,567,339</u>	<u>572,493,033</u>
b) Mutual Fund (Details are shown in Annexure-B)		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB Ist Mutual Fund	149,665,000	149,665,000
Ist Bangladesh Fixed Income Fund	250,000,000	250,000,000
MBL 1st Mutual Fund	50,000,000	50,000,000
EXIM Bank 1st Mutual Fund	242,235,820	242,235,820
	<u>741,900,820</u>	<u>741,900,820</u>
c) Debentures		
Beximco Denims Limited	9,537,605	9,537,605
Beximco Textiles Limited	6,445,370	6,445,370
	<u>15,982,975</u>	<u>15,982,975</u>
d) Bonds		
MTBL subordinated bond	320,000,000	400,000,000
MTB Second subordinated bond	240,000,000	300,000,000
UCB Second subordinated bond	66,455,372	116,186,591
BSRM Steels Limited zero coupon bond	500,000,000	500,000,000
Premier Bank Non-convert subordinated bond	22,000,000	44,000,000
Prime Bank Limited Coupon bond	64,000,000	64,000,000
BSRML Coupon bond	120,000,000	160,000,000
7 Year Preference Share Of Summit BPL	100,000,000	100,000,000
UFS-Bank Asia Unit Fund	100,000,000	100,000,000
SIBL subordinated Mudaraba bond	1,532,455,372	1,784,186,591
SIBL 2nd Mudaraba Subordinated Bond	2,865,906,506	3,114,563,419
	<u>1,684,186,591</u>	<u>1,781,754,482</u>
	<u>2,865,906,506</u>	<u>3,114,563,419</u>
7.3 Investments classified as per Bangladesh Bank circular		
Held for trading (HFT)	5,566,966,237	4,937,574,983
Held to maturity (HTM)	26,810,079,601	18,941,499,917
Other securities	3,622,152,506	3,666,743,519
	<u>35,999,198,344</u>	<u>27,545,818,419</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
7.4 Maturity-wise grouping		
On demand	5,460,178,275	1,160,789,398
Up to 3 months	102,600,000	5,090,869,350
More than 3 months but not more than 1 year	12,679,200,000	4,281,322,451
More than 1 year but not more than 5 years	7,320,000,000	5,616,477,758
More than 5 years	10,437,220,069	11,396,359,462
	<u>35,999,198,344</u>	<u>27,545,818,419</u>
7(a) Consolidated Investments		
Government		
Bank Asia Limited	33,133,291,838	24,431,255,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>33,133,291,838</u>	<u>24,431,255,000</u>
Others		
Bank Asia Limited	2,865,906,506	3,114,563,419
Bank Asia Securities Limited	545,004,098	599,531,872
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,410,910,604</u>	<u>3,714,095,291</u>
	<u>36,544,202,442</u>	<u>28,145,350,291</u>
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	193,721,116,473	181,498,036,483
Bills purchased and discounted (Note 8.2)	20,897,034,672	16,006,102,273
	<u>214,618,151,145</u>	<u>197,504,138,756</u>
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Agricultural loan	2,304,858,400	4,007,207,580
Cash credit/Bai Murabaha (Muajjal)	4,845,956,472	4,490,806,466
Credit card	2,079,086,197	1,600,308,711
Credit for poverty alleviation scheme-micro credit	7,837,482	7,750,298
Consumer credit scheme	10,952,376,679	9,425,511,886
Demand loan	32,699,461,515	29,894,803,188
Export Development Fund (EDF)	12,122,911,605	12,836,199,262
House building loans	1,024,681,187	1,072,529,546
Loans (General)/ Musharaka	14,033,128,865	14,161,297,946
Loan against trust receipts/ Bai Murabaha post import	13,066,570,576	12,565,006,707
Overdrafts/ Quard against scheme	39,411,033,569	33,457,754,908
Packing credit	548,322,822	609,569,459
Payment against documents	173,243,859	767,633,243
Staff Loan	1,402,891,669	1,323,514,517
Transport loan	1,802,259,629	1,746,519,994
Term loan- industrial/ Hire purchase under Shirkatul Melk	20,485,425,374	15,997,171,467
Term loan- others	33,712,504,848	35,026,223,256
	<u>190,672,550,748</u>	<u>178,989,808,434</u>
Outside Bangladesh	-	-
	<u>190,672,550,748</u>	<u>178,989,808,434</u>
Off-shore banking unit	3,048,565,725	2,508,228,049
	<u>193,721,116,473</u>	<u>181,498,036,483</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
8.2 Bills purchased and discounted		
Conventional and Islamic banking	3,093,996,825	3,358,989,074
Off-shore banking unit	17,803,037,847	12,647,113,199
	<u>20,897,034,672</u>	<u>16,006,102,273</u>
8.3 Maturity-wise grouping		
Repayable on demand	30,721,351,145	28,256,123,459
Not more than 3 months	28,777,300,000	34,402,360,425
More than 3 months but not more than 1 year	64,148,600,000	48,521,499,210
More than 1 year but not more than 5 years	74,760,900,000	57,693,757,224
More than 5 years	16,210,000,000	28,630,398,438
	<u>214,618,151,145</u>	<u>197,504,138,756</u>
8.4 Net loans and advances/investments		
Gross loans and advances/investments	214,618,151,145	197,504,138,756
Less: Interest suspense (Note 13.4)	1,689,435,106	1,709,429,069
Provision for loans and advances/investments (Note 13.2)	8,984,001,791	7,841,186,140
	<u>10,673,436,897</u>	<u>9,550,615,209</u>
	<u>203,944,714,247</u>	<u>187,953,523,547</u>
8.5 Loans and advances/investments under the following broad categories		
In Bangladesh		
Loans	149,464,126,432	143,549,475,109
Cash credits	4,845,956,472	4,490,806,466
Overdrafts	39,411,033,569	33,457,754,908
Bills purchased and discounted	19,814,947,128	14,033,700,796
	<u>213,536,063,601</u>	<u>195,531,737,279</u>
Outside Bangladesh		
Bills purchased and discounted	1,082,087,544	1,972,401,477
	<u>214,618,151,145</u>	<u>197,504,138,756</u>
8.6 Significant concentration wise grouping		
a) Directors	-	-
b) Chief Executive and other senior executives		
i) Managing Director	3,032,000	3,745,000
ii) Other senior executives	149,279,000	137,966,000
	<u>152,311,000</u>	<u>141,711,000</u>
c) Agriculture	5,915,900,000	4,074,800,000
d) Industry		
Food Manufacturing	11,750,700,000	10,907,400,000
Beverage industry	434,400,000	747,200,000
Tobacco industry	231,500,000	311,900,000
RMG industry	25,513,200,000	22,666,400,000
Textile industry	21,784,900,000	20,274,900,000
Wood cork and allied products	50,300,000	41,500,000
Furniture and Fixture	152,900,000	156,000,000
Paper and paper products	5,673,200,000	8,648,300,000
Leather and leather products	1,896,500,000	2,073,000,000
Rubber products	2,124,500,000	2,355,300,000
Chemical and chemical products	1,394,500,000	1,632,800,000
Basic metal products	8,826,700,000	6,225,200,000
Electrical machinery and apparatus	2,847,800,000	3,794,800,000
Other manufacturing industries	16,107,940,145	13,467,827,756
Ship building	2,729,900,000	2,080,300,000
Ship breaking	621,500,000	760,100,000
Pharmaceutical	435,500,000	467,300,000

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
e) Constructions	102,575,940,145	96,610,227,756
f) Power, Gas, Water and Sanitary Services	3,915,600,000	5,280,500,000
g) Transport, Storage and Communication	3,624,000,000	2,023,400,000
h) Trade Services	2,620,600,000	2,823,900,000
i) Housing Services	45,579,000,000	34,740,500,000
j) Banking and Insurance	14,305,100,000	13,882,700,000
k) Professional and Misc. services	4,658,800,000	7,178,500,000
	31,270,900,000	30,747,900,000
	<u>214,618,151,145</u>	<u>197,504,138,756</u>

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	139,809,593,390	149,084,626,608
Chittagong Division	46,460,461,901	23,855,887,548
Khulna Division	3,614,476,768	3,347,579,548
Rajshahi Division	2,592,279,575	1,772,100,569
Barisal Division	778,313,758	564,260,759
Sylhet Division	1,811,339,623	1,896,508,024
Rangpur Division	1,050,457,579	805,131,771
Mymensingh Division	467,274,393	314,200,852
	<u>196,584,196,987</u>	<u>181,640,295,679</u>

Rural

Dhaka Division	11,671,299,336	9,555,052,582
Chattagram Division	3,768,587,276	4,151,016,922
Khulna Division	68,074,698	-
Sylhet Division	366,770,250	368,262,505
Rajshahi Division	2,159,222,598	1,789,511,068
	<u>18,033,954,158</u>	<u>15,863,843,077</u>
Outside Bangladesh	-	-
	<u>214,618,151,145</u>	<u>197,504,138,756</u>

8.8 Loans/investments including bills purchased and discounted covered by securities

Collateral of movable/immovable assets	130,127,028,163	121,152,236,059
Local banks and financial institutions' guarantee	418,733,584	516,037,474
Foreign banks' guarantee	17,852,799	20,357,999
Export documents	6,979,780,484	6,989,106,354
Cash and quasi cash	6,392,742,654	5,855,886,105
Personal guarantee	31,162,266,498	37,723,687,101
Other securities	39,519,746,963	25,246,827,664
	<u>214,618,151,145</u>	<u>197,504,138,756</u>

8.9 Details of large loans/investments

As at 31 December 2018 there were nine (2017: Thirteen) 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 35,082.90 million as at 31 December 2018 (Taka 32,913.95 million in 2017). Details are shown in Annex E.

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
8.10 Particulars of loans and advances/investments		
i) Loans/investments considered good in respect of which the Bank is fully secured	143,936,137,684	134,533,623,991
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	31,162,266,498	37,723,687,101
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	39,519,746,963	25,246,827,664
iv) Loans/investments adversely classified; provision not maintained there against	-	-
	<u>214,618,151,145</u>	<u>197,504,138,756</u>
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,402,891,669	1,323,514,517
vi) Loans/investments due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances/investments, including temporary advances/investments made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	1,402,891,669	1,323,514,517
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>20,897,034,672</u>	<u>16,006,102,273</u>
x) Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
a) Increase/(Decrease) of provision (specific)	152,759,761	(754,286,290)
Amount of loan written off	2,890,073,681	2,138,547,250
Amount realised against the loans previously written off	102,546,693	34,250,512
b) Provision kept against loans/investments classified as bad debts	3,892,759,378	3,739,999,617
c) Interest credited to interest suspense account	1,689,435,106	1,709,429,069
xi) Cumulative amount of written off loans/investments		
Opening balance	7,261,464,270	5,122,917,019
Amount written off during the year	2,890,073,681	2,138,547,250
The amount of written off loans/investments for which law suit has been filed	<u>10,151,537,951</u>	<u>7,261,464,270</u>

8.11 Grouping as per classification rules

Unclassified:

Standard including staff loan	194,395,578,967	179,810,129,754
Special mentioned account	11,412,741,749	9,051,706,000
	<u>205,808,320,716</u>	<u>188,861,835,754</u>

Classified:

Sub-standard	273,124,207	486,181,000
Doubtful	690,818,120	705,227,000
Bad/loss	7,845,888,102	7,450,895,000
	8,809,830,429	8,642,303,000
	<u>214,618,151,145</u>	<u>197,504,138,754</u>

Notes to the financial statements

Amount in Taka

31 Dec 2018 31 Dec 2017

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding at 31 Dec 2018	Base for provision	Required provision		
			%	Amount	
For loans and advances/Investments:					
Unclassified - general provision					
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)					
	124,043,289,972	105,243,717,761	1% to 5%	4,054,864,680	2,989,078,387
Small and medium enterprise financing	32,213,752,560	32,213,752,560	0.25%	71,297,815	67,821,410
House building loan and loan for professional	9,698,537,314	9,698,537,314	1 to 2%	87,081,359	73,742,030
Loans to BH	2,132,472,702	2,132,472,702	2.00%	42,649,454	47,305,400
Consumer finance	4,240,776,848	4,240,776,848	2% to 5%	131,853,081	129,901,000
Staff loan	1,402,618,466	273,203.00	20%	-	-
				4,387,746,390	3,307,848,227
Special mentioned account	11,241,901,061	10,895,370,178	0.25% to 90%	495,112,661	630,604,361
Off-shore unit					
Unclassified loans (general)	20,664,131,105	20,664,131,105	1%	206,641,311	151,553,412
Special mentioned account	170,840,688	170,840,688	0.25% to 90%	1,708,407	-
Sub-standard	16,631,779	16,631,779	20%	3,326,356	-
				211,676,074	151,553,412
Classified - specific provision					
Sub-standard	256,492,428	150,076,411	20% / 5%	20,732,833	67,277,000
Doubtful	690,818,120	158,496,977	50% / 5%	148,690,956	296,561,000
Bad/loss	7,845,888,102	3,714,894,317	100%	3,714,894,317	3,368,851,000
				3,884,318,106	3,732,689,000
Provision required for loans and advances				8,978,853,231	7,822,695,000
Total provision maintained (Note 13.2)					
Conventional and Islamic Banking				8,772,325,717	7,689,632,728
Off-shore Banking Unit				211,676,074	151,553,412
				8,984,001,791	7,841,186,140

8.13 Suits filed by the Bank (Branch wise details)

Agrabad Branch	2,774,258,008	2,413,131,694
Anderkilla Branch	2,105,234,642	1,661,417,788
Ashulia Branch	23,540,241	23,540,241
Bahadderhat Branch	85,691,640	61,924,493
Bank Asia Bhaban Branch	100,592,656	100,592,656
Bashundhara Branch	312,046,119	270,928,042
Beanibazar Branch	5,584,770	5,584,770
Bhatiary Branch	657,867,500	648,058,321
Bogra Branch	170,554,742	174,535,660
BSMMU Branch	1,413,816	-
Credit Cards Department	69,433,018	58,705
CDA Avenue Branch	5,640,824,080	5,440,748,716
Chandragonj Branch	492,048	-
Chatkhil Branch	6,793,978	17,361,013
Corporate Branch	334,807,982	322,102,269
Cumilla Branch	18,704,998	-

Notes to the financial statements

	Amount in Taka	
	31 Dec 2018	31 Dec 2017
Dhanmondi Branch	122,804,875	121,553,320
Donia Branch	32,926,436	32,926,436
Elephant Road	2,375,836	-
Gulshan Branch	1,338,662,983	165,905,973
Holy Family RCMCH Branch	58,723,079	40,813,609
Jatrabari SME	328,558	-
Jessore Branch	89,881,449	89,881,449
Jurain SME Centre	941,349	5,565,685
Kamal Bazar Branch	315,335	315,335
KEPZ Branch	5,519,100	5,519,100
Khatunganj Branch	2,157,859,046	2,033,775,121
Khulna Branch	77,394,034	77,394,034
Konabari Branch	12,544,477	-
Lohagara Branch	15,123,119	15,123,119
Malkhanagar Branch	99,260,146	103,830,164
MCB Banani Branch	132,311,907	54,234,479
MCB Dilkusha Branch	1,282,815,521	1,282,815,521
MCB Sk. Mujib Road Branch	2,056,385,324	2,056,385,324
Mirpur Branch	26,444,967	23,409,708
Mitford Branch	300,047,766	300,047,766
Moghbazari Branch	53,513,290	53,513,290
Mohakhali Branch	62,424,673	36,824,325
Moulavibazar Branch	2,762,801	-
Narayanganj Branch	89,442,295	79,008,104
North South Road Branch	1,366,732,384	1,302,969,283
Oxygen Moor Branch	5,874,497	5,874,497
Paltan Branch	10,831,306	10,831,306
Principal Office Branch	1,002,679,377	799,141,632
Progoti Sarani Branch	35,201,218	35,201,218
Rajshahi Branch	4,856,245	4,856,245
Ramgonj SME/Agri Branch	13,655,636	13,655,636
Rekabi bazar SME Center	348,681	348,681
Rupnagar Branch	870,417	870,417
Savar Branch	19,429,224	18,843,802
Scotia Branch	675,239,701	620,245,034
Shantingar Branch	967,970,063	923,082,989
Station Road Branch	158,228,019	156,316,446
Strand Road Branch	4,941,664	4,941,664
Sylhet Main Branch	31,102,359	31,102,359
Sylhet Uposhahar Branch	183,201,041	183,201,041
Sylhet Uposhahar Islamic Window Branch	17,140,393	17,140,393
Tarail Branch	1,162,000	-
Tongi Branch	2,174,613	2,174,613
Uttara Branch	924,570,685	157,458,561
	<u>25,754,858,130</u>	<u>22,007,082,045</u>
8.14 Bills purchased and discounted		
Payable in Bangladesh	19,814,947,128	14,033,700,796
Payable outside Bangladesh	1,082,087,544	1,972,401,477
	<u>20,897,034,672</u>	<u>16,006,102,273</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
8.15 Maturity-wise grouping of bills purchased and discounted		
Payable within 1 month	3,973,106,392	3,290,362,273
More than 1 month but less than 3 months	9,482,018,096	4,151,658,549
More than 3 months but less than 6 months	6,424,063,662	4,971,661,780
More than 6 months	1,017,846,523	3,592,419,671
	<u>20,897,034,672</u>	<u>16,006,102,273</u>
8(a) Consolidated Loans and advances/investments		
Bank Asia Limited	193,721,116,473	181,498,036,483
Bank Asia Securities Limited	4,993,663,846	5,074,106,215
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>198,714,780,319</u>	<u>186,572,142,698</u>
Less: Inter- companies transactions	<u>2,058,883,156</u>	<u>2,249,821,140</u>
	<u>196,655,897,163</u>	<u>184,322,321,558</u>
Bills purchased and discounted		
Bank Asia Limited	20,897,034,672	16,006,102,273
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>20,897,034,672</u>	<u>16,006,102,273</u>
	<u>217,552,931,835</u>	<u>200,328,423,831</u>
9 Fixed assets including premises, furniture and fixtures		
Conventional and Islamic banking (Note 9.1)	5,431,553,592	5,329,740,498
Off-shore banking unit	-	-
	<u>5,431,553,592</u>	<u>5,329,740,498</u>
9.1 Conventional and Islamic banking		
Cost:		
Land	2,646,764,306	2,646,764,306
Building	2,752,485,491	2,752,485,491
Furniture and fixtures	1,355,809,379	1,264,478,318
Equipments	1,033,724,535	891,352,643
Computer and accessories	513,104,363	477,162,667
Construction work in progress	379,079,065	202,550,799
Motor vehicles	262,179,818	213,632,600
	<u>8,943,146,959</u>	<u>8,448,426,824</u>
Less: Accumulated depreciation	3,457,878,103	3,064,971,063
Adjustment of assets revaluation	53,715,264	53,715,264
Written down value at the end of the year - Details are shown in Annex C.	<u>5,431,553,592</u>	<u>5,329,740,498</u>
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Bank Asia Limited	5,431,553,592	5,329,740,498
Bank Asia Securities Limited	7,771,251	4,025,035
BA Exchange Company (UK) Limited	2,975,027	4,496,726
BA Express USA, Inc	3,567,964	5,968,648
	<u>5,445,867,834</u>	<u>5,344,230,907</u>
10 Other assets		
Conventional and Islamic banking (Note 10.1)	9,694,314,078	11,042,584,828
Off-shore banking unit	30,449,503	41,073,945
	<u>9,724,763,581</u>	<u>11,083,658,773</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
10.1 Conventional and Islamic banking		
Income generating other assets		
Investment in Bank Asia Securities Ltd - incorporated in Bangladesh	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited - incorporated in UK	31,800,000	33,168,000
Investment in BA Express USA Inc - incorporated in USA	80,544,000	79,392,000
	2,112,334,000	2,112,550,000
Non-income generating other assets		
Income receivable (Note 10.2)	667,109,668	775,868,203
Stock of stamps	7,423,486	6,856,038
Stationery, printing materials, etc	51,495,808	41,945,600
Prepaid expenses	14,619,641	25,011,208
Deposits and advance rent	323,031,650	332,424,273
Advances, prepayments and others (Note 10.3)	267,763,746	260,421,177
Advance income tax (Note 10.4)	5,185,175,810	6,781,572,306
Receivable against government	506,000,150	213,945,758
Sundry debtors	64,944,699	51,288,052
Branch adjustment account (Note 10.5)	130,417,688	123,377,471
Protested bills	68,035,265	65,242,265
Receivable from BA Exchange Company (UK) Limited	71,073,212	73,960,113
Receivable from BA Express USA Inc	206,003,095	165,167,024
Excise duty recoverable	18,886,160	12,955,340
	7,581,980,078	8,930,034,828
	9,694,314,078	11,042,584,828

10.2 income receivable

Income receivable consists of interest accrued on investment and other income.

10.3 Advances, prepayments and others

Advances, prepayments and others account consists of advance amount paid for purchasing of fixed assets, advance payment of rent for new branches of the Bank, advance against salary and legal expenses, etc.

10.4 Advance income tax

Advance income tax was adjusted against provision for taxation for the year 2015 and 2016 as the tax assessments have been finalized for the said income year.

10.5 Branch adjustment accounts

This represents outstanding inter-branch and head office transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2018 are given below:

Periods of Reconciliation	Number of responded entries (Debit)	Amount of responded entries (Taka)	Number of re-responded entries (Credit)	Amount of re-responded entries (Taka)
Up to 3 months	27	5,497,159	70	11,484,613
More than 3 months but within 6 months	1	300	3	5,903
More than 6 months but within 1 year	1	382,173	1	469
More than 1 year but within 5 years	-	-	-	-
Above 5 years	-	-	-	-
	29	5,879,632	74	11,490,986

10.6 Receivable from Government in connection with Rangs Properties:

The Bank has a receivable from Government in connection with demolition of Rangs Bhaban in 2008 situated at 113-116 Old Airport Road, Dhaka-1215. Bank Asia had a purchased floor at 3rd floor of the Building, where from the then Scotia Branch used to run. Total receivable in this regard is Tk. 3,19,52,365 (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.

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
10 (a) Consolidated Other assets		
Bank Asia Limited	9,724,763,581	11,083,658,773
Bank Asia Securities Limited	344,853,599	286,992,354
BA Exchange Company (UK) Limited	2,236,204	5,749,700
BA Express USA, Inc	101,661,544	91,434,840
	<u>10,173,514,928</u>	<u>11,467,835,667</u>
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited	30,995,250	32,820,000
Investment in BA Express USA, Inc	79,440,000	78,720,000
Receivable from BASL	-	-
Receivable from BA Exchange Company (UK) Limited	71,073,212	73,960,113
Receivable from BA Exchange USA, Inc.	206,003,095	165,167,024
Foreign currency effect for subsidiaries	-	-
	<u>7,786,013,371</u>	<u>9,117,178,530</u>

10(aa) Demutualization membership of Dhaka Stock Exchange

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

Under section 14(Ka) of Demutualization Act 2013, Share Purchase Agreement (SPA) executed between Dhaka Stock Exchange Ltd. (DSE) and its strategic investors namely Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) and completed the sale of 25% (Twenty-five percent) DSE shares to SZSE and SSE. In this connection, BASL sold 1,803,777 number of share at the rate of Tk.21 per share totaling Tk. 37,879,317. Currently BASL holding 5,411,329 shares at a cost of totaling Tk. 114,839,239

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

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	11,261,104,814	15,349,703,961
Off-shore banking unit (Note 11.2)	20,980,469,299	15,423,078,092
Less: Adjustment with Head Office	(922,900,000)	(504,470,000)
	<u>31,318,674,113</u>	<u>30,268,312,053</u>

11.1 Conventional and Islamic banking

In Bangladesh (Note 11.1.1)	11,261,104,814	15,349,703,961
Outside Bangladesh	-	-
	<u>11,261,104,814</u>	<u>15,349,703,961</u>

11.1.1 In Bangladesh

Secured: - -

Un secured:

Money at call and on short notice

Sonali Bank	-	1,500,000,000
Janata Bank	-	1,000,000,000
	-	<u>2,500,000,000</u>

Borrowings

Bangladesh Bank (BB) refinance	54,294,895	81,913,942
Borrowing from BB under Long Term Financing Facilities (LTFF) scheme	568,099,155	-

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
SME Foundation Pre Finance	54,092,607	74,630,000
Borrowing A/C (AGRI Taka 10)	6,852,836	28,272,774
Bio-Gas Plant refinance	183,330	733,332
Borrowing- Green finance refinance	90,000,000	140,000,000
Export development fund	10,487,581,991	12,524,153,913
Onshore export discount	94,182,403	514,046,529
	11,355,287,217	13,363,750,490
Less : Inter borrowings between OBU and Conventional Banking	(94,182,403)	(514,046,529)
	<u>11,261,104,814</u>	<u>15,349,703,961</u>

11.2 Borrowing at Off-shore banking unit

Secured:

Un secured:

Conventional Banking	910,250,000	604,208,628
International Finance Corporation	3,310,000,000	3,280,000,000
Borrowing - ECA	408,465,717	455,359,062
Standard Chartered Bank, Singapore	3,361,439,468	2,665,000,000
First Gulf Bank	1,655,000,000	820,000,000
National Bank of Ras Al Khaimah	1,903,250,000	1,533,400,000
Emirates Islami Bank	1,158,500,000	-
United Bank Limited, UAE	993,000,000	1,451,400,000
Caixa Bank, Barcelona	1,271,391,688	-
Bank Of Tokyo-Mitsubishi	2,482,500,000	1,640,000,000
Bank Muscat SAOG	-	574,000,000
HDFC, Gift City, Mumbai	372,375,000	410,000,000
Emirates NBD Bank PJSC	827,500,000	-
Noor Islami Bank, Dubai, UAE	-	246,000,000
Abu Dhabi Commercial bank	1,034,375,000	-
ID-Valvitalia Spa	104,959,926	-
KBC Bank, Brussels	-	103,710,402
Habib AG Zurich	500,637,500	-
State Bank of India	273,075,000	-
ICICI Bank Limited, Hong Kong	-	820,000,000
Nepal Bangladesh Bank Limited	413,750,000	410,000,000
Commercial Bank of Ceylon	-	410,000,000
	<u>20,980,469,299</u>	<u>15,423,078,092</u>

11(a) Consolidated Borrowings from other banks, financial institutions and agents

Bank Asia Limited	31,318,674,113	30,268,312,053
Bank Asia Securities Limited	2,120,125,642	2,447,067,334
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>33,438,799,755</u>	<u>32,715,379,387</u>
Less: Inter-company transactions	2,058,883,156	2,249,821,140
	<u>31,379,916,599</u>	<u>30,465,558,247</u>

11(aa) Subordinated Non-Convertible Bonds

Subordinated Non-Convertible Zero Coupon Bond

A.K Khan & Company Limited	-	38,578,342
AB Bank 1st Mutual Fund	-	5,859,904

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
EBL First Mutual Fund	-	1,541,827
EBL NRB Mutual Fund	-	3,074,048
EXIM Bank 1st Mutual Fund	-	6,172,112
First Bangladesh Fixed Income Fund	-	32,397,584
IFIC Bank 1st Mutual Fund	-	1,537,024
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	-	1,891,020
Popular Life 1st Mutual Fund	-	1,537,024
	-	92,588,885

Subordinated Non-Convertible floating rate bond

Agrani Bank Limited	160,000,000	200,000,000
BRAC Bank Limited	80,000,000	100,000,000
Janata Bank Limited	200,000,000	250,000,000
Mercantile Bank Limited	400,000,000	500,000,000
One Bank Limited	480,000,000	600,000,000
Pubali Bank Limited	200,000,000	250,000,000
Rupali Bank Limited	480,000,000	600,000,000
Sonali Bank Limited	400,000,000	500,000,000
	2,400,000,000	3,000,000,000

Subordinated Non-Convertible floating rate bond

Agrani Bank Limited	250,000,000	250,000,000
Dhaka Bank Limited	750,000,000	750,000,000
Janata Bank Limited	250,000,000	250,000,000
National Life Insurance Co	500,000,000	500,000,000
Pubali Bank Limited	1,000,000,000	1,000,000,000
Sabinco	150,000,000	150,000,000
Sadharan Bima Corporation	100,000,000	100,000,000
Sonali Bank Limited	1,000,000,000	1,000,000,000
Southeast Bank Limited	500,000,000	500,000,000
Uttara Bank Limited	500,000,000	500,000,000
	5,000,000,000	5,000,000,000
	7,400,000,000	8,092,588,885

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

Payable on demand	4,076,274,112	4,932,033,963
Up to 1 month	-	-
More than 1 month but within 3 months	13,952,500,000	14,454,700,000
More than 3 months but within 1 year	10,117,500,000	7,238,807,914
More than 1 year but within 5 years	9,572,400,000	3,735,359,061
More than 5 years	1,000,000,000	8,000,000,000
	38,718,674,112	38,360,900,938

11.4 Disclosure regarding REPO

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

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

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

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
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(ii) Disclosure regarding outstanding Reverse REPO as on 31 December

Sl. #	Counter party name	Agreement date	Reversal Date	Amount (Taka)
		NIL		
	Agrani Bank	27.12.2018	01.01.2019	1,503,749,790
	Total			-

b Disclosure regarding overall transaction of REPO & Reverse REPO

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

12 Deposits and other accounts

Conventional and Islamic banking (Note 12.1)	222,012,507,650	206,721,241,149
Off-shore banking unit	459,208,594	320,230,232
	<u>222,471,716,244</u>	<u>207,041,471,381</u>

Deposits and other accounts

Current/Al-wadeeah current accounts and other accounts

Deposits from banks	-	-
Deposits from customers	46,831,596,579	41,701,521,101
Off-shore banking unit	393,033,599	298,108,075
	47,224,630,178	41,999,629,176

Bills payable

Deposits from banks	-	-
Deposits from customers	4,124,678,804	3,968,967,652
	4,124,678,804	3,968,967,652

Savings bank/Mudaraba savings bank deposits

Deposits from banks	-	-
Deposits from customers	39,558,517,712	34,496,938,426
	39,558,517,712	34,496,938,426

Fixed deposits/Mudaraba fixed deposits

Deposits from banks	1,958,989	1,803,098,995
Deposits from customers	131,495,755,566	124,750,714,975
Off-shore banking unit	66,174,995	22,122,157
	131,563,889,550	126,575,936,127
	<u>222,471,716,244</u>	<u>207,041,471,381</u>

12.1 Conventional and Islamic banking

Deposits from banks (Note 12.1.1)	1,958,989	1,803,098,995
Deposits from customers (Note 12.1.2)	222,010,548,661	204,918,142,154
	<u>222,012,507,650</u>	<u>206,721,241,149</u>

12.1.1 Deposits from banks

Fixed deposit/SND

AB Bank Limited	40,056	39,982
EXIM Bank Limited	784,438	1,947,918
Social Islami Bank Limited	566,168	554,491

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
Trust Bank Limited	568,327	556,604
Agrani Bank Limited	-	1,800,000,000
Bank Asia Limited	-	1,400,000,000
	1,958,989	3,203,098,995
Less: Inter-company transactions with Bank Asia Islamic Window	-	(1,400,000,000)
	1,958,989	1,803,098,995
12.1.2 Deposits from customers		
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)	46,831,596,579	41,701,521,101
Bills payable (Note 12.1.2b)	4,124,678,804	3,968,967,652
Savings bank/Mudaraba savings deposits	39,558,517,712	34,496,938,426
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	131,495,755,566	124,750,714,975
	222,010,548,661	204,918,142,154
12.1.2a Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current accounts	16,626,865,081	14,883,359,452
Other demand deposit - Local currency	23,221,634,537	19,606,123,861
Other demand deposit - Foreign currencies	5,456,866,477	5,742,409,920
Foreign currency deposits	1,526,230,484	1,469,627,868
Export retention quota	-	-
	46,831,596,579	41,701,521,101
12.1.2b Bills payable		
Bills payable - local currency	4,114,942,932	3,961,854,176
Bills payable - foreign currencies	9,735,872	7,113,476
	4,124,678,804	3,968,967,652
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	78,423,944,865	66,948,110,139
Special notice deposit	19,471,499,885	24,118,638,106
Foreign currency deposits (interest bearing)	3,314,296	3,284,209
Deposit under schemes	33,596,996,520	33,680,682,521
	131,495,755,566	124,750,714,975
12.2 Payable on demand and time deposits		
a) Demand deposits		
Current/Al-wadeeah current accounts and other accounts	17,019,898,680	15,181,467,527
Savings bank/Mudaraba savings deposits	3,560,266,594	3,104,724,458
Foreign currency deposits (non interest bearing)	6,983,096,961	7,212,037,788
Sundry deposits	23,221,634,537	19,606,123,861
Bills payable	4,124,678,804	3,968,967,652
	54,909,575,576	49,073,321,286
b) Time deposits		
Savings bank/Mudaraba savings deposits	35,998,252,058	31,392,213,968
Fixed deposits/Mudaraba fixed deposits	78,492,078,849	68,773,331,291
Foreign currency deposits (interest bearing)	3,314,296	3,284,209
Special notice deposit	19,471,499,885	24,118,638,106
Security deposits	-	-
Deposits under schemes	33,596,996,520	33,680,682,521
	167,562,141,608	157,968,150,095
	222,496,003,113	207,041,471,381

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
12.3 Sector-wise break-up of deposits and other accounts		
Government	3,689,607,000	2,793,276,000
Deposit from banks	1,958,989	1,803,098,995
Other public	1,950,668,000	6,956,983,000
Foreign currencies	7,455,355,723	7,542,665,705
Private	209,374,126,532	187,945,447,681
	<u>222,471,716,244</u>	<u>207,041,471,381</u>
12.4 Maturity-wise grouping		
12.4.1 Deposits from banks		
Payable on demand	1,958,989	1,803,098,995
Up to 1 month	-	-
Over 1 month but within 6 months	-	-
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>1,958,989</u>	<u>1,803,098,995</u>
12.4.2 Customer deposits excluding bills payable		
Payable on demand	3,883,700,000	4,429,700,000
Up to 1 month	35,497,257,255	25,593,601,005
Over 1 month but within 6 months	46,478,121,196	28,359,714,179
Over 6 months but within 1 year	44,430,000,000	59,518,732,453
Over 1 year but within 5 years	66,740,000,000	54,191,271,406
Over 5 years	21,316,000,000	29,176,385,691
	<u>218,345,078,451</u>	<u>201,269,404,734</u>
12.4.3 Bills payable		
Payable on demand	444,200,000	432,400,000
Up to 1 month	8,600,000	3,800,000
Over 1 month but within 6 months	3,671,878,804	3,532,767,652
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>4,124,678,804</u>	<u>3,968,967,652</u>
	<u>222,471,716,244</u>	<u>207,041,471,381</u>
12(a) Consolidated Deposits and other accounts		
Current/Al-wadeeah current accounts and other accounts		
Bank Asia Limited	47,224,630,178	41,999,629,176
Bank Asia Securities Limited	277,688,606	257,521,410
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>47,502,318,784</u>	<u>42,257,150,586</u>
Less: Inter-company transactions	14,513,073	15,047,104
	<u>47,487,805,711</u>	<u>42,242,103,482</u>
Bills payable		
Bank Asia Limited	4,124,678,804	3,968,967,652
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>4,124,678,804</u>	<u>3,968,967,652</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	39,558,517,712	34,496,938,426
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>39,558,517,712</u>	<u>34,496,938,426</u>
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	131,563,889,550	126,575,936,127
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>131,563,889,550</u>	<u>126,575,936,127</u>
	<u>222,734,891,777</u>	<u>207,283,945,687</u>
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	22,760,876,373	22,538,907,248
Off-shore banking unit	-	869,621
	<u>22,760,876,373</u>	<u>22,539,776,869</u>
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	8,984,001,791	7,841,186,140
Provision on off-balance sheet exposures (Note 13.3)	1,158,027,498	1,330,999,470
Interest suspense account (Note 13.4)	1,689,435,106	1,709,429,069
Provision for income tax including deferred tax (Note 13.5)	8,615,874,451	9,277,475,391
Provision for performance and festival bonus	295,012,168	237,649,609
Master card and Visa card payables	14,655,334	5,116,895
Expenditures and other payables	293,552,352	101,027,063
Provision for nostro accounts (Note 13.6)	-	-
Other payable	71,027,834	96,745,219
Provision for profit equalisation	24,152,568	28,758,686
Provision for diminution in value of shares (Note 13.7)	263,383,553	253,383,553
Payable to Government	299,677,621	314,657,621
Provision for others (Note 13.8)	147,218,755	134,718,755
Rebate payable on good borrowers	67,700,000	67,700,000
Unearned income	526,091,282	650,090,274
Clearing adjustment account	-	138,529,476
Interest payable on subordinated non-convertible zero coupon bond	208,496,877	260,374,046
Fraction Bonus Share	2,768,571	-
ATM/POS settlement account	99,800,612	91,065,981
	<u>22,760,876,373</u>	<u>22,538,907,248</u>
13.2 Provision for loans and advances/investments		
A. General provision - Conventional and Islamic		
Balance as at 1 January	3,949,633,111	2,851,955,713
Add: Provision made during the year	933,259,584	1,097,677,398
Less: Provision no longer required		
Specific provision	-	-
Written off	-	-
	<u>4,882,892,695</u>	<u>3,949,633,111</u>
Conventional and Islamic Balance at the end of the year	4,882,892,695	3,949,633,111

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
B. General provision - OBU		
Balance at the beginning of the year	151,553,412	77,476,792
Add: Provision made during the year	56,796,306	74,076,620
Less: Provision no longer required	-	-
OBU Balance at the end of the year	<u>208,349,718</u>	<u>151,553,412</u>
C. Total general provision on loans and advances/investments (A+B)	<u>5,091,242,413</u>	<u>4,101,186,523</u>
D. Specific provision		
Balance as at 1 January	3,739,999,617	4,494,285,907
Less: Write off/amicable settlement during the year	(2,554,303,945)	(2,023,431,803)
Add/ Back: Recoveries of amounts previously written off	102,546,693	34,250,512
Transfer from General Provision	-	-
Specific provision made during the year	<u>2,604,517,014</u>	<u>1,234,895,000</u>
Total specific provision on loans and advances/investments	<u>3,892,759,378</u>	<u>4,494,285,907</u>
E. Total provision on loans and advances/investments (C+D)	<u><u>8,984,001,791</u></u>	<u><u>7,841,186,140</u></u>
13.3 Provision on off-balance sheet exposures		
Balance at 1 January	1,330,412,915	1,105,836,980
Add: Provision made during the year	-	224,575,935
	<u>1,330,412,915</u>	<u>1,330,412,915</u>
Less: Adjustments made during the year	(172,791,597)	-
Balance at the end of the year	<u>1,157,621,318</u>	<u>1,330,412,915</u>
General provision maintained for OBU as at 01 January	586,555	1,783,490
Add: Provision made during the year	-	-
Less: Adjustments made during the year	(180,375)	(1,196,935)
	<u>406,180</u>	<u>586,555</u>
Balance at the end of the year	<u><u>1,158,027,498</u></u>	<u><u>1,330,999,470</u></u>
As per BRPD circular letter no. 01 dated 03 Jan 2018, Letter of Credit for fast-track projects from Bangladesh Power Development Board are exempted from 1% off-balance sheet provision charging and as per BRPD Circular No. 07, dated 21 June 2018 no provision required for bills for collection and for counter guarantee provision is maintained based on BB rating grade.		
13.4 Interest suspense account		
Balance at 1 January	1,709,429,069	1,584,318,032
Add: Amount transferred to "interest suspense" account during the year	1,703,374,813	2,010,554,525
	<u>3,412,803,882</u>	<u>3,594,872,557</u>
Less: Amount of interest suspense recovered	1,530,425,841	1,765,239,804
Interest waiver during the year	<u>192,942,935</u>	<u>120,203,684</u>
	<u>1,723,368,776</u>	<u>1,885,443,488</u>
Balance as at 31 December	<u><u>1,689,435,106</u></u>	<u><u>1,709,429,069</u></u>
13.5 Provision for taxation		
Current tax (Note 13.5.1)	8,143,853,086	8,805,454,026
Deferred tax (Note 13.5.2)	472,021,365	472,021,365
	<u>8,615,874,451</u>	<u>9,277,475,391</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
13.5.1 Provision for current tax		
Balance at 1 January	8,805,454,026	8,587,244,307
Add: Provision made during the year	2,350,000,000	1,968,500,000
	11,155,454,026	10,555,744,307
Less: Adjustments made during the year	3,011,600,940	1,750,290,281
	<u>8,143,853,086</u>	<u>8,805,454,026</u>

13.5.1(a) Consolidated Provision for current tax

Balance as at 1 January	9,054,176,122	8,761,294,446
Add: Provision made during the year		
Bank Asia Limited	2,350,000,000	1,968,500,000
Bank Asia Securities Limited	45,930,537	74,671,957
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,395,930,537</u>	<u>2,043,171,957</u>
	11,450,106,659	10,804,466,403
Less: Adjustments made during the year		
Bank Asia Limited	3,011,600,940	1,750,290,281
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,011,600,940</u>	<u>1,750,290,281</u>
Balance as at 31 December	<u>8,438,505,719</u>	<u>9,054,176,122</u>

13.5.2 Provision for deferred tax

Balance at 1 January	472,021,365	430,521,365
Provision made for deferred tax liabilities:		
Charged/(credited) to profit and loss statement	-	41,500,000
Charged/(credited) to revaluation reserve	-	-
	-	41,500,000
	<u>472,021,365</u>	<u>472,021,365</u>
Provision made for deferred tax assets	-	-
	<u>472,021,365</u>	<u>472,021,365</u>

13.5.2 (a) Deferred Tax (asset)/liability

Particulars	Book value	Tax Base	(Deductible)/ Taxable	Deferred tax (Asset)/ Liability
Balance as at December 31, 2017				
Deferred Tax Asset				(658,725,154)
Deferred Tax Liability				472,258,037
Net Deferred Tax Asset 2017				<u>(186,467,117)</u>
Balance as at Dec 31, 2018				
Loan loss provision (Note 13.2)	(3,729,133,022)	-	1,897,246,881	(686,957,303)
Provision against capital market	-	-	-	-
Fixed assets excluding vehicle (annex C)	-	-	-	-

Notes to the financial statements

Amount in Taka

	31 Dec 2018			31 Dec 2017
Particulars	Book value	Tax Base	(Deductible)/ Taxable	Deferred tax (Asset)/ Liability
Deferred tax assets (a)				(686,957,303)
Interest receivable	667,109,668	-	667,109,668	250,166,126
Fixed assets	2,960,686,573	2,407,979,442	552,707,131	207,265,174
Deferred tax liability (b)				457,431,300
Opening deferred tax assets				(658,725,154)
Closing deferred tax assets				(686,957,303)
Charge for the year				(28,232,149)
Opening deferred tax liabilities				472,258,037
Closing deferred tax liabilities				457,431,300
Charge for the year				(14,826,738)
Total charge during the year				(43,058,887)

As per Bangladesh Bank, BRPD circular no. 11 dated December 12, 2011 deferred tax assets may be recognized but restrictions are to be followed if deferred tax assets is calculated and recognized based on the provisions against classified loan, advances; such as i. amount of the net income after tax increased due to recognition of deferred tax assets on such provision will not be distributed as divided. ii. the amount of deferred tax assets recognized on such provisions should be deducted while calculating the Regulatory Eligible Capital. iii. a description should be provided regarding deferred tax assets recognized on loan loss provision in the notes to the financial statements. On the other hand, deferred tax liabilities must be recognized for those items which are mentioned to recognize in IAS. Hence, the bank did not recognize deferred tax assets but recognize deferred tax liabilities when it arises.

13.6 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPP (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months. Details of unrecognized entries are shown in Annex I.

13.7 Provision for diminution in value of shares

Balance at the beginning of the year	253,383,553	253,383,553
Less: Transfer to general provision for loans and advances/investments	-	-
Add: Provision made during the year	10,000,000	-
Balance at the end of the year	263,383,553	253,383,553
Provision requirement for quoted and unquoted share including subsidiaries (Annex A)	117,455,432	18,725,277
Provision maintained	263,383,553	253,383,553
Surplus provision maintained	145,928,121	234,658,276

13.8 Provision for others

Balance at the beginning of the year	134,718,755	134,822,336
Adjustment	-	(103,581)
Add: Provision made during the year	12,500,000	-
Balance at the end of the year	147,218,755	134,718,755

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
Provision requirement	139,266,000	121,595,000
Provision maintained	147,218,755	134,718,755
Surplus provision maintained	7,952,755	13,123,755

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

13(a) Consolidated Other liabilities

Bank Asia Limited	22,760,876,373	22,539,776,869
Bank Asia Securities Limited	1,751,860,673	1,590,527,614
BA Exchange Company (UK) Limited	88,500,221	90,837,514
BA Express USA, Inc	199,062,632	188,485,773
Foreign currency effect for subsidiaries	-	-
	24,800,299,899	24,409,627,770
Less: Inter- companies transactions		
Receivable from BASL	-	-
Receivable from BA Exchange (UK) Limited	71,073,212	73,960,113
BA Express USA, Inc	206,003,095	165,167,024
	24,523,223,592	24,170,500,633

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 issued 25% for the year 2011	1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011	1,050,958,120	1,050,958,120
Issued as bonus shares 10% for the year 2012	630,574,870	630,574,870
Issued as bonus shares 10% for the year 2013	693,632,350	693,632,350
Issued as bonus shares 10% for the year 2014	762,995,590	762,995,590
Issued as bonus shares 5% for the year 2015	419,647,570	419,647,570
Issued as bonus shares 12% for the year 2016	1,057,511,890	1,057,511,890
Issued as bonus shares 12.50% for the year 2017	1,233,763,870	-
	11,103,874,860	9,870,110,990

14.3 Initial public offer (IPO)

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

14.4 Capital to risk-weighted asset

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

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	11,103,874,860	9,870,110,990
Statutory reserve (Note 15)	8,268,393,179	7,345,137,782
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,839,667,438	1,676,694,455
	21,220,101,622	18,900,109,371

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	54,732,730	47,446,270
Common Equity Tier -1 capital (Going-Concern Capital)	21,165,368,892	18,852,663,101
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	21,165,368,892	18,852,663,101
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	5,091,242,413	4,101,186,523
General provision on off-balance sheet exposure	1,158,027,498	1,330,999,470
Subordinated non-covertable zero coupon bonds	7,400,000,000	8,092,588,885
General reserve	-	-
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	14,990,566,128	14,866,071,095
Less: Regulatory adjustments		
80 % of revaluation reserve for fixed assets, securities and equity securities	1,073,036,973	804,777,730
Total Tier- 2 Capital	13,917,529,155	14,061,293,365
A) Total capital	35,082,898,046	32,913,956,465
B) Total risk weighted assets (RWA)	233,085,627,587	221,114,649,466
C) Required capital	23,308,562,759	22,111,464,947
D) Capital surplus (A-C)	11,774,335,287	10,802,491,519
E) Minimum total capital plus capital conservation buffer requirement @ 11.875% 2017 @ 11.25%	27,678,918,276	24,875,398,065
F) Capital surplus (A-E) with capital conservation buffer	7,403,979,770	8,038,558,400
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	9.08%	8.53%
Tier- 1 to RWA (minimum 6% under Basel III)	9.08%	8.53%
Capital to Risk Weighted Assets against minimum requirement 10%	15.05%	14.89%

14.4 (a) Consolidated capital to risk-weighted asset

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

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	11,103,874,860	9,870,110,990
Non-controlling (Minority) interest	11,799	11,723
Statutory reserve (Note 15)	8,268,393,179	7,345,137,782
General reserve	8,166,144	8,166,144
Retained earnings (Note 17a)	1,686,898,121	1,554,316,722
	21,067,344,104	18,777,743,362
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	54,732,730	47,446,270
Common Equity Tier -1 capital (Going-Concern Capital)	21,012,611,374	18,730,297,092
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	21,012,611,374	18,730,297,092
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	5,091,242,413	4,101,186,523
General provision on off-balance sheet exposure	1,158,027,498	1,330,999,470
Subordinated non-covertable zero coupon bonds	7,400,000,000	8,092,588,885
General reserve	-	-
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	14,990,566,128	14,866,071,095

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
Less: Regulatory adjustments		
80 % of revaluation reserve for fixed assets, securities and equity securities	1,073,036,973	804,777,730
Total Tier- 2 Capital	13,917,529,155	14,061,293,365
A) Total capital	34,930,140,528	32,791,590,456
B) Total risk weighted assets (RWA)	236,588,929,108	222,348,618,058
C) Required capital	23,658,892,911	22,234,861,806
D) Capital surplus (A-C)	11,271,247,617	10,556,728,650
E) Minimum total capital plus capital conservation buffer requirement @ 11.875% (2017 @ 11.25%)	28,094,935,332	25,014,219,532
F) Capital surplus (A-E) with capital conservation buffer	6,835,205,197	7,777,370,925
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	8.88%	8.42%
Tier- 1 to RWA (minimum 6% under Basel III)	8.88%	8.42%
Capital to Risk Weighted Assets against minimum requirement 10%	14.76%	14.75%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2018	At 31 December 2018	At 31 December 2017	At 31 December 2017
	No. of shares	%	No. of shares	%
Sponsors & Directors	580,171,212	52.25	509,909,013	51.66
General public	168,707,497	15.19	159,542,368	16.17
Institutions	255,227,403	22.99	239,465,916	24.26
Investment companies	95,345,747	8.59	64,773,405	6.56
Non-resident Bangladeshi	6,690,904	0.60	6,937,400	0.70
Foreign investors	4,244,723	0.38	6,382,997	0.65
	1,110,387,486	100	987,011,099	100

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2018	2017	2018	2017
Less than 5,000	7,767	8,227	0.83	1.07
5,000 to 50,000	2,150	2,037	2.65	2.86
50,001 to 100,000	149	135	0.95	0.99
100,001 to 200,000	77	88	0.95	1.26
200,001 to 300,000	41	38	0.93	0.94
300,001 to 400,000	9	10	0.27	0.35
400,001 to 500,000	14	15	0.59	0.7
500,001 to 1,000,000	30	29	1.90	2.2
1,000,001 to 10,000,000	80	76	24.60	25.59
Over 10,000,000	27	26	66.33	64.04
	10,344	10,681	100	100

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
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14.7 Name of the Directors and their shareholdings as at 31 December 2018

Sl	Name of the director	Status	Closing position	Opening position
1	Mr. A Rouf Chowdhury	Chairman	22,238,237	24,345,100
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea Estates Ltd)	Vice Chairman	43,491,664	38,659,258
3	Mr. Md. Nazrul Huda (Independent Director)	Vice Chairman	-	-
4	Mr. Rume A Hossain	Director	32,177,671	28,602,375
5	Mrs. Hosneara Sinha	Director	50,652,123	45,024,110
6	Ms. Naheed Akhter Sinha	Director	53,183,656	47,274,361
7	Ms. Romana Rouf Chowdhury (Representing Maya Limited)		39,694,473	35,283,976
8	Maj. Gen. Mohammad Matiur Rahman (Retd.) (Representing Sinha Fashions Limited)	Director	22,287,081	19,810,739
9	Ms. Farhana Haq	Director	52,211,661	46,410,366
10	Ms. Mahrina Chowdhury	Director	29,817,617	26,504,549
11	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	Director	45,293,934	40,261,275
12	Mr. Mashiur Rahman (Independent Director)	Director	-	-
13	Mr. M Shahjahan Bhuiyan (Independent Director)	Director	-	-
14	Mr. Dilwar H Choudhury (Independent Director)	Director	-	-
15	Mr. Ashraf Haq Chowdhury (Independent Director)	Director	-	-

15 Statutory reserve

Balance at the beginning of the year	7,345,137,782	6,533,632,030
Add: Addition during the year (20% of pre-tax profit)	923,255,397	811,505,752
Balance at the end of the year	<u>8,268,393,179</u>	<u>7,345,137,782</u>

16 Revaluation reserve

HTM securities (Note 16.1)	16,504,049	8,880,978
HFT securities (Note 16.2)	11,740,204	-
Fixed Assets revaluation (Note 16.3)	2,091,787,951	2,145,503,215
	<u>2,120,032,204</u>	<u>2,154,384,193</u>

16.1 Revaluation reserve on HTM securities

Balance at 1 January	8,880,978	3,742,574
Gain from revaluation on investments	9,815,237	5,471,656
Adjustment for sale/maturity of securities	(2,192,166)	(333,252)
	<u>16,504,049</u>	<u>8,880,978</u>

16.2 Revaluation reserve on HFT securities

Balance at 1 January	-	36,651,324
Gain from revaluation on investments	934,571,047	303,206,892
Adjustment for sale/maturity of securities	(922,830,843)	(339,858,216)
	<u>11,740,204</u>	<u>-</u>

16.3 Revaluation reserve on Fixed Assets

Balance at 1 January	2,145,503,215	2,199,218,479
Depreciation charged during the year	(53,715,264)	(53,715,264)
	<u>2,091,787,951</u>	<u>2,145,503,215</u>

16 (a) Consolidated Revaluation reserve

Bank Asia Limited	2,120,032,204	2,154,384,193
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,120,032,204</u>	<u>2,154,384,193</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
17 Retained earnings		
Balance at 1 January	1,676,694,455	1,444,468,074
Add: Post - tax profit for the year	2,266,276,987	2,047,528,759
Revaluation reserve transferred to retained earnings	53,715,264	53,715,264
	<u>3,996,686,706</u>	<u>3,545,712,096</u>
Less: Issue of bonus shares for the year 2016	-	1,057,511,890
Issue of bonus shares for the year 2017	1,233,763,870	-
Transfer to statutory reserve	923,255,397	811,505,752
	<u>2,157,019,267</u>	<u>1,869,017,642</u>
	<u>1,839,667,438</u>	<u>1,676,694,455</u>
17(a) Consolidated Retained earnings		
Balance at 1 January	1,554,316,722	1,267,955,303
Add: Foreign exchange revaluation reserve for opening retained earnings	2,494,969	(10,425,178)
Revaluation reserve transferred to retained earnings	53,715,264	53,715,264
Post- tax profit for the year	2,233,390,509	2,112,089,343
Less: Non controlling interest	76	368
	<u>3,843,917,389</u>	<u>3,423,334,364</u>
Less: Issue of bonus shares for the year 2016	-	1,057,511,890
Issue of bonus shares for the year 2017	1,233,763,870	-
Transferred to statutory reserve	923,255,397	811,505,752
	<u>2,157,019,267</u>	<u>1,869,017,642</u>
	<u>1,686,898,121</u>	<u>1,554,316,722</u>
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	11,799	11,723
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>11,799</u>	<u>11,723</u>
18 Contingent liabilities		
Conventional and Islamic banking	137,418,638,484	136,099,588,616
Off-shore banking unit	40,618,003	56,855,460
	<u>137,459,256,487</u>	<u>136,156,444,076</u>
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	48,556,114,935	42,723,786,883
Off-shore banking unit	13,276,658	31,293,906
	<u>48,569,391,593</u>	<u>42,755,080,789</u>
Letters of guarantee		
Conventional and Islamic banking (Note 18.2)	41,312,967,803	40,724,304,753
Off-shore banking unit	-	-
	<u>41,312,967,803</u>	<u>40,724,304,753</u>
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	30,300,346,429	37,871,899,346
Off-shore banking unit	27,341,345	19,337,568
	<u>30,327,687,774</u>	<u>37,891,236,914</u>
Bills for collection		
Conventional and Islamic banking (Note 18.4)	16,015,469,958	14,462,463,349
Off-shore banking unit	-	6,223,986
	<u>16,015,469,958</u>	<u>14,468,687,335</u>
Other commitments		
Conventional and Islamic banking (Note 18.5)	1,233,739,359	317,134,285
Off-shore banking unit	-	-
	<u>1,233,739,359</u>	<u>317,134,285</u>
	<u>137,459,256,487</u>	<u>136,156,444,076</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
18.1 Acceptances and endorsements		
Conventional and Islamic banking	48,556,114,935	42,723,786,883
Off-shore banking unit	13,276,658	31,293,906
	<u>48,569,391,593</u>	<u>42,755,080,789</u>
18.2 Letters of guarantee		
Letters of guarantee (Local)	20,747,116,559	23,936,261,071
Letters of guarantee (Foreign)	20,565,851,244	16,788,043,682
	<u>41,312,967,803</u>	<u>40,724,304,753</u>
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors or officers	-	434,133
Government	29,036,809,306	28,262,076,560
Banks and other financial institutions	1,489,804,673	2,384,902,218
Others	10,786,353,825	10,076,891,841
	<u>41,312,967,803</u>	<u>40,724,304,753</u>
18.3 Irrevocable letters of credit		
Letters of credit Back to Back (Inland)	2,847,330,194	3,369,890,633
Letters of credit (General)	23,821,302,958	30,801,387,262
Back to back L/C	3,631,713,277	3,700,621,451
	<u>30,300,346,429</u>	<u>37,871,899,346</u>
18.4 Bills for collection		
Local bills for collection	9,524,744,721	8,467,036,961
Foreign bills for collection	6,490,725,237	5,995,426,388
	<u>16,015,469,958</u>	<u>14,462,463,349</u>
18.5 Other commitments		
Forward Assets Purchased and Forward Deposits Placed	<u>1,233,739,359</u>	<u>317,134,285</u>

18.6 Workers' profit participation fund (WPPF)

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

19 Income statement

Income:

Interest, discount and similar income (Note 19.1)	23,190,136,141	18,868,865,547
Dividend income (Note 22.1)	31,854,449	53,427,973
Fees, commission and brokerage (Note 19.2)	1,489,282,892	1,459,687,245
Gains/ less Losses arising from dealing securities	-	-
Gains/ less Losses arising from investment securities	154,880	24,672,598
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	1,501,411,105	1,660,129,043
Income from non-banking assets	-	-
Other operating income (Note 24)	917,723,225	742,166,065
Profit/ less Losses on interest rate changes	-	-
	<u>27,130,562,692</u>	<u>22,808,948,471</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
Expenses:		
Interest paid/profit shared on deposits and borrowings, etc (Note 21)	13,007,993,495	10,841,556,834
Administrative expenses (Note 19.3)	3,921,619,606	3,429,054,851
Other expenses (Note 34)	1,734,164,998	1,457,470,719
Depreciation on banks assets (Note 33.1)	406,406,674	393,309,290
	<u>19,070,184,773</u>	<u>16,121,391,694</u>
	<u>8,060,377,919</u>	<u>6,687,556,777</u>
19.1 Interest, discount and similar income		
Interest income/profit on investments (Note 20)	20,910,683,339	16,411,574,859
Interest on treasury bills/reverse repo/bills	2,051,028,806	2,123,698,883
Interest income on corporate bonds	153,014,471	153,115,193
Interest on debentures	-	-
Income from investment in shares, bonds etc	-	-
Capital gain on Government securities and assets	75,409,525	180,476,612
	<u>23,190,136,141</u>	<u>18,868,865,547</u>
Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.		
19.2 Fees, commission and brokerage		
Commission	1,489,282,892	1,459,687,245
Brokerage	-	-
	<u>1,489,282,892</u>	<u>1,459,687,245</u>
19.3 Administrative expenses		
Salaries and allowances (Note 25)	2,882,190,002	2,519,793,179
Rent, taxes, insurance, electricity, etc (Note 26)	684,528,849	613,241,644
Legal expenses (Note 27)	25,213,849	24,615,519
Postage, stamp, telecommunication, etc (Note 28)	108,489,491	89,544,014
Stationery, printing, advertisement, etc (Note 29)	133,450,519	97,405,242
Managing Director's salary and fees (Note 30)	13,900,000	13,900,000
Directors' fees (Note 31)	3,656,000	2,992,000
Auditors' fees (Note 32)	875,500	952,100
Repair of Bank's assets (Note 33.1)	69,315,396	66,611,153
	<u>3,921,619,606</u>	<u>3,429,054,851</u>
20 Interest income/profit on investments		
Conventional and Islamic banking (Note 20.1)	19,911,597,243	15,863,103,471
Off-shore banking unit	1,081,620,297	610,079,291
	<u>20,993,217,540</u>	<u>16,473,182,762</u>
Less: inter transaction between OBU and Conventional banking	82,534,201	51,807,903
Less: Inter-company transactions with Bank Asia Islamic Window	-	9,800,000
	<u>20,910,683,339</u>	<u>16,411,574,859</u>
20.1 Conventional and Islamic banking		
Agricultural loan	282,113,500	332,171,847
Cash credit/Bai Murabaha (Muajjal)	457,037,796	380,518,415
Credit card	324,100,884	283,302,567
Credit for poverty alleviation scheme-micro credit	92,816	256,011
Consumer credit scheme	1,143,490,482	905,994,938
Demand loan	3,569,955,613	2,513,992,881
Export Development Fund (EDF)	244,863,066	203,016,677

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
House building loan	129,927,048	115,547,211
Loans (General)/Musharaka	1,557,474,933	1,524,551,123
Loans against trust receipts/ Bai Murabaha post import	1,409,455,469	1,143,871,511
Overdrafts/ Quard against scheme	3,773,890,004	2,802,747,291
Packing credit	45,821,049	36,002,460
Payment against documents	29,834,321	34,070,588
Staff loan	65,997,862	62,748,732
Transport loan	188,674,213	127,487,369
Term loan- industrial	1,930,763,463	1,407,720,100
Term loan- others/ Hire purchase under Shirkatul Melk	2,522,781,275	2,418,146,709
Foreign bills purchased	11,811,596	11,894,343
Local bills purchased	205,907,068	123,408,958
Total interest/profit on loans and advances/investments	17,893,992,458	14,427,449,731
Interest/profit on balance with other banks and financial institutions	2,004,980,786	1,421,864,872
Interest/profit received from foreign banks	12,623,999	13,788,868
	<u>19,911,597,243</u>	<u>15,863,103,471</u>
20(a) Consolidated Interest income/profit on investments		
Bank Asia limited	20,910,683,339	16,411,574,859
Bank Asia Securities Ltd	313,770,644	298,115,773
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>21,224,453,983</u>	<u>16,709,690,632</u>
Less: Inter-company transactions	214,305,783	172,215,771
	<u>21,010,148,200</u>	<u>16,537,474,861</u>
21 Interest paid/profit shared on deposits and borrowings etc.		
Conventional and Islamic banking (Note 21.1)	12,282,148,200	10,484,285,743
Off-shore banking unit	808,379,496	418,878,994
	<u>13,090,527,696</u>	<u>10,903,164,737</u>
Less: inter transaction with OBU	82,534,201	51,807,903
Less: Inter-company transactions with Bank Asia Islamic Window	-	9,800,000
	<u>13,007,993,495</u>	<u>10,841,556,834</u>
21.1 Conventional and Islamic banking		
Interest paid/profit shared on deposits		
Fixed deposits/ Mudaraba Fixed deposit	4,481,297,453	3,257,995,497
Scheme deposits	5,150,743,459	4,937,030,145
Sanchaya plus	52,999,719	89,200,882
Savings deposits/ Mudaraba Savings bank	1,072,706,104	786,116,667
Special notice deposits	537,248,560	624,236,722
	<u>11,294,995,295</u>	<u>9,694,579,913</u>
Interest on borrowings and others		
Local banks including Bangladesh Bank	160,134,035	60,087,340
Interest on subordinated non-convertible bond	826,740,041	729,541,025
Foreign banks	278,829	77,465
	<u>987,152,905</u>	<u>789,705,830</u>
	<u>12,282,148,200</u>	<u>10,484,285,743</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
21(a) Consolidated Interest Expenses/profit paid on Deposits		
Bank Asia limited	13,007,993,495	10,841,556,834
Bank Asia Securities Limited	217,530,252	184,387,803
Bank Asia Securities Ltd	-	-
BA Express USA, Inc	-	-
	<u>13,225,523,747</u>	<u>11,025,944,637</u>
Less: Inter-company transactions	<u>214,305,783</u>	<u>172,215,771</u>
	<u>13,011,217,964</u>	<u>10,853,728,866</u>
22 Investment income		
Conventional and Islamic banking (Note 22.1)	2,311,462,131	2,535,391,259
Off-shore banking unit	-	-
	<u>2,311,462,131</u>	<u>2,535,391,259</u>
22.1 Conventional and Islamic Banking		
Interest on treasury bills	212,456,854	183,399,012
Interest on treasury bonds	1,817,182,647	1,922,333,615
Interest income on corporate bonds	153,014,471	153,115,193
Interest on Islamic bonds	20,850,530	16,120,284
Capital gain from investment in shares	154,880	24,672,598
Dividend on shares	31,854,449	53,427,973
Capital gain on Government securities	75,409,525	180,476,612
Interest on reverse repo	538,775	1,845,972
	<u>2,311,462,131</u>	<u>2,535,391,259</u>
22(a) Consolidated investment income		
Bank Asia Limited	2,311,462,131	2,535,391,259
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,311,462,131</u>	<u>2,535,391,259</u>
Less: Inter-company transactions	-	-
	<u>2,311,462,131</u>	<u>2,535,391,259</u>
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	2,979,980,600	3,109,688,825
Off-shore banking unit	10,713,397	10,127,463
	<u>2,990,693,997</u>	<u>3,119,816,288</u>
23.1 Conventional and Islamic Banking		
Commission on L/C	79,860,743	113,470,796
Commission on back to back L/C	806,732,966	767,688,052
Fees and commission	187,487,482	184,011,063
Commission on L/G	360,507,918	336,093,006
Commission on export	8,806,450	8,785,347
Commission on PO, DD, TT, TC, etc	21,979,775	22,055,095
Other commission	13,194,161	17,456,423
	<u>1,478,569,495</u>	<u>1,449,559,782</u>
Foreign exchange gain	<u>1,501,411,105</u>	<u>1,660,129,043</u>
	<u>2,979,980,600</u>	<u>3,109,688,825</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2018	31 Dec 2017
23(a) Consolidated Commission, exchange and brokerage		
Bank Asia limited	2,990,693,997	3,119,816,288
Bank Asia Securities Ltd	97,015,477	156,630,548
BA Exchange Company (UK) Limited	10,765,960	20,402,724
BA Express USA, Inc	11,958,782	29,819,242
	<u>3,110,434,216</u>	<u>3,326,668,802</u>
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	891,643,815	714,886,827
Off-shore banking unit	26,079,410	27,279,238
	<u>917,723,225</u>	<u>742,166,065</u>
24.1 Conventional and Islamic banking		
Locker charge	11,407,510	10,387,523
Service and other charges	479,149,066	356,336,486
Master/Visa card fees and charges	206,373,235	149,097,331
Postage/telex/SWIFT/fax recoveries	118,436,866	120,428,158
Profit on sale of fixed assets	4,405,572	3,188,186
Non-operating income	8,466,596	19,456,492
Rebate on nostro account	42,670,132	39,096,641
Other income from brokerage	20,734,838	16,896,010
	<u>891,643,815</u>	<u>714,886,827</u>
24 (a) Consolidated other operating income		
Bank Asia Limited	917,723,225	742,166,065
Bank Asia Securities Ltd	66,480,030	66,173,483
BA Exchange Company (UK) Limited	433,766	566,448
BA Express USA, Inc	554,369	573,688
	<u>985,191,390</u>	<u>809,479,684</u>
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	2,882,190,002	2,519,793,179
Off-shore banking unit	-	-
	<u>2,882,190,002</u>	<u>2,519,793,179</u>
25.1 Conventional and Islamic banking		
Basic salary	1,049,325,671	930,776,745
Allowances	1,074,786,083	959,958,404
Festival bonus	171,674,192	149,861,927
Gratuity	222,400,000	152,400,000
Provident fund contribution	96,885,151	86,796,103
Performance bonus	267,118,905	240,000,000
	<u>2,882,190,002</u>	<u>2,519,793,179</u>
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	2,882,190,002	2,519,793,179
Bank Asia Securities Ltd	54,887,031	50,573,865
BA Exchange Company (UK) Limited	7,900,286	7,180,290
BA Express USA, Inc	18,661,453	17,507,091
	<u>2,963,638,772</u>	<u>2,595,054,425</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
26 Rent, taxes, insurance, electricity etc.		
Conventional and Islamic banking (Note 26.1)	684,268,635	612,994,509
Off-shore banking unit	260,214	247,135
	<u>684,528,849</u>	<u>613,241,644</u>
26.1 Conventional and Islamic banking		
Rent, rate and taxes	405,338,783	369,427,578
Insurance	165,523,467	148,229,679
Power and electricity	113,406,385	95,337,252
	<u>684,268,635</u>	<u>612,994,509</u>
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	684,528,849	613,241,644
Bank Asia Securities Ltd	15,014,394	14,182,186
BA Exchange Company (UK) Limited	8,154,039	6,316,921
BA Express USA, Inc	7,281,715	6,773,489
	<u>714,978,997</u>	<u>640,514,240</u>
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	25,213,849	24,615,519
Off-shore banking unit	-	-
	<u>25,213,849</u>	<u>24,615,519</u>
27.1 Conventional and Islamic Banking		
Legal expenses	25,213,849	24,615,519
Other professional charges	-	-
	<u>25,213,849</u>	<u>24,615,519</u>
27(a) Consolidated Legal expenses		
Bank Asia Limited	25,213,849	24,615,519
Bank Asia Securities Ltd	609,628	117,658
BA Exchange Company (UK) Limited	1,329,275	626,697
BA Express USA, Inc	235,319	517,424
	<u>27,388,071</u>	<u>25,877,298</u>
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	107,709,668	88,768,867
Off-shore banking unit	779,823	775,147
	<u>108,489,491</u>	<u>89,544,014</u>
28.1 Conventional and Islamic banking		
Telephone, courier and postage	65,967,767	33,678,478
Master/VISA card process fee	22,502,359	33,132,275
ATM charge	1,584,183	2,981,026
SWIFT and Reuter charge	15,902,887	17,464,012
Internet	1,752,472	1,513,076
	<u>107,709,668</u>	<u>88,768,867</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2018	31 Dec 2017
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	108,489,491	89,544,014
Bank Asia Securities Ltd	1,681,261	2,018,965
BA Exchange Company (UK) Limited	598,814	518,660
BA Express USA, Inc	385,420	371,951
	<u>111,154,986</u>	<u>92,453,590</u>
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	133,391,807	97,294,316
Off-shore banking unit	58,712	110,926
	<u>133,450,519</u>	<u>97,405,242</u>
29.1 Conventional and Islamic banking		
Office and security stationery	61,169,752	49,039,075
Calendar, diary, souvenir, etc	25,497,895	9,838,308
ATM card /Supplies And Stationeries	15,751,549	8,061,021
Books and periodicals	2,054,194	1,474,664
Publicity and advertisement	28,918,417	28,881,248
	<u>133,391,807</u>	<u>97,294,316</u>
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	133,450,519	97,405,242
Bank Asia Securities Ltd	1,481,826	1,014,073
BA Exchange Company (UK) Limited	472,154	449,141
BA Express USA, Inc	1,343,455	1,298,010
	<u>136,747,954</u>	<u>100,166,466</u>
30 Managing Director's salary and fees		
Basic salary	6,000,000	6,000,000
House rent allowance	1,500,000	1,500,000
Entertainment allowances	300,000	300,000
Incentive bonus	1,000,000	1,000,000
Festival bonus	1,100,000	1,100,000
Utility allowance and others	1,200,000	1,200,000
House maintenance allowance	600,000	600,000
Provident fund	600,000	600,000
Leave fare assistance	1,600,000	1,600,000
	<u>13,900,000</u>	<u>13,900,000</u>
31 Directors' fees		
Directors' fees	<u>3,656,000</u>	<u>2,992,000</u>
31(a) Consolidated Directors' fees		
Bank Asia Limited	3,656,000	2,992,000
Bank Asia Securities Ltd.	230,000	294,400
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,886,000</u>	<u>3,286,400</u>
32 Auditors' fees		
Audit fees	875,500	952,100
Others	-	-
	<u>875,500</u>	<u>952,100</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
32(a) Consolidated Auditors fees		
Bank Asia Limited	875,500	952,100
Bank Asia Securities Ltd	95,833	95,833
BA Exchange Company (UK) Limited	650,649	619,282
BA Express USA, Inc	1,291,060	1,439,369
	<u>2,913,042</u>	<u>3,106,584</u>
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	475,722,070	459,920,443
Off-shore banking unit	-	-
	<u>475,722,070</u>	<u>459,920,443</u>
33.1 Conventional and Islamic banking		
Depreciation	406,406,674	393,309,290
Repairs		
Building	6,477,977	6,965,106
Furniture and fixtures	1,381,017	329,397
Equipments	6,990,839	3,601,849
	14,849,833	10,896,352
Maintenance	54,465,563	55,714,801
	<u>475,722,070</u>	<u>459,920,443</u>
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	475,722,070	459,920,443
Bank Asia Securities Ltd	1,622,905	822,184
BA Exchange Company (UK) Limited	1,882,435	1,722,413
BA Express USA, Inc	1,631,768	1,590,784
	<u>480,859,178</u>	<u>464,055,824</u>
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	1,720,922,197	1,444,912,050
Off-shore banking unit	13,242,801	12,558,669
	<u>1,734,164,998</u>	<u>1,457,470,719</u>
34.1 Conventional and Islamic banking		
Car expenses	327,603,784	306,915,686
Contractual service expenses	653,073,820	487,574,969
Computer expenses	154,704,899	143,569,921
Other management and administrative expenses	205,074,053	172,776,485
Commission paid to agents	65,197,958	26,509,488
Entertainment	49,288,292	44,352,850
AGM/EGM expenses	3,451,105	2,348,470
Payment to superannuation fund	7,320,000	7,320,000
Finance charge for lease assets	-	107,864
Donation and subscription to institutions	192,002,911	201,402,222
Travelling expenses	40,157,362	35,447,209
Training and internship	22,478,413	14,865,473
Directors' travelling expenses	69,600	1,221,413
Sharia council fees	500,000	500,000
	<u>1,720,922,197</u>	<u>1,444,912,050</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2018	31 Dec 2017
34(a) Consolidated other expenses		
Bank Asia Limited	1,734,164,998	1,457,470,719
Bank Asia Securities Ltd	12,952,991	12,687,339
BA Exchange Company (UK) Limited	11,255,466	3,100,323
BA Express USA, Inc	8,755,540	10,917,158
	<u>1,767,128,995</u>	<u>1,484,175,539</u>
34(b) Provision for loans and advances/investments and off-balance sheet items		
Conventional and Islamic banking	3,387,485,001	2,557,148,333
Off-shore banking unit	56,615,931	72,879,685
	<u>3,444,100,932</u>	<u>2,630,028,018</u>
Break up of provision for loans and advances/Investments is shown below:		
General provision		
Conventional and Islamic banking	933,259,584	1,097,677,398
Off-shore banking unit	56,796,306	74,076,620
	990,055,890	1,171,754,018
Specific provision		
Conventional and Islamic banking	2,604,517,014	1,234,895,000
Off-shore banking unit	-	-
	2,604,517,014	1,234,895,000
Provision for off-balance sheet items		
Conventional and Islamic banking	(172,791,597)	224,575,935
Off-shore banking unit	(180,375)	(1,196,935)
	(172,971,972)	223,379,000
Provision for diminution in value of investments	10,000,000	-
Other provisions	12,500,000	-
	<u>3,444,100,932</u>	<u>2,630,028,018</u>
34(c) Consolidated Provision for loans and advances/investments		
Bank Asia Limited	3,444,100,932	2,630,028,018
Bank Asia Securites Limited:		
Specific Provision	110,000,000	105,000,000
Provision for diminution in value of investments	-	906,056
Other provisions	-	-
	110,000,000	105,906,056
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,554,100,932</u>	<u>2,735,934,074</u>
35 Receipts from other operating activities		
Conventional and Islamic banking (Note 35.1)	967,208,220	920,036,037
Off-shore banking unit	26,079,410	27,279,238
	<u>993,287,630</u>	<u>947,315,275</u>
35.1 Conventional and Islamic banking		
Locker charge	11,407,510	10,387,523
Service and other charges	479,149,066	356,336,486
Master card fees and charges	206,373,235	149,097,331
Postage/telex/SWIFT/ fax recoveries	118,436,866	120,428,158
Non-operating income	151,841,543	283,786,539

Notes to the financial statements

Amount in Taka

	31 Dec 2018	31 Dec 2017
	967,208,220	920,036,037

35(a) Consolidated Receipts from other operating activities

Bank Asia Limited	993,287,630	947,315,275
Bank Asia Securities Ltd	66,480,030	61,337,350
BA Exchange Company (UK) Limited	433,766	566,448
BA Express USA, Inc	554,369	573,688
	1,060,755,795	1,009,792,761
Less: inter- companies transactions	-	-
	1,060,755,795	1,009,792,761

36 Payments for other operating activities

Conventional and Islamic banking (Note 36.1)	2,557,325,672	2,190,677,383
Off-shore banking unit	13,503,015	12,805,804
	2,570,828,687	2,203,483,187

36.1 Conventional and Islamic banking

Rent, rates and taxes	684,268,635	612,994,509
Legal expenses	25,213,849	24,615,519
Directors' fees	3,656,000	2,992,000
Postage, stamp, telecommunication, etc	108,489,491	89,544,014
Other expenses	1,720,922,197	1,445,679,241
Managing Director's salary	13,900,000	13,900,000
Auditors' fee	875,500	952,100
	2,557,325,672	2,190,677,383

36(a) Payments for other operating activities

Bank Asia Limited	2,570,828,687	2,203,483,187
Bank Asia Securities Ltd	30,584,107	44,675,729
BA Exchange Company (UK) Limited	21,988,243	11,181,883
BA Express USA, Inc	17,949,054	20,019,391
	2,641,350,091	2,279,360,190

37 Earnings per share (EPS)

Net profit after tax (Numerator)	2,266,276,987	2,047,528,759
Number of ordinary shares outstanding (Denominator)	987,011,099	987,011,099
Issue of bonus shares	123,376,387	123,376,387
Number of ordinary shares outstanding (Denominator)	1,110,387,486	1,110,387,486
Earnings per share (EPS)	2.04	1.84

Earnings per share has been calculated in accordance with IAS 33: "Earnings Per Share (EPS)". Earnings per share for previous period 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 2018, the earliest period reported. Actual EPS for December 2018 was Taka 2.07.

37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)	2,233,390,509	2,112,089,343
Number of ordinary shares outstanding (Denominator)	1,110,387,486	1,110,387,486
Earnings per share (EPS)	2.01	1.90

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 2,256 (2017: 2,087).

Notes to the financial statements

39 Audit committee

The Audit Committee of the Board of Directors of Bank Asia Limited was constituted in the 44th meeting of the Board held on January 18, 2003 in compliance with the Bangladesh Bank directives. The Audit Committee was formed with the objectives to establish a platform for a compliant and secured banking structure in the Bank. The present Audit Committee was reconstituted by the Board in the 383rd meeting held on May 14, 2018 consisting of the following members:

Name	Status with the Board	Status with the Audit Committee
Mr. Mashiur Rahman	Independent Director	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Mr. Dilwar H Choudhury	Independent Director	Member

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

No. of meeting	Date	No. of meeting	Date
194 th Audit	10th January, 2018	197 th Audit	30th July, 2018
195 th Audit	8th April, 2018	198 th Audit	17th October, 2018
196 th Audit	30th April, 2018	199 th Audit	17th December, 2018

In the year 2018, 06 (six) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- 1 External Audit Report of the Bank and the recommendations made therein.
- 2 Bangladesh Bank comprehensive inspection report and the recommendations made therein.
- 3 Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- 4 Actions taken by the management with regard to shortcomings raised in the Bangladesh Bank Inspection report and by the Internal Audit Team of the Bank.
- 5 The corrective measures taken by the management with regard to the lapses pointed out on the internal control and other issues raised by internal and external auditors and inspectors of the regulatory authority.
- 6 The compliance status of the audit objections and the recommendations made by the Bangladesh Bank Inspectors, External Auditors and the Internal Auditors in the reports.
- 7 Management Report on Accounts of the Bank for the year ended on 31.12.2017.
- 8 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and compliance thereof.
- 9 Review of status of recovery of classified loans and necessary guidelines provided to the management to reduce Non Performing Loan (NPL).

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.
- * Adequate internal control and security measures have been taken by the Bank facilitating Information Technology (IT) based banking including generation of proper Management Information System (MIS).
- * The system of internal control and business processes have been strengthened including development of human resources towards creation of a compliance culture in the Bank.
- * Efforts have been made to keep assets of the Bank safe along with liabilities and commitments being transparent.
- * The Financial Statements of the Bank have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which contained full disclosure.
- * The good governance is in place in the Bank.

Notes to the financial statements

40 RELATED PARTY TRANSACTIONS

While making any related party transactions the management always pays proper attention to economic efficiency and competitive pricing and necessary approval of Bangladesh Bank and other authorities had been obtained wherever applicable. Significant related party transactions of the Bank for the period January – December 2018 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Agro Food Services Ltd.	Common Directors & Close family members Director	Office Rent	13,294,091
Romask Ltd	-do-	Printing	28,819,525
Rangs Industries Ltd.	-do-	Electronics items provider	570,800
Garda Shield Security Service Ltd.	-do-	Maintenance	3,449,113
Rangs workshop Ltd	-do-	Car repair and Services	6,875,674
Rangs ITT Ltd.	-do-	Network Connectivity fees	14,622,807
DHS Motors	-do-	Car providers & Car repair and Services	704,547
Shield Security Service	-do-	Security Service providers	191,118,812
Green Bangla	-do-	Tree Plantation	570,014
Reliance Insurance	-do-	Insurance Service	33,294,092
The Daily Star	-do-	Advertising	8,988,680
Rangs Limited	-do-	Car providers	59,263,548
Ali Estates Limited	-do-	Office Rent	97,768,442
Rangs Motors Limited	-do-	Machinery Equipments provider	3,321,369
Rangs Power Tech Limited	-do-	Machinery Equipments provider	1,715,000
Rancon Industrial Solutions Limited	-do-	Machinery Equipments provider	13,679,728
ERA Infotech	Associate Company	Software vendor	70,175,253

During the year 2018 Directors and their interest in different entities are given in Annexure F

40.1 Key Management personnel compensation

Transactions with Key Management personnel of the Bank for the period January – December 2018 is given below:

Particulars	Amount Tk
Short-term employee benefit	87,860,120

Key Management personnel includes President and Managing Director, 04 nos. Deputy Managing Director, 07 nos Senior Executive Vice President, Company Secretary, Head of Internal Control & Compliance Division and Chief Financial Officer.

Key management personnel get car facilities and leave fare assistance as per existing company policy. In addition gratuity, benevolent and superannuation fund benefits are provided as per service rule if eligible.

41 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, ACNABIN, Chartered Accountants worked about 36,800 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 2018 was Tk. 17.70 (2017: Tk.23.10) at DSE and Tk. 17.70 at CSE (2017: 23.10).

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 404th meeting held on March 21, 2019 has recommended 5 % cash dividend and 5% stock dividend subject to the approval of the shareholders at the next Annual General Meeting.

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

Bank Asia Limited

Highlights on the overall activities

as at and for the year ended 31 December 2018

Sl no.	Particulars	Amount in Taka		Amount in USD	
		2018	2017	2018	2017
1	Paid-up Capital	11,103,874,860	9,870,110,990	134,185,799	119,276,266
2	Total Capital	35,082,898,046	32,913,956,465	423,962,514	397,751,740
3	Capital (deficit)/surplus	11,774,335,287	10,802,491,519	142,288,040	130,543,704
4	Total Asset	307,291,400,556	288,996,642,751	3,713,491,245	3,492,406,559
5	Total Deposit	222,471,716,244	207,041,471,381	2,688,479,955	2,502,011,739
6	Total loans and advances / investments	214,618,151,145	197,504,138,756	2,593,572,824	2,386,756,964
7	Total contingent liabilities and commitments	137,459,256,487	136,156,444,076	1,661,139,051	1,645,395,095
8	Credit deposit ratio	81.74%	81.88%	81.74%	81.88%
9	Percentage of classified loans / investments against total loans and advances / investments	4.10%	4.38%	4.10%	4.38%
10	Profit after tax and provision	2,266,276,987	2,047,528,759	27,387,033	24,743,550
11	Amount of classified loans/investments during current year	8,809,830,429	8,642,303,000	106,463,208	104,438,707
12	Provisions kept against classified loans / investments	3,892,759,378	3,739,999,617	47,042,409	45,196,370
13	Provision surplus against classified loans / investments	5,114,917	7,310,617	61,812	88,346
14	Cost of fund	8.25%	7.73%	8.25%	7.73%
15	Interest earning assets	278,695,296,655	256,765,518,564	3,367,918,993	3,102,906,569
16	Non-interest earning assets	28,596,103,901	32,231,124,188	345,572,253	389,499,990
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	3.65%	3.45%	3.65%	3.45%
18	Return on assets (ROA) [PAT/ Average assets]	0.76%	0.76%	0.76%	0.76%
19	Income from investment	2,311,462,131	2,535,391,259	27,933,077	30,639,169
20	Capital adequacy	15.05%	14.89%	15.05%	14.89%
21	Earnings per share	2.04	2.07	0.02	0.03
22	Net income per share	2.04	2.07	0.02	0.03
23	Price earning ratio	8.67	11.14	8.67	11.14

Exchange rate used 1 USD equivalent to BDT 82.75 (2017: BDT 82.70)

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

as at 31 December 2018

Name of the Bank	Account type	Currency type	2018		2017			
			FC amount	Exchange rate	Equivalent Taka	Exchange rate	Equivalent Taka	
Conventional and Islamic banking:								
Interest bearing								
Citibank N.A., London	CD	EURO	283,054	95.40	23,748,210	248,923	98.16	24,434,287
Citibank N.A., London	CD	GBP	60,116	106.00	6,372,266	81,828	110.56	9,046,861
Citibank NA, New York	CD	USD	3,571,856	83.90	299,678,693	2,951,258	82.70	244,077,093
Habib American Bank, New York	CD	USD	11,405	83.90	956,850	1,823,502	82.70	150,820,201
Mashreqbank psc, New York	CD	USD	2,403	83.90	201,571	221,387	82.70	18,315,806
Standard Chartered Bank, Mumbai	CD	ACU	15,725	83.90	1,319,346	49,956	82.70	4,131,323
Standard Chartered Bank, New York	CD	USD	7,960,890	83.90	667,918,664	679,854	82.70	56,220,625
					1,000,195,600			507,046,196
Non-interest bearing:								
AB Bank Ltd, Mumbai	CD	ACU	18,621	83.90	1,562,296	467,006	82.70	38,621,372
AI Rajhi Bank, KSA	CD	SAR	5,817	22.00	127,982	817	22.00	17,982
Bank of Tokyo-Mitsubishi	CD	JPY	-	-	-	24,642,746	0.74	18,235,632
Bank of Sydney	CD	AUD	16,877	59.00	995,746	12,287	63.82	784,152
Bhutan National Bank Ltd, Thimphu	CD	USD	177,410	83.90	14,884,715	28,934	82.70	2,392,802
Commerzbank AG, Frankfurt	CD	USD	8,833,964	83.90	741,169,583	11,412	82.70	943,737
Mashreqbank PSC (Dubai AE)	CD	AED	55,878	22.06	1,232,672	-	-	-
Commerzbank AG, Frankfurt	CD	EURO	927,101	95.40	88,445,423	1,354,581	98.16	132,965,792
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	34,353	83.90	2,882,244	117,898	82.70	9,754,377
ICICI Bank Ltd, Hongkong	CD	USD	72,765	83.90	6,105,011	4,389	82.70	362,987
ICICI Bank Ltd, Mumbai	CD	ACU	6,439	83.90	540,261	12,162	82.70	1,023,138
JP Morgan Chase Bank, New York	CD	USD	4,173	83.90	350,075	165,829	82.70	13,714,038
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	95.40	768,342	8,054	98.16	790,571
Muslim Commercial Bank Ltd, Colombo	CD	ACU	158,565	83.90	13,303,597	19,699	82.70	1,629,075
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	200,507	83.90	16,822,578	166,426	82.70	13,763,471
Saudi Hollandi Bank, KSA	CD	SAR	595,001	22.00	13,090,027	246,700	22.00	5,427,400
Unicredit Bank AG Munich	CD	EURO	26,065	95.40	2,486,562	6,851	98.16	672,514
Wells Fargo Bank N.A, New York	CD	USD	48,701	83.90	4,085,974	647,152	82.70	53,519,499
Wells Fargo Bank N.A, London	CD	EURO	19,576	95.40	1,867,588	658	98.16	64,571
Zurcher Kantonal Bank, Switzerland	CD	CHF	6,618	84.55	559,550	9,776	83.80	819,264
					911,280,226			295,502,374
Off-shore banking unit:								
Commerzbank AG, Frankfurt	CD	EURO	36,082	111.71	4,030,817	30,083	98.16	2,466,829
Habib American Bank, New York	CD	USD	5,581,042	82.75	461,831,233	382,232	82.70	31,342,999
Sonali Bank, London	CD	GBP	3	133.13	434	5	110.56	431
					465,862,484			33,810,259
					2,377,338,310			836,358,829

Bank Asia Limited Investment in Shares

as at 31 December 2018

Annex B

SL. No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Cost of Per Share	Quoted rate per share as at 31 Dec 2018	Total market value as at 31 Dec 2018	Unrealized profit/ (loss) as at 31 Dec 2018
Quoted Shares								
1	AB Bank Limited	10	141,912	9,721,000	68.50	12.00	1,702,944	(8,018,056)
2	Dhaka Bank Limited	10	531,617	15,811,140	29.74	14.20	7,548,961	(8,262,179)
3	Exim Bank Limited	10	1,877,123	38,582,386	20.55	11.80	22,150,051	(16,432,335)
4	Golden Son Limited	10	119,185	8,586,791	72.05	10.70	1,275,280	(7,311,511)
5	Lanka Bangla Finance Limited	10	1,247,636	59,764,883	47.90	22.90	28,570,864	(31,194,019)
6	Mercantile Bank Limited	10	420,000	10,495,674	24.99	18.00	7,560,000	(2,935,674)
7	Phoenix Finance and Investments Limited	10	1,024,148	49,442,486	48.28	32.60	33,387,225	(16,055,261)
8	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	9.50	689,472	(11,312,349)
9	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	13.70	829,727	(4,637,216)
10	Reliance Insurance Limited	10	127,252	7,343,866	57.71	45.60	5,802,691	(1,541,174)
11	Southeast Bank Limited	10	1,233,008	34,732,726	28.17	15.60	19,234,925	(15,497,801)
12	United Commercial Bank Limited	10	2,272,192	63,772,931	28.07	17.60	39,990,579	(23,782,352)
13	Premier Bank Limited	10	4,123,904	66,807,245	16.20	11.70	48,249,677	(18,557,568)
14	The ACME Laboratories Limited	10	1,000,000	57,650,000	57.65	85.90	85,900,000	28,250,000
A. Provision requirement for quoted shares				440,179,891			302,892,396	(137,287,494)
Available cash balance				38,066,720				
				478,246,611				
Mutual Fund								
15	1st Janata Bank Mutual Fund	10	7,248,082	50,000,000	6.90	4.40	31,891,561	-
16	MBL 1st Mutual Fund	10	5,000,000	50,000,000	10.00	7.20	36,000,000	(3,300,000)
17	EBL NRB Mutual Fund	10	22,376,041	149,665,000	6.69	4.60	102,929,789	-
18	First Bangladesh Fixed Income Fund	10	38,807,348	250,000,000	6.44	4.30	166,871,596	-
19	EXIM Bank 1st Mutual Fund	10	34,702,744	242,235,820	6.98	5.00	173,513,720	-
B. Provision requirement for Mutual Fund as per BB Circular				118,134,215			511,206,666	(3,300,000)

Sl. No.	Name of the company	Face value	No. of Shares including bonus	Cost of holding	Per Unit cost	Per share (NAV)	Total book value	Unrealized profit (loss)
Unquoted Shares								
1	Industrial & Infrastructure Development Finance Co. Ltd.	10	8,794,932	29,683,820	3.38	17.64	155,125,475	125,441,655
2	Central Depository Bangladesh Limited	10	1,142,361	3,138,890	2.75	33.79	38,595,218	35,456,328
3	Era-Infotech Limited	100	3,837	383,700	100.00	13968.52	53,597,193	53,213,493
4	Bangladesh Rating Agency Limited	100	32,015	3,201,512	100.00	12.59	403,183	(2,798,329)
5	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	10.00	2,000,000	-
6	Investment in SWIFT share	307,890	29	8,928,806	29.00	307889.86	8,928,806	-
7	Energypac Power Generation Limited	10	1,192,800	49,984,000	41.90	41.15	49,080,763	(903,237)
C. Unrealized profit of unquoted stocks				97,320,728			307,730,638	210,409,910
8	Provision required for subsidiaries							
D. Provision for unquoted stock								39,115,037
E. Provision required for Beximco Debentures								(15,982,975)
F. Total Provision Requirement (A+B+D+E)								(117,455,432)
G. Provision maintained								263,383,553
H. Provision Excess / (Shortfall) for quoted and unquoted share								145,928,121

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

as at 31 December 2018

Annex C-1

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2018	
	Balance as at 01 Jan 2018	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2018	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2018
Own assets											
Land	2,646,764,306	-	-	-	-	-	-	-	-	-	2,646,764,306
Building	2,752,485,491	-	-	-	5	949,578,696	95,383,779	53,715,264	-	1,098,677,739	1,653,807,752
Furniture and fixtures	1,097,315,470	94,334,061	-	(3,003,000)	20	851,731,495	97,705,634	-	(1,206,938)	948,230,191	240,416,340
Machinery & Equipments	785,151,504	142,930,554	-	(558,663)	20	538,192,038	89,445,301	-	(496,165)	627,141,174	300,382,222
Computer and accessories	404,958,567	35,941,696	-	-	20	264,389,416	48,534,058	-	-	312,923,474	127,976,789
Motor vehicles	194,732,600	61,299,575	-	(12,752,357)	20	150,326,595	21,622,638	-	(11,796,530)	160,152,703	83,127,116
Sub-total	7,881,407,939	334,505,886	-	(16,314,019)	20	2,754,218,240	352,691,410	53,715,264	(13,499,634)	3,147,125,280	5,052,474,527
Leased assets											
Furniture and fixtures	167,162,848	-	-	-	20	167,162,848	-	-	-	167,162,848	-
Machinery & Equipments	106,201,139	-	-	-	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	-	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	-	20	18,900,000	-	-	-	18,900,000	-
Sub-total	364,468,087	-	-	-	20	364,468,087	-	-	-	364,468,087	-
Total	8,245,876,026	334,505,886	-	(16,314,019)	20	3,118,686,327	352,691,410	53,715,264	(13,499,634)	3,511,593,367	5,052,474,527
Work in progress - building											
Kawran bazar building*	163,317,128	168,720,647	-	-	-	332,037,775	-	-	-	-	332,037,775
Sukrabad building**	39,233,671	7,807,619	-	-	47,041,290	-	-	-	-	-	47,041,290
Total	202,550,799	176,528,266	-	-	379,079,065	-	-	-	-	-	379,079,065
Grand Total	8,448,426,824	511,034,152	-	(16,314,019)	20	3,118,686,327	352,691,410	53,715,264	(13,499,634)	3,511,593,367	5,431,553,592

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

** For construction of 9 storied building

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

Annex C-2

as at 31 December 2017

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2017		
	Balance as at 01 Jan 2017	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2017	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2017	
Own assets												
Land	2,646,764,306	-	-	-	-	-	-	-	-	-	2,646,764,306	
Building	2,619,652,725	132,832,766	-	-	2,752,485,491	5	807,433,960	88,429,472	53,715,264	-	949,578,696	1,802,906,795
Furniture and fixtures	983,411,842	116,550,628	-	(2,647,000)	1,097,315,470	20	747,530,588	105,712,914	-	(1,512,007)	851,731,495	245,583,975
Equipments	676,609,838	110,740,593	-	(2,198,927)	785,151,504	20	460,858,855	79,489,438	-	(2,156,255)	538,192,038	246,959,466
Computer and accessories	349,594,549	55,656,318	-	(292,300)	404,958,567	20	217,987,151	46,567,977	-	(165,712)	264,389,416	140,569,151
Motor vehicles	195,606,754	8,087,846	-	(8,962,000)	194,732,600	20	139,894,370	19,394,225	-	(8,962,000)	150,326,595	44,406,005
Sub-total	7,471,640,015	423,868,151	-	(14,100,227)	7,881,407,939		2,373,704,924	339,594,026	53,715,264	(12,795,974)	2,754,218,240	5,127,189,699
Leased assets												
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000	-
Sub-total	364,468,087	-	-	-	364,468,087		364,468,087	-	-	-	364,468,087	-
Total	7,836,108,102	423,868,151	-	(14,100,227)	8,245,876,026		2,738,173,011	339,594,026	53,715,264	(12,795,974)	3,118,686,327	5,127,189,699
Work in progress - building												
Kawran bazar*	52,065,908	111,251,220	-	-	163,317,128		-	-	-	-	-	163,317,128
Lalmatia**	92,515,444	34,412,036	-	(126,927,480)	-		-	-	-	-	-	-
Sukrabad***	7,206,045	32,027,627	-	-	39,233,671		-	-	-	-	-	39,233,671
Total	151,787,396	177,690,882	-	(126,927,480)	202,550,799		-	-	-	-	-	202,550,799
Grand Total	7,987,895,498	601,559,033	-	(141,027,707)	8,448,426,824		2,738,173,011	339,594,026	53,715,264	(12,795,974)	3,118,686,327	5,329,740,498

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

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

*** For construction of 9 storied building

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

Annex C-3

as at 31 December 2018

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2018
	Balance as at 01 Jan 2018	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2018		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2018	
Own assets										
Land	2,646,764,306	-	-	2,646,764,306	0	-	-	-	-	2,646,764,306
Building	2,774,297,051	-	(670,808)	2,773,626,243	5	962,722,912	53,715,264	300,037	1,114,966,115	1,658,660,129
Furniture and fixtures	1,112,510,964	97,039,134	(3,101,671)	1,206,448,427	20	865,125,158	98,145,466	(1,320,536)	961,950,088	244,498,339
Equipments	791,520,005	144,638,462	(558,663)	935,599,805	20	543,828,967	89,841,528	(496,165)	633,174,330	302,425,475
Computer and accessories	416,390,539	36,897,836	-	453,288,375	20	272,531,726	49,443,245	-	321,974,971	131,313,404
Motor vehicles	194,732,600	61,299,575	(12,752,357)	243,279,818	20	150,326,595	21,622,638	(11,796,530)	160,152,703	83,127,116
Sub-total	7,936,215,466	339,875,007	(17,083,498)	8,259,006,975	20	2,794,535,358	357,280,779	(13,313,195)	3,192,218,206	5,066,788,769
Leased assets										
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	18,900,000	-
Sub-total	364,468,087	-	-	364,468,087		364,468,087	-	-	364,468,087	-
Total	8,300,683,553	339,875,007	(17,083,498)	8,623,475,062		3,159,003,445	357,280,779	(13,313,195)	3,556,686,293	5,066,788,769
Work in progress - building										
Kawran bazar building*	163,317,128	168,720,647	-	332,037,775		-	-	-	-	332,037,775
Sukrabad building**	39,233,672	7,807,619	-	47,041,291		-	-	-	-	47,041,291
Total	202,550,799	176,528,266	-	379,079,065		-	-	-	-	379,079,065
Grand Total	8,503,234,352	516,403,273	(17,083,498)	9,002,554,127		3,159,003,445	357,280,779	(13,313,195)	3,556,686,293	5,445,867,834

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

** For construction of 9 storied building

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

Annex C-4

as at 31 December 2017

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2017
	Balance as at 01 Jan 2017	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017	
Own assets										
Land	2,646,764,306	-	-	2,646,764,306	-	-	-	-	-	2,646,764,306
Building	2,641,555,489	132,832,766	(91,204)	2,774,297,051	5	818,514,531	91,241,405	53,715,264	(748,288)	962,722,912
Furniture and fixtures	994,976,143	116,622,870	911,951	1,112,510,964	20	756,810,854	105,911,801	-	2,402,503	865,125,158
Equipments	683,617,875	111,392,643	(3,490,513)	791,520,005	20	468,072,631	79,645,106	-	(3,888,770)	543,828,967
Computer and accessories	357,632,359	58,695,668	62,512	416,390,539	20	225,499,467	47,197,971	-	(165,712)	272,531,726
Motor vehicles	195,606,754	8,087,846	(8,962,000)	194,732,600	20	139,894,370	19,394,225	-	(8,962,000)	150,326,595
Sub-total	7,520,152,926	427,631,793	(11,569,253)	7,936,215,466		2,408,791,854	343,390,508	53,715,264	(11,362,267)	2,794,535,358
Leased assets										
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000
Sub-total	364,468,087	-	-	364,468,087		364,468,087	-	-	-	364,468,087
Total	7,884,621,013	427,631,793	(11,569,253)	8,300,683,553		2,773,259,941	343,390,508	53,715,264	(11,362,267)	3,159,003,445
Work in progress - building										
Kawran bazar building*	52,065,908	111,251,220	-	163,317,128		-	-	-	-	163,317,128
Lalmatia building**	92,515,444	34,412,036	(126,927,480)	-		-	-	-	-	-
Sukrabad building ***	7,206,045	32,027,627	-	39,233,672		-	-	-	-	39,233,672
Total	151,787,397	177,690,882	(126,927,480)	202,550,799		-	-	-	-	202,550,799
Grand Total	8,036,408,410	605,322,675	(138,496,732)	8,503,234,352		2,773,259,941	343,390,508	53,715,264	(11,362,267)	3,159,003,445

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

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

*** For construction of 9 storied building

Bank Asia Limited

Statement of tax position

Annex D

as at 31 December 2018

Accounting year	Assessment year	Status
2000	2001-2002	Assessment finalized
2001	2002-2003	Assessment finalized
2002	2003-2004	Assessment finalized
2003	2004-2005	Assessment finalized
2004	2005-2006	Assessment finalized
2005	2006-2007	Assessment finalized
2006	2007-2008	Assessment finalized
2007	2008-2009	Assessment finalized
2008	2009-2010	Assessment finalized
2009	2010-2011	Assessment finalized
2010	2011-2012	At Honorable High Court stage
2011	2012-2013	At Honorable High Court stage
2012	2013-2014	Assessment finalized
2013	2014-2015	Assessment finalized
2014	2015-2016	Assessment finalized
2015	2016-2017	Assessment finalized
2016	2017-2018	Assessment finalized
2017	2018-2019	Return submitted

Bank Asia Limited

Details of Large Loan

as at 31 December 2018

	2018	2017
Number of clients	9	13
Amount of outstanding advances (Taka)	50,121	58,771
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) 2018			Outstanding (Taka) 2017		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Summit Group	568	11,870	12,438	452	7,278	7,729
2	Basundhara Group	3,329	2,579	5,907	2,647	2,695	5,342
3	SALMA GROUP	2,072	3,430	5,502	-	-	-
4	ECHOTEX	1,690	3,147	4,837	1,718	2,205	3,923
5	Pran RFL Group	1,843	2,795	4,638	2,423	3,247	5,670
6	City Group	1,270	3,339	4,610	1,257	3,554	4,811
7	Western Marine Group	2,288	2,002	4,290	1,860	1,951	3,811
8	AA Yarn Mills Limited	2,367	1,639	4,006	3,034	1,718	4,752
9	Max Infrastructure Ltd.	3,337	556	3,893	2,666	747	3,414
10	S.A Group	-	-	-	3,566	-	3,566
11	Aman Group	-	-	-	3,241	1,004	4,246
12	Partex Group	-	-	-	3,182	846	4,027
13	Toma Group	-	-	-	1,939	1,908	3,847
14	Energypac	-	-	-	997	2,635	3,632
	Total	18,765	31,356	50,121	28,983	29,788	58,771

Bank Asia Limited

Names of Directors and their interest in different entities

Annex F

as at 31 December 2018

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 Engineering Limited
			Rancon Services Limited
			Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rancon Motor Bikes Limited
			Ranks Steels Limited
			Ranks Real Estate Limited
			Rangs Motors Workshop Limited
			Ranks Agro Bioteq Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Rancon Holdings Limited
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Agencies Limited
			Fishers Shipyard Limited
			Sea Resources Cold Storage Limited
			Seamans Dockyard & Fish Meal Ltd.
			The Daily Star
Agro Food Services Ltd.			
Ranks FC Properties Limited			
Softex Communication Limited			
Bank Asia Limited			
2.	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co.
			Phulbari Tea Estates Ltd.
			M. Ahmed Cold Storage Ltd.
			M. Ahmed Food & Spices Ltd.
			M. Ahmed Real Estates Ltd.
			Premier Dyeing & Calendaring Ltd.
			Anandaniketan Ltd.
			JVS Ltd.
			FIVDB
			Bank Asia Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
3.	Mr. Md Nazrul Huda (Independent Director)	Vice Chairman	Habib Bank AG Zurich, Bangladesh Bank Asia Limited
4.	Mr. Rume A Hossain	Director	Rangs Industries Ltd. Romask Limited Ranks Petroleum Ltd. Ranks ITT Limited Rangs Pharmaceuticals Limited Ranks Telecom Limited Bank Asia Limited
5.	Ms. Hosnara Sinha	Director	Pritha Fashions Ltd. Sinha Auto Spinning Mills Ltd. Sattar Jute Mills Ltd. Bank Asia Limited
6.	Ms. Naheed Akhter Sinha	Director	Lafargeholcim Bangladesh Ltd. Enterprise Cluster Pte. Ltd. (Singapore) Cluster World Pte. Ltd. (Singapore) Bank Asia Limited
7.	Mr. M Shahjahan Bhuiyan (Independent Director)	Director	Bank Asia Limited
8.	Mr. Mashiur Rahman (Independent Director)	Director	Bank Asia Limited
9.	Major General Mohammad Matiur Rahman (retd.) (Representing Sinha Fashions Ltd.)	Director	Bank Asia Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
10.	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			Rangs ITT Limited
			Rangs Telecom Limited
			Rangs Petroleum Limited
			Rangs Interiors Limited
			Rancon Motors Limited
			Rancon Engineering Limited
			Rancon Services Limited
			Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rangs Steels Limited
			Rangs Real Estate Limited
			Rangs Motors Workshop Limited
			Rangs Agro Biotech Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Sea Resources Limited
			Sea Resources Agencies Limited
			Sea Resources Cold Storage Limited
			Sea Fishers Limited
			Sea Natural Food Ltd.
			Sea Natural Ltd.
			Fishers Shipyard Limited
			Deep Sea Fishers Limited
			Agro Food Services Ltd.
			Seamans Dockyard & Fish Meal Limited
			Romask Limited
SRL Marine Product Ltd.			
Amreen Romana Ltd.			
Amiran Romana Ltd.			
Maya Limited			
Bank Asia Limited			
11	Mr. Dilwar H Choudhury (Independent Director)	Director	Partex Star Group
			Bank Asia Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
12	Ms. Farhana Haq	Director	DHS Motors Limited
			Platform Solutions Limited
			FAR Limited
			Ali Estates Limited
			Surja Soft Ltd.
13	Ms. Mahrina Chowdhury	Director	Bank Asia Limited
			Rangs Limited
			Rangs Pharmaceuticals Limited
			Rangs Motors Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
14	Mr. Ashraful Haq Chowdhury (Independent Director)	Director	Shield Security Services Limited
			Bank Asia Limited
			Star Infrastructure Development Consortium Limited
			Star Allied Venture Limited
15	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	Director	Bank Asia Limited
			Agro Food Services Ltd.

as at and for the year ended 31 December 2018

The operation of our Islamic Banking is totally different from the Bank's conventional operation as the former operates 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 iHIKMAH.

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. It is different from traditional Weightage System so far practiced by almost 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 2018

Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR) w.e.f. 01.11.2018	
	Client	Bank
1. Mudaraba Term Deposit Account (MTDA) 1 month	60%	40%
2. Mudaraba Term Deposit Account (MTDA) 2 months	60%	40%
3. Mudaraba Term Deposit Account (MTDA) 3 months	70%	30%
4. Mudaraba Term Deposit Account (MTDA) 6 months (Below Tk.1 crore)	72%	28%
5. Mudaraba Term Deposit Account (MTDA) 6 months (Tk.1 crore & above)	76%	24%
6. Mudaraba Term Deposit Account (MTDA) 12 months (Below Tk.1 crore)	75%	25%
7. Mudaraba Term Deposit Account (MTDA) 12 months (Tk.1 crore & above)	85%	15%
8. Mudaraba Term Deposit Account (MTDA) 24 months (Below Tk.1 crore)	70%	30%
9. Mudaraba Term Deposit Account (MTDA) 24 months (Tk.1 crore & above)	85%	15%
10. Mudaraba Term Deposit Account (MTDA) 36 months (Below Tk.1 crore)	70%	30%
11. Mudaraba Term Deposit Account (MTDA) 36 months (Tk.1 crore & above)	85%	15%
12. Mudaraba Term Deposit Account (MTDA) 60 months (Below Tk.1 crore)	70%	30%
13. Mudaraba Term Deposit Account (MTDA) 60 months (Tk.1 crore & above)	85%	15%
14. Corporate Term Deposit Account (CTDA) 3 months	70%	30%
15. Corporate Term Deposit Account (CTDA) 6 months	76%	24%
16. Corporate Term Deposit Account (CTDA) 12 months	85%	15%
17. Mudaraba Savings Account (MSA)	45%	55%
18. Mudaraba Corporate Privilege Savings Account (MCPSA)	45%	55%
19. Smart Junior Saver (School Banking) Account	60%	40%
20. Mudaraba Special Notice Deposit Account (MSND)	35%	65%

21. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 year	80%	20%
22. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 2 years	82%	18%
23. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 3-5 years	85%	15%
24. Mudaraba Deposit Pension Scheme (MDPS) 3-12 Years	85%	15%
25. Mudaraba Hajj Savings Scheme (MHSA) 1- 10 Years	88%	12%
26. Cash Waqf	88%	12%

2. Investment Operation and Return Thereon

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

- Fixed return based investment
- Variable return based investment

Fixed return based investment system is applicable for our Bai-Murabaha Muajjal Investment mode. Under this mode, Bank sells the goods to a client at a fixed profit /mark-up on deferred payment including post import 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 income. 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 recognized 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, generally 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 recognized until the result of the venture is arrived at.

4. Cost Recognition Principle

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

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

Bank Asia Limited Islamic Banking Unit Balance Sheet

Annex G-1

as at 31 December 2018

	Amount in Taka	
	31 Dec 2018	31 Dec 2017
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	786,581,748	699,186,475
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	31,058,244	41,737,134
	755,523,504	657,449,341
Balance with other banks and financial institutions		
In Bangladesh	852,738,197	2,699,050
Outside Bangladesh	852,738,197	2,699,050
	-	-
Placement with other banks and financial institutions	-	-
Investments in shares and securities		
Government	874,700,000	710,500,000
Others	754,700,000	550,500,000
	120,000,000	160,000,000
Investments		
General Investment	11,719,264,673	11,906,402,965
Bills purchased and discounted	11,713,961,145	11,877,396,366
	5,303,528	29,006,599
	6,791,260	10,117,133
Fixed assets including premises, furniture and fixtures	1,794,638,896	1,762,010,293
Other assets		
Non - banking assets	-	-
Total assets	16,034,714,774	15,090,915,916
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents		
Deposits and other Accounts		
Al-wadeeah current and other deposits accounts, etc.	995,086,895	782,101,217
Bills payable	86,397,037	37,967,331
Mudaraba savings deposits	1,691,519,432	1,268,549,392
Mudaraba term deposits	12,231,860,076	11,773,908,852
	15,004,863,440	13,862,526,792
Other liabilities	1,029,851,334	1,228,389,124
Total liabilities	16,034,714,774	15,090,915,916
OFF- BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	-	-
Letters of guarantee	146,540,716	109,270,212
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	146,540,716	109,270,212

Bank Asia Limited Islamic Banking Unit Profit and Loss Statement

Annex G-2

for the year ended 31 December 2018

	Amount in Taka	
	31 Dec 2018	31 Dec 2017
Investment income	1,165,033,072	1,010,464,818
Profit paid on deposits, borrowings, etc.	848,694,828	580,866,862
Net investment income	316,338,244	429,597,956
Profit on Investment with bank and financial institutions	20,850,530	16,120,284
Commission, exchange and brokerage	62,646,875	63,761,541
Other operating income	7,452,917	8,728,324
Total operating income	407,288,566	518,208,105
Salaries and allowances	75,221,809	66,393,306
Rent, taxes, insurance, electricity, etc.	8,063,405	7,379,649
Legal expenses	281,520	29,500
Postage, stamp, telecommunication, etc.	562,602	393,047
Stationery, printing, advertisement, etc.	1,048,993	1,393,152
Depreciation and repair of Bank's assets	4,697,271	4,735,767
Other expenses	27,147,174	39,044,975
Total operating expenses	117,022,774	119,369,396
Profit before provision	290,265,792	398,838,709
Provision for investments		
General provision	(7,266,443)	29,630,329
Specific provision	(1,228,906)	(1,782,762)
	(8,495,349)	27,847,567
Provision for off balance sheet items	372,705	1,092,702
Total provision	(8,122,644)	28,940,269
Total profit before taxes	298,388,436	369,898,440

Bank Asia Limited

Off-shore Banking Unit Balance Sheet

Annex H

as at 31 December 2018

	Notes	31 Dec 2018 USD	31 Dec 2018 Taka	31 Dec 2017 USD	31 Dec 2017 Taka
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-	-
Balance with other banks and financial institutions					
	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		5,629,758	465,862,484	412,320	33,810,259
		5,629,758	465,862,484	412,320	33,810,259
Investments					
Government		-	-	-	-
Others		1,108,910	91,762,334	6,267,713	513,952,493
		1,108,910	91,762,334	6,267,713	513,952,493
Loans and advances					
	4				
Loans, cash credits, overdrafts, etc.		36,840,673	3,048,565,725	30,588,147	2,508,228,049
Bills purchased and discounted		215,142,451	17,803,037,847	154,233,088	12,647,113,199
		251,983,125	20,851,603,572	184,821,235	15,155,341,248
Fixed assets including premises, furniture and fixtures					
		-	-	-	-
Other assets					
	5	367,970	30,449,503	500,902	41,073,945
Non - banking assets					
		-	-	-	-
Total assets		259,089,763	21,439,677,893	192,002,170	15,744,177,945
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents					
	6	253,540,414	20,980,469,299	188,086,318	15,423,078,092
Deposits and other accounts					
	7				
Current deposits		4,749,651	393,033,599	3,635,464	298,108,075
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		799,698	66,174,995	269,782	22,122,157
Bearer certificate of deposit		-	-	-	-
		5,549,349	459,208,594	3,905,247	320,230,232
Other liabilities					
	8	-	-	10,605	869,621
Total liabilities		259,089,763	21,439,677,893	192,002,170	15,744,177,945
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	160,443	13,276,658	381,633	31,293,906
Letters of guarantee		-	-	-	-
Irrevocable letters of credit	10	330,409	27,341,345	235,824	19,337,568
Bills for collection	11	-	-	75,902	6,223,986
Other contingent liabilities		-	-	-	-
		490,852	40,618,003	693,359	56,855,460
Other commitments		-	-	-	-
Total Off-Balance Sheet items including contingent liabilities		490,852	40,618,003	693,359	56,855,460

Bank Asia Limited

Off-shore Banking Unit Profit and Loss Statement

Annex H-1

for the year ended 31 December 2018

	Notes	31 Dec 2018 USD	31 Dec 2018 Taka	31 Dec 2017 USD	31 Dec 2017 Taka
Interest income	12	13,110,549	1,081,620,297	7,587,107	610,079,291
Interest paid on deposits and borrowings, etc.	13	9,798,539	808,379,496	5,209,290	418,878,994
Net interest/net profit on investments		3,312,010	273,240,801	2,377,817	191,200,297
Investment Income		-	-	-	-
Commission, exchange and brokerage	14	70,052	10,713,397	125,948	10,127,463
Other operating income	15	316,114	26,079,410	339,252	27,279,238
Total operating income (A)		3,698,176	310,033,608	2,843,017	228,606,998
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		3,154	260,214	3,073	247,135
Postage, stamp, telecommunication, etc.		9,452	779,823	9,640	775,147
Stationery, printing, advertisements, etc.		712	58,712	1,380	110,926
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	-	-
Other expenses		160,519	13,242,801	156,183	12,558,669
Total operating expenses (B)		173,837	14,341,550	170,276	13,691,877
Profit before provision (C=A-B)		3,524,339	295,692,058	2,672,741	214,915,121
Provision for loans and advances					
General provision		688,440	56,796,306	921,236	74,076,620
Specific provision		40,319	3,326,356	-	-
		728,760	60,122,662	921,236	74,076,620
Provision for off-balance sheet items		(2,186)	(180,375)	(14,885)	(1,196,935)
Total provision (D)		726,573	59,942,287	906,351	72,879,685
Total profit/(loss) (C-D)		2,797,766	235,749,771	1,766,390	142,035,436

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

as at and for the year ended 31 December 2018

1 Status of the unit

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

2 Significant accounting policies and basis of preparations

2.1 Basis of preparation

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the Off-shore Banking Unit (OBU). The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated 25 June 2003, Bangladesh Bank BCD Circular No. (P) 744(27), dated 17 December, 1985, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs) and other rules and regulations where necessary.

2.2 Foreign currency

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

2.3 Loans and advances

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

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

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

2.4 General

Assets and liabilities have been translated into Taka currency @USD 1 = BDT 82.75 (2017 : BDT 82.00). Income and expenses are translated at an average rate @ USD 1 = BDT 80.50 (2017 : BDT 80.41). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 83.90.

	31 Dec 2018 USD	31 Dec 2018 Taka	31 Dec 2017 USD	31 Dec 2017 Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	48,711	4,030,817	30,083	2,466,829
Habib American Bank, New York	5,581,042	461,831,233	382,232	31,342,999
Sonali Bank (UK) Limited, London	5	434	5	431
	<u>5,629,758</u>	<u>465,862,484</u>	<u>412,320</u>	<u>33,810,259</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	36,840,673	3,048,565,725	30,588,147	2,508,228,049
Bills purchased and discounted (Note 4.2)	215,142,451	17,803,037,847	154,233,088	12,647,113,199
	<u>251,983,125</u>	<u>20,851,603,572</u>	<u>184,821,235</u>	<u>15,155,341,248</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2018 USD	31 Dec 2018 Taka	31 Dec 2017 USD	31 Dec 2017 Taka
4.1 Loans, cash credit, overdrafts etc.				
Term loan industrial	35,848,609	2,966,472,380	29,727,216	2,437,631,698
Term loan others	61,949	5,126,281	119,630	9,809,619
Loan against trust receipts	-	-	488,918	40,091,298
Packing credit	-	-	252,383	20,695,434
Demand loan	930,116	76,967,064	-	-
	<u>36,840,673</u>	<u>3,048,565,725</u>	<u>30,588,147</u>	<u>2,508,228,049</u>
4.2 Bills purchased and discounted				
Payable in Bangladesh	215,142,451	17,803,037,847	154,233,088	12,647,113,199
Payable outside Bangladesh	-	-	-	-
	<u>215,142,451</u>	<u>17,803,037,847</u>	<u>154,233,088</u>	<u>12,647,113,199</u>
5 Other assets				
Branch adjustment account	169,698	14,042,495	169,698	13,915,217
Prepaid expenses	198,272	16,407,008	331,204	27,158,728
	<u>367,970</u>	<u>30,449,503</u>	<u>500,902</u>	<u>41,073,945</u>
6 Borrowings from other banks, financial institutions and agents				
Borrowing from Bangladesh Bank	-	-	-	-
Borrowing from other banks (Note 6.1)	197,604,273	16,351,753,582	135,164,761	11,083,510,402
Borrowing from corporate office, Dhaka	11,000,000	910,250,000	7,368,398	604,208,628
Borrowing - ECA	4,936,142	408,465,717	5,553,159	455,359,062
Borrowing from IFC	40,000,000	3,310,000,000	40,000,000	3,280,000,000
	<u>253,540,414</u>	<u>20,980,469,299</u>	<u>188,086,318</u>	<u>15,423,078,092</u>
6.1 Borrowing from other banks				
Standard Chartered Bank, Singapore	40,621,625	3,361,439,468	32,500,000	2,665,000,000
First Gulf Bank	20,000,000	1,655,000,000	10,000,000	820,000,000
National Bank of Ras Al Khaimah	23,000,000	1,903,250,000	18,700,000	1,533,400,000
Emirates Islami Bank	14,000,000	1,158,500,000	-	-
United Bank Limited, UAE	12,000,000	993,000,000	17,700,000	1,451,400,000
Caixa Bank, Barcelona	15,364,250	1,271,391,688	-	-
Bank Of Tokyo-Mitsubishi	30,000,000	2,482,500,000	20,000,000	1,640,000,000
Bank Muscat SAOG	-	-	7,000,000	574,000,000
HDFC, Gift City, Mumbai	4,500,000	372,375,000	5,000,000	410,000,000
Emirates NBD Bank PJSC	10,000,000	827,500,000	-	-
Noor Islami Bank, Dubai, UAE	-	-	3,000,000	246,000,000
Abu Dhabi Commercial bank	12,500,000	1,034,375,000	-	-
ID-Valvitalia Spa	1,268,398	104,959,926	-	-
KBC Bank, Brussels	-	-	1,264,761	103,710,402
Habib AG Zurich	6,050,000	500,637,500	-	-
State Bank of India	3,300,000	273,075,000	-	-
ICICI Bank Limited, Hong Kong	-	-	10,000,000	820,000,000
Nepal Bangladesh Bank Limited	5,000,000	413,750,000	5,000,000	410,000,000
Commercial Bank of Ceylon	-	-	5,000,000	410,000,000
	<u>197,604,273</u>	<u>16,351,753,582</u>	<u>135,164,761</u>	<u>11,083,510,402</u>
7 Deposits and other accounts				
Customer deposits and other accounts (Note 7.1)	<u>5,549,349</u>	<u>459,208,594</u>	<u>3,905,247</u>	<u>320,230,232</u>

Off-shore Banking Unit (OBU) Notes to the Financial Statements

	31 Dec 2018 USD	31 Dec 2018 Taka	31 Dec 2017 USD	31 Dec 2017 Taka
7.1 Customer deposits and other accounts				
Foreign currency (Current)	2,535,459	209,809,238	2,367,484	194,133,656
Other demand deposits (Current)	2,214,192	183,224,361	1,267,981	103,974,419
Fixed deposit	799,698	66,174,995	269,782	22,122,157
	<u>5,549,349</u>	<u>459,208,594</u>	<u>3,905,247</u>	<u>320,230,232</u>
8 Other liabilities				
Provision for loans and advances	726,558	60,122,662	903,373	74,076,620
Provision for off balance sheet items	2,180	180,375	(14,597)	(1,196,935)
Due to Head Office	(728,738)	(60,303,037)	(888,777)	(72,879,685)
FDR on Export Bill	-	-	10,605	869,621
	<u>-</u>	<u>-</u>	<u>10,605</u>	<u>869,621</u>
9 Acceptances and endorsements				
Letters of credit (Back to Back)	-	-	381,633	31,293,906
Letters of credit (Acceptances)	160,443	13,276,658	-	-
	<u>160,443</u>	<u>13,276,658</u>	<u>381,633</u>	<u>31,293,906</u>
10 Irrevocable letters of credit				
Letters of credit (Back to Back)	-	-	89,559	7,343,838
Letters of credit (cash)	330,409	27,341,345	146,265	11,993,730
	<u>330,409</u>	<u>27,341,345</u>	<u>235,824</u>	<u>19,337,568</u>
11 Bills for collection				
	<u>-</u>	<u>-</u>	<u>75,902</u>	<u>6,223,986</u>
12 Interest income				
Demand loan	6,553	540,590	5,255	422,565
Packing credit	-	-	1,418	114,027
Loan against trust receipt	19,205	1,584,448	19,206	1,544,325
Payment against documents	-	-	15	1,245
Term loan - industrial	1,708,823	140,977,863	1,012,772	81,436,983
Term loan - others	5,942	490,175	8,181	657,808
Foreign bill purchased	11,341,751	935,694,486	6,499,757	522,645,464
Lease finance	28,276	2,332,735	-	-
Interest on placement with other banks	-	-	40,503	3,256,874
	<u>13,110,549</u>	<u>1,081,620,297</u>	<u>7,587,107</u>	<u>610,079,291</u>
13 Interest paid on deposits and borrowings etc.				
Interest on deposit	11,073	913,498	5,980	480,877
Interest on borrowings	9,787,467	807,465,998	5,203,310	418,398,117
	<u>9,798,539</u>	<u>808,379,496</u>	<u>5,209,290</u>	<u>418,878,994</u>
14 Commission, exchange and brokerage				
Commission on L/C	48,720	4,019,434	39,509	3,176,934
Commission on export	10,797	890,753	6,649	534,646
Commission on PO, DD, TT, TC, etc	9,191	758,256	10,000	804,090
Foreign exchange gain and charges	-	4,934,075	67,343	5,415,030
Fees and commission	1,344	110,879	2,447	196,763
	<u>70,052</u>	<u>10,713,397</u>	<u>125,948</u>	<u>10,127,463</u>
15 Other operating income				
SWIFT charge recovery	7,475	616,688	10,818	869,904
Other	308,639	25,462,722	328,433	26,409,334
	<u>316,114</u>	<u>26,079,410</u>	<u>339,252</u>	<u>27,279,238</u>

Bank Asia Limited Statement of outstanding unreconciled entries (nostro account)

as at 31 December 2018

Amount in USD

Sl. no.	Period of unreconciliation	As per local book				As per correspondents' book			
		Debit entries		Credit entries		Debit entries		Credit entries	
		No.	USD	No.	USD	No.	USD	No.	USD
1	Upto 3 months	23	12,560,502	156	14,947,807	92	10,850,180	600	25,484,695
2	More than 3 months but less than 6 months	-	-	2	4,845	-	-	1	15,000
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	23	12,560,502	158	14,952,652	92	10,850,180	601	25,499,695

Bank Asia Limited

Reconciliation between Bangladesh Bank statement and Bank's book

as at 31 December 2018

The reconciling items relates to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds, Sanchayapatra, etc

Local currency	As per Bangla- desh Bank Statement	As per Bank's General ledger	Reconciling Difference
	BDT	BDT	BDT
Bangladesh Bank, Dhaka	10,606,012,331.52	10,647,593,074.16	(41,580,742.64)
Bangladesh Bank, Dhaka (Al-wadeeah current account)	755,523,504.11	755,523,504.11	-
Bangladesh Bank, Chittagong	343,613,093.58	343,613,093.58	-
Bangladesh Bank, Sylhet	8,537,143.82	8,531,634.82	5,509.00
Bangladesh Bank, Khulna	12,862,533.53	12,862,533.53	-
Bangladesh Bank, Rajshahi	5,746,208.20	5,746,208.20	-
Bangladesh Bank, Bogra	29,636,167.26	29,636,167.26	-
Bangladesh Bank, Barishal	8,080,630.27	8,080,630.27	-
Bangladesh Bank, Rangpur	2,037,202.78	2,037,356.78	(154.00)
Total	11,772,048,815.07	11,813,624,202.71	(41,575,387.64)

Bank credited but not debited by Bangladesh Bank

206,293,906.00

Bank debited but not credited by Bangladesh Bank

(39,014,985.00)

Bangladesh Bank credited but not debited by Bank

182,491,646.75

Bangladesh Bank debited but not credited by Bank

(391,345,955.39)

(41,575,387.64)

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	2,893,346.15	3,944,210.01	330,906,556.46	(1,050,863.86)
Total	2,893,346.15	3,944,210.01	330,906,556.46	(1,050,863.86)

Bank credited but not debited by Bangladesh Bank

6,277,422.89

Bank debited but not credited by Bangladesh Bank

(167,845.60)

Bangladesh Bank credited but not debited by Bank

73,730.69

Bangladesh Bank debited but not credited by Bank

(7,234,171.84)

(1,050,863.86)

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	GBP	GBP	BDT	GBP
GBP Clearing account	9,560.53	9,560.53	1,013,416.18	-
	9,560.53	9,560.53	1,013,416.18	-

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 Bank statement	As per Bank's general ledger		Reconciling difference
	EUR	EUR	BDT	EUR
EUR Clearing account	21,523.92	21,222.09	2,024,587.39	301.83
	21,523.92	21,222.09	2,024,587.39	301.83

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

301.83
-
-
-
301.83

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	JPY	JPY	BDT	JPY
JPY Clearing account	45,238.00	45,238.00	33,928.50	-
	45,238.00	45,238.00	33,928.50	-
Total (BDT)			12,147,602,691	

Bank Asia Limited Segment Reporting

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

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries				Inter company transaction	Consolidated
	Inside Bangladesh		Off-shore Banking unit		Inside Bangladesh		Outside Bangladesh			
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Total	Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	BA Express USA Inc.			
Interest income	18,664,029,970	1,165,033,072	1,081,620,297	20,910,683,339	313,770,644	-	-	(214,305,783)	21,010,148,200	
Interest paid on deposits and borrowings, etc	11,350,919,171	848,694,828	808,379,496	13,007,993,495	217,530,252	-	-	(214,305,783)	13,011,217,964	
Net interest income	7,313,110,799	316,338,244	273,240,801	7,902,689,844	96,240,392	-	-	-	7,998,930,236	
Investment income	2,290,611,601	20,850,530	-	2,311,462,131	-	-	-	-	2,311,462,131	
Commission, exchange and brokerage	2,917,333,725	62,646,875	10,713,397	2,990,693,997	97,015,477	10,765,960	11,958,782	-	3,110,434,216	
Other operating income	884,190,898	7,452,917	26,079,410	917,723,225	66,480,030	433,766	554,369	-	985,191,390	
Total operating income (A)	13,405,247,023	407,288,566	310,033,608	14,122,569,197	259,735,899	11,199,726	12,513,151	-	6,407,087,737	
Salaries and allowances	2,806,968,193	75,221,809	-	2,882,190,002	54,887,031	7,900,286	18,661,453	-	2,963,638,772	
Rent, taxes, insurance, electricity, etc	676,205,230	8,063,405	260,214	684,528,849	15,014,394	8,154,039	7,281,715	-	714,978,997	
Legal expenses	24,932,329	281,520	-	25,213,849	609,628	1,329,275	235,319	-	27,388,071	
Postage, stamp, telecommunication, etc	107,147,066	562,602	779,823	108,489,491	1,681,261	598,814	385,420	-	111,154,986	
Stationery, printing, advertisements, etc	132,342,814	1,048,993	58,712	133,450,519	1,481,826	472,154	1,343,455	-	136,747,954	
Managing Director's salary and fees	13,900,000	-	-	13,900,000	-	-	-	-	13,900,000	
Directors' fees	3,656,000	-	-	3,656,000	230,000	-	-	-	3,886,000	
Auditors' fees	875,500	-	-	875,500	95,833	650,649	1,291,060	-	2,913,042	
Depreciation and repairs of Bank's assets	471,024,799	4,697,271	-	475,722,070	1,622,905	1,882,435	1,631,768	-	480,859,178	
Other expenses	1,693,775,023	27,147,174	13,242,801	1,734,164,998	12,952,991	11,255,466	8,755,540	-	1,767,128,995	
Total operating expenses (B)	5,930,826,954	117,022,774	14,341,550	6,062,191,278	88,575,869	32,243,118	39,585,730	-	6,222,595,995	
Profit before provision (C=A-B)	7,474,420,069	290,265,792	295,692,058	8,060,377,919	171,160,030	(21,043,392)	(27,072,579)	-	8,183,421,978	
Provision:										
Provision for loans and advances/investments				3,594,572,904	110,000,000	-	-	-	3,704,572,904	
Provision for off-balance sheet items				(172,971,972)	-	-	-	-	(172,971,972)	
Provision for diminution in value of investments				10,000,000	-	-	-	-	10,000,000	
Other provisions				12,500,000	-	-	-	-	12,500,000	
Total provision (D)				3,444,100,932	110,000,000	-	-	-	3,554,100,932	
Profit before tax provision (E=C-D)				4,616,276,987	61,160,030	(21,043,392)	(27,072,579)	-	4,629,321,046	
Provision for taxation				2,350,000,000	45,930,537	-	-	-	2,395,930,537	
Profit after tax provision				2,266,276,987	15,229,493	(21,043,392)	(27,072,579)	-	2,233,390,509	

Amount in Taka

Bank Asia Limited Segment Reporting

Annex K-1

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

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated
	Inside Bangladesh		Off-shore Banking unit	Total	In side Bangladesh		Outside Bangladesh		
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd			
PROPERTY AND ASSETS									
Cash	14,765,538,980	786,581,748	-	15,552,120,728	7,290	3,483,040	108,796	-	15,555,719,854
Balance with other banks and financial institutions	24,547,012,485	852,738,197	465,862,484	25,865,613,166	279,364,574	37,479,766	75,190,889	(14,513,073)	26,243,135,322
Money at call and on short notice	100,000,000	-	-	100,000,000	-	-	-	-	100,000,000
Investments	35,032,736,010	874,700,000	91,762,334	35,999,198,344	545,004,098	-	-	-	36,544,202,442
Loans and advances/investments	182,047,282,900	11,719,264,673	20,851,603,572	214,618,151,145	4,993,663,846	-	-	(2,058,883,156)	217,552,931,835
Fixed assets including premises, furniture and fixtures	5,424,762,332	6,791,260	-	5,431,553,592	7,771,251	2,975,027	3,567,964	-	5,445,867,834
Other assets	7,899,675,182	1,794,638,896	30,449,503	9,724,763,581	344,853,599	2,236,204	101,661,544	(2,387,501,557)	7,786,013,371
Non - banking assets	-	-	-	-	-	-	-	-	-
Total assets	269,817,007,889	16,034,714,774	21,439,677,893	307,291,400,556	6,170,664,658	46,174,037	180,529,193	(4,460,897,786)	309,227,870,658
LIABILITIES AND CAPITAL									
Liabilities									
Borrowings from other banks, financial institutions and agents	10,338,204,815	-	20,980,469,299	31,318,674,113	2,120,125,642	-	-	(2,058,883,156)	31,379,916,599
Subordinated Non-Convertible Zero Coupon Bond	7,400,000,000	-	-	7,400,000,000	-	-	-	-	7,400,000,000
Deposits and other accounts	207,007,644,210	15,004,863,440	459,208,594	222,471,716,244	277,688,606	-	-	(14,513,073)	222,734,891,777
Other liabilities	22,029,413,475	1,029,851,334	-	22,760,876,373	1,751,860,673	88,500,221	199,062,632	(277,076,307)	24,523,223,592
Total liabilities	246,775,262,500	16,034,714,774	21,439,677,893	283,951,266,730	4,149,674,921	88,500,221	199,062,632	(2,350,472,536)	286,038,031,968
Total shareholders' equity	23,340,133,826	-	-	23,340,133,826	2,020,989,737	(42,326,184)	(18,533,439)	(2,110,425,250)	23,189,838,690
Total liabilities and shareholders' equity	270,115,396,324	16,034,714,774	21,439,677,893	307,291,400,556	6,170,664,659	46,174,037	180,529,193	(4,460,897,786)	309,227,870,658

Amount in Taka

Bank Asia Securities Limited

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

Opinion

We have audited the accompanying financial statements of Bank Asia Securities Limited which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 02-03.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note 02-03, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report, which we could not obtain prior to the date of this auditors' report, which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, 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) 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 these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka
20 March 2019

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ACNABIN
Chartered Accountants

Bank Asia Securities Limited

Statement of Financial Position

as at 31 December 2018

	<i>Amount in Taka</i>	
	31 Dec 2018	31 Dec 2017
Non-Current Assets		
Property, plant and equipment	7,771,251	4,025,035
Demutualization membership of DSE	114,839,239	153,119,000
Total non-current assets	122,610,490	157,144,035
Current Assets		
Advances, deposits and prepayments	3,770,111	6,203,628
Investment in shares at cost	430,164,859	446,412,872
Margin loans	4,993,663,846	5,074,106,215
Accounts receivable	18,259,115	41,601,485
Advance income tax	322,824,373	239,187,240
Deferred tax assets	1,918,965	-
Cash and cash equivalents	279,371,864	336,221,126
Total current assets	6,049,973,133	6,143,732,567
Total assets	6,172,583,623	6,300,876,602
Equity		
Share capital	2,000,000,000	2,000,000,000
Retained earnings	22,908,701	5,760,244
	2,022,908,701	2,005,760,244
Current Liabilities		
Customer deposits	277,688,606	257,521,411
Loans and borrowings	2,120,125,642	2,447,067,334
Accounts payable	858,886	1,543,954
Liability for expenses	27,286,911	21,199,321
Interest suspense account	890,799,214	890,799,214
Provision for diminution in value of investments	19,768,861	19,768,861
Provision for client margin loan	518,494,169	408,494,169
Provision for corporate income tax	294,652,633	248,722,096
Total current liabilities	4,149,674,921	4,295,116,358
Total equity and liabilities	6,172,583,623	6,300,876,602

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

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Chairman

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Director

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Chief Executive Officer

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ACNABIN

Chartered Accountants

Dated, Dhaka
20 March 2019

Bank Asia Securities Limited

Statement of Profit or loss and Other Comprehensive income

for the year ended 31 December 2018

	<i>Amount in Taka</i>	
	31 Dec 2018	31 Dec 2017
Brokerage commission	97,015,477	156,630,548
Interest income	313,770,644	298,115,773
Interest expense	(217,530,252)	(184,387,803)
Net interest income	96,240,393	113,727,970
Other operating income/loss	66,480,029	66,173,483
Total operating income	259,735,899	336,532,001
Operating expenses	(88,575,869)	(81,806,503)
Profit before provision	171,160,029	254,725,498
Provision for diminution in value of investments	-	(906,056)
Provision for client margin loan	(110,000,000)	(105,000,000)
Profit /(Loss) before tax	61,160,029	148,819,442
Current tax expense	(45,930,537)	(74,671,957)
Deferred tax Income/(expense)	1,918,965	-
Income tax expense	(44,011,572)	(74,671,957)
Profit/ (Loss) after tax	17,148,458	74,147,485
Other comprehensive income	-	-
Total comprehensive income/(loss)	17,148,458	74,147,485
Earnings per share	0.86	3.71

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

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Chairman

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Director

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Chief Executive Officer

Dated, Dhaka
20 March 2019

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ACNABIN

Chartered Accountants

Bank Asia Securities Limited Statement of Cash Flows

for the year ended 31 December 2018

	<i>Amount in Taka</i>	
	31 Dec 2018	31 Dec 2017
A. Cash flows from operating activities		
Cash received from		
Interest income	221,419,694	227,812,079
Brokerage commission	96,619,691	155,581,867
Cash payment for		
Interest expenses	(164,603,698)	(100,473,267)
Operating expenses	(80,865,373)	(69,897,419)
Customers' deposits	20,167,195	(78,997,350)
Margin loan to customers	186,742,582	354,112,611
Other assets	25,775,887	46,313,268
Accounts Payable	(685,068)	(13,682,497)
Income tax paid	(83,637,133)	(85,818,580)
Net cash flows from/ (used in) operating activities	220,933,777	434,950,712
B. Cash flows from investing activities		
Investment in listed securities	16,248,013	(252,937,358)
Demutualization membership of DSE	38,279,761	-
Acquisition of property, plant and equipment	(5,369,121)	(3,691,400)
Net cash from/ (used in) investing activities	49,158,653	(256,628,758)
C. Cash flows from financing activities		
Loans and borrowings	(326,941,692)	(159,490,587)
Net cash (used in)/ from financing activities	(326,941,692)	(159,490,587)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	(56,849,262)	18,831,367
E. Opening cash and cash equivalents	336,221,126	317,389,759
F. Closing cash and cash equivalents	279,371,864	336,221,126

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

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Chairman

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Director

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Chief Executive Officer

Dated, Dhaka
20 March 2019

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ACNABIN
Chartered Accountants

Bank Asia Securities Limited Statement of Changes in Equity

for the year ended 31 December 2018

Amount in Taka

	Share capital	Share Premium	Retained earnings/ (Accumulated Losses)	Total
Year ended 31 Dec 2017				
Opening balance	2,000,000,000	-	(68,387,241)	1,931,612,759
Net profit for the year	-	-	74,147,485	74,147,485
Closing balance	2,000,000,000	-	5,760,244	2,005,760,244
Year ended 31 Dec 2018				
Opening balance	2,000,000,000	-	5,760,244	2,005,760,244
Net profit for the year	-	-	17,148,458	17,148,458
Closing balance	2,000,000,000	-	22,908,701	2,022,908,701

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

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Chairman

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Director

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Chief Executive Officer

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ACNABIN

Chartered Accountants

Dated, Dhaka
20 March 2019

Bank Asia Securities Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2018

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 following International Financial Reporting Standards (IFRSs)/International Accounting Standards (IASs), The Companies Act-1994, and other laws and rules applicable in Bangladesh. Wherever appropriate, such principles are explained in succeeding notes.

2.2 Components of the financial statements

The financial statements referred to here comprise:

- a) Statement of Financial Position;
- b) Statement of Profit or loss and Other Comprehensive income;
- c) Statement of Cash Flows;
- d) Statement of Changes in Equity; and
- e) Notes to the Financial Statements.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS 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 recognized in the periods in which the estimate is revised and in any future periods affected

Key estimates include the following:

- * Property, Plant and Equipment
- * Provision on margin loan and Investment in shares
- * Deffered Tax Asset/Liabilities

2.4 Statement of cash flows

Statement of Cash Flows has been prepared as per International Accounting Standard IAS-7 under direct method. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. Cash Flows during the year have been classified as operating activities, investing activities and financing activities.

2.5 Reporting period

These financial statements cover one calendar year from 1 January 2018 to 31 December 2018.

2.6 Date of authorization

The Board of Directors accorded its approval and authorized these financial statements on 20 March, 2019.

2.7 Functional and presentational currency

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

Bank Asia Securities Limited Notes to the Financial Statements

2.8 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.9 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations to continue.

2.10 Investment in securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend incomes which are reported at fair value. Unrealized gains are not recognized in the profit and loss statement. But provision was made for diminution in value of investment as per BSEC guideline.

2.11 Provision, Contingent asset and contingent liabilities

As per IAS-37 "Provisions, Contingent Liabilities and Contingent Assets" the Bank Asia Securities Limited 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.

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 Company; 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.

2.12 Taxation

Current tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Deferred Tax

Deferred Tax is calculated as per International Accounting Standard IAS-12 "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is 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.

2.13 Branch Details

The Company has a total five number of Branch offices, One Extension Office (excluding Head Office), with no overseas branch as on December 31, 2018.

Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

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.

Bank Asia Securities Limited Notes to the Financial Statements

3.1 Revenue Recognition

In terms of provision of IFRS-15 on revenue and disclosures in the financial statements of the company the following items have been recognized as mentioned.

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.

Interest Income from margin loan

Interest on loans and advances is calculated on daily product basis, but charged and accounted for on quarterly basis except negative equity clients where interest is recognized based on effective interest rate which is estimated recoverable amount as per IFRS-9.

Dividend income and profit/ (loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

3.2 Interest paid and other expenses

In terms of the provisions of IAS-1 “Presentation of Financial Statements” interest and other expenses are recognized on accrual basis.

3.3 Earnings per share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2018 as per International Accounting Standard IAS- 33 “Earnings Per Share”.

3.4 Property, plant and equipment

Items of property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses, as per IAS-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 is charged on straight-line method. Charging depreciation against fixed assets commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed.

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.

BA EXCHANGE COMPANY (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr. A Rouf Chowdhury

Mr. Arfan Ali

Mr. Abm Kamrul Huda Azad

Results and dividends

The loss for the year, after taxation, amounted to £194,053 (2017 - £4,228) The directors have not declared a dividend for the year.

Post reporting date events

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

Future developments

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

Auditor

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

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 judgements 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

-sd-

Mr. A Rouf Chowdhury

Director

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

OPINION

We have audited the financial statements of BA Exchange Company (UK) Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 auditor's 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.

-sd-

AGP Consulting
Chartered Accountants
Statutory Auditor
Q West
Suite 3.17A Great West Road Brentford
TW8 0GP

BA EXCHANGE COMPANY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Turnover	103,279	203,603
Cost of sales	(96,063)	(22,774)
GROSS PROFIT	7,216	180,829
Administrative expenses	(201,269)	(176,601)
(Loss)/profit before taxation	(194,053)	4,228
Tax on (loss)/profit	-	-
Profit for the Financial Year	(194,053)	4,228

BALANCE SHEET

AS AT 31 DECEMBER 2018

	2018 £	2017 £
FIXED ASSETS		
Tangible assets	28,795	41,103
CURRENT ASSETS		
Debtors	21,644	52,556
Cash at bank and in hand	396,475	521,037
	418,119	573,593
Creditors: amounts falling due within one year	(856,585)	(830,314)
NET CURRENT LIABILITIES	(438,466)	(256,721)
TOTAL ASSET LESS CURRENT LIABILITIES	(409,671)	(215,618)
CAPITAL AND RESERVES		
Called up share capital	300,000	300,000
Profit and loss account	(709,671)	(515,618)
Total equity	(409,671)	(215,618)

BA EXCHANGE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

Company information

BA Exchange Company (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 125 Whitechapel Road, London, E1 1DT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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 2018.

1.3 Turnover

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

Commission income

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

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	10% Straight line basis
Fixtures and fittings	25% Reducing balance basis

BA EXPRESS USA INC.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and
BA Express USA Inc.

We have audited the accompanying balance sheet of BA Express USA Inc. (a New York Corporation) as of December 31, 2018, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BA Express USA Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

-sd-

New York, New York
February 19, 2019

United Financial CPA PC
Certified Public Accountants
122 East 42nd Street, Suite #2100
New York, NY 10168
Tel: (212)661-2315 Fax: (212)983-5276

BA EXPRESS USA INC.

BALANCE SHEET

For the Year Ended *December 31, 2018*
(See accompanying auditor's report)

Assets	2018 (\$)
Current Assets:	
Cash in Bank	909,966
Accounts Receivable	1,175,317
Other Current Assets	19,685
Total Current Assets	2,104,968
Fixed assets, net	43,117
Organizational Costs, net	9,336
Security deposits	24,200
Total Fixed Assets	76,653
Total assets	2,181,621
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities :	
Remittance payable to Bank Asia	2,380,144
Beneficiary	11,031
Accrued Taxes and other liabilities	10,000
Withholding Taxes	4,415
Total Current Liabilities	2,405,590
Total stockholder's equity	(223,969)
Total Liabilities & Stockholder's Equity	2,181,621

BA EXPRESS USA INC.

STOCKHOLDER'S EQUITY

For the Year Ended *December 31, 2018*
 (See accompanying auditor's report)

		2018 (\$)
Paid in Capital		960,000
Retained Earnings beginning of the year	(855,800)	
Net Income / (Loss) for the twelve months ended December 31, 2018.	(328,169)	
Retained Earnings at the end of Dec. 31, 2018		(1,183,969)
Total Stockholder's Equity		<u>(223,969)</u>

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

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended *December 31, 2018*
 (See accompanying auditor's report)

		2018 (\$)
Revenue		
Agent Commission / Fees Income		149,842
FX Commission/ Gain		101,756
Other Income		-
Interest Income		6,720
Total revenue		<u>258,318</u>
Expenses		
General and Administrative expenses		
New York, office expenses		558,082
Depreciation and Amortization		20,657
Total		<u>578,739</u>
Operating income before taxes		(320,421)
Income Taxes		
NYS and NYC		(7,748)
Net Income (loss)		(328,169)
Retained Earnings at the beginning of the period		(855,800)
Retained Earnings at the end of the year		<u>(1,183,969)</u>

BA EXPRESS USA INC.

STATEMENT OF CASH FLOW

For the Year Ended *December 31, 2018*
(See accompanying auditor's report)

	2018 (\$)
Cash flow from operating activities :	
Net Income	(328,169)
Adjustments to reconcile net income to net cash Provided by (used in) operating activities :	
Depreciation	19,780
Amortization	877
Other Current Assets	15
Receivable from Agents	(114,810)
Other Liabilities	9,200
Due to parent bank	104,919
Due to beneficiary	(8,150)
Accrued taxes	1,014
Net cash provided by operating activities	<u>(315,324)</u>
Cash flow from investing activities:	
Fixed Assets	11,730
Security Deposits	-
Net Cash provided by investing activities	<u>11,730</u>
Cash flow from Financing Activities:	
Paid in Capital	-
Net increase (decrease) in cash	<u>(303,594)</u>
Cash at beginning of the period	1,214,960
Adjustment	(1,400)
Cash at the end of the year	<u><u>909,966</u></u>

BA EXPRESS USA INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended *December 31, 2018*

Note A. Nature of the Organization and reports

These financial statements are prepared to the best of the management's knowledge, belief and actual transactions as of December 31, 2018.

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

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

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

Related Party Transactions and Shareholders

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

The Company's principal Shareholder is :

	Owner	Related Party	Correspondent
Bank Asia Ltd	100%	Yes	Yes

Note B. Surety Bond / Collateral

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

Note C. Summary of significant Accounting Policies

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

Revenue is primarily derived from two sources

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

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

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

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

Management & Executives

President and Managing Director

- Mr. Md. Arfan Ali

Deputy Managing Director

- Mr. Md. Zahirul Alam
- Mr. Mohammad Borhanuddin
- Mr. Md. Sazzad Hossain
- Mr. Mohammad Ziaul Hasan Molla

Senior Executive Vice President

- Mr. Sarder Akhter Hamed
- Mr. Shafiuzzaman
- Mr. S.M. Iqbal Hossain
- Mr. Md. Zahid Hossain
- Mr. Alamgir Hossain
- Mr. Md. Zia Arfin
- Mr. Tanfiz Hossain Chowdhury

Executive Vice President

- Mr. Sheikh Mohammad Anisuzzaman
- Mr. Md. Arshad Mahmud Khan
- Mr. A.K.M. Shaiful Islam Chowdhury
- Mr. Md. Shaminoor Rahman
- Mr. Md. Mostafizur Rahman
- Mr. Arequl Arefeen
- Mr. Tahmidur Rashid
- Mr. Md. Abdul Latif
- Mr. Farhad Ahmad Khan
- Mr. Md. Murshid-Al-Amin
- Mr. Mohammed Aminul Islam Mintu, FCCA
- Mr. Hossain Ahmad

Senior Vice President

- Mr. Khandker Sayeed Nazmul Hasan
- Mr. Md. Ekramul Hossain
- Mr. Md. Azizul Haque Khan
- Mr. A.K.M. Mizanur Rahman
- Mr. Humayun Yusuf Kabir
- Mr. Md. Jahangir Alam
- Mr. Md. Saiful Islam Laskar
- Mr. Ali Tarek Parvez
- Mr. Zahirul Haque
- Mr. Golam Gaffar Imtiaz Chowdhury
- Mr. Mohammed Rashidul Kabir Rajib
- Mr. Md. Amanullah

Vice President

- Mr. Md. Azharul Islam
- Mr. Sumon Das
- Mr. Md. Shahinur Rahman
- Mr. Md. Ahsan Ul Alam
- Mr. Mohammad Ibrahim Khalil, FCA
- Mr. Mohammad Burhan Uddin Khondker
- Mr. Md. Anisuzzaman Molla
- Mr. Mohammad Ismail Hossain
- Mr. Syed Ashrafal Alam
- Mr. Saiful Islam
- Mr. Mehbub Hasan
- Mr. M.R. Chowdhury Rashed
- Mr. A.K.M. Mohsin Uddin
- Mr. Mohammad Mainul Islam
- Mr. Md. Mazibur Rahman
- Mr. Mohd. Hosnezzaman
- Mr. Syed Humayun Kabir
- Mr. Hasan A. Saimoom
- Mr. M.M. Shariful Islam
- Ms. Suraiya Afroz
- Mr. Zahirul Islam Khan

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Corporate Branch	Noor Tower (1 st floor), 110, Bir Uttam C.R. Dutta Road, Dhaka	Ph: 880-2-9674501-2 9677031, 9614061-3 Fax: 880-2-9677032	BALBBDDH002
Principal Office Branch	Tea Board Building, 111-113, Motijheel C/A. Dhaka - 1000	Ph: 880-2-9571450-1, 9563652, 9571020-1, 9571023 Fax: 880-2-9566223	BALBBDDH003
Gulshan Branch	Bay's Galleria, 57, Gulshan Avenue (Ground Floor) Dhaka - 1212	Ph: 880-2-9889268-9, 8828103,8828387 Fax: 880-2-8816739	BALBBDDH004
Agrabad Branch	69, Agrabad C/A, Chittagong	Ph: 880-31-714665, 724876, 714703, 2517303 Fax: 880-31-714548	BALBBDDH005
Malkhanagar Branch	Union Parishad Bhaban, Taltola Bazar, Malkhanagar, Munshigonj	Ph: 01711831040 Fax: 06924-63225	
Scotia Branch	"Rangs Bhaban" Holding # 117/A, Old Airport Road, Tejgaon, Dhaka	Ph: 880-2-8142290, 9137512-5 Fax: 880-2-8155858	BALBBDDH007
MCB Dilkusha Branch	4, Dilkusha C/A, Dhaka	Ph: 880-2-9568871 - 3 Fax: 880-2-9563649	BALBBDDH008
MCB Sk. Mujib Road Branch	1269/b Sk. Mujib Road, Agrabad C/A, Chittagong	Ph: 880-31-715125 - 7 Fax: 880-31-710352	BALBBDDH009
Sylhet Main Branch	60, Niloy Darga Gate, Chowhatta, Sylhet	Ph: 880-821-724722, 712256 Fax: 880-821-722616	
Tarail Branch	Tarail Bazar, Kishoreganj	Ph: 09434-75099 Fax: 09434-75099	
MCB Banani Branch	A. R. Tower, 24, Kamal Ataturk Road, Banani, Dhaka - 1213	Ph: 880-2-9885610, 9894699, 9889104 Fax: 880-2-9882181	BALBBDDH012
Khatunganj Branch	Asia Center, 273/268 Khatunganj, Chittagong	Ph: 880-31-610036, 638013-4, 618419, 63841 Fax: 880-31-632905	BALBBDDH013
Lohagara Branch	Mostafa Centre, Lohagara , Chittagong.	Ph: 03034-56304 Fax: 03034-56305	
North South Road Branch	89, Shaheed Syed Nazrul Islam Shoroni, (16,16/1, Malitola Lane) North South Road, Dhaka- 1100	Ph: 880-2-9563768-9, 9567671 Fax: 880-2-9563223	BALBBDDH017
Uttara Branch	House # 79A, Road #07, Uttara Model Town, Dhaka	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Ashulia Branch	Chowdhury Plaza (1 st Floor), Zamgara Bazar, Ashulia, Savar, Dhaka	Ph: 880-2-7702447 Fax: 880-2-7790448	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Mitford Branch	Bismillah Tower (1st & 2nd floor), 147/148, Mitford Road, Dhaka	Ph: 880-2-7320620 - 1 Fax: 880-2-7314999	BALBBDDH014
CDA Avenue Branch	665, CDA Avenue, East Nasirabad, Panchlaish, Chittagong	Ph: 880-31-2850091-2, 2863640 Fax: 880-31-612933	BALBBDDH018
Sylhet Uposhohor Branch	Sylhet Tower, Subhani Ghat, Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821-2830791	
Dhanmondi Branch	Meher Plaza, House # 13/A (2 nd Floor), Road # 5, Dhaka-1205	Ph: 880-2-9668361, 8624872-5, 9675918 Fax: 880-2-9664640	
Station Road Branch	Mohiuddin Market (1 st floor), 170, Station Road, Chittagong	Ph: 88-031-2850934-5 Fax: 88-031-2850936	BALBBDDH022
Bashundhara Branch	Plot # 25, Block-A, Avenue Road, Bashundhara R/A, Dhaka.	Ph: 880-2-8402021, 8845182 Fax: 880-2-8401322, 8845181	
Khulna Branch	Al-Mashah Complex, 44, Mojid Sarani, KDA Avenue (Shib Bari Mor), Khulna-9100	Ph: 88-041-2830136-7, 2831451, 2831361 Fax: 041-2830135	
Rajshahi Branch	Ahmed Plaza, 182, Alu Patti Mor, Rajshahi-6100	Ph: 880-721-812503-4 Fax: 880-0721-812502	
Chatkhil Branch	Khilpara Road, 3147 Chatkhil Bazar, Chatkhil, Noakhali	Ph: 03222-75179 Fax: 03222-75179, 75224	
EPZ Branch	Zone Service Complex (Ground Floor), CEPZ, Chittagong	Ph: 880-31-800340, 800406 Fax: 880-31-801391	BALBBDDH027
Mohakhali Branch	82, Mohakhali C/A, Dhaka-1212	Ph: 02-9857236, 9857420, 9857429 Fax: 8855431	BALBBDDH028
Mirpur Branch	Nishi Plaza, Plot # 1, Avenue 4, Section 6, Block C, Pallabi, Mirpur, Dhaka-1216	Ph: 9013814, 9013841, 9013844 Fax: 880-2-9012122	
Anderkilla Branch	184, J.M Sen Avenue, Anderkilla, Chittagong	Ph: 880-31-2854882-3, 2854556 Fax: 880-31-2854881	BALBBDDH030
Rohitpur Branch	Rima Plaza, Rohitpur Boarding, Keranigonj, Dhaka	Ph: 880-2-7766677 Fax: 880-2-7766600, 7766444	
Bogra Branch	Jamil Shopping Centre, Baragola, Bogra	Ph: 880-51-51642-3 Fax: 880-5178641	
Jessore Branch	Jess Tower (1 st Floor), 39/M.K. Road, Jessore	Ph: 0421-67783-4, 67748 Fax: 0421-67738	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bahadderhat Branch	Mamtaz Tower, 4540 Bahadderhat, Chittagong	Ph: 031-2553741-3 Fax: 88-031-2553745	BALBDDH018
Shantinagar Branch	Treasure Island, 42/43, Siddeshwari Circular Road, Dhaka-1217	Ph: 8333979, 8332836, 8312729 Fax: 8333978	
Tongi Branch	Mariom Tower (1 st floor), 13 Anarkoli Road, Tongi Bazar, Tongi, Gazipur	Ph: 9816303-4 Fax: 880-9816306	
Konabari Branch	Rupjan Tower, Nilnagar ,Konabari, Gazipur	Ph: 02-9298882-3 Fax: 02-9298885	
Bhatiary Branch	Bhatiary Bazar, Sitakunda, Chittagong	Ph: 031-2781077-79 Fax: 031-2781080	
Progoti Shoroni Branch	Venus Complex, Pragati Shoroni ,Badda, Dhaka	Ph:8824653,8824467, 8824687 Fax: 8825368	
Ishwardi Branch	Central Jame Masjid Market (1 st floor), Station Road, Ishwardi, Pabna.	Ph: 0732664463-5 Fax: 0732664462	
Savar Branch	B-70/1 Bazar Road, Savar, Dhaka	Ph: 88-02-7744857, 7744889, 7744890 Fax: 7744891	
Beani Bazar Branch	Tajma shopping Center (1 st floor), Beani Bazar, Sylhet	Ph: 08223-56103-4 Fax: 08223-56105	
Donia Branch	Hossain tower (1 st & 2 nd Floor), 1050, Donia, Dhaka Ctg high way, Shampur, Dhaka	Ph: 880-2-7540055, 7540095 Fax: 880-2-7551188	
Moghbazar Branch	Tropical M.L. Point (1 st Floor), 43, New Circular Road, Moghbazar, Dhaka-1217	Ph: 8321578, 8321245 Fax: 8312056	
Kamal Bazar Branch	Kabir Tower, Kamal Bazar, Mohora Kalurghat, Chittagong	Ph: 031-2572872-3 Fax: 031-2572874	
Cox's Bazar Branch	J.N Plaza (1 st Floor), Plot # 226 (New), Tekpara Main Road, Cox's Bazar	Ph: 88-0341-52240-42 Fax: 88-0341-52244	
Faridpur Branch	Plot #2354, Goalchamot, Chak Bazar, Thana Road, Faridpur	Ph: 0631-67206-7 Fax: 0631-67204	
Narayangonj Branch	Jahan plaza (1 st Floor),20, Sirajuddoula Road, Falpatty, Narayangonj	Ph: 88-02-7648801-5 Fax: 88-02-7648805	
Paltan Branch	Rangs Tower (1 st Floor), 68, Purana Paltan, Dhaka-1000	Ph: 7113844, 7110488, 7115594, 7119664 Fax: 7111164	
Jagannathpur Branch	76, T&T Road, Ward-07, Haji Ashid Ullah Market, Jagannathpur Bazar, Sunamganj	Ph: 0872-756013 Fax: 0872-756014	
Moulvibazar Branch	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
Bhairab Branch	167 Kalibari Road, East Bhairab, Bhairab Bazar, Bhairab, Kishoregonj	Ph: 09424-72328-31 Fax: 09424-72332	
Strand Road Branch	S. A. Chamber (1 st Floor), Strand Road, Majhirghat, Chittagong	Ph: 031-2513611-2317 Fax: 031-2513906	
Shyamoli Branch	23/4 Khiljee Road, Block B, Shyamoli, Dhaka	Ph: 02-9103565-6 Fax: 02-9115239	
Patherhat Branch	Ibrahim Sobhar Tower (1 st Floor), Patherhat, Noapara, Raozan, Chittagong	Ph: 031-2573111-2 Fax: 031-2573113	
Tejgaon Link Road Branch	Shanta Western Tower, 186, Tejgaon I/A, Dhaka	Ph: 88-02-8870081-4 Fax: 88-02-8870086	
Rupnagar Branch	Plot #34 (1 st Floor), Road#16, Rupnagar, Mirpur, Dhaka	Ph: 9016692-3 Fax: 9008757	
Laldighirpar Branch	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904 Fax: 0821-719907	
Madhabdi Branch	Shitlabari Bazar Road, Narshigndi	Ph: 880-2-9446553-4 Fax: 880-2-9446555	
Barisal Branch	Fakir Complex, 112, Birsreshtho Captain Mohiuddin Jahangir Sarak, Barisal	Ph: 0431-2177510-1 Fax: 0431-62227	
Oxygen Moor Branch	422, Oxygen Moor, Kulgaon, Bayezid Bostami, Chittagong	Ph: 031-2583701-2 Fax: 031-2583704	
Laldighirpar, Sylhet	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904, Fax: 0821-719907	
Elephant Road Branch	64, Elephant Road, Dhaka	Ph: 9669351, 9669331 Fax: 880-2-9669296	
Lalmatia Branch	Plot 4/3, Block-D, Lalmatia Housing Estate, Dhaka	Ph: 8100067, 8100071-2 Fax: 880-2-8100070	
Dohazaria Branch	Sadek Tower (1 st Floor), Dohajari, Chandanaish, Chittagong	Ph: 01755591572-74	
Haziganj Branch	Munshi Plaza (1 st Floor), Main Road, Haziganj, Chandpur	Ph: 88424-75142 Fax: 08424-75144	
KEPZ Branch	Zone Service Complex (Ground Floor), North Potenga, Chittagong	Ph: 031-2502391-3 Fax: 031-2502934	
Aglabazar Branch	Shophy Plaza, Aglabazar, Nawabgang, Dhaka	Mob: 01911403703, 01713920853	
Hemayetpur Branch	Molla Market (1 st Floor), Hemayetpur Bus stand, Tetuljhora Union, Savar, Dhaka	Mob: 01711072110	
Dakkhinkhan Branch	KC Plaza (1 st Floor), Noapara, Dakkhinkhan bazar, Uttara, Dhaka	Mob: 0119818707 Fax: 07426-75173	
Mohadevpur Branch	Saif Uddin Haider & Sons Complex, Mohadevpur, Naogaon	Ph: 01426-75194	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Nimtala Branch	Hemanta Shopping Complex (1 st Floor), Nimtala, Sirajdikhan, Munshiganj	Mob:01712942590	
Comilla Branch	Chowdhury Plaza 2, House-465/401, Race Course, Comilla	Mob: 01717578720, 01771425266	
Sonaimuri Branch	United Plaza, Bank Road, Sonaimuri Bazar, Noakhali	Mob:01711008820	
Feni Branch	Holding No.- 34, Ward No.- 10, S.S.K. Road, Feni	Mob:01714112681	
Satmasjid Road Branch	Plot # 78, Bir Uttam M A Rob Sarak, Zigatola, Dhanmondi, Dhaka	Phone 9634926-7	
Paragram Branch	Mamtaj Plaza, Koilail Union Parishad, Nawabgonj, Dhaka	HOB-01713378991, 04470009132	
Sonargaon Janapath Road Branch	“Circle Windflower” Plot No.-30, Sonargaon Janapath Road, Section-11, Uttara, Dhaka	HOB-01670761210; 04470009678, MOB-01819185190	
Dinajpur Branch	“Torab Uddin Complex”, Road No.-01, Butibabu Road, Ward No.-3, Kotwali, Dinajpur	HOB-01712 192519	
Lichubagan Branch	“Al-Emarat Shopping Complex”, Chandragona Kadamtola Union Parishad, Rangunia, Chittagong	HOB-01818 127403	
Gazipur Branch	“Akbar Trade Centre”, BIDC Road, Ward No.- 26, Gazipur City Corporation, Gazipur Sadar, Gazipur	HOB-01913 494546	
Kalatiya Branch	“Kalatiya Shopping Centre”, Kalatiya Union Parishad, Keranigonj, Dhaka	769182,7769183,7769184 Mob:01777-792164	
Chandragonj Branch	“Sharif Plaza”, Chandragonj, Lakshmipur	HOB-01727760638	
Bank Asia Bhaban Branch	“Bank Asia Bhaban”, Agrabad C/A, Sabder Ali Road, Ward No.- 28, Chittagong City Corporation, Doublemuring, Chittagong	HOB-01713106206	
Kushtia Branch	“Hira Super Market”, Siraj-ud-Dowla Road, Ward No- 03, Kushtia Sadar, Kushtia	HOB-01971 733140	
Holy Family Red Crescent Medical College Hospital Branch	“OPD Building” HFRCMCH, 1 Eskaton Garden, Moghbazar Road, Ward No.- 19, Dhaka South City Corporation, Ramna, Dhaka	Cell: 01715023337	
Fatullah Branch	“Swiss Point”, (opposite of Fatullah Police Station), Fatullah, Narayangonj	Cell: 01711663609	
BSMMU Branch	“Nurses Hostel Building” 1170, Paribagh, Kazi Nazrul Islam Avenue, Shahbagh, Dhaka	Cell: 01819299518	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Ring Road Branch	Plot No- 842, North Adabar, Ring Road, Shyamoli, Adabar, Dhaka.	Cell-04470009363, 01711969794	
Tangail Branch	Al-hajj Super Market, 279, Masjid Road, Tangail Sadar, Tangail	HOB-01712965527 MOB-01714038273	
Rangpur Branch	“Rangpur Bhaban”, Plot# 4737, Station Road, Kotwali, Rangpur	Cell: 01716438242	
Muksudpur Branch	Faridmia Complex, Muksudpur, Gopalganj	Cell: 01713462602 Ph: -7648801-4	
Nangolkot Branch	“Haji Nurul Amin Tower” Nangolkot, Comilla		
Rupsha Branch	“Ma Plaza” School Road, Rupsha, Faridgonj, Chandpur		
Brahmanbaria Branch	“Muktijoddha Complex Bhaban” (Ground & 1 st floor), Sadar Hospital Road, Brahmanbaria.	Cell: 01753711966	
Mirpur-1 Branch	“VTCB Tower Shopping Complex”, Holding# 3 Main Road, Section-1, Mirpur, Dhaka-1216	Cell: 01715158993	
Kazipara Branch	“Kazipara Madrasha Complex” 559, Begum Rokeya Avenue, Kazipara, Mirpur, Dhaka	Cell- 01715912454	
Mymensingh Branch	“Shabit-Sharif Bhaban”, 55 & 55/A, Boro Bazar, Mymensingh	HOB- 01713109434	
Gopalganj Branch	“Noor Hossain Complex”, 70, DC Road, Gopalganj	MOB- 01715663251	
Maijdee Court Branch	Noakhali Super Market, Ward: 03, Court Road, Maijdee, Noakhali	MOB- 01727760638	
Faridganj Branch	Talukder Plaza, 640 (1 st floor), Faridgonj, Chandpur	Cell- 01712866834	
Hatirdia Branch	Hatirdia New Market, Hatirdia, Monohordi, Narshingdi	Cell- 01715627900	
Companygonj Branch	Hazi Shansul Hoque Market, Companygonj, Muradnagar, Comilla	MOB- 01724931400	
Kashba Branch	Shimanto Complex Bhaban-2, 462, Kuti-Kashba Road, Kashba, Brahmanbaria	HOB-01994437200 MOB-01749400026	
Chandpur Branch	Appollo Pal Bazar Shopping, 187-189, Mizanur Rahman Road, Chandpur	HOB-01718480639 MOB-01716928912	
Bhola Branch	Nabaroon Centre, 337-341, Sadar Road, Bhola Sadar, Bhola	HOB-01715087055	
Boro Bazar Branch	28, Sir Iqbal Road, Khulna Metropolitan City, Khulna	Ph: 041-731208-9 Fax: 041-723306	
Chaktai Branch	1676/G/1, River City Market (1 st floor), Shah Amanat Bridge Connecting Road, Chittagong	Ph: 031-2866395-6 Fax: 031-2866398	
Gulshan-2 Branch	“Gulshan Peledium”, Holding No- 01, Road No. 95, Block-CEN(C), Ward No. 19, DNCC, Gulshan, Dhaka	Ph: 9617115100	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Gouripur Branch	Priyota Plaza, Nayagaon, Gouripur, Daudkandi, Comilla	HOB - 01713378987	
Kaliakair Branch	Ahmed Ali Plaza, College Road, Tengla Bari, Kaliakair, Gazipur	Cell: 01843036958 01626372729 HOB - 01715327113	
Aganagar Branch	Haji Anowar Hossain Complex, Shahid Delwar Hossain Road, Aganagar, Keranigonj, Dhaka	HOB - 01712205067	
Pangsha Branch	Mahmood Plaza, Pangsa Bazaar, Narayanpur, Pangsa, Rajbari	HOB - 01713462602	
Banani-11 Branch	Nur Empori, House#77, Road#11, Block-M, Banani, Gulshan, Dhaka-1223	Ph: 9885610,9889104, 9822326	
Panchagar Branch	Chowdhury Complex, 526, Tetulia highway, Panchagar		
Chapai Nawabganj Branch	“Taher Mansion” 26, Puratan Bazar, Chapai Nawabganj Sadar, Chapai Nawabganj	Cell: 01711076067	
Jhenaidah Branch	GM Tower, Plot# 818, Sher-E-Bangla Road, Jhenaidah Sadar, Jhenaidah	Cell: 01711279195	
Bamundi Branch	“Nazrul Tower-2”, Plot#732 & 733, Bamundi, Gangni, Meherpur	Cell: 01725078196	
Barura Branch	“Manoda Mansion”, College Road, Barura, Comilla	Cell: 01816586879	
Matarbari Branch	Coal Power Generation Co. Bd. Ltd., Matarbari, Moheskhali, Cox's Bazar	Cell: 01813727387, 01818571728	
Bank Asia Tower Br.	Bank Asia Tower, 32, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka	Cell: 01711053944	
	SME/Agri Branches		
Ashulia SME/Agri Branch	Tanvir Super Market (1 st Floor) , Ashulia Bazar Bus Stand, Ashulia , Savar, Dhaka	Ph: 88-02-7744975-6 Fax: 88-02-7744978	
Baligaon SME/Agri Branch	Dewan Super Market ,Baligaon Bazar, Tongibari, Munshigonj	Ph: 0693251004-5 Fax: 0693251004	
Shirajdikhan SME/Agri Branch	Shirajdikhan Bazar, Sikder Market, Shirajdikhan, Munshiganj	Ph: 06924-63364 Fax: 06924-63225	
Ramgonj SME/Agri Branch	Anupom Super Market (1 st Floor) , Bypass Road, Ramgonj, Laxmipur	Ph: 03824-75080,75171 Fax: 03824-75124	
	SME CENTRES		
Jatrabari SME Service Center	Noor Tower, 76/Ga, BibirBagicha, North Jatrabari, Dhaka	Ph: 7554863 Fax: 7554861-2	
Rekabi Bazar SME Service Center	Rekabi Bazar, Sylhet	Ph: 0821-710419, 710409 Fax: 0821-710406	
Jurain SME Service Center	Anaz Tower, 495 East Jurain, Kadamtali, Dhaka	Ph: 88-02-7453414-5 Fax: 88-02-7453416	
Bashabo SME Service Center	87, East Bashabo, Dhaka	Ph: 88-02-7218462-3 Fax: 88-02-7218460	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
	ISLAMIC WINDOWS		
Principal Office Branch	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	
Bank Asia Bhaban Branch	“Bank Asia Bhaban”, Agrabad C/A, Sabder Ali Road, Chittagong City Corporation, Doublemuring, Chittagong	Mobile: 88-01755650731	
Sylhet Uposhohor Branch	Sylhet Tower Subhanighat Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821- 2830791	
Islamic Banking Division, Corporate Office	Rangs Tower ,Corporate Office, 68 Purana Paltan, Dhaka-1000	Ph: 880-2- 7110062, bankasia@bankasia-bd.com	BALBBDDH

Branch Name	Address	Phone/Fax Number	Swift Code
	OFF SHORE BANKING UNIT		
EPZ Branch	Zone Service Complex (Ground floor), CEPZ, Chittagong	Ph: 031-800320 Fax: 031-801391	
	Collection Booth		
BGB Booth	Border Guard Bangladesh (BGB) Head Quarter, Peelkhana, Dhaka		
Motijheel Model School Collection Booth	Motijheel Model School, Motijheel C/A, Dhaka		
Motijheel Model School Collection Booth	EWU Campus, Plot# A/2,Aftabnagar, Dhaka		
Begum Badrunnessa Govt. Girls College Booth	Begum Badrunnessa Govt. Girls College, Bakshi Bazar Road, Dhaka		
BSMMU Collection Booth	OPD-1 Building at BSMMU, Paribagh, PS. Shabagh, Dhaka		
EPZ Road Collection Booth, Comilla	Holding No. 0432-14, South Chartha, Comilla EPZ,Comilla		
DESCO Bill Collection Booth	Badda Sales & Distribution Division at Plot#16, Road#04, Block#D, Aftabnagar, Badda, Dhaka		
Unique Height Collection Booth	“Unique Heights” 117, KaziNazrul Islam Avenue, Dhaka		

Branch Name	Address	Phone/Fax Number	Swift Code
	Subsidiary-1: Bank Asia Securities Limited		
Dilkusha (Head Office)	Hadi Mansion (7 th 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	
Mirpur Branch	Nishi Plaza, Plot # 01, Avenue-04 Section-06, Block-C, Mirpur, Dhaka	Phone: 9013814, 9013841	
Khulna Branch	28, Sir Iqbal Road (1 st Floor), Khulna	Phone: 041-2830136-7	
Jurain Branch	Anaz Plaza (2 nd Floor)495,East Jurain Kadamtali, Dhaka	Phone: 7453414	
Uttara Branch	H # 79/A, (4 th Floor), R# 07, Sector # 04 Uttara Model Town, Dhaka-1000	Phone: 8958371	
Banani Branch	“Nur Empori” (1 st floor), House # 77, Road# 11, Block-M, Banani, Dhaka-1213	Ph: 9885610,9889104, 9822326 Fax: 9822376	
Extension Office	158-160, Ground Floor Motijheel C/A, Dhaka-1000	Phone: 7124805, 7124816	
	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	
	Subsidiary-3: BA EXPRESS USA inc		
Office in Jamaica	168/29 Hill Side Avenue, Suite 2B, Jamaica, NY-11432 New York, USA	CEO: 0019173487207	
Office in Brooklyn	484, Mc Donald Avenue (1 st floor), Brooklyn, NY-11218, New York, USA	CEO: 0019173487207	

Integrated Reporting Checklist

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Profit per employee		
Capital to Risk Weighted Asset 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		71, 121, 300-301
The break-up of 'Provisions and contingencies' included in the Profit and Loss Account		266, 271, 303, 314, 329, 330
Disclosure under regulatory guidelines	127-146,225-249	
Details of Non-Statutory investment portfolio	297-299,336-337	
Disclosure in respect of assets given on operating & finance lease	283-284,338-341	
Disclosures for derivative investments	280-282,297-299	
Bank's Network : List of Centers or Branches	382-390	



Corporate Office (Registered Office)
Rangs Tower (2nd to 6th floor)
68 Purana Paltan, Dhaka-1000

PROXY FORM

I/we, 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 Twentieth Annual General Meeting of the Members of the Company to be held on the 30th April, 2019 (Tuesday) and at any adjournment thereof.

In witness my hand this day of 2019.

		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



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I hereby record my presence at the Twentieth Annual General Meeting of Bank Asia Limited held today the 30th April 2019 at 11.00 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)



Corporate Office

Rangs Tower
68, Purana Paltan
Dhaka-1000
Tel +88 0247110042
www.bankasia-bd.com

 **Bank Asia**