

# DIRECTORS' REPORT





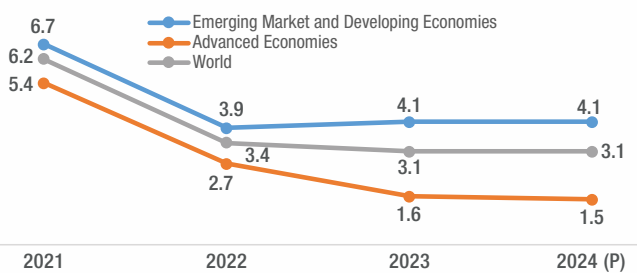
# World Economy

The Global economic activity growth is experiencing slowdown at 3.1 percent in 2023 which was 3.40 percent in 2022 and growth is forecasted at 3.1 percent in 2024. This slowdown because of effects of monetary policy tightening to reduce inflation. Economic activity is still below its pre-pandemic trajectory, particularly in emerging markets and developing economies, and regional disparities are becoming more pronounced. The prevailing risks to worldwide economic expansion still thin towards the downside. Due to diminishing food and energy costs as well as normalization of supply chains, it is now anticipated that global inflation will decrease sharply to 6.9 percent in 2023 from 8.7 percent in 2022. While the effects of monetary tightening are beginning to become evident, a primary factor contributing to the anticipated decrease in headline inflation for 2023 is the declining prices of international commodities. The growth of world trade volume went down almost half way from 10.9 percent in 2021 to 5.1 percent in 2022. Anticipated trade volume growth is set to decelerate, dropping to 0.9 percent in 2023. For advanced economies, the projected growth for 2023 is set lower at 1.5 percent, a decrease from 2.6 percent in 2022. The output growth in the United States for 2023 is projected to be the same as 2.1 percent in 2022, reflecting the anticipated effects of slower wage growth, tightening of financial conditions, and depleted consumers' excess savings that accumulated during the pandemic. Growth in the euro area is projected to fall to 0.7 percent in 2023 from 3.3 percent in 2022 due to downward growth forecasts in major economies Germany, France, Spain and Italy.

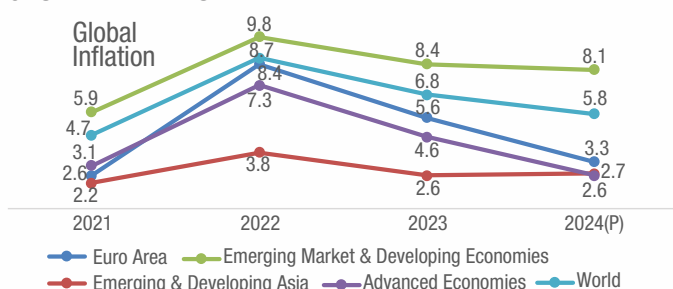
## GLOBAL GDP Growth

Global growth, estimated at 3.1 percent in 2023, is projected to remain at 3.1 percent in 2024 before rising modestly to 3.2 percent in 2025. This forecast is reflecting upgrades for China, the United States, and large emerging market and developing economies. Nevertheless, the projection for global growth in 2024 and 2025 is below the historical (2000–19) annual average of 3.8 percent, reflecting restrictive monetary policies and withdrawal of fiscal support, as well as low underlying productivity growth. Advanced economies are expected to see growth decline slightly in 2024 before rising in 2025, with a recovery in the euro area from low growth in 2023 and a moderation of growth in the United States. Emerging market and developing economies are expected to experience stable growth through 2024 and 2025, with regional differences.

### GDP Growth



## GLOBAL INFLATION

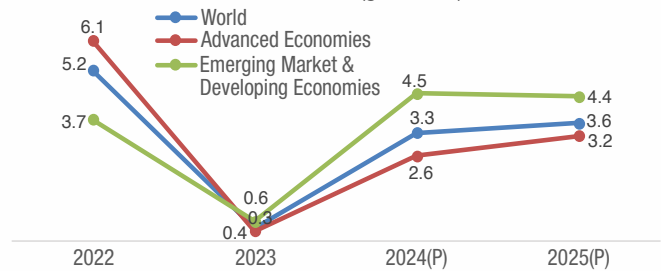


Global inflation is facing a steady declining trend in 2023. It is expected to fall from an estimated 6.8 percent in 2023 (annual average) to 5.8 percent in 2024. Advanced economies are expected to see faster disinflation, with inflation falling by 2.0 percentage points in 2024 to 2.6 percent, than are emerging market and developing economies, where inflation is projected to decline by just 0.3 percentage point to 8.1 percent. The drivers of declining inflation differ by country but generally reflect lower core inflation as a result of still-tight monetary policies, a related softening in labor markets, and pass-through effects from earlier and ongoing declines in relative energy prices. Overall, about 80 percent of the world's economies are expected to see lower annual average headline and core inflation in 2024.

## GLOBAL TRADE VOLUME

According to UNCTAD's latest Global Trade Update, published on 12 December 2023, Global trade has experienced negative growth since mid-2022, primarily driven by a substantial decline in goods trade, which continued to contract in the first three quarters of 2023. In contrast, trade in services has displayed more resilience and its growth remained positive throughout the same period. Overall, the Global Trade Update projects that global trade in 2023 could drop to less than US\$ 31 trillion, representing a contraction of about US\$ 1.5 trillion (or 4.5 per cent) compared to the 2022 record high. Specifically, trade in goods is expected to contract by nearly US\$ 2 trillion in 2023, or 7.5 per cent, while services trade should gain about US\$ 500 billion, or 7 per cent.

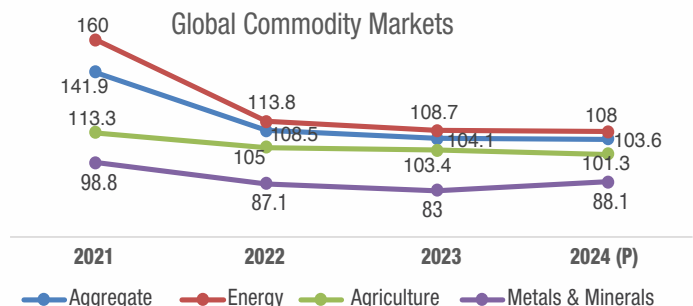
### Global Trade Volume (growth %)



## GLOBAL COMMODITY MARKETS

The World Bank commodity price index is expected to fall 4 percent in 2024, following a projected decline of nearly 24 percent in 2023, the sharpest drop since the pandemic. Energy prices are expected to decline by almost 5 percent in 2024 and remain relatively stable in 2025. Agriculture prices are expected to decline over the forecast period, while metal prices are set to fall in 2024 but see a 6 percent uptick in 2025. The forecasts assume that the conflict in the Middle East will have a limited impact on commodity prices, though geopolitical risks remain high. Disappointing global growth presents a downside risk, especially for industrial commodities. Additional trade restrictions and intensification of El Niño could push food prices higher.

### Global Commodity Markets

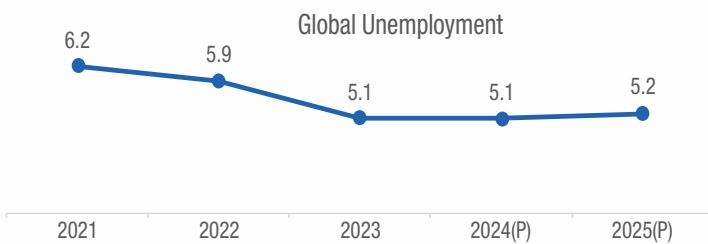


### GLOBAL FDI

UNCTAD's World Investment Report 2023 reveals a widening annual investment deficit that developing countries face as they work to achieve the Sustainable Development Goals (SDGs) by 2030. The gap is now about \$4 trillion per year – up from \$2.5 trillion in 2015 when the SDGs were adopted. The report shows that global foreign direct investment (FDI) fell 12% in 2022 and analyses how investment policy and capital market trends impact investment in the SDGs, particularly in clean energy. It highlights that developing countries need renewable energy investments of about \$1.7 trillion each year but attracted only \$544 billion in clean energy FDI in 2022. Although investments in renewables have nearly tripled since 2015, most of the money has gone to developed countries.

### GLOBAL UNEMPLOYMENT

Unemployment is expected to rise modestly. Projections show that unemployment rates are set to remain broadly stable over the next two years (table 1.3). As labor force participation rates decline and



employment growth slows, the global unemployment rate is expected to remain near current levels, edging up from 5.1 per cent in 2023 to 5.2 per cent in 2024 and remaining unchanged in 2025. The modest increase in the unemployment rate will translate into an increase in global unemployment of 2 million in 2024, rising to 190.8 million from the 188.6 million in 2023.

### GLOBAL ECONOMIC OUTLOOK

The global economy has proved resilient, inflation has declined within sight of central bank targets, and risks to the outlook are becoming more balanced. We expect steady global growth for 2024 and 2025, though growth is projected to remain below its longer-run average. Policy action needs to ensure macroeconomic stability and improve medium-term growth prospects. Monetary policy should remain prudent, with scope to lower policy interest rates as inflation declines, fiscal policy needs to address rising pressures to debt sustainability, and policy reforms should boost innovation, investment and opportunities in the labor market.

#### Challenges:

- There may be forthcoming recession in many countries in the upcoming years
- Stubborn inflation
- China's economic slowdown
- Energy crisis and unstable price
- Geopolitical tensions
- Trade Fragmentation
- Rising debt vulnerability- higher borrowing cost, weaker growth

#### Opportunities:

- Global inflation descended from its mid-2022 peak, economic activity grew steadily, defying warnings of stagflation and global recession

Source: World Economic Outlook January, 2024



Board of Directors at 24<sup>th</sup> AGM



# Bangladesh Economy

## Bangladesh Economy

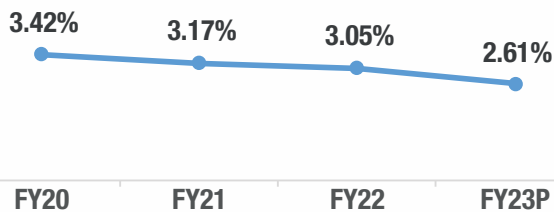
Despite a number of external sector related difficulties, Bangladesh's economy experienced reasonably strong real GDP growth in FY23. This growth was achieved with a number of fiscal and monetary policy measures aimed at increasing investment and generating employment opportunities. Bangladesh economy made a satisfactory GDP growth rate at 6.03 percent for FY23, which was 7.10 percent in FY22.

The year 2023 was really one of the most challenging ones in the recent past of Bangladesh economy history, as it revealed its weaknesses on various areas. Supply disruptions and the spike in the prices of fuels and other commodities in the global market due to global events which pushed up costs in the worldwide, leading to high inflationary pressure. However, although several countries have now been successful to control the inflation through appropriate policy measures, Bangladesh is still struggling to do the same. Additionally, the country is now faced with multiple challenges such as a fragile banking sector, financial account deficit, volatility in the exchange rate, and depleting foreign exchange reserves. Because of these challenges, the macroeconomic stability that Bangladesh enjoyed for a long time supported by high GDP growth rate, relatively low inflation rate and stable external sector has been weakened.

## Agriculture Sector

Agriculture contributed 11.20 percent of GDP in FY23, with slower growth from 3.05 percent in FY22 to 2.61 percent in FY23. During this period, the growth of forest and related services; and animal farming sub-sectors increased slightly compared to the previous year. However, the growths in crops and horticulture; and fishing sub-sectors fell significantly to 2.26 percent and 1.14 percent respectively in FY23 from 2.61 percent and 2.64 percent in FY22.

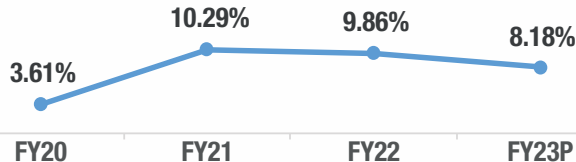
### Agriculture Sector



## Industry Sector

The industrial sector contributed 37.56 percent of GDP in FY23 and grew by 8.18 percent, lower than 9.86 percent growth in FY22. This growth was supported by the growths of mining and quarrying (5.74 percent in FY23 from -1.12 percent in FY22); and water supply,

### Industry Sector

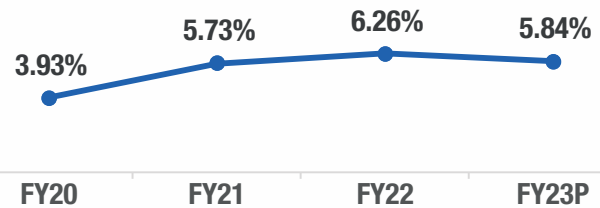


sewerage, waste management and remediation activities (10.02 percent in FY23 from 9.54 percent in FY22) sub-sectors. On the other hand, manufacturing; electricity, gas, steam, and air conditioning supply; and construction sub-sector recorded lower growth in FY23 as compared to the previous year.

## Service Sector

The services sector accounts for the largest share of GDP. This sector contributed 51.24 percent of GDP in FY23, slight lower than 51.48 percent in FY22. Services sector grew by 5.84 percent in FY23, lower than 6.26 percent growth in FY22. Among the components of services

### Service Sector

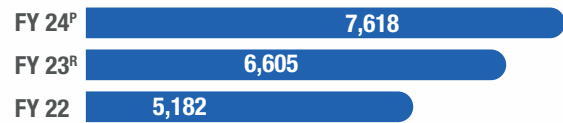


sector, wholesale and retail trade, and repair of motor vehicles and motorcycles; financial and insurance activities; education; and human health and social service activities exhibited lower growths in FY23 than those of the previous year.

## FISCAL OUTCOME Expenditure

The total expenditure in the revised budget for FY23 was set at BDT 6605.07 billion (14.88 percent of provisional GDP) which was 27.46 percent higher than the actual expenditure in FY22. The operating expenditure in the revised budget for FY23 was set at BDT 4142.83 billion (9.33 percent of provisional GDP), which was 27.20 percent higher than the actual operating expenditure of BDT 3256.82 billion in FY22.

### Fiscal Outcome Expenditure (BDT Billion)



## Revenue Collection

In the revised budget for FY23, total revenue receipts were targeted at BDT 4330.00 billion, which was 29.39 percent higher than the actual revenue receipts in FY22. The revised target for tax revenue collection was 89.61 percent of the total revenue receipts which was 29.51 percent higher than the actual tax revenue collected in FY22. However, the revised target for non-tax revenue collection for FY23 was 28.35 percent higher than the actual collection of that in FY22.

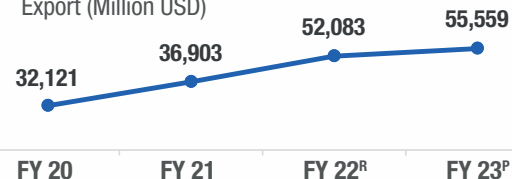
## External Sector

External sector of Bangladesh economy such as export, import and remittance have always played big roles in country's development activities. The position of these external sectors are delineated below:

### Export

Bangladesh's export earnings was inspiring in FY23. Export earnings were about 12.24 percent of GDP in FY23. According to Export Promotion Bureau (EPB), total export earnings in FY23 increased by 6.67 percent to USD 55,558.77 million from USD 52,082.66

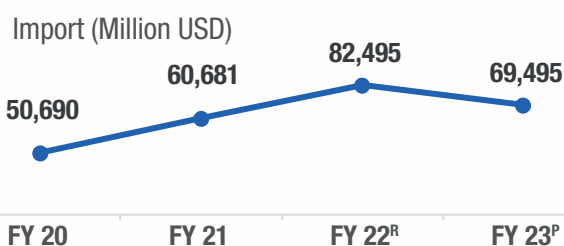
### Export (Million USD)



million in FY22 (Table 12.01). However, export earnings fell short its target by 4.21 percent in FY23 due to the global economic slowdown due to the Russia-Ukraine war. To maintain the export earnings, the Government and Bangladesh Bank have taken various prudential policy measures such as: allowing moratorium facilities and extended time for realizing export receipts and import payments, enhancing the export development fund (EDF) etc. throughout FY23. Notably, the apparel (woven garments and knitwear products) sector occupied a dominant portion (above four-fifths) of the total export earnings in Bangladesh.

### Import

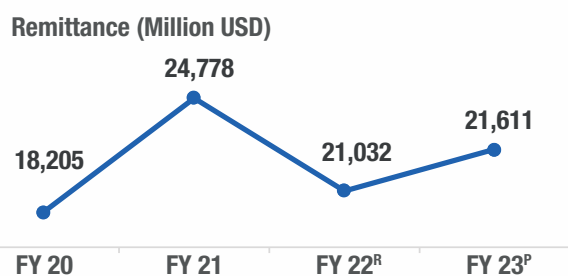
Due to the global business uncertainties and the ongoing depreciating pressure on exchange rate, import growth faced a drastic fall in FY23. Total import (fob) decreased by 15.76 percent to USD 69,495.40 million in FY23 from USD 82,495.10 million in FY22. Various measures taken by the government as well as Bangladesh Bank ease the import demand of non-essential items which help to mitigate the pressure on foreign exchange reserves in FY23. Import payments almost all the imported items like consumer goods (2.20 percent), intermediate goods (19.79



percent), and capital goods (17.36 percent) significantly declined in FY23. On the contrary, import payments for few items such as rice, spices, pulses, and fertilizer increased in FY23.

### Remittance

Due to global uncertainties and dwindling trend of foreign exchange reserve, remittances play a significant role for the improvement of country's external situation in FY23. Current account deficit decreased in FY23 due to higher secondary income especially high inward remittance



flows from the migrants as well as lower trade deficit. Remittance earnings of Bangladesh increased by 2.75 percent to USD 2,1610.73 million in FY23 from USD 2,1031.68 million in FY22.

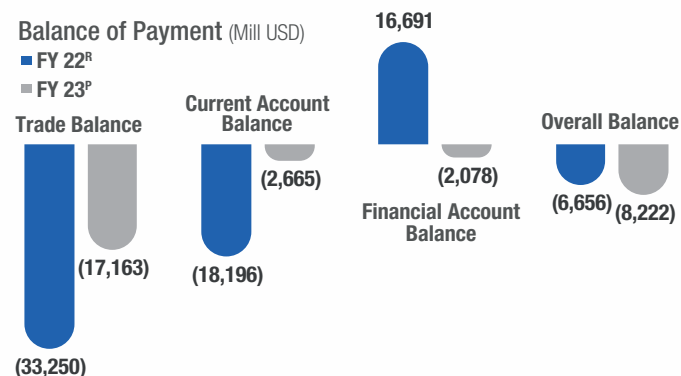
### Foreign Direct Investment (FDI)

Foreign direct investment (FDI) inflow performs a multidimensional role in any developing country. As a potential source of foreign exchange reserves, FDI has been emphasized by the Government in its 8th five-year plan for creating an investment-friendly environment through widespread infrastructure developments, including power, ICT and communication sectors. Recently various sectors of our economy have shown some signs of receiving encouraging responses from the global investors. Due to global financial turmoil inflicting from Russian-Ukraine war, the net FDI inflow decreased notably by 9.74 percent to USD 1,649 million in FY23. The portfolio investment also experienced an outflow of

USD 30 million in FY23 against the outflow of USD 158 million in the preceding fiscal year.

### Balance of Payment

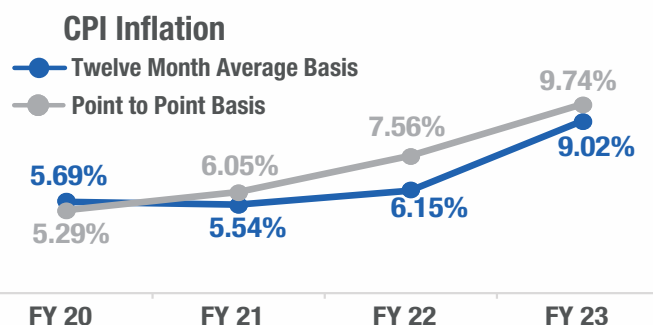
In FY23, exports (f.o.b) increased by 6.27 percent while imports (f.o.b) decreased by 15.76 percent. The total exports (f.o.b) in FY23 stood at



USD 52332 million which was USD 49245 million in FY22. On the other hand, the total imports (f.o.b) decreased to USD 69495 million in FY23 from USD 82495 million in FY22. As a result, the trade deficit lessened and stood at USD 17163 million in FY23 which was USD 33250 million in FY22. Workers' remittance inflow grew slightly by 2.75 percent and stood at USD 21610.73 million in FY23, which was USD 21031.68 million in FY22. Due to a substantial drop in trade deficit along with a slight increase in the inflow of remittances, current account deficit reduced significantly to USD (-) 2665 million in FY23 from USD (-) 18196 million in FY22. The financial account observed a deficit of USD 2078 million in FY23 against the remarkable surplus of USD 16691 million in FY22 due to decrease inflows in foreign direct investment (FDI), MLT loans, other short term loans (net) and trade credit (net) etc. In FY23, the overall balance of payments remained negative and stood at USD (-) 8222 million which was USD (-) 6656 million in FY22. The main factor for a persistently negative overall balance of payments of Bangladesh's economy is a sizable deficit in the financial account.

### CPI Inflation

During FY23, twelve-month average CPI inflation showed an upward trend throughout the year. In the beginning of FY23 (July 2022), twelve-month average CPI inflation stated with a slight increase of 6.33 percent



from 6.15 percent in June 2022 and reached with a sharp increase of 9.02 percent at the end of FY23 (base: 2021-22=100). Inflation was 1.52 percentage points higher than the targeted ceiling of 7.50 percent in FY23. The higher general CPI inflation was the result of the increase in both food and non-food inflation in FY23 compared to the previous year. Food and non-food inflation increased to 8.71 percent and 9.39 percent in June 2023 from 6.05 percent and 6.31 percent respectively in June 2022. The surge in both food inflation and non-food inflation

indicates strong inflationary pressure due mainly to disruptions in the supply chains. The point-to-point inflation rate reached to 9.41 percent in December 2023 which was 8.71 percent in December 2022.

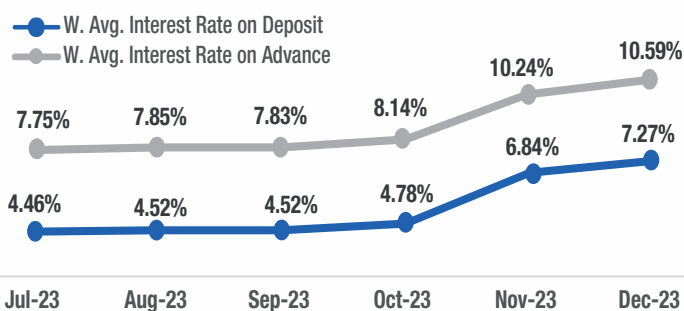
### Exchange Rate

In FY23, the volatility of the world foreign exchange market was relatively higher than previous year. BB tried to stabilize the foreign exchange market by selling a huge amount of USD. For this purpose, BB sold USD 13,578.20 million while purchased only USD 193.00 million during FY23. However, the annual average exchange rate stood at BDT 99.46 per USD in FY23 which was BDT 86.30 per USD in FY22. In FY23, exchange rate of BDT-USD followed much depreciation due to large deficit in BoP. Accordingly, exchange rate depreciated by 11.84 percent in FY23 and stood at BDT 106.0 at the end of June 2023 from BDT 93.45 at the end of June 2022). BDT-USD exchange rate stood at Tk.110 per USD on December 28, 2023.

### Monetary Policy

The monetary policy for FY23 was formulated with a cautious and accommodative stance to contain the inflation pressure mainly owing to pandemic associated expansionary fiscal and monetary policies amid Russia-Ukraine war induced supply-side disruptions while supporting the productive and employment generating activities in the country by ensuring the necessary flow of funds. The monetary and credit programs were designed in line with the targeted real GDP growth of 6.50 percent and CPI inflation of 7.50 percent as outlined in the national budget for FY23.

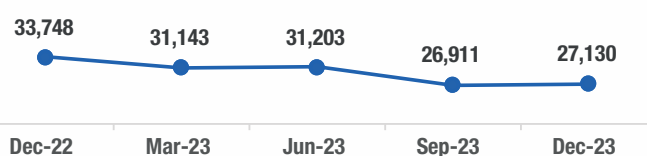
#### Interest rate movement



### Foreign Exchange reserve

Foreign exchange reserves act as a cushion against any disruption of capital flow and provide enough mobility to central bank attain exchange rate stability and to effectively implement monetary policy actions. BB's gross foreign exchange reserves comprises major global currencies (G-7), gold and Special Drawing Rights (SDR). At the beginning of FY23, foreign exchange reserves stood at USD 41.83 billion which reduced to USD 27.13 billion at the end of the year 2023.

Foreign Exchange Reserve (Million USD)



### Bangladesh Economic Outlook in 2024

The outlook of the year 2024 will be challenging one. Our policymakers will have to work towards addressing the essential issues such as controlling inflation, increasing revenue collection, stabilizing exchange rate and improving forex reserves.

#### Major Challenges:

- High inflationary pressure
- Exchange rate pressures
- Substantial erosion of foreign exchange reserves.
- Preferential duty free market is getting narrow.
- Rising income inequality
- Unstable Fuel & energy prices in International Market
- High NPL (Non-Performing Loan) in Banking sector
- Money transfer into overseas countries through illegal ways

#### Opportunities for 2024

Despite a lot of challenges in the year 2024, there may have some opportunities as mentioned below:

- Several mega infrastructure projects reaching completion in 2024 such as the Padma multi-purpose bridge, Dhaka Elevated Expressway, and the Bangabandhu Tunnel linking to Dhaka, 3rd terminal at Hazrat Shahjalal International Airport which will create economic benefits for the country.
- Greater opportunity to increase exports to ASEAN.
- A loan of USD 4.7 billion from the IMF will give some breathing space.
- At present Bangladesh's external debt to GDP ratio stood at 15.90 percent, much lower than the IMF mandated threshold of 40 percent.
- Market interest rate and exchange rate will be based on market trend

All graph data are sourced from Bangladesh Bank Annual Report 2022-2023

# Banking Industry Exploring 2023

The year 2023 proved to be highly challenging for the economy of Bangladesh, exposing weaknesses across various sectors. Issues such as a fragile banking sector plagued by non-performing loans, a financial account deficit, exchange rate volatility, and depleting foreign exchange reserves have significantly undermined the country's macroeconomic stability. Inflation has surged, reaching alarming levels, severely impacting the purchasing power of citizens. The banking sector, in particular, is struggling with a mounting amount of non-performing loans, exacerbated by lenient regulations favoring bank directors and defaulters. Additionally, harmful incidents such as amendments to banking laws have further weakened the authority of the Bangladesh Bank, aggravating the sector's problems.

Furthermore, challenges persist in the external sector, prompting measures to enhance the balance of payments and stem the decline in forex reserves. While restrictions on luxury imports have improved trade balances, they have also hindered essential imports crucial for production. Policymakers face the daunting task of balancing these measures to meet IMF targets while addressing the declining remittance flow, exacerbated by the prevalence of informal channels due to disparities in exchange rates. Establishing a sound exchange rate management system is deemed essential to alleviate confusion and stabilize the economy amidst these multifaceted challenges.

## Regulation of Banking Industry

Bangladesh Bank Order 1972 and the Bank Company act 1991 and subsequent amendment of 2023 mainly guide the Commercial Banks of Bangladesh. Bangladesh Bank (BB), the 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 2022-23 were the key steps of central bank to

strengthen sustainable development of the banking industry.

Bangladesh Bank has brought a structural change in its contractionary monetary policy framework. The new monetary policy introduces four key reforms including the implementation of a policy interest rate corridor, a reference interest rate for lending, exchange rate unification, and a revised method of calculating the gross international reserve in accordance with aligning with the government's target the Balance of Payment and International Investment Position Manual (BPM6).

## Banking sector of Bangladesh

In December 2023, the total deposit stood at Tk. 16,537,447 million in 2023, an increase of 11.05 % compared to the previous year. On the other hand, the total advances stood at Tk. 19,486,499 million, a growth of 10.83 % over the last year, creating a likelihood for asset-liability mismatch. Reserve money stood at USD 27130 million at the end of December 2023 against the previous year's value of USD 33,747.7 million at the end of December 2022.

The key profitability indicators – Return on Assets (ROA) and Return on Equity (ROE) stood at 0.4% and 7.9% respectively in 2023(June) as compared to 05% and 4.4% respectively as recorded in 2022. During the same period, the average CRAR (Capital to Risk Weighted Asset Ratio) for the banking industry was 11.20%, and the CRAR for the private commercial banks, state banks, and foreign banks was 12.8%, 6.8%, and 32.9%, respectively.

With the aim of making the banking sector sustain, Bangladesh Bank has picked SMART (Six-Month Moving Average Rate of Treasury Bill) as a basis for the lending rate of the banking sector from July 2023. SMART varies over time; SMART was 7.1% at the very beginning of July 2023 and at 7.72% in December 2023.

## Monetary Aggregates

(YoY % change %)

| Item                        | Actual |        | Dec-23     |                     | Jun-24     |                    |
|-----------------------------|--------|--------|------------|---------------------|------------|--------------------|
|                             | Jun-23 | Dec-23 | Projection | Actual <sup>P</sup> | Projection | Revised Projection |
| Broad Money                 | 10.5   | 9.0    | 9.5        | 8.8                 | 10.0       | 9.7                |
| Net Foreign Assets*         | -23.4  | -23.7  | -16.8      | -21.8               | 4.7        | -2.4               |
| Net Domestic Assets         | 21.3   | 17.9   | 15.9       | 16.2                | 11.1       | 12.2               |
| Domestic Credit             | 15.3   | 12.7   | 15.9       | 11.7                | 15.4       | 13.9               |
| Credit to the public sector | 35.8   | 25.9   | 37.9       | 18.0                | 31.0       | 27.8               |
| Credit to the public sector | 10.6   | 9.7    | 10.9       | 10.2                | 11.0       | 10.0               |
| Reserve Money               | 10.5   | 1.2    | 0.0        | -2.0                | 6.0        | -1.0               |
| Money Multiplier            | 4.93   | 5.46   | 5.07       | 5.14                | 5.11       | 5.46               |

(In Billion)

| Types of Bank           | No. of Banks | No. of Branches | CRAR %       | Total Deposit | % of Industry Deposit | Total Asset   | % of Industry Asset | NPL Ratio    | CL (In Billion) | ROA %      | ROE %      |
|-------------------------|--------------|-----------------|--------------|---------------|-----------------------|---------------|---------------------|--------------|-----------------|------------|------------|
| State owned bank (SCB)  | 6            | 3,836           | 6.76         | 4,325         | 25.4                  | 5,601         | 24.2                | 25.01        | 744.5           | 0.1        | 5.4        |
| Specialized banks (DFI) | 3            | 1,523           | -37.79       | 468           | 2.8                   | 539           | 2.3                 | 12.14        | 47.5            | -3.5       | -14.3      |
| Private banks (PCB)     | 43           | 5,666           | 12.81        | 11,386        | 67.1                  | 15,688        | 67.8                | 6.46         | 736.4           | 0.5        | 7.7        |
| Foreign Banks (FCB)     | 9            | 63              | 32.91        | 803           | 4.7                   | 1,315         | 5.7                 | 4.6          | 32              | 3.1        | 17.3       |
| <b>Total</b>            | <b>61</b>    | <b>11,088</b>   | <b>11.19</b> | <b>16,981</b> | <b>100</b>            | <b>23,143</b> | <b>100</b>          | <b>10.11</b> | <b>1,560</b>    | <b>0.4</b> | <b>7.9</b> |

Bangladesh Bank Quarterly. (July-September 2023), Monetary Policy Statement (Fiscal Year 2023 -2024) P= Provisional



# Review of operations of Bank Asia in 2023

The year 2023 began with ongoing inflationary pressures, a dwindling foreign currency reserve, the continued war between Russia and Ukraine, and new unrest situation in the Middle East due to the Israel-Hamas conflict, among other issues. The capital market of Bangladesh has also experienced a bearish trend throughout the year. Despite various incentives aimed at attracting remittances, it grew only by 3%. Overall, imports in Bangladesh declined by 24% compared to the previous year, while a 2% increase in exports helped restrain the massive fall of foreign currency reserves. The IMF extended a credit facility totaling USD 1,158.20 million in two installments out of a total approved amount of USD 4,700.00 million, which helped cushion the pressure on foreign currency. A liquidity crisis resulted from lower cash inflow from loans and advances and higher policy rate by Bangladesh Bank was observed throughout the year which causes to increase call money rate in 2023.

In the year 2023, Operating profit of the bank increased to Tk. 11,531 million having growth of 8% over previous year. Although operating profit increased from previous year but core challenge was interest rate hike of deposit expense. However, lifting over the interest rate cap and implementation of SMART based interest rate system of loan & advances resulted in increase of net interest income by 13% at year end. Cost of deposit increased to 4.41% from 4.10%. Yield on advance of the bank increased by 67 basis points in 2023 and reached at 8.04% from 7.37% that resulted in increase of spread by 0.36% from 3.27% to 3.63%. Bank's total assets reached Tk. 474,229 million in 2023 compared to Tk.

468,401 million in 2022. Deposit reached Tk. 361,617 million compared to Tk. 337,695 million with a growth of 7% and Loans and advances was also 5% higher than the preceding year and stood at Tk. 291,325 million. Bank's import decreased by 16% and stood at USD 1,912 million in 2023 against USD 2,277 million in 2022. Export also decreased by 23% and reached USD 1,380 million which was USD 1,793 million in the previous year. Inward remittance in 2023 also showed negative growth of 40% and reached USD 839 million compared to USD 1,400 million in 2022. Net profit after tax of the bank stood at Tk. 2,396 million due to keeping higher loan loss provision. CL of the bank stood at Tk. 19,510 million for which CL ratio has risen to 6.70%. The Bank is standing on a sound footing for strong capital base that ensures smooth business growth and capacity to absorb any unforeseen shock. Bank Asia's capital stood at Tk. 40,659 million that helped to maintain a very satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 16.45% against the regulatory requirement of 12.50%.

To maintain the increasing demand of customers for innovative services and a balanced distribution of network, the whole network of Bank Asia now consists of 135 branches, 15 sub-branches, 5,051 Agent outlets, 4 SME service centers, 5 Islamic windows, 217 own ATMs with more than 14,000+ shared ATMs, 35 CDMs, 4 CRMs, 1 Brokerage Company in Bangladesh and 2 exchange houses located in UK and USA. The Bank is also operating 3 branches of BA Express USA Inc. in New York. All the operations of the Bank are interconnected and integrated through state of the art networking technology.

## CORPORATE & LARGE LOAN

The Corporate & Large Loan (C&LL) Division, a pivotal strategic unit within Bank Asia PLC., has consistently served the corporate lending needs of Bangladesh's industries. By offering a diverse range of financing solutions, C&LL has played a crucial role in fostering the inclusive economic development of the nation. C&LL caters to various sectors including power, construction/infrastructure, steel, cement, ceramics, food and beverage, pharmaceuticals, paper and packaging, trade, services and other sectors.

C&LL operates through two specialized segments: General Corporate and Syndication & Structured Finance. Each segment focuses on distinct business areas, ensuring optimal service delivery to our esteemed clients. Additionally, this division facilitates tailored Supply Chain finance, Islamic Banking, and Foreign Currency (FCY) facilities through the bank's offshore banking unit. As of the conclusion of 2023, loans and advances of Corporate & Large Loan amounted Tk.167,521 million constituting approximately 58% of the bank's total loans and advances.

Against the challenges posed by a severe foreign currency crisis in the economy adverse geopolitical situation, C&LL successfully managed import business worth Tk.108,346 million in 2023. Notably, the division prioritized financing sectors such as services, healthcare, infrastructure, manufacturing, essential commodities, and power & energy while integrating principles of sustainable financing into its investment decisions.



Project of Akij Essentials Ltd. financed by Bank Asia

### Key achievements of C&LL in 2023

- Originating 44 new customers, including industry leaders, and securing approval for aggregate fresh facilities totaling Tk.38,151 million.
- Strengthen customer relationship management centrally from the Corporate Office in support of the branches.

### Notable New Customers onboarded by C&LL in 2023

During 2023, among others, C&LL extended financing facilities to

- Meghna Steels & Re-rolling Mills Ltd. Tk. 7,000 Million
- Akij Essentials Ltd. Tk. 3,000 Million
- Akij Glass Industries Ltd. Tk. 3,325 Million
- Healthcare Chemicals Ltd. Tk. 3,299 Million
- Syngenta Bangladesh Ltd. Tk. 2,600 Million
- Akij Food & Beverage Ltd. Tk. 2,500 Million
- Ummi-AI Monowara. Tk. 1,706 Million
- Shah Cement Industries Ltd. Tk. 1,000 Million
- National Polymer Industries Ltd. Tk. 1,427 Million
- Mir Ceramic Ltd. Tk. 550 Million
- National Development Engineers Ltd. Tk. 1,000 Million

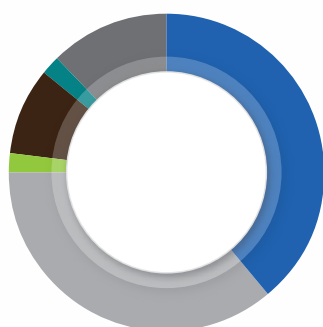
## EXPORT FINANCE

With the effect of prolonged war crisis in Russia-Ukraine, unrest in Middle-East and record inflation in our major export destination, export performance in the country was not up to the mark in 2023. Soaring overhead expense in most of the factories mainly due to increased utility bills and revision of minimum wages coupled with absence of uninterrupted utility supply intensified the concerns of the exporters. Amid global economic uncertainties, Bangladesh still holds the 2nd largest apparel exporter in the world with its 8% shares in the global apparel market and 84% shares in the national export basket. Having USD 47.00 billion export performance in 2023, the sector is running after the target of USD100.00 billion by 2030 set by BGMEA.

Bank Asia PLC. through its dedicated Export Finance Department is fostering the development and growth of business for its export oriented customers. Despite tight forex market, various national and international economic uncertainties, we ensured import of raw materials and other working capital support for our export oriented customers for their smooth operation. We strived for ensuring sustainable growth of our exporters through participating in all green and environment friendly



A newly established Spinning Mills with the Finance of Bank Asia came into operation in 2023.



### Nature wise Export Finance

as on 31.12.2023

Spinning **39%**  
 RMG **36%**  
 Leather, Jute & Others **2%**  
 Accessories **9%**  
 Dyeing **2%**  
 Textile **12%**

initiatives. Being eligible PFI, Bank Asia PLC. participated in all the pre-financing and refinancing schemes with Bangladesh Bank for arranging cost effective financing for its exporters. Among other facilities, we secured pre-financing approval of Term Loan facilities of Tk.255.00 million under Safety Retrofit and Environmental Upgrades Project (SREUP) of Bangladesh Bank for implementing energy efficient and environment friendly RMG projects.

All the 100% export oriented customers of Bank Asia PLC. including RMG, Textiles (Spinning & Weaving), Dyeing/Washing, Jute, Leather and all other direct and indirect exporters comes under the portfolio of Export Finance. Total outstanding Funded Loan portfolio of Export Finance Department (including Islamic and OBU exposure) at the close of business as on 31.12.2023 was about 16% of total Loan portfolio of Bank.

## SYNDICATION & STRUCTURED FINANCE

 **Funded Exposure**  
 Tk. **19,917** million

Syndication & Structured Finance Unit of Bank Asia is acknowledged as a leader in the market providing a comprehensive range of services including fund arrangement, advisory services, agency function and account Banking services and other innovative solutions to both corporate and public sector customers. The dedicated team is comprised of skilled professionals & highly experienced in handling different business transaction/solution. The unit is now providing services to the clients in Power, Manufacturing, Pharmaceutical, Cement, Refinery, Ceramics, Pulp

& Paper, Telecom, Steel, NGO-MFI, Construction, and IPFF Financing for infrastructure projects especially in Economic Zone, new & BMRE Projects. In addition, the unit is well equipped to handle Offshore Financing, Bridge Financing, ECA covered Financing and Investment in Alternative Products and working capital financing for business operation. As of December, 2023; funded exposure of the said unit was Tk. 19,917 million. Bank has created its image for raising of fund as lead arranger and increased its exposure through participation in different projects. During the period, the unit has extended financing under syndication arrangement to new customers such as Beacon Pharmaceuticals Ltd., Fervent Multiboard Industries Ltd., and Sajida Foundation.



Bank Asia financed Chittagong-Cox's Bazar Railway Project of CT Joint Venture (a JV of China Railway Group Limited and Toma Construction & Co. Limited).



## CMSME

Cottage, Micro, Small and Medium Enterprises (CMSMEs) play a role as backbone in a developing economy in terms of employment generation, distribution of wealth and sustainable socio-economic development. Even though the economic situation was gloomy, Bank Asia partnered with CMSME clients in financing for business development, machinery purchase, working capital requirement, construction etc. At present, Bank Asia is serving the CMSME clients through its Branches and SME/ Agricultural Centers along with the Agent Outlets around the country. We are organizing capacity development and awareness building programs especially for women entrepreneurs in collaboration with Bangladesh Bank, SME Foundation etc. in different districts in order to increase the loan portfolio and get more people under the reach of credit in manufacturing and service oriented business.

### Projects with Bangladesh Bank

- Pre-finance Scheme against Term Loans to CMSME Sector (BDT 25,000 Crore Fund)
- Small Enterprise Refinance Scheme of Bangladesh Bank for Women Entrepreneurs
- Supporting Post COVID-19 Small Scale Employment Creation Project (SPCSSECP)
- Refinance under Start-up Fund
- Credit Guarantee Scheme (CGS) under CMSME Refinance (BDT 25,000 Crore Fund), Agro Product Processing and Women Entrepreneur.

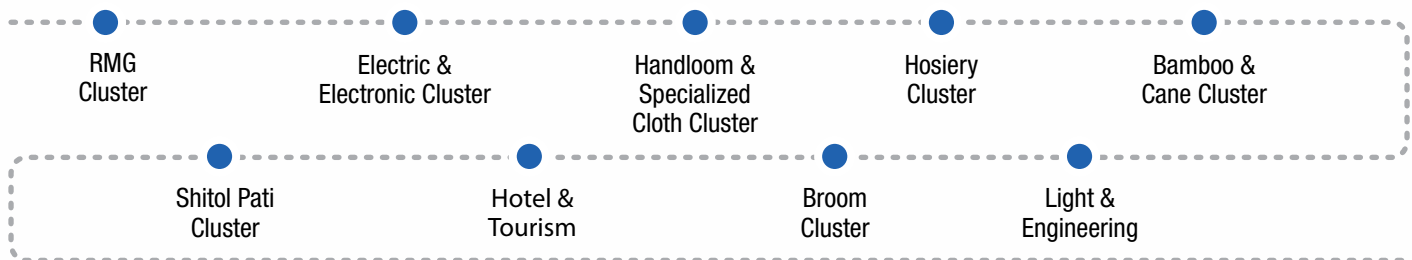
### Training and Developments

- Workshop on Environmental and Social Safeguard (ESS) Screening System of SPCSSECP organized by Bangladesh Bank at Asia hotel and Resort Dhaka.

- "SME Entrepreneur- Banker exchange of views and lending connection" under 'Divisional SME Product Fair, Sylhet-2023' organized by SME Foundation at Sylhet.
- Discussion on Development of SME sector and availing Loan facility under Rangpur Division - "Divisional SME Product Fair, Dinajpur-2023" organized by SME Foundation at Dinajpur.
- Fourth Awareness Program of "Supporting Post COVID-19 Small Scale Employment Creation Project" organized by Bangladesh Bank at Cox's Bazar.
- Training Program on 'Readiness of Women Entrepreneurs for Access to Finance' Organized by SME Foundation at Sylhet.
- Training Program on 'Development of Women Entrepreneurs for Financial Inclusion' Organized by Bank Asia PLC. at Narayanganj.
- Participated at "Youth Entrepreneurship & Startups for Students (YESS) program organized by SME Foundation at Rajshahi University.
- Training on "Business Management for Women Entrepreneurs" jointly organized by Bank Asia PLC. & SME Foundation at Chandpur and Nawabgong..
- Agreement Signing between Bank Asia PLC. & MSE Global Consulting PTE. Ltd. for "To Support and Empower Women Entrepreneurs" held at Bank Asia PLC. Corporate Office.
- Training Workshop on "Entrepreneurship Development and CMSME financing" organized by BIBM Dhaka.
- "Mymensingh Divisional SME Entrepreneur's-Bankers Conference & Loan Matchmaking Program" Organized by SME Foundation.
- Participated in "MSME Development Fair 2023" Organized by Uttaran MSME Platform.

### Cluster Financing

Bank Asia implemented full-fledged digitized cluster-based approach for financing to cottage, micro and small enterprises. Currently the bank is actively working on developing and financing in the following clusters



CMSE Portfolio  
Tk. **14752** Million.

**9.93%** Growth in  
CMSE Portfolio.



Agreement Signing between Bank Asia PLC. & MSC Global Consulting PTE. Ltd. for "To Support and Empower Women Entrepreneurs"

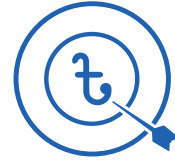
## AGRICULTURAL / RURAL CREDIT



Total Disbursed Amount  
Tk. **5,713** Million



Beneficiaries  
**77,553** farmers



Bangladesh Bank  
Target Achievement  
**127%**

Bank Asia has a wide range of agricultural credit products designed to meet the diverse need of farmers. Farmers can also avail loans through our digital platform. We also support them by providing A-card facility.

Like previous years, Bank Asia has remarkable achievement in loan disbursement against the target set by Bangladesh bank in FY 2022-2023. We disbursed Tk. 5,713 million to 77,553 rural farmers and achieved 127% against total target of Tk. 4,490.00 million.

Bank Asia emphasizes to extend credit facilities directly to the farmers. Viewing this, we have been focusing on the following ways of financing.



### Loan through Agent Outlets

Disbursed Amount  
Tk. **792** million

Distributed among  
**11,547** farmers



### Loan under Stimulus packages

Disbursed Amount  
Tk. **465** million

No. of borrower **4,968**



### Financing for import substitute crops

Disbursed Amount  
Tk. **13** million

**265** farmers

**4%** interest rate  
*To reduce import dependency*



### Financial support to 10 tk. accountholders

Disbursed Tk. **66** million

No. of beneficiaries **1,428**

*To improve livelihood of the small and marginal farmers*

### Status of Agricultural/rural Credit as on 31.12.2023

Million Taka

| Particulars                          | Direct Network | Indirect Network | Total  |
|--------------------------------------|----------------|------------------|--------|
| Disbursement (01.01.2023-31.12.2023) | 928            | 3,730            | 4,658  |
| Outstanding (As on 31.12.2023)       | 1,367          | 4,364            | 5,731  |
| No. of Beneficiary                   | 12,256         | 52,239           | 64,495 |

Carbon offsets activities: We have been approving credit facilities upto certain amount through Online Credit approval System (OCAS) which greatly helps in Carbon sequestration of the planet. In the year 2023, around 12,000 plus agri credit proposals were approved through OCAS.

Penetrate to social outreach as financial partner: For sustainable growth and development of Agricultural & Rural sector and facilitate the same through easy and timely flow of credit by institutional sources in sustainable manners.



Open loan disbursement program arranged by Bank Asia in Panchagar



### MID-SEGMENT ENTERPRISE FINANCING



#### New Client Origination

Tk. **3,410** Million  
to **181** Clients

The Mid-segment Enterprise (ME) department at Bank Asia PLC. is a Business Unit, focusing on medium-sized clients that contribute significantly to the country's economy. This department also actively engages in financing a major part of Small and Medium-sized Enterprises (SMEs) as defined by the Bangladesh Bank. The ME portfolio stood Tk. 25,510 million as on 31.12.2023 which constitutes nearly 9% of Bank Asia's total portfolio. In 2023, ME department successfully on-boarded 181 new clients in 2023. This added a fresh portfolio of Tk. 3410.00 million to the bank's balance sheet.

The ME portfolio is diversified, with trading concerns leading the mix. Manufacturing and service sectors have also experienced significant growth. This diversification aligns with the department's strategy of shifting focus from large corporate businesses to medium-sized enterprises, fostering a balanced and resilient portfolio.

Looking ahead, the ME department aims to further diversify its portfolio by prioritizing new entrepreneurs including women-led enterprises. The focus on improving access to finance aligns with the overarching goal of financial inclusion. In way of achieving the ultimate goal and to reach the peak, ME has been extending financial inclusion by utilizing different distribution channels like Branches, Zones and others. We believe that by empowering SMEs, we can create a more resilient and prosperous future for our bank and the communities we serve.

### CREDIT ADMINISTRATION

Credit Administration Department (CAD) is ensuring quick, smooth and safe running of the operations of loans and advances extended to the borrowers. Its main objective is to support and control the extension of all credit facility centrally, ensuring security documents as per terms and conditions of sanction letters, working with complex CIB operation & regulatory reporting, monitoring of expired loan, deferral lapses security documents etc.

#### Departmental Activities in 2023

- Systemized 580,982 numbers of jobs such as changes of limit, terms & interest rate, installment size, allowing of EOL / L/C, time extension along with deferral documents.
- Checked of 872,144 nos. of documents against 48,689 nos. borrowers.
- Visited 15 branches on Saturday for minimization documentation lapses
- Reviewed 190,470 nos. of Past due, SMA & Expired loan accounts for regularization.
- Regularized 267 nos. of deferral documents through monitoring of all branches.
- Downloaded 151,826 nos. of CIB reports against 91,425 nos. of borrower.
- Uploaded 190,582 nos. of accounts through online system for CIB reporting to Bangladesh Bank.

- 1,45,222 nos. of NID verification with CIB Report after deployment of Credit Information System-CIS on 17.09.2023.
- 6,500 nos. of new loan input in the CIS for monthly reporting after deployment of new CIS 6,500.
- 140,200 nos. of SMART NID included in the CIB report with verification from NID Server.
- Correction of CIB database of 5,106 nos. borrowers from Bangladesh Bank
- Submitted 348 nos. of statements to Bangladesh Bank and other bodies (monthly/quarterly /half yearly/yearly) through conventional and RIT after checking.

#### Development & Automation in 2023

- Adaptation of Credit Information System (CIS) in replace of Credit Information Bureau (CIB).
- Conducted 05 nos. of virtual Training with 200+ participants.
- Achieved 117% Annual Deposit Target – 2023 of CAD

#### Planning for 2024

- Centralization of CAD.
- Automation in limit setting (loan upto BDT.50,000.00) in Core Banking System (CBS).
- Develop module in CBS for separate distribution of LC margin percentage as Cash / FDR / others.
- Develop system to input phase by phase loan disbursement.
- 30 branches visit on random basis for reducing documentation lapses
- Online / offline training & workshop (region wise) to educate about existing & future development.

## SECTORAL DISTRIBUTION OF CREDIT

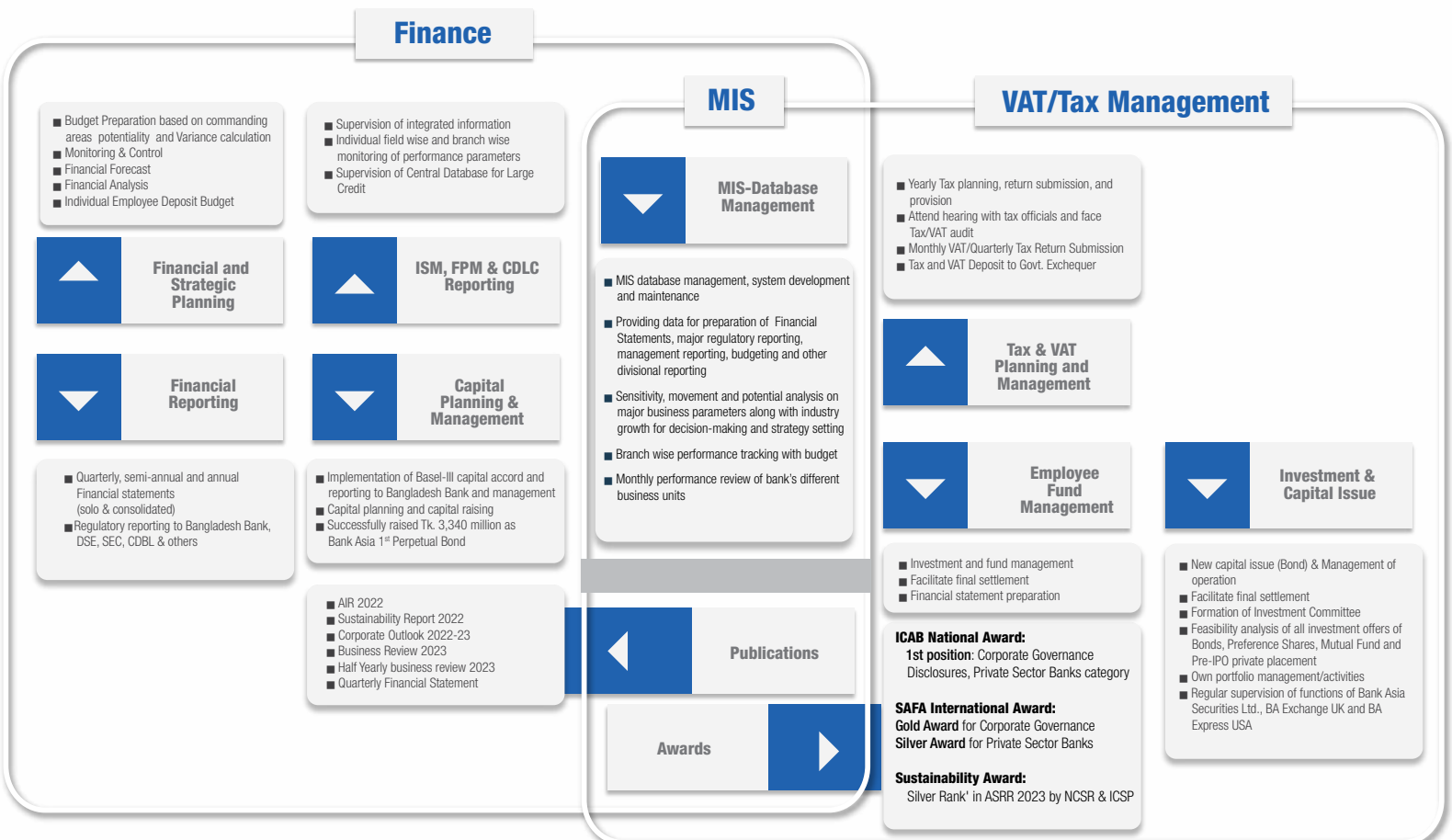
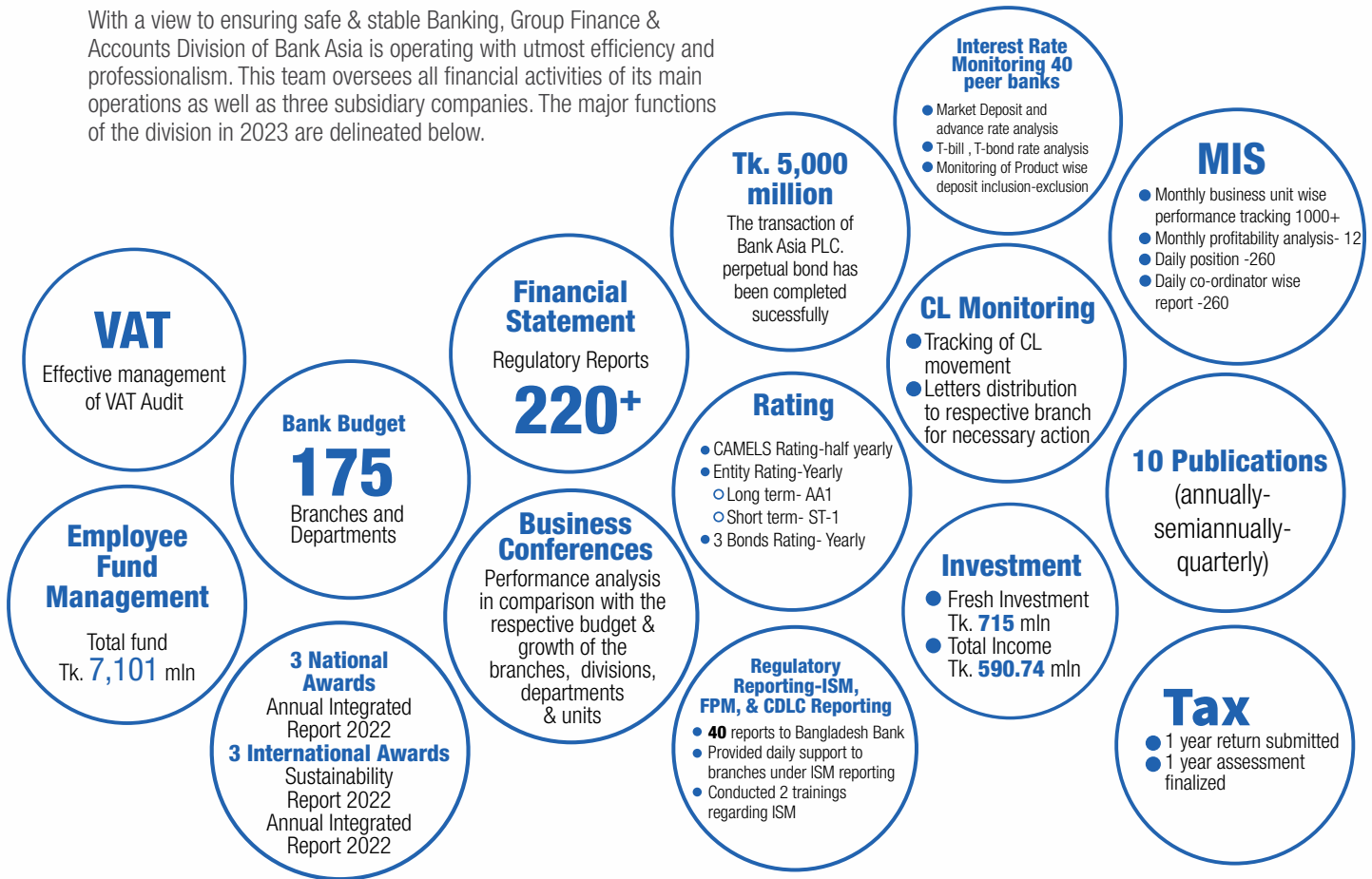
The Bank's loans and advances to Tk. **291,155.42** million achieving a growth of **4.9%**.

Sectorwise distribution of loans and advances is as follows:

| SL. No | Sectors/Sub-Sectors                     | 2023              |               | 2022              |               |
|--------|---|-------------------|---------------|-------------------|---------------|
|        |   | Million Taka      | % of Loan     | Million Taka      | % of Loan     |
| 1      | Agriculture                             | 8,684.70          | 2.98%         | 7,409.10          | 2.67%         |
| 2      | <b>Industries</b>                       |                   |               |                   |               |
|        | Food Manufacturing                      | 20,412.40         | 7.01%         | 14,167.5          | 5.10%         |
|        | Beverage industry                       | 625.90            | 0.21%         | 244.6             | 0.09%         |
|        | RMG industry                            | 25,663.00         | 8.81%         | 33,951.9          | 12.23%        |
|        | Textile industry                        | 21,211.00         | 7.29%         | 24,298.9          | 8.751%        |
|        | Wood cork and allied products           | 77.10             | 0.03%         | 46.6              | 0.02%         |
|        | Furniture and Fixture                   | 260.10            | 0.09%         | 313.4             | 0.11%         |
|        | Paper and paper products                | 5,235.20          | 1.80%         | 5,024.4           | 1.81%         |
|        | Leather and leather products            | 2,510.80          | 0.86%         | 3,157.3           | 1.14%         |
|        | Rubber products                         | 6,708.00          | 2.30%         | 4,577.7           | 1.65%         |
|        | Chemical and chemical products          | 1,645.80          | 0.57%         | 916.2             | 0.33%         |
|        | Basic metal products                    | 18,826.30         | 6.47%         | 11,429.8          | 4.12%         |
|        | Electrical machinery and apparatus      | 3,307.60          | 1.14%         | 3,499.3           | 1.26%         |
|        | Other manufacturing industries          | 28,749.22         | 9.87%         | 23,046.0          | 8.30%         |
|        | Ship building                           | 116.00            | 0.04%         | 4,468.7           | 1.61%         |
|        | Ship breaking                           | 1,831.30          | 0.63%         | 1,435.1           | 0.52%         |
|        | Pharmaceutical                          | 8,419.70          | 2.89%         | 7,899.8           | 2.84%         |
|        | <b>Subtotal</b>                         | <b>145,599.42</b> | <b>50.01%</b> | <b>138,477.18</b> | <b>49.87%</b> |
| 3      | Constructions                           | 6,283.20          | 2.16%         | 8,404             | 3.03%         |
| 4      | Power, Gas, Water and Sanitary Services | 17,912.10         | 6.15%         | 13,914.80         | 5.01%         |
| 5      | Transport, Storage and Communication    | 4,877.20          | 1.68%         | 2,532.9           | 0.91%         |
| 6      | Trade Services                          | 51,511.60         | 17.69%        | 51,879.2          | 18.68%        |
| 7      | Housing Services                        | 19,587.00         | 6.73%         | 18,448.60         | 6.64%         |
| 8      | Banking and Insurance                   | 7,056.60          | 2.42%         | 4,857.40          | 1.75%         |
| 9      | Professional and Misc. services         | 29,643.60         | 10.18%        | 31,760.5          | 11.44%        |
|        | <b>Total</b>                            | <b>291,155.42</b> | <b>100%</b>   | <b>277,683.68</b> | <b>100%</b>   |

# GROUP FINANCE AND ACCOUNTS

With a view to ensuring safe & stable Banking, Group Finance & Accounts Division of Bank Asia is operating with utmost efficiency and professionalism. This team oversees all financial activities of its main operations as well as three subsidiary companies. The major functions of the division in 2023 are delineated below.



## Accounts Department

Accounts Department carries out the responsibility of ensuring accountability, transparency and effectiveness of every penny of the Bank through automated and compliant accounting service. The 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.
- Accurate accounting services.
- Delivery services at minimum Turnaround Time (TAT).
- Meticulous compliance with all Regulatory and Internal policies/ procedures.
- Digitalization and automation of services.

# Key Highlights

### Payment Disbursement and Book-keeping

- No of Bills/Vouchers Payment: **15,763\*** (Nos)
- No of Transactions: **62,935** (Nos)
- Voucher Maintenance

### Payment Processing



- Reconciliation Statements Prepared: **12** (BB LCY Accounts and **47** Accounts with other Banks)
- Letters issued to Branches/ Divisions regarding different issues: **965** (Nos)
- GL Monitoring Through Email to Branches/Divisions: **810** (Nos)

### Reconciliation and Suspense Control



### Pre-Audit:

- Bills Processed: **15,763** (Nos)
- Cost Savings: BDT **16.76** mln
- Imprest Fund Management
- Branch Grading for setting Financial Delegation
- Issued VAT/Tax Deduction Certificate: **567** (Nos)

### Financial Control



### External Report:

- Weekly Reports: **54** (Nos)
- Monthly Reports: **87** (Nos)
- Quarterly/Yearly Reports: **25** (Nos)

### Internal Report:

- Monthly OPEX Report
- Profit Forecast
- Reconciliation of Monthly Profit Movement

### Regulatory Reporting & MIS



- ID Approved: **403** Users
- Rights Modified: **10,309** Times
- Rights Deputized: **954** Users
- Limit Enhanced: **910** IDs
- Account Title Modified: **2,780** (Nos)
- Performed Branch Support: **15,356** (Nos)

### User Access Control



- New GL Created: **216** (Nos)
- GL Lock/Unlock: **910** (Nos)
- **OPEX monitoring:**
- Yearly and Half Yearly Balance Confirmation
- Closing Certificate of Books of Accounts

### GL & TB Monitoring and Controlling Chart of Accounts



- Quarterly/Half Yearly/ Yearly Fixed Asset Schedule Preparation
- Updated Fixed Assets Module for Corporate Office
- Review and Reconciliation of Fixed Assets Module
- Monitoring Depreciation/ Amortization of Fixed Assets

### Fixed Asset Management



- Automated Regulatory Reports
- Updated Scholarship Database
- Developed Automated Reconciliation Report
- Daily Email Automation for Reverse GL Balance
- Paperless Payment Processing System

### Automation & Digitization



- Issued Instruction Circulars and Checklist for Month Closing
- Issued Year Closing Preparation Circular
- Issued Instruction Circular for fixed Asset Physical Counting
- Provided closing related support to the Branches and Corporate Office

### Month Closing Activity



### Accounting Procedure for:

- Fund Transfer From MFS to Bank (Bkash to Bank Asia), and Cash deposit and Withdrawal for Agent Banking & Islamic Agent Banking from Conventional CRM
- Utility Fee Collection through Micro Merchant collaboration with Grameen Phone Platform, and Transaction process for FCY Term Loan BB refinance under Green Transformation Fund(GTF)
- Fund transfer from MFS pocket wallet (ABG Technology) to Bank Asia and vice versa, and Review of Accounting process of Bangla QR through Micro Merchant
- MFS Fund transfer from Nagad to Bank Asia and Vice Versa, and Pay Station Payment collection service through Agent Outlet Service (Conventional and Islamic)
- Prepaid meter bill collection through Agent outlet (Conventional), and Fund Transfer from MFS Rocket to Bank Asia and Bank Asia to Rocket
- Purchasing online ticket using Shohoz.com, Automation for SOD loan disbursement in Agent Banking, and Fund transfer from Bank Asia to SETS (Sundarban Express Transportation System Ltd.)

### Accounting Process Development





## ISLAMIC BANKING

|      | Deposit <i>Million Tk.</i> | Investment <i>Million Tk.</i> | Profit <i>Million Tk.</i> |
|------|----------------------------|-------------------------------|---------------------------|
| 2023 | 33,772                     | 20,972                        | 99                        |
| 2022 | 30,319                     | 15,828                        | 169                       |

Bank Asia started Islamic banking operations in 2008 with the slogan “Purity is your dividend”. This year, Islamic Banking has celebrated the 15th anniversary of its services. From the very beginning, Bank Asia Islamic Banking has been conducting all types of banking activities with utmost emphasis on ensuring the highest level of Shari’ah standards. All modern services like Visa Debit Card, SMS Alert, Internet Banking and Mobile App usage are also available for Islamic customers.

All our Islamic banking activities and products are strictly monitored by the Board of Directors and the management guided by the Shari’ah Supervisory Committee of the Bank. Our Shari’ah Supervisory Committee consists of eminent members, including distinguished jurists (Faqih experts in Islamic jurisprudence), renowned Islamic scholars, and well known professionals of the country having experience in Islamic banking.

Bank Asia occupies a special place in the history of Islamic banking in Bangladesh by introducing a very simple and most Shari’ah compliant profit sharing module, ‘Income Sharing Ratio’ or ‘ISR’. In this module, the bank offers an ISR instead of giving a provisional or fixed rate to each Mudaraba depositor. The actual profit is declared after calculation at the end of each month on the basis of income earned for the same period. This unique profit-sharing system has already gained widespread popularity among Shari’ah-loving depositors. It has already been recognized as a better Shari’ah compliant and equitable profit distribution module compared to other Islamic banking operators in the country.

Launched with a commitment to maintain purity in Shari’ah compliance, Bank Asia’s Islamic banking services are now available in the all distribution channels of the bank, i.e. in all Branches, SME Centers, SME Agri Branches through online as well as through its dedicated Islamic Windows.

Furthermore, since 2017, Islamic agent banking services have been extended to all districts across the country under the Agent Banking framework. Islamic investment facilities have also been introduced through agent outlets to achieve the country’s goal of financial inclusion.

### Key Activities in 2023

#### Introduction of new products:

- Introducing 06 new Islamic banking products in the system

#### Training & Others:

- 37 training programs for Bank officials and agent owners
- 95 Shari’ah Awareness & Islamic Banking Knowledge Sharing program.
- Conducted in house training for Conventional Officials

#### Hajj Activities:

- Collection from Pre-Registration Tk. 37.06 mln. (no. of Pilgrim 1,206)
- Collection from Registration Tk. 561.06 mln. (no. of Pilgrim 2,711)

#### Online Islamic Banking:

- Investment: Taka 5,036 Million apart from Islamic Windows
- Deposit: Taka 18,002 Million through Branches excluding Islamic Window

#### Islamic Agent Banking:

- Islamic Agent Banking Deposit: BDT 4,994 million (no. of customers 268,024)
- Islamic Agent Banking Investment: BDT 76.53 Million (no. of customers 220)
- About 3000 outlets covered for Islamic Agent Banking operations

## BRANCH OPERATIONS DIVISION

Branch Operations Division has been playing a vital role through providing the diversified support to the Branches related to the General Banking Operation. Besides, BOD has been controlling the Central Account Opening Unit, Central Sanchayapatra Unit & the Complaint Management Unit of Bank Asia.

### New initiatives in 2023

#### Module Developed

- Web based module for Sanchayapatra issuance & script delivery.
- Non-NID Account Opening Approval module.
- Digital Locker Module for Branches.
- Module to analyze Cash in vault insurance limit.
- DMS for archiving the Account Opening Forms.

#### Basic Data input project

Inputting correct e-mail address, mobile number and identity document number (NID/PP/BRC) in the previously opened accounts.

#### Branch Operational Handbook

Branch Operational Handbook for Head of Branch and Manager Operations' has been prepared to assist HOBs/MOBs to navigate the intricacies of daily operations in a branch smoothly.

#### Citizen Charter

BOD has developed Citizen Charter of Bank Asia

#### Account Opening Form (AOF) e-archiving

AOF e-archiving process started in April 2023 & archiving have finished in 25 Branches as on December 2023.

#### Revision of Operation Manual

General Banking Operation manual 2016 has been revised by BOD in 2023 and approved by the Board.

#### Formulation of different Guidelines

- Management of deceased account.
- Management of dormant & inoperative account.
- Management of account operated under mandate instruction.

#### Different Modification in CBS & development activities

- Sending half yearly Balance Confirmation Certificate & Bank Statement to the Customers e-mail address.
- Updating Uniform AOF in OMNI & Bulk A/c Opening.
- New & modified FDR receipt.
- Updated Mandate authorization form.

### Regular Activities

| Unit/Task Name                                | Volume/Amount    |
|---|------------------|
| <b>Central Account Opening Unit total</b>     | <b>28,713</b>    |
| Central Account                               | 5,237            |
| e-KYC   | 475              |
| Omni channel                                  | 872              |
| Bulk Account                                  | 20,692           |
| Non-NID Account Approval                      | 1,437            |
| <b>Central Sanchayapatra Unit</b>             |                  |
| Sanchayapatra issue (no. 8568)                | Tk. 5,637.85 mln |
| Claim payment                                 | Tk. 6,942.00 mln |
| Commission earned                             | Tk. 2.13 mln     |
| Handle customer complaints                    | 118              |
| Circular issued                               | 198              |
| Lien/Bank Guarantee reconfirmation            | 408              |
| FDR/Statement/Cert. verification              | 220              |
| Modification in CBS                           | 3,400            |
| Review of audit report of ICCD & BB           | 127              |
| Surprise Branch visit                         | 12               |
| Bangladesh Bank reporting                     | As per frequency |
| Different approval of exceptional transaction | As per frequency |

### Upcoming projects

- RM based communication between BOD & Branches.
- Branch visit in a prescribed format.
- Sending transaction alert to the e-mail address of customer.
- Correction in sundry & suspense unadjusted report.
- Marking and inputting mandate information in CBS.

# GROUP TREASURY OPERATION

In 2023, Group Treasury faced multifaceted challenges across all markets, i.e. foreign exchange, money market & fixed income security; due to various internal and cross border macroeconomic events and factors. The widening negative balance of financial account and efforts by monetary authority to contain rising inflation rate of the country had spawn both market volatility, interest risk and liquidity risk throughout the year. Although, global commodity prices were marginally stable the inflation rate across the globe including Bangladesh were still above the tolerable level. Correspondingly, central banks around the world continued increasing the policy rates including Bangladesh bank. In mid-year, Bangladesh Bank adopted market yield based pricing of assets. However, Group Treasury has ensured timely measures to facilitate bank's funded and non-funded business booking and managed both local currency balance sheet and foreign currency inflow-outflow for risk management as well as profit maximization. Group Treasury adopted diverse financial tools such as derivatives, swaps, and strategic investments. Treasury team continuously pursues for operational excellence to enhance the bank's profitability while sustaining its robust CAMELS rating.

## THREE MAJOR TREASURY WINGS & THEIR RESPONSIBILITIES

| MONEY MARKET                               | FOREIGN EXCHANGE  | ASSET LIABILITY MANAGEMENT  |
|--|---|---|
| Statutory Compliance & Market intelligence | Monitoring & Planning of Import & Export originated fund flow. NOP (Net Open Position) management.          | Balance sheet gap & profitability analysis, ALM indicators management.  |
| Investment & trading of securities         | Quoting Exchange Rates to import, export, and remittance. Advising corporates in Trade Finance Transaction. | Liquidity & Market risk management of banking book. Liaison with business units for balance sheet gap management. |
| Short term balance sheet gap management    | Interbank trading for risk management.  | Deposit-Advance mix analysis for rate fixation.   |
| Arbitrage business & earnings              | Matching & funding of foreign currency transaction.   | ALCO paper & different MIS paper preparation.   |

## FOCAL ACTIVITIES OF TREASURY IN YEAR 2023

### Balancing ALM indicator & Business Facilitation

- Ensuring un-interrupted non-funded business amid declining fcy inflow flow
- ALM discipline in all indicators were maintained
- Ceaseless interaction with Corporates for commercial business solutions.

### Earning from investment and customer portfolio focus

- Service expansion of G-SEC products to individuals and corporates.
- Capital gain and commission earning along with regular interest income from investment.

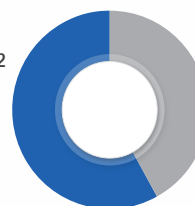
### Liquidity & Market Risk Management

- Safeguarding investment portfolio from interest rate volatility.
- Maintain net open position limit without compromising business opportunity and exchange gain.

## TREASURY BUSINESS & BALANCE SHEET IN 2023

Bank acted cautiously in commercial loan booking during the year 2023. Due to high surplus loanable fund and liquid interbank market, Treasury expanded its trading book. Previous year, Treasury handled balance sheet on an average size for amount BDT 151000 Mln, however, in 2023, the average size of balance sheet is BDT 167,000 Mln. At year end, Treasury Balance sheet size is BDT 164,015 mln which is more than One-Third of Bank's balance sheet

Average Treasury Balance Sheet 2022  
 TRADING BOOK  
**59%**  
 BANKING BOOK  
**41%**



TREASURY B/S SIZE  
**164,015 Mln**

Trading Book **97,165 Mln**  
 Banking Book **66,850 Mln**

## Money Market & Fixed Income

Throughout the year, the Money Market and Fixed Income desks remained eventful, investing funds in both primary and secondary markets to manage the excess liquidity situation. Group Treasury had been focused on deploying the idle funds in the trading portfolio, aiming to generate additional returns. The diligent efforts of the Money Market and Fixed Income teams paid off substantially, resulting in sizeable interest income and capital gains in the year 2023.

## Asset Liability Management

The year 2023 has been a challenging period for bank in ALM contexts. Due to BOP mismatch, there remains high demand for FCY for LC and outward payment. The impact created pressure on local currency market also. Meanwhile, to curb inflation, central bank indicated contractionary monetary policy and increased policy rates time to time. Benchmark yield in GSEC auctions continuously increased. Competition for deposit started amongst all commercial banks. Market-based interest rate SMART has been adopted since July 2023. The BB lifted the minimum interest cap on term deposits. Bank's ALM process under the guidance of ALCO, was always on right track in pro-active manner and prudently manage interest rate risk management of banking book. Like previous year, this year was also the year of Balance sheet management rather than expansion. Bank is well compliant in all important ALM indicators such as ADR, LCR, NSFR, Commitment, WBG, MCO etc.

## Foreign Exchange

Foreign Exchange Market volatility continued in 2023, on the back of rising interest rate in the global market, deficit in country's financial account and accumulated demand for import of commodity and capital machinery. However, Group Treasury have arranged adequate room for fresh non-funded liability booking and at the same time settled payment obligation of foreign banks and central banks. Group Treasury has explored new avenue for revenue generation by focusing on accumulation of FCY deposit of Non-resident Bangladeshis and wage-earners. By closely overseeing the Net Operating Position (NOP), the Treasury team safeguards the bank against volatile market conditions, thereby preserving its financial strength. Amid declining foreign exchange inflow, Group Treasury has ensured revenue generation from multiple fronts with minimization of risks.

## FOCUS OF YEAR 2024

- Proactive Addressing & Management of Market Risk
- Increase Presence among Local and Foreign Corporates
- Prioritize Marketing of FC Deposit Product
- Achieve higher CAMELS Rating
- Develop Trained Personnel in Branches for G-Sec Product Delivery
- Increase Treasury Deal volume both in Local and Global Market.

## INTERNATIONAL DIVISION



**Import**  
USD **1,912** million

**Export**  
USD **1,380** million



**Remittance**  
USD **125** million  
(Through Payoneer)



**Foreign Correspondents**  
**632** in **69** Countries

**Foreign Guarantee**  
USD **189** million

**Nostro accounts 31**

International Division of the bank has been playing an important role to facilitate the bank's international transactions smoothly and efficiently while maintaining regulatory compliance in all aspects. The division has its own portfolio for maximization of rebate earning, mobilization of counter guarantee business, establishment of RMA (Relationship Management Application), Offshore Banking Business in addition to facilitating foreign exchange business of the bank like credit line arrangement, add confirmation, international borrowing, and bilateral arrangements with different International agencies including IFC, ADB, ISDB, FMO etc.

### Foreign Trade

In 2023, Import business of the Bank was USD 1,912 million having negative growth of 16%. Total export business of the Bank in 2023 was USD 1,380 million with a negative growth of 23%.

### Guarantees

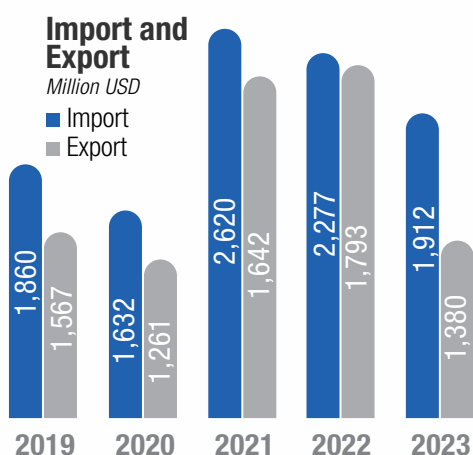
In 2023, Bank Asia has capitalized a large amount of counter-guarantee which is about US\$ 189.00 million against which our guarantee were issued in favor of different government authorities, ministries, autonomous bodies, corporations, private companies and multi-national companies etc.

### Foreign Correspondents

In 2023, our correspondent relationship (RMA) stood at 632 across the globe. Our excellent reputation in meeting our commitment and strong financials enabled us in securing Credit lines (both funded and non-funded) from Asian Development Bank, International Finance Corporation (private sector arm of World Bank Group) and other world renowned Banks. In 2023, we have obtained funded line of US\$ 10.00 million from Asian Development Bank (ADB) out of their total non-funded limit of US\$ 60.00 million and total limit with IFC (Funded + Non-funded) is US\$ 120 million and we have also obtained a bilateral funded limit of US\$ 25.00 million from Mascot Bank, Qatar.

### Nostro Accounts

At present Bank Asia maintains 31 nostro accounts in major international currencies: US Dollar, Pound Sterling, Swiss Franc, Japanese Yen, Chinese RMB, Euro & Dollar accounts under Asian Clearing Union with reputed international banks which ensure effective foreign currency management and timely payment of foreign currency commitments.



### SWIFT Operations

Bank Asia has become the member of SWIFT in 2000 in order to ensure smooth, reliable and secured financial transactions for its retail and corporate customers. Bank Asia has implemented KYC Registry, Security Attestation, Universal Confirmation, RMA Evolution, Mandatory Security Up-gradation, GPI and PCS, SWIFT Sanction Screening etc. We have migrated our SWIFT System to ISO20022.

### Online Payment Gateway Services Provider (OPGSP)

Bank Asia has established strategic alliance with PAYONEER Inc. USA. In 2023, we have earned remittance of US \$ 124.89 million through 'Payoneer'.

### Milestones of International Division

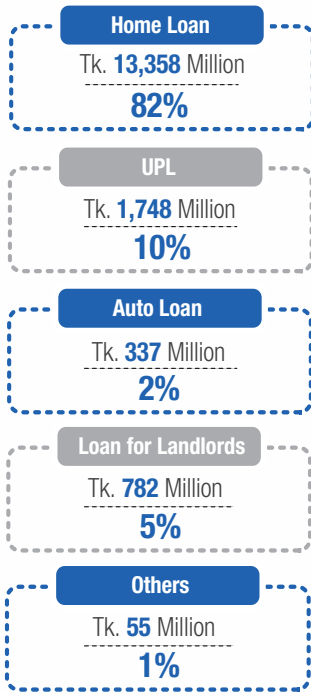
- Obtained 03 years tenor funds of US\$ 20.00 million from Muscat Bank, Oman
- Increased IFC limit upto US\$ 120.00 million including funded of US\$ 40.00 million
- Increased ADB limit upto US\$ 80.00 million including funded of US\$ 10.00 million
- Bilateral unique trade relationship for counter guarantee, remittance and LC business with Banco Sabadell, Spain, La Caixa Bank, Spain, Unicredito, Italy.
- On boarded maximum FDI customers of Bangladesh with Bank Asia, and established FDI Help Desk for priority services to FDI clients.
- System structured trade finance products for conventional and Islamic banking.
- Formation and Implementation of Trade Based Money Laundering Guidelines for the
- Sponsor of the annual event of BASIS to attract the ICT exporters.
- Automated platform for notification of overdue liability on foreign exchange products.
- Automated 31 Nostro & 03 Vosto Accounts Reconciliation System
- Automated platform for monitoring of import and export transactions of the bank.
- Established RMA over 600 international reputed banks and enjoying about US\$ 900 million Credit Line from overseas Banks.
- Establishment of CTSU for central process of foreign exchange operation of non-AD branches of the bank.
- Central Trade Processing Center (CTPC) is now under pilot phase for import operation of 04 AD Branches of the bank.

### Offshore Banking Unit (OBU)

Bank Asia has a large offshore banking business with a portfolio of over USD 159 million to meet clients' financing requirements in FCY (Foreign Currency) satisfactorily. The Offshore Banking Unit (OBU) is a separate business unit of the Bank. It provides financing facilities (on and off-balance sheet exposures) as well as takes deposits in freely convertible foreign currencies to and from person/institutions not resident in Bangladesh. Offshore Banking Unit has made a profit of USD 4.46 million in 2023.

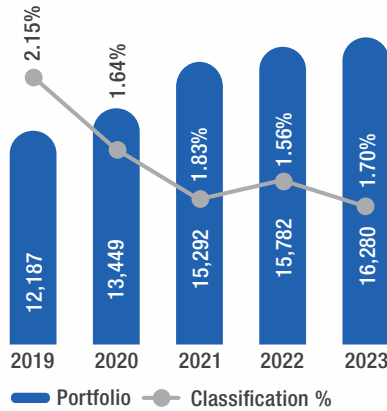


## CONSUMER FINANCE



Consumer Finance deals with retail customers and caters Home Loan, Auto Loan, and Personal Loan mostly along with other wide range of retail banking facilities. Consumer Finance plays a vital role in overall portfolio of the Bank. In the backdrop of extensively competitive and demand variable market, Consumer Finance has achieved a notable progress till December, 2023. Retail Asset Portfolio reached Tk. 16,280 million with classification of 1.70%. Consumer Finance strives to serve individuals all over the country and to achieve sustainable growth with a vision to become one of the market leaders.

### Consumer Finance



### Achievements in 2023

- Loan portfolio reached BDT 16,280 million till December, 2023
- Classification rate is less than 2.00%
- One of the leading positions regarding Home Loan portfolio among Local Private Commercial Banks
- Established 2,324 new relationship
- MoU signing with leading auto vendors
- Ongoing digitization initiative named: "GHORE BOSE RIN NIN" - a complete Online Loan Application Module

## FOREIGN REMITTANCE

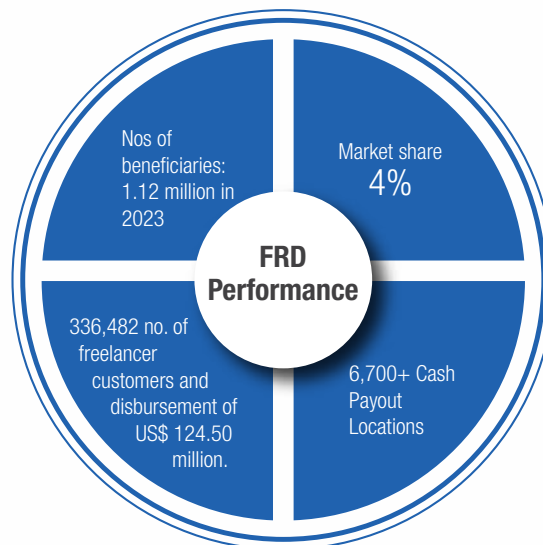
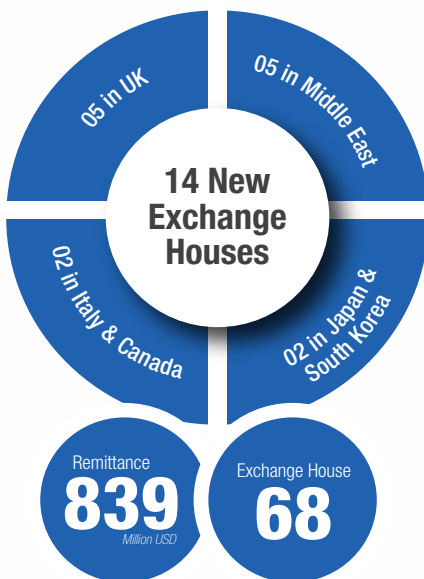
Under the backdrop of declining foreign exchange reserve, remittances have become even more important as a source of foreign currency to feed the ultimate demand of import payment. To mitigate disruptive fluctuation in the foreign exchange market, Bangladesh bank opted for a gradual approach, allowing market forces to determine the exchange rates, adopting the prevailing interbank exchange rate announced by Bangladesh Foreign Exchange Dealers' Association (BAFEDA) for foreign exchange transactions.

By contrast, migration flows are at record levels in recent history but remittance flow did not follow the same trend due to gap between the formal & informal channel exchange rates.

As a compliant bank, Bank Asia follows BAFEDA & ABB prescribed fixed Exchange Rate policy while collecting the funds from MTOs' for ensuring smooth supply of foreign currencies to the bank.

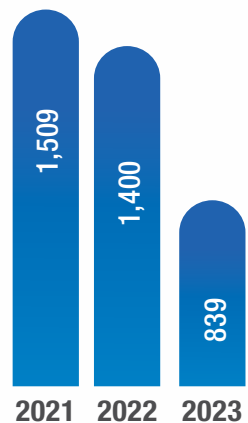
### New Exchange House on boarded in 2023

Although the rate is not favorable for the remittance growth during the year 2023, Bank Asia aims to connecting Bangladeshi wage earners' among worldwide partner exchange houses. To make the vision reality, Bank Asia has tied up with 14 new exchange houses in 2023 in the corridor like KSA, UAE, Bahrain, Jordan, Japan, Canada & UK.



### Inward Remittance

Million USD





## CARDS

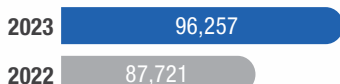
Bank Asia's Credit Card is very much popular in the industry because of its multifaceted featured and benefit, such as cashback, rewards, discounts on shopping and dining, access to exclusive events and promotions and many more. Since its inception in 2006 then the department has passed many years with success and created a strong position in the competitive market of the country. For a wide spectrum of customers, Bank Asia's Credit Card offers a variety of enticing value-added services and diversified products that helps to become a major revenue generating hub of the bank.

The state of the art Value Added Services are: Easy buy, Hospital Bill EMI, Buy One Get One Free (BOGO) Facility, Any POS Purchase EMI, Protocol Service Facility, Lounge Facility in Abroad, Balaka Lounge Facility, Reward Point, Green PIN etc.



### Business Performance

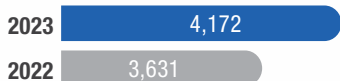
#### No. of active Cards



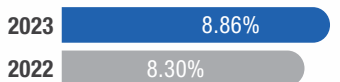
#### Profit Million Taka



#### Loan & Advance Million Taka



#### Classified Loan



### VISA

- Visa Signature Credit Card (with Priority Pass)
- VISA Platinum Credit Card (with Priority Pass)
- VISA Gold Credit Card
- Virtual Card
- VISA Classic Credit Card
- VISA Prepaid Hajj Card
- Gift Card

### MASTER & OTHERS

- Mastercard World Elite (with Lounge Key)
- Master Titanium Credit Card (with Lounge Key)
- Master Gold Card
- Master Silver Card
- Shadhin Card
- Prepaid Travel Card

LankaBangla Card Cheque

### ACTIVITIES IN 2023

**Be My Guest-2023:** The most successful campaign of this year is "Be My Guest 2023" sales campaign for all branches of Bank Asia where the remarkable number of branches and employees participated to make credit card portfolio large.

**0% easy buy on electronics Products and Tourism:** To facilitate the customers for purchasing product and payment through installment with 0% interest rate by credit card, Easy buy offer is playing magnificent role for enhancement of the usage of credit card day by day.

**5% EMI campaign by using Bank Asia Credit Card in any hospital POS:** 5% EMI campaign by using Bank Asia Credit Card in any hospital POS.

**10% Cashback offer for World Cup Campaign 2023:** 10% cash back offer for dine bill and New Television purchase in the occasion of the World Cup Campaign 2023.

**20% Discount and 7% Cash Back Offer:** Lots of new merchants added in this year 2023

**7% Cashback offer for grocery shopping and Medical Service:** 7% Cashback offer for grocery shopping and Medical Service from selected out lets.

**Buy One Get One Free (BOGO) Offer:** To dine with Bank Asia Signature, Platinum & Titanium credit card, Buy One get One free (BOGO) offer is introducing customers at renowned restaurants.



'Be My Guest-2023' Reward Distribution Ceremony

## CREDIT RISK MANAGEMENT DIVISION

Credit risk is the most significant risk banks are exposed to. Hence, CRM endeavors to risk-adjusted returns keeping exposures within the acceptable risk parameters. In the context of growing NPL in the country's banking sector, key focus of CRM is to maintain NPL at the minimum level. With a view to achieve this objective, Credit Risk Management (CRM) Division of Bank Asia strives for best underwriting practice.

Furthermore, CRM Division endeavors to ensure faster disposal of credit proposals, combat credit backed money laundering and ensure effective allocation of Green & Sustainable Finance.

### Key achievements in 2023

#### ● Updating Bank's Credit Policy:

To cope up with the changing business environment, updating of bank's credit policy is essential. In this backdrop, revision of bank's credit policy is at the final phase. Major focus is to revisit the policy to maintain a healthy credit portfolio of the bank complying regulatory guidelines.

#### ● Skill Development of Credit Officers:

With a view to establish excellence in underwriting standard having an expert underwriting team is the core of this objective. Bank Asia CRM put emphasis on continuous training & development of its underwriting team. Last year, 3-week long training program arranged for the credit officers which extensively covers credit approval functions.

#### ● Expansion of Technology Driven Platform (OCAS-Diganta) for Quick Disposal of Credit Proposals:

CRM aims to expand credit proposal processing through Technology Driven platform instead of paper based credit proposal. In 2023 total 23,502 nos. of proposal amounting to Tk. 14,805.13 million were processed through digital platform.

#### ● Emphasis on Sustainable Finance:

CRM always gives emphasis on the Environmental & Social Risk aspects of the finances. We are committed to make a positive mark on the environment & social wellbeing through our Green Banking activities as well as the projects we finance. Under Sustainable Finance (including Green Finance), we financed in different sectors i.e. Renewable Energy, Energy & Resource Efficiency, Liquid Waste Management, Green/Environment Friendly Establishments, Circular Economy, Green CMSME, Sustainable Agriculture, Sustainable MSME, Socially Responsible Financing etc. In 2023, we financed to 182 numbers of borrowers under Green Finance amounting to Tk.2,634.23 million and to 96,579 numbers of borrowers under Sustainable Finance amounting to

Tk.53,170.77 million. In 2023, 25% of the Bank's total Loans & Advances is under Sustainable Finance.

### Action plan for 2024:

#### ● Visiting Borrowers:

CRM will put more emphasis on physical visit to borrower's factory, sales outlet, warehouse/stocks to have more insight of borrower's business position which ultimately help to take more informed decision making.

#### ● Faster Disposal of Credit Proposals:

Turnaround time for proposal disposal to be reduced through field visit, training & development of credit officers and expansion of technology driven platform etc.

#### ● Portfolio Diversification:

Credit concentration is one of the most apprehended issues in underwriting. To avoid any sort of credit concentration, CRM shall focus to diversify bank's credit portfolio in various sector, borrowers, geographical location etc.

#### ● Portfolio Monitoring:

Loan portfolio may turn to be delinquent due to inadequate monitoring and follow-up despite having strong credit approval process. In this backdrop, CRM will strengthen portfolio monitoring for early indication of deterioration of borrower's financial health and take appropriate & proactive measures to keep the portfolio intact.

#### ● Credit Policy Review & Industry Analysis:

As a regular course of action, it is an integral part of the Division to review the existing credit policy of the Bank and modify the policy in accordance with the changing perspective of economic situation and diversified risk parameters inherent in the credit appraisal process.

#### ● Skill Development of Underwriting Team:

Skill and work force development is an ongoing process for better performance of credit underwriting team. To make familiar with contemporary technologies and ideas, year round skill development and specialization programs shall be implemented.



### Sustainable Finance Target

Tk. **39,063** million

Achievement

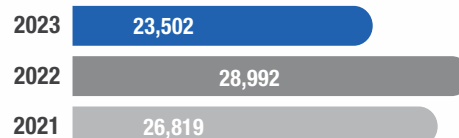
Tk. **53,171** million  
**136%**

### Expansion of Technology Driven Platform for Quick Disposal of Credit Proposals:

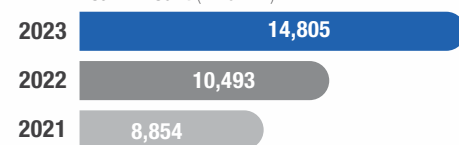
Technology driven loan processing (OCAS-Diganta) helps to reach highest scale every day. Performance of the system is given below:

| Portfolio | 2021           |             | 2022           |             | 2023           |             |
|-----------|----------------|-------------|----------------|-------------|----------------|-------------|
|           | Proposal (no.) | Loan amount | Proposal (no.) | Loan amount | Proposal (no.) | Loan amount |
| SME       | 8,414          | 6,858.20    | 8,819          | 7,569.84    | 6,591          | 7,669.15    |
| Retail    | 2,106          | 1,182.78    | 2,841          | 1,859.68    | 2,985          | 6,130.95    |
| Agri      | 16,299         | 812.79      | 17,332         | 1,063.31    | 13,926         | 1,005.03    |
| Total     | 26,819         | 8,853.77    | 28,992         | 10,492.83   | 23,502         | 14,805.13   |

#### Total Credit Proposal no.



#### Loan Amount (Million Tk.)



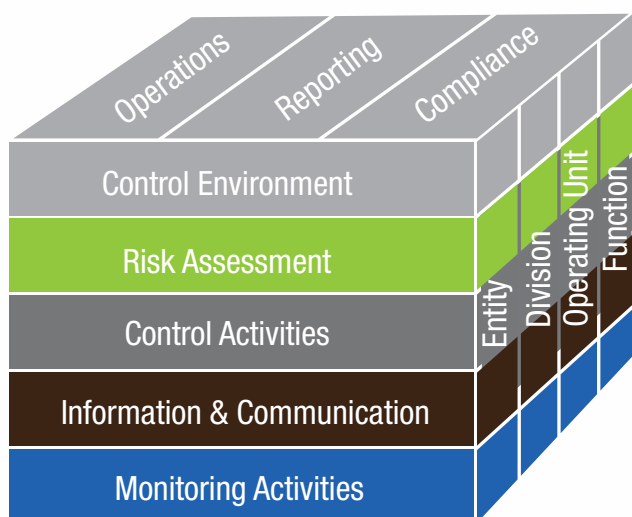
# INTERNAL CONTROL & COMPLIANCE

## Internal Control System

Internal Control is the process effected by a company's Board of Directors, Management and other personnel as per regulatory guidelines, 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 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.

## Internal Control Environment

Effective internal control and compliance system has become essential in order to boost effective risk management practices and to ensure smooth performance of the banking industry. Thus, the internal control system of the bank must be designed in a manner that the compliance with regulatory requirements is recognized in each activity of the bank. Therefore, 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).

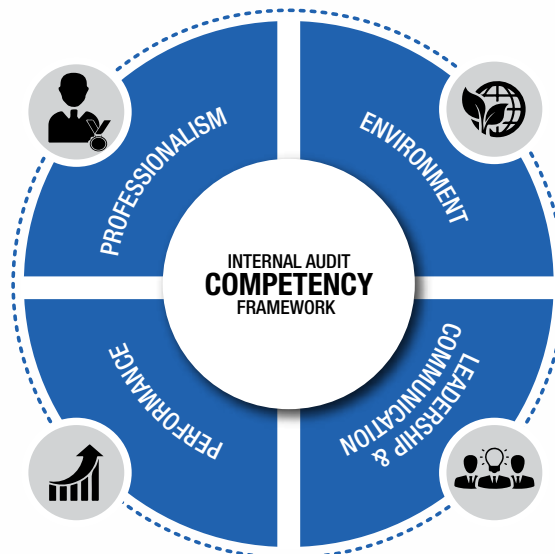


ICCD of Bank Asia follows the 17 COSO Principles including 5 Components to adhere to its objective. Adoption of this Framework helped ICCD run a flexible, reliable and cost-effective approach of internal control systems to achieve operational, compliance, and reporting objectives.

## Structure of Internal Control & Compliance Division

In order to establish the efficient, effective and compliant internal control system in the Bank, Internal Control & Compliance Division segregated its functions into 03 (Three) separate departments:

- Audit & Inspection Department;
- Compliance Department and
- Monitoring Department.



While carrying out the assigned jobs, the Audit & Inspection Department of ICCD complies the Internal Audit Competency Framework of the Institute of Internal Auditors (IIA), which serves as an effective onboarding tool for the both Audit Team Members and Leaders to continuously upgrade themselves with the evolving changes or skill required.

## Audit & Inspection Department

Audit & Inspection Department emphasizes on the bank has moved forward from comprehensive transaction testing to risk based prioritized audit areas and proper resource allocation in line with the risk assessment. While focusing on effective risk management and controls, risk-based internal audit of Bank Asia PLC. is not only offering suggestions for mitigating current risks but also anticipating areas of potential risks and playing an important role in protecting the bank from various risks.

### Key Activities of Audit & Inspection Department in 2023:

- Completed the Audit & Inspection tasks of 135 Branches, 05 Islamic Banking Windows and 22 Corporate Office Divisions/ Departments including subsidiaries.
- Completed ICT/IS Audit on 22 Branches & Corporate Office Divisions/Departments.
- Conducted Audit on 05 Core Risks of the Bank.
- Conducted Shari'ah Audit on 87 Branches.
- Conducted Special Audit/Inspection on Anti-money Laundering issues of 14 Branches.
- Besides, Internal Control & Compliance Team of Channel Banking conducted Audit/Inspection tasks on 768 Agent Outlets and related 11 different Units/Departments of Agent Banking in the year 2023.

## Compliance Department

The Compliance Department of the ICCD ensures timely and proper compliance (both internal & regulatory) with the relevant laws, regulatory instructions/circulars/guidelines and internal policies and procedures in banking operations. Compliance Department is entrusted to ensure that Bank complies with all regulatory requirements while conducting its business. This Department also ensures adequate and effective oversight on evolving changes in business climate and regulatory requirements.



### Key Activities of Compliance Department in 2023

- Ensured compliance of 135 Branches, 05 Islamic Banking Windows and 40 Corporate Office Divisions/Departments.
- Submitted 183 compliance reports to the Bangladesh Bank against their 77 inspection reports.
- Compliance Tests (On-site & Off-site) were conducted on all 135 Branches & 05 Islamic Banking Windows of the Bank.
- All Compliance Functions have been adequately documented and reported on a timely basis to the appropriate level of Management and the Audit Committee of the Board.

### Monitoring Department

The Monitoring Department of this division monitors effectiveness of the Bank's internal control system continuously through off-site supervision, follow-up on compliances and regularization of deficiencies that are detected through different off-site reports, on-site monitoring, scrutinizing QOR, LDCL, DCFCL, Half-yearly Self-Assessment of Anti-Fraud Internal Controls, Self-Assessment of AML etc.



### Key Activities of Monitoring Department in 2023

- Monitored 135 Branches & 05 Islamic Banking Windows through 212 Off-site Reports.
- On-site Monitoring and Surprise Visit conducted on 07 Branches.

- Reviewed 287 nos. of Credit Proposals and identified lapses were submitted to the EC of the Board and Board of Directors with ICCD Opinion.
- Prepared 339 exception reports on Control Tools and communicated with the concerned Branches/Centers/IBWs for due compliance.
- Prepared Bank's Annual Integrated Health Report 2022 and duly submitted to Bangladesh Bank.
- All Monitoring Functions have been adequately documented and reported on a timely basis to the appropriate level of Management and the Audit Committee of the Board based on the gravity of the issues.



### Audit and inspection covers

- 135 branches
- 05 IBWs
- 22 Corporate Office Departments
- 768 agent outlets
- 11 Different Units of Agent Banking



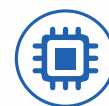
### Monitoring

- 212 off-site reports
- 339 exception reports



### Special Audit on Anti-money Laundering

- 14 Branches



### ICT/IS Audits

- 22 Branches and corporate office division/departments



### Shariah Audit

- 87 Branches



### Compliance Test

- 135 branches
- 05 IBWs
- 40 Corporate Office Divisions/Departments

### Evaluation of Effectiveness of Internal Control

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. Internal Auditors conduct comprehensive audit on the internal control system of the Bank. The significant deficiencies identified by internal audit team are reported to the Audit Committee of the Board.

### Outlook for 2024

- Implementation of Audit, Monitoring and Compliance Plan for the year 2024.
- Detection of Irregularities, Malpractice, Fraud-Forgery, Operational Loss/Error (if any).
- Find out the potential threats/risks in Banking.
- Ensure timely submission of all regulatory returns.
- Arrangement of frequent Training/Learning Session on recent reforms for the Officials of ICCD.
- Automation of the Audit, Monitoring and Compliance tasks.



# INFORMATION AND COMMUNICATION TECHNOLOGY

Information Communication Technology plays a vital role in Bank Asia digital transformation. One of the utmost priority of Bank Asia PLC. is Customer satisfaction. For ensuring efficient & Smart service to the customers, Bank Asia has been adopting the next generation, market competitive and latest secured technology. This ensures establishment of a robust, faster and uninterrupted banking service. Advancements in banking technology are revolutionizing the way financial services are delivered and Bank Asia is setting a goal & continuing in-line with the world standard of digital financial service.

### KEY INITIATIVES DURING 2023

#### Database Consolidation & Optimization

Considering the current business growth, latest technology adoption Bank Asia has implemented oracle Exadata solution where there is consolidation of core database, server, storage & network environment in a single platform. As a result, customers are getting optimum performance, smooth accurate and secure banking services.

#### Cyber Security Management

Bank Asia always believes & maintain cyber security culture. For protecting cyber-attacks and customer information, Bank Asia has achieved and maintaining top three international standard, ISO 27001-2 (ISMS), PCI DSS v4.0, ISO 22301 (BCMS). To continue & maintain cyber security culture Bank Asia has already been successfully conducted cyber security awareness training to all employees.

#### Nikash Ghar

Bank Asia is the first bank who implemented and successfully done Nikash system with full integration with Bangladesh Bank. It will reevaluate revolutionize the way Bangladesh Electronic Fund Transfers Network (BEFTN) are carried out in Bangladesh. Nikash system was developed by Bangladesh Bank clearing house internally. It has handle various credit transfers, including payroll, foreign and domestic remittances, social security payments, company dividends, bill payments, corporate payments, government tax payments, and person-to-person payments. Additionally, it accommodates debit transactions such as utility bill payments, insurance premium payments, club or association payments, and equated monthly installment (EMI) payments.

#### Enhance Network Security

To secure network environment & compliance BYOD (Bring Your Own Device) policy, bank has implemented network access control solution. As a result, own (personal) or unregistered devices cannot access in Bank Asia network without admin permission.

Secured Core Network System: Bank Asia has implemented multilayer network security environment where NG Firewall, Core Firewall, web-application firewall, email security gateway, web security gateway. As a result, protect phishing and spam attack, malware, spam, denial-of-service attacks etc. Also as per the PCI-DSS recommendation network ATM network and Branch network have been segregated from the same network (ATM and Branch). It will improve the access control for both external and internal network security and improve performance due to less congestion in network traffic.

### DIGITALIZATION & DIGITAL TRANSFORMATIONS

#### Green Banking Initiative

We have implemented Document Management Solution (DMS) for paperless office environment. All hardcopies have been scanned and digitalized. This resulted in, easily accessibility of necessary documents, increased accuracy, faster decision making, and enhanced security, maintaining confidentiality & integrity and availability (CIA).

#### Digital Nano Loan

Instant loan process, Bank Asia have introduced Digital Nano Loan Apps. Digital Nano loans can provide access to financial services for individuals who are traditionally excluded from the formal banking sector. Many low-income individuals lack the necessary credit history to secure loans from traditional banks. By leveraging digital platforms and alternative data sources, Nano loans can be provided to these individuals, allowing them to meet their immediate financial needs.

#### Enhance Cyber Security for Anti Money Laundering (AML) platform

Bank Asia has developed rule based alert monitoring systems for risk, fraud and transactions monitoring. Analyzed transactions identify patterns and anomalies that may indicate potential money laundering or other illicit activities, enabling early detection and intervention.

#### Islamic Centralized Trade Service System Platform

Bank Asia has implemented Islamic CTSU to provide faster response times, better coordination for Islamic Banking Trade Finance Customers. It reduces duplication of efforts, and eliminates silos, leading to more efficient operations and enabling better risk management and decision-making.

#### Open Banking Platforms & FinTech

Bank Asia has made many collaborations with FinTech companies, MFS like Nagad, bKash etc. and exchange houses using our Open Banking Platforms through API development. Bank Asia is the first bank in Bangladesh who has the connectivity of SWIFT for account pre-validation worldwide.

## ALTERNATIVE DELIVERY CHANNEL (ADC)

Alternative Delivery Channel (ADC) provide different modern technology based financial services without relying on bank branches & Agent Outlets. We have implemented various alternative delivery channels such as ATMs, CDMs, CRMs, POS devices, Debit Cards, Internet Banking, Mobile App, SMS Banking, A-Challan, E-GP Service, E-commerce & E-Banking Solution, Bangla QR, E-payment solution 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 ADC channels, bank can get faster access to the competitive market and customers can enjoy instant access to bank's products and services anytime anywhere (24/7).

### Online Payment System or E-Payment Solution



Total Number of Transaction  
**27 Million**

BDT Amount  
**18,589 Million (approx.)**

Bank Asia has developed the solution which verifies and processes with a verity of secured transaction instruments for Payment of Member/ Student fees of different institutions, Utility 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 KGDCL (Karnaphuli Gas Distribution Company Limited), MetLife Alico (American Life Insurance Company), Pragati & Sandhani Life Insurance Company Limited, ICMAB (Institute of Cost and Management Accountants of Bangladesh), ICAB (The Institute of Chartered Accountants of Bangladesh), SGCL (Sundarban Gas), BGDCL (Bakhrabad Gas), Postpaid bill collection of DESCO, DPDC & NESCO, Ekpays (Unified Utility Bill Collection-a2i), bKash (Instant Fund Transfer Facility), bKash bulk disbursement, Nagad (Instant Fund Transfer to Nagad), Akash DTH, ACI Motors bill collection, Online Tuition Fees Collection of East West, Green & Uttara University & for different types of payment collection. We have received more than 27 Million number of transaction where BDT amount 18,589 Million (approx) from customers through all of our Branches/Agent Outlets including ADC channels.

### ATM, CDM & CRM Service



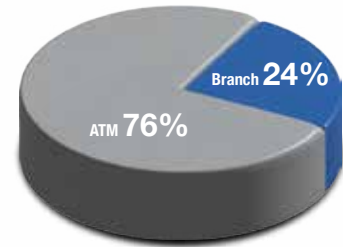
Own ATMs  
**217**

CDM's  
**35**

CRM's  
**4**

Shared ATMs  
**14,000+**

To have access banking services round the clock, Automated Teller Machine (ATM), Cash Deposit Machine (CDM) & Cash Recycling Machine (CRM) are excellent channels. ATM, CDM & CRM provides banking services to its customers 24 X 7 in 365 days a year. Through our ATM, customer can access withdrawal, Balance inquiry and mini statement facility. 74% cash transactions of Bank Asia are done through the vast network of 217 own ATMs, 35 CDMs, 4 CRM's and more than 14,000+ shared ATMs all over the country. Our bank is planning to invest continuously in a bid to increase and widen its ATM network significantly.



### E-Commerce & E-Banking Solution



Total Number of Transaction  
**755,457**

BDT Amount  
**5,845 Million (approx.)**

Bank Asia has spearheaded initiatives to enhance the 'E-Commerce' facility for its valued customers, positioning the bank as a trusted payment partner. Currently, Bank Asia account holders are engaging in various E-Commerce transactions, including purchasing e-tickets for buses, trains, airways, cinemas, and movies, as well as mobile recharge, hotel booking, and various service bills including hospitals, advertisements, passport, govt. services, utility bills, online shopping etc. using Internet Banking, Debit/Credit Cards at low costs, anytime and from anywhere.

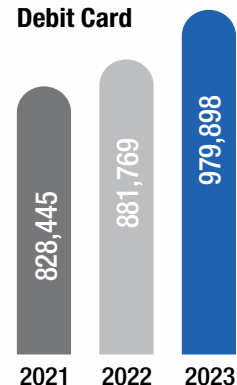
These initiatives have resulted in over 755,457 successful transactions, totaling approximately BDT 5,845 million, executed seamlessly through the mention channels in the year 2023.

### Debit Card

Bank Asia have introduced EMV chip Card for minimizing payment card-related fraud and securing 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. We have introduced MasterCard Platinum Duel Currency Debit Card for our customers.

- 979,898 VISA debit cards are against Savings and Current account.
- Card holders are able to purchase in 60,000+ VISA enabled POS machines in various merchant locations all over Bangladesh.
- Automation of New Issuance, Replacement, Activation and PIN request of Debit & Credit Cards which have reduced the average service providing time significantly.
- The step by step automation process has already saved 490,000 pages and 100,000 courier service delivery cost.

#### Debit Card



## Directors' Report

### ALTERNATIVE DELIVERY CHANNEL (ADC)

#### Internet Banking



Total Number of Internet Banking User **306,872**

Bank Asia's Internet Banking (My Banking) is user friendly & 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 bills payment, standing

instruction, stop & view cheque status and mobile recharge facilities etc. 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 already introduce dual factor authentication (2FA) through OTP for all internet based transactions. Now the total Internet Banking users are more than 306,938.

#### Bank Asia SMART APP



Total SMART App User **425,531**

Total Transaction **1,069,383**

BDT Amount **17,396** million

Bank Asia has introduced a modern technology based 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 a wide range of financial services. The Smart Banking Solution offers vast banking services such as fund transfer, EFTN, NPSB, utility

bills payment, standing instruction, statement view, stop & view cheque status and mobile recharge facilities.

Till end of 2023, total Mobile App user of Bank Asia is 425,531 which are increasing day by day. More than 1,069,383 number of transactions amounting BDT 17,396 million (approx.) have done through this Mobile App.

#### E-Procurement System



Total Number of Services **15,105**

Total Registered Branch **119**

Bank Asia has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the meantime, customers have received around 15,105 services from our bank with their utmost satisfaction.

#### A-Challan



Total Number of Passport & other Challan Payments **153,359**

BDT **9,139** Million (approx.)

The Government of the People's Republic of Bangladesh has introduced Online Banking Payment systems, "Automated Challan System" to collect different types of payment. For digitalization of this service, Automated Challan System (A-Challan System) has been introduced for online submission of various government service fees.

#### POS Operation

Total Number of POS Terminals **3,170**

To strengthen digital banking services, Bank Asia's ADC Department has successfully deployed over 3,170 POS terminals, as Micro ATMs, across various locations such as Branches, Bangladesh Post Offices (BPO), Agent outlets, and RMG agent points. This initiative ensures secure and affordable transactions at the doorstep of common people. Notably, the user-friendly interface and robust security measures have contributed to the gradual increase in the adoption of digital banking services. Currently, services such as Cash Advance and Balance Inquiry through Bank Asia Cards are available. Further enhancing process for accessibility and convenience for customers are continuing.

#### NPSB Bangla QR



Bank Asia proudly launched the NPSB Bangla QR Issuing & Acquiring services on January 18, 2023. This innovative payment collection method ensures secure person-to-merchant (P2M) transactions via a simple QR code, leveraging the NPSB (National Payment Switch of Bangladesh). Mobile app users from NPSB-Bangla QR listed banks and MFS/PSOs can conveniently make payments using Bank Asia QR codes. The NPSB Bangla QR service is a significant revenue opportunity for the Bank as well as it is an efficient and cost-effective payment solution for businesses and consumers alike.

#### Contact Center



Contact Number **09617016205**

Short Code **16205**

Centralized Contact Center solution is also available through this number 09617016205 in addition with 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 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.

## FINANCIAL INCLUSION & FINANCIAL LITERACY DEPARTMENT



### Services Reached

**57** district

**410** Upazillas



### Beneficiaries

**4,447,540**  
people



### SSN Beneficiaries

**3,091,875**  
people




Ekti Bari Ekti Khamar (EBEK) scheme is a long term social plan based on cooperative societies adopted by the Government of Bangladesh. Under this project, initiatives have been taken to improve the socio-economic conditions of the rural population by making the poor families of the village as economic units. Through this project, we embarked on an operation called 'EBEK Operation and Social Payment' at Bank Asia since 2012 and successfully accomplished in 2021. The name of the department was renamed to 'Financial Inclusion and Financial Literacy Department' in 2019. From the concept of this project, agent banking was established in Bangladesh which is now operating with nationwide reputation. Financial Inclusion Department is managing their activities in 3,252 unions of 410 upazillas under 57 districts of the country through Digital Center Agent Banking and Social Safety Net payment collaboration with Government.

**Digital Center Agent Banking** The development of countries cannot be achieved fully without the development of the rural community. In Bangladesh about 72 percent of total population lives in the rural areas (World Bank report-2012). Having this realization government of the people's republic of Bangladesh has undertaken a project to transform Bangladesh into a "Digital Bangladesh" by the year 2021 to provide government services at the door of the rural grass root people. The concept of Digital Bangladesh aims to introduce a system which enables public services to reach the people instead of the people going to seek services. For this purpose, now Bangladesh Government has launched Union Information and Service Center (UDC) in all 4,578 unions across the country to disseminate information and deliver government services to all citizens.

| Indicator             | 2023      | 2022      |
|-----------------------|-----------|-----------|
| No. Of Digital center | 3,252     | 3,128     |
| No. of Account        | 4,447,540 | 3,881,785 |
| Deposit in Mln BDT    | 15,500    | 13,701    |
| Loans in Mln BDT      | 685       | 602       |
| Remittance in Mln BDT | 4,451     | 7,487     |

**Social Safety Net** To collect the monthly allowance that the government sends as social safety net allowance (SSN), citizen-beneficiaries have to travel long distances to the nearest state-owned bank branch, spend hours standing in line. Factoring in the cost of travel and food alone, they spend over 14% of the allowance before they even receive it. a2i, in collaboration with the Ministries of Social Welfare, Finance, and Bangladesh Bank, developed the 'Citizen's Choice Architecture' for digital payments of SSN Programs – such as elderly allowance, allowance for widow and destitute women, allowance for financially-insolvent disabled people. Guided by the 'AIM Principle' (Account + Identity = Mobility), it allows for the disbursement of allowances at accessible cash-out points at the union level (the lowest administrative tier comprising 9 villages), or even at the homes of the elderly or persons with disability.

Citizen-beneficiaries simply walk a short distance to the nearest Digital Centre or agent banking booth, and using biometrics under the supervision of the local entrepreneur or, business correspondent appointed by an agent bank, cash out their allowance from their own full-service bank account that is tied to their unique national ID number.

|   |   |   |
|---|---|---|
|  | Old aged allowances                             | Disable allowances                            |
|   | Widow, deserted & destitute women allowances    | Stipend for disable allowances                |
|   | Bedye allownaces                                | Hijra allowances                              |
|   | Stipend for Bedye Community                     | Stipend for Hijra Community                   |
|   | Lifestyle development of Unprivileged Community | Lifestyle development of Tea Worker Community |
|   | Stipend for unprivileged Community              | Rohingya Caregiver                            |
|  | Maternity & Lactating Mother allowances         | Vulnerable Group Development (VGD) Program    |
|  | National Payment Service Program                |   |
|  | RLP 3rd Phase, BRDB                             |   |



SSN payment from agent outlet.



## AGENT BANKING

Bank Asia pioneered in Agent Banking has observed a decade of financial inclusion and contribution to digitization of mass level banking services in Bangladesh following Bangladesh Bank induced policy and guidelines. In last 10 years agent banking opened up avenues for millions to get access to banking services truly at doorsteps and become financially empowered. This unique tech-based specialized banking service turned very popular among general people living remote rural geographical locations. More than 6.38 million unbanked people have been included in the bank's agent banking network of 5051 agent outlets across the country. Bio-matric device, facial recognition for customer identification and e-kyc for customer onboard and many other multifaceted innovations introduced in its digital operation system made transactions easy and convenient for customers.

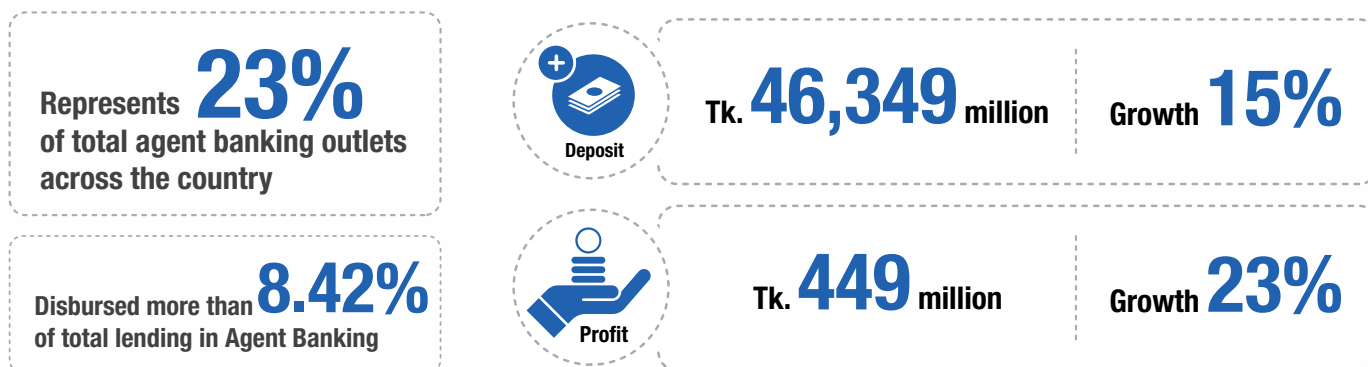
Under this channel Bank Asia Agent Banking introduced, for the first time in Bangladesh, Near Field Communication (NFC)-enabled 'A-Card' for crop farmers and 'Fish-Card' for aquaculture farmers to facilitate them easy and smooth access to loan services. These cards help farmers get sanctioned loan amount in their card, and purchase inputs from nearby registered merchant points.

The gender gap in financial inclusion that Bangladesh considers as a runaway train poised to a positive boost up in agent banking platform. More than 64% customers of Bank Asia Agent Banking are female. It is mentionable that about 75% of women in Bangladesh are unbanked although they are increasingly literate and employable, and they are considered to be a major part of financial inclusion.

Agent Banking of Bank Asia paved way to bring together other banks to onboard more than 21 million unbanked population in this network where about 50% of the customers are women who didn't have previous bank account and had no opportunity to get access.

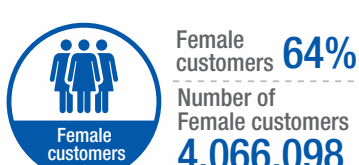
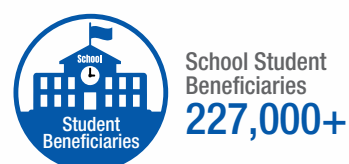
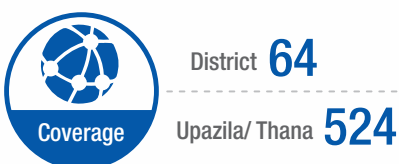
Agent Banking serves more than 3.0 million Social Safety Net (SSN) beneficiaries through its countrywide network that include, Individual Agent, Union Digital Center (UDC), City Digital Center (CDC), Digital Post Office (DPO) and Micro-merchant. So receiving SSN payment is no longer a trouble for the beneficiary rather it turned a convenient experience for the beneficiaries living any geographical locations of the country. Even more than 227,000 school students are availing financial services through these channels.

### Bank Asia's performance in the industry



**Digital Nano Loan:** Bank Asia Agent Banking introduced Digital Nano Loan to facilitate lending facilities for all segments of Individual Customer by using Bank Asia Smart App. Any Bangladeshi national can apply for loan, ranging from Tk.500 to Tk.50,000 upto 6 month to meet their sudden or urgent miscellaneous personal expense by using Smart App from at any geo-location of the country.

**Partnership:** Bank Asia Agent Banking so far signed 68 agreements in different capacity with national & international partners including UNDP, USAID, UNCDF, Swisscontact, Bill & Melinda Gates Foundation, and Metlife Foundation under the bank's grant-based partnership. Major focus area of the cluster outreach under partnership include agriculture, MSME and Industrial workers (RMG). Since 2016 the Bank received Tk.248 million



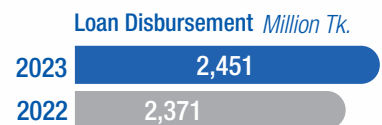
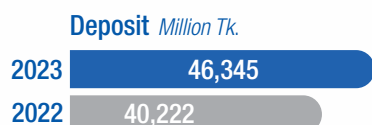
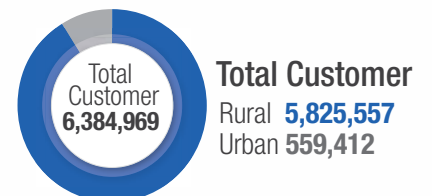
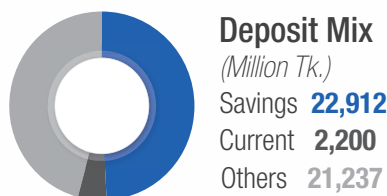
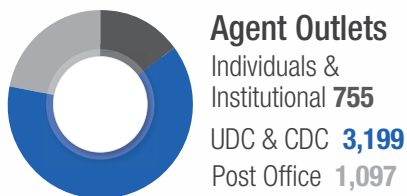
grand for capacity building, create awareness among customers, registering women entrepreneurs, network expansion and new service and model piloting. Around 700,000 customers have been onboard in agent banking channel under the partnership initiative. Therefore, Bank Asia has been working on strengthening Women Empowerment through financial inclusion of women customers and ensuring access to finance supported by Bill & Melinda Gates Foundation.



MoU signing ceremony

**Sustainable Development Goal:** Agent Banking of Bank Asia carried out a wide spectrum of activities in last one decade which directly and indirectly contributed to achieve Sustainable Development Goals (SDGs). The contributed areas include gender equity, reduced inequalities, good job and economic growth, no poverty, no hunger, innovation and infrastructure, climate change, life below water, life on land and partnership for the goals.

**Achievement:** Bank Asia has been crowned as Honorable Mention in the '2nd Bangladesh FinTech Award 2023' organized by Bangladesh Brand Forum, recognizing the bank's innovation (Digital Lending FinTech Innovation category of the year) of Digital Nano Loan which facilitates micro lending opportunities to borrowers. In this award the Bank's instrumental role in achieving the SDG goals specially 'innovation and infrastructure' also recognized.



## PAYMENT SERVICE DEPARTMENT (PSD)



### Daily Average Transactions

No. **58,227**, BDT **8.29** Billion  
Growth **7.2%**

Bank Asia offers all types of banking Payment Services i.e. BACPS, BEFTN and RTGS from any of its service units including Branches, Sub-Branches, Agent Points, SME Service Centre, Islamic Windows and Credit Card Department etc. Payment Service Department (PSD) is following Decentralized Outward and Centralized Inward model in all units with reliant less effort to ensure secured, smooth, fast and reliable Inter-bank payments and settlements.

### KEY ACHIEVEMENTS IN 2023

- Electronic fund transfers now possible in 3 sessions through the Nikash-BEFTN software and Bank Asia made history by initiating the first transaction in Nikash-BEFTN on 12th November, 2023; this was highly appreciated by Bangladesh Bank.
- RTGS Transaction is now possible from Net banking and Smart App

### TRAINING & DEVELOPMENT IN 2023

- Conducted total 02 Training sessions at Bank Asia Training Institute on BACH, BAFTN operations and guidelines for total 50 employees. The programs were organized on September and October 2023.
- All circulars regarding PSD are made available on BA Archive module.

### STRATEGIC PLANNING FOR 2024

- NIKASH-BACPS system is in the implementation process as per guideline of Bangladesh Bank
- Customer Integrity Management System (CIMS) for better establishment of customer security, integrity in banking system
- Enhancement of Compliance through continuous Automation.

## BACPS

### Daily Average Transactions

No. **5,719**,  
BDT **411** Crore

PSD is involved with BACPS operation. Accuracy of work is reflected in our transactions as PSD received 40% less complaint in 2023 compared to our complaint against other banks. Several system related updates introduced for improving resiliency and dependency. Sub-branches are now under BACH operation.



## BEFTN

### Daily Average Transactions

No. **50,489**,  
BDT **114** Crore

BEFTN transactions from and to single or bulk transactions is still growing rapidly. PSD is now working on load balancing and capability. Individual account holders are also enjoying BEFTN facility through branches, sub-branches, agent points, net-banking and Smart App. PSD channelized over 17 thousand Foreign Remittance, 10 thousand Dividends warrants and 8.19 lac Safety net payments on a single day.



## RTGS

### Daily Average Transactions

No. **2,019**,  
BDT **304** Crore

RTGS is now available in Net-banking and Smart App which increased reliability. Ensuring security, matching with CBS and through dual authentication, PSD executes Inward RTGS payments in few minutes only. RTGS is growing very fast and becoming most essential for some payment method, supporting Govt. to collect Custom duty, VAT, Tax etc. New FC currency Chinese Yuan (CHY) payments is upcoming.



## MICR

### Daily Average Transactions

Average **39,584** cheque leaves daily including cards.

Supplying MICR cheque books to large volume of customers. MICR Instruments are; SB, CD, MSA, AWC, MSND, Pay Order and Card Cheque. MICR Instruments are issued for Islamic Wings, Agent banking, and Card Department. Sub-branches customers are the latest addition.



## HUMAN RESOURCES DIVISION (HRD)

The Human Resource Division (HRD) plays a vital role as one of the central pillars of Bank Asia PLC., serving as a strategic partner in the organization. Its responsibilities go beyond administrative tasks and focuses on the employees' interests, ensuring their well-being and development. With a deep understanding of the organization's vision and goals, HRD acts as a bridge between employer expectations and employee needs, fostering a harmonious and productive work environment. By nurturing a positive work environment and promoting employee development, HRD contributes significantly to the overall success and growth of Bank Asia PLC. HRD ensures achievement of organizational goals by allocating the right resources in the right place, enabling the optimization of resources as well as the growth of the organization.

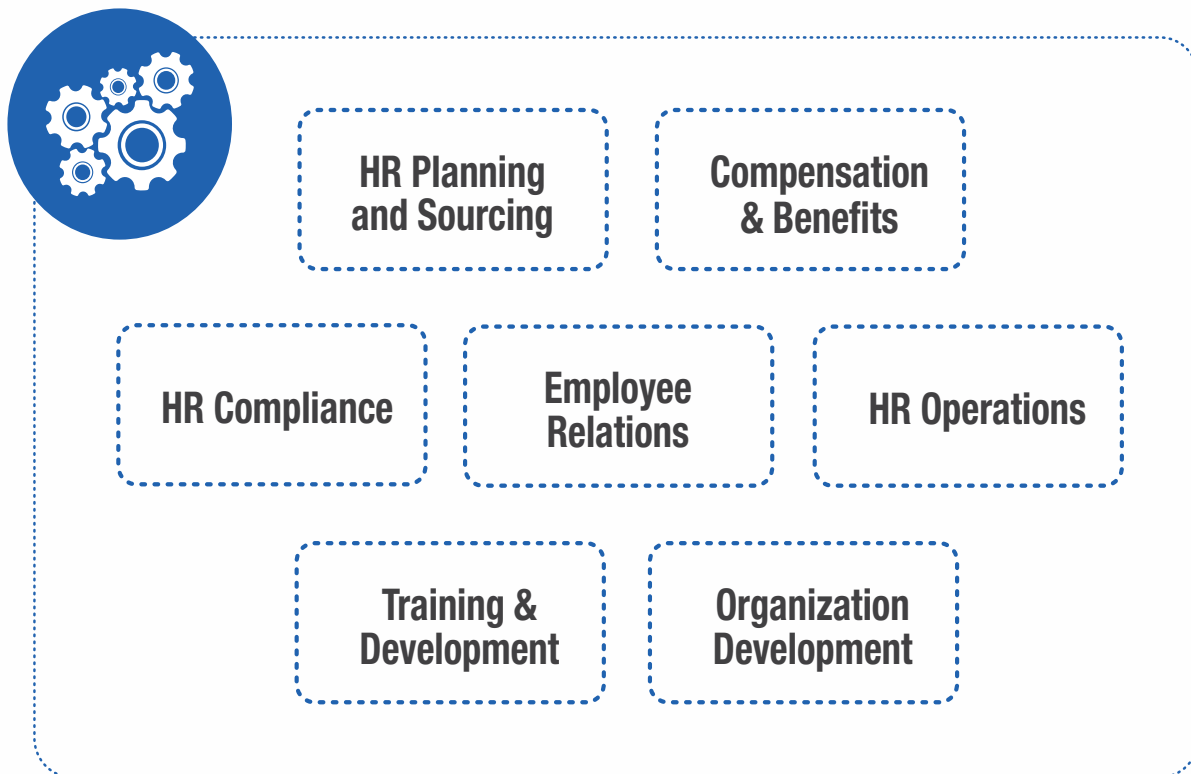
The Human Resource Division of Bank Asia is working persistently to foster innovation, cultural diversity, and a supportive work environment to ensure the bank's long-term success. By prioritizing corporate values like unity, respect, and integrity HRD aims to create a conducive atmosphere for employee growth and organizational development. HRD emphasizes using a systematic and meticulous approach to building employee capabilities through effective management and professionalism in order to become the "employer of choice" in the industry.

Based on a systemic perspective, HRD plays a pivotal role in enhancing Bank Asia PLC.'s competencies by fostering sustainable individual behavior. It goes beyond the traditional HR functions and actively promotes and instills corporate values such as Customer Centricity, Quality, Responsible Citizenship, and Leadership throughout the organization. HRD is committed to create a fair and competitive working environment, where employees are provided with professional terms and conditions of service that recognize and reward their contributions. By continuously investing in the development and growth of its workforce, HRD ensures that Bank Asia PLC. remains at the forefront of the banking industry, equipped with a highly skilled and motivated team that drives innovation and success.

Bank Asia prioritizes the recruitment and retention of talented individuals for long-term profit and sustainable growth. In alignment with this vision, the Human Resource Division ensures that the right people are placed in the right positions at the right time and in the right numbers.

### Functions

The HRD prioritizes an employee-centered approach, in line with the bank's mission and vision. The accompanying diagram offers a visual depiction of the key functional domains within the HR division



### Manpower Distribution & Diversity in Workforce

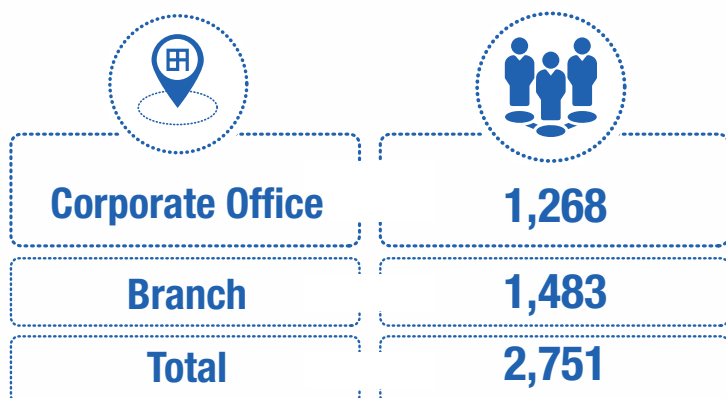
HRD plays a crucial role in achieving organizational goals by effectively managing human capital – considering that employees are Bank Asia's most valuable asset. Recruitment is the initial stage in building a strong and reliable workforce. The main goal involves locating, identifying and hiring top candidates promptly and within budget. Bank Asia generally engages in two types of recruitment methods: fresh recruitment and lateral/experienced recruitment.

Bank Asia continues to expand its capacity and capabilities with a diverse workforce every year. In 2023, Bank Asia rigorously assessed and carefully selected 48 new employees to enhance its human capital. This new workforce has added pace to the Bank's operations, contributing to its ongoing growth and competitive advantage. For the year 2023 the total manpower was 2,751 with a distribution of 1,268 at Corporate Office and 1,483 at Branches across Bangladesh.



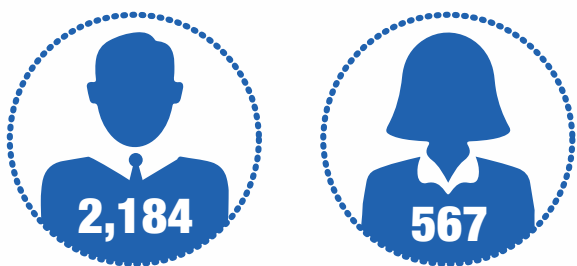
## Directors' Report

### HUMAN RESOURCES DIVISION (HRD)

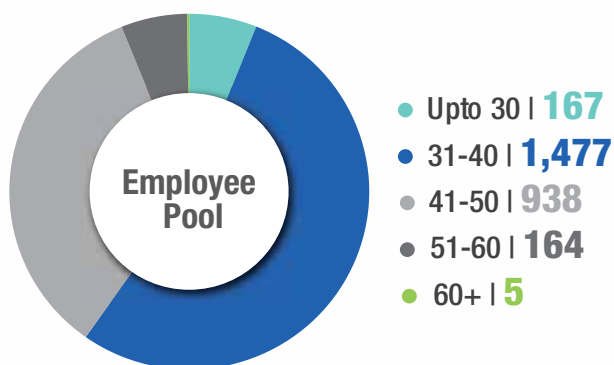


As an equal opportunity employer, Bank Asia has always prioritized the value of a diverse workplace environment. In a total of 2,751 employees, overall male to female ratio stands at 79:21. Considering the socio-political situation of the nation, Bank Asia is proud to be providing employment to a relatively high number of female employees as compared to the industry standard. HRD intends to improve the ratio further by practicing appropriate equal-opportunity practices which will help the bank access a larger pool of untapped potential while also creating a more diverse and inclusive workforce.

### Number of Employee



Bank Asia has a relatively younger segment in its overall employee pool where nearly 54% of the employees fall in 31-40 years age bracket (as on 31st December, 2023)



#### High Performance Team Development Program

HRD intends to boost the culture of developing in-house leaders in order to create managerial and leadership pipelines from within the Bank. In order to better equip such potential candidates, it is crucial to educate the employees on Team building, Team management, Leadership and

Performance attainment. To achieve this objective, HRD successfully conducted High Performance Team Building Program for the potential employees of the Bank. To successfully conduct the workshop with the most sophisticated development and assessment techniques as well as to ensure high standards, HRD has worked with renowned consultants from the country.

#### Performance Management

Bank Asia prioritizes fair performance evaluation to support employee career growth. Unbiased evaluation fosters a sustainable workforce and aligns with the bank's HR hierarchy. HRD is working to continuously improve the Performance Management system of Bank Asia and further streamline the process. HR has already made improvements to the system throughout 2023 and aims to further improve it in the coming years.

#### Employee Welfare

Employee performance management is vital for an organization to achieve its goals. Successful employee welfare and the resulting motivation is crucial for the organization's success. Motivated employees are happier, more effective, and tend to stay with the organization for a longer period of time. Their performance directly impacts the organization's potential for success.

In alignment with this, the HR Division of Bank Asia prioritizes employee welfare and motivation. Recognizing their role in creating value and achieving goals, HRD is dedicated to fair and sufficient compensation and welfare. Furthermore, Bank Asia provides a range of benefits for the employees under its employment from both Health and Life Insurance coverage, access to Provident Fund, Gratuity Fund, Superannuation Benefit and Benevolent Fund. By ensuring employee welfare, the Bank strengthens their loyalty and level of engagement towards the Bank, paving the way for sustainable growth and success.



### **Brand New HRIS (PeopleHub):**

In line with the renewed digitalization initiative and to improve the quality of services received by employees of Bank Asia, HRD has aimed to fully implement a brand new Human Resource Information System (HRIS) in 2023. In this case, HRD has worked hard to successfully prepare, rigorously test and implement the new HRIS with the introduction of the brand new and cutting-edge system: PeopleHub. All major human resource related activities have been streamlined into a one-stop-location for all the various human resource needs of the employees. Brand new self-service facilities have been introduced for the convenience of all employees of the bank.

### **Training & Development in 2023:**

Training and development are crucial for maintaining a skilled and knowledgeable workforce in the banking industry. HRD employs three primary methods to provide employees with training and development opportunities: BAITD, Virtual Training, and External Training programs. These initiatives ensure that employees stay up to date in their professional growth.

Bank Asia has a state of the art training and development facility known as Bank Asia Institute of Training & Development (BAITD). The institute is equipped with modern equipment and facilities to facilitate smooth and effective T&D programs for Bank Asia employees. BAITD provides access to full dormitories, classrooms, library, computer lab, canteen and a full list of skilled internal and external resource persons for T&D purposes. The institute has played a crucial role in enhancing the bank's workforce through training, fostering skilled, dedicated, ethical, and motivated individuals. Additionally, BAITD is dedicated to facilitating employees' professional growth by providing opportunities to develop job-related competencies.

Digitalization is rapidly becoming the cornerstone of modern business models, revolutionizing the way organizations operate and transforming traditional processes. This technological advancement not only streamlines operations but also presents numerous opportunities for growth and cost savings. Recognizing the opportunities presented by such technology and the need to acclimatise the workforce with an increasingly digitalized world, HRD conducted an intensive virtual training program in 2023. A total of 294 employees were provided rigorous training amounting to a total of 114 training hours achieved within a frame of 4 ½ months. The program not only provided an insight into the effectiveness and efficiency of virtual training sessions but also paved the way for further use of such technologies for strengthening the developmental capabilities of Bank Asia HRD in the coming years. Virtual training programs have become an essential component of HR strategies in the developed world and by embracing this transformative shift, Bank Asia can stay ahead of the curve and drive innovation in the Banking industry.



*High Performance Team Development Program*

### RESEARCH & STRATEGY

To guide Bank Asia management with an unbiased, scientifically-based, and objective view of the market, to explore new avenues of business, and to improve existing businesses and modus operandi, the Research and Strategy Division (R&SD) was formed on October, 2015 with some of the most seasoned banking industry research specialists. R&SD reports focused on stating the market scenario, competition banks' performance, performance diagnosis of Bank Asia vis-à-vis competition, and finally strategies and tactics to overcome the bottlenecks to attain business budgets and the bank's strategic objectives. Table 1 represents some of the major research projects conducted in 2023:

| SL | Project Name  |
|----|---|
| 1  | Identifying Top Head of Branches Based on Historical Performance  |
| 2  | Branch Experience Survey on 49 branches of Bank Asia  |
| 3  | Write-up on Branch Merger/Relocation/Closure  |
| 4  | Market Potentiality of Branch and Agent Banking   |
| 5  | Branch/Outlet Feasibility Study   |
| 6  | Revision of Employee Car Policy   |
| 7  | Market Insight on Different Service Delivery Channels, Peer Banks Performance and Islamic Banking Market Size |
| 8  | Cost Rationalization Tactics & Strategy   |

- To drive organizational success, foster a culture of excellence, and ensure that talents are effectively recognized, developed, and utilized, all the head of branches (HoB) were evaluated based on business performance (e.g., deposit, loans and advances, non-funded businesses growth and target achievement), asset quality, compliance performance over the last five years, and ratings from relevant stakeholders. A dynamic model was developed for scoring and ranking HoBs and submitted it to top management for further actions.
- To identify the current service quality (SQ) scenario and to track further rooms for improvement, a branch experience survey was conducted among 49 metro branches of Bank Asia located in Dhaka and Chattogram. The findings were shared with each HoB through group conferences. The same was also presented at senior management meetings.
- The objective of conducting a market potential study was to explore the maximum business opportunity of the respective channels by utilizing command-area-wise competition business performance. This study helped the Group Finance Division prepare a budget for the year 2024.
- Similar to the previous year, R&SD visited different locations to find out business opportunities and barriers, helping the top management make informed decisions to establish branches in the most feasible areas.
- To align the existing employee car policy with the market, comply with legal requirements, address employee feedback, promote sustainability, prioritize safety, and maintain cost efficiency and flexibility, the policy was revised.
- A study related to market insights was conducted to find out the growth of different service delivery channels of peer banks and the Islamic banking performance of major competitors.
- To improve efficiency, profitability, financial stability, and adaptability while effectively managing risks, a study on cost rationalization tactics and strategy was carried out.

### 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.

In 2023, the LSSD team successfully accomplished few big challenges of which important ones are highlighted below:

- Bank Asia inaugurated 01 (one) new Sub-branch and 06 (six) new ATM booths at different places of the country.
- Successfully implemented "Auto Alarm System for Vault of all Branches/SME Service Centers of Bank Asia PLC".
- Relocation of Madhabdi Branch, Narsingdi.
- Successfully completed interior decoration and fit-out work for renovation of Jatrabari SME Service Center, Sirajdikhan SME/Agri Branch, Rohitpur Branch, Shantinagar Branch, Mirpur Branch, Narayangonj Branch, North South Road Branch etc.



# AML & CFT

Access to the financial system helps transform lives around the world, helping to reduce poverty and spur economic development. But the financial system is also used by those involved in some of today's most damaging crimes – from human trafficking to terrorism, corruption and the drug trade. Bank Asia's ambition is to help tackle these crimes by making the financial system a hostile environment for criminals and terrorists. Bank has no appetite for breaches in laws and regulations related to financial crime.

Bank Asia is always committed to conduct its business under the principles of good governance and responsibility towards all stakeholders. The Board and Senior Management “set the tone from the top” by adopting Zero Tolerance stand against money laundering and terrorist financing. The Board and senior management of the bank have given utmost priority to Anti-Money Laundering and Anti-Terrorism Program. The Bank seek to safeguard our clients and communities against money laundering (AML), terrorist financing, sanctions, fraud and other risks, applying core controls such as client due-diligence, screening and monitoring, risk grading, Alert generation. Price Verification and strengthening our people's understanding as to how to identify, manage and mitigate such risks.

Bank Asia has taken proactive steps to develop a robust culture of compliance and ethics in the Bank. We have established a control framework aligned with international best practices for strict compliance with all regulatory directives issued from Bangladesh Financial Intelligence to safeguard against illicit financial activities. We have focused programs and training sessions covering areas such as Anti-Bribery, Sanction, TBML and Anti-Money Laundering to highlight our commitment to zero tolerance. Our Code of Conduct Policy and training programs encourage employees to uphold values of customer centricity, team work, ownership, transparency and ethics.



AML & CFT Conference 2023



Training program on prevention of money laundering & terrorist financing

## Employee Training and Awareness

Our employees are the first line of defense. Vigorous & intensive training programs empower our staff with the knowledge and skills necessary to identify and report suspicious activities.

- **4,753** employees trained through physical & online training



## Training Program

**4,753** Participants

## Regulatory Compliance

Adhere strictly to the guidelines and directives

- Bangladesh Financial Intelligence Unit,
- Anti-Corruption Commission (ACC),
- Tax Authority.
- And other relevant authorities

## Risk Assessment and Due Diligence

Automation of Risk Grading & Know Your Customer (KYC) at system

- Risk grading at on boarding of Customers
- Risk Grading of Trade Customers

## Technology and Innovation

Continually explore and adopt innovative tools that bolster our defenses against money laundering risks.

- Transaction Alert: Alert Generation- 56,776 nos.
- Rule Based Transaction monitoring
- Multiple TP Change notification

## Trade Based Transaction Monitoring Partnerships

Considering the significance of TBML we have developed the tools to mitigate the TBML risk:

- Uniform template for Price Verification
- Price Verification Alert,
- Alert for Land Lock Country,
- Alert for Controlled Item.

## Continuous Improvement

Bank Asia Operate within a culture of continuous improvement:

- Regularly reassessing our AML policies and procedures.
- Feedback from internal/external and regulatory bodies.
- Strengthening monitoring and follow-up Processes.

## Adverse Media News Service

Bank Asia subscribed Adverse Media News Service to monitor the activities of the customer for identifying the suspicious activities/transactions

## Conference on AML & CFT

AML & CFT Division organize BAMLCO Conference, AML & CFT Conference etc.

## Lead Bank Training

In collaboration with BFIU, Bank Asia Organizes Lead Bank Training for the officers and executives of different district.



## SPECIAL ASSET MANAGEMENT

The Special Asset Management Division (SAMD) is a specialized unit dedicated to handling distressed or non-performing assets. In its pursuit of willful defaulters and intentional malfeasance, the SAMD of Bank Asia is resolute and aggressive, yet it is also empathetic and willing to respond to valid challenges. SAMD increases the likelihood of resolution by addressing delinquent accounts during negotiations. Over the past three years, SAMD has endeavored to resolve long-pending delinquent accounts through negotiations with outcome, collateral liquidation and filed specific cases under NI (Negotiable Instruments) Act and ARA (Artharin Ain Case). SAMD plays a pivotal role in recovery of written off loan accounts and classified loan accounts, in addition to managing interest suspense and unpaid interest. Through consistent and proactive efforts over several years, the bank has achieved a substantial reduction in its non-performing loan (NPL) ratio and thereby enhancing income recovery. At year-end, the CL amount stood at Tk. 19,510.36 million, with a CL% of 6.70%.

Million Tk.

| Performance of Legal Unit in 2023                  | No         | Value            |
|--|------------|------------------|
| <b>Total Artha Rin Suit as on 31.12.2022</b>       | <b>559</b> | <b>36,429.72</b> |
| Artha Rin Suit Filed in 2023                       | 24         | 5,635.79         |
| <b>Total Artha Rin Suit as on 31.12.2023</b>       | <b>583</b> | <b>42,065.51</b> |
| Decree Obtained in 2023                            | 45         | 5,499.21         |
| Solennama submitted before the court in 2023       | 04         | 420.00           |
| <b>Total NI Act Cases as on 31.12.2022</b>         | <b>431</b> | <b>15,541.32</b> |
| NI Act Cases Filed in 2023                         | 154        | 7,098.49         |
| Judgement obtained                                 | 30         | 2,361.00         |
| <b>Total NI Act Cases as on 31.12.2023</b>         | <b>555</b> | <b>20,278.81</b> |
| <b>Cash Recovery through Legal Process in 2023</b> | <b>62</b>  | <b>697.80</b>    |



### Major activities in 2023

- Conducted physical visits covering 125 branches and 570 accounts.
- Divided 126 branches into nine zones and created monitoring teams for effective recovery.
- Established a communication group for flawless day-to-day correspondence with branches.
- Made prompt, prudent, effective, and efficient decisions during customer meetings and negotiations.
- Strengthened correspondences with defaulters and their guarantors, resulting in successful settlements.
- Filed and followed up on NI Act cases in different districts to create extra pressures on defaulters.
- Filed and followed up all sort of legal initiations (both NI Act and Artharin Act) against the defaulters as applicable to recover Bank's dues.
- Ensured accountability for SAMD team performance through professional KPI reflections.
- Provided cross-training development and empowerment for branch and SAMD team members.

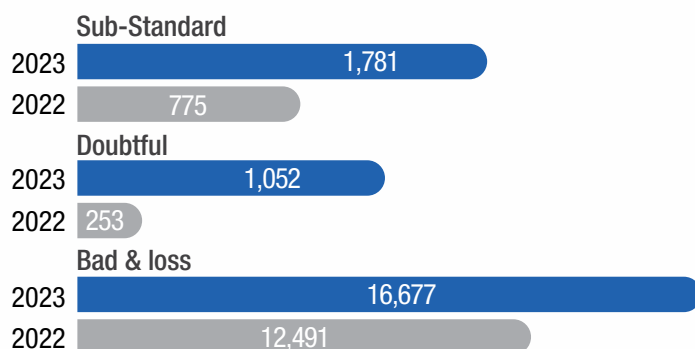


### Cash Recovery against

Classified Loans Tk **3,688** Million

Written off Loan Tk. **317** Million

Stressed Loan Tk. **816** Million



### Strategies for NPL Management & Recovery Process

- Engage in regular visits to customers, businesses, and collaterals to maintain strong relationships and ensure proper asset management.
- Provide transparent and logical justifications for waivers, using clarity and accountability in the decision-making process.
- Engage in strong negotiations with customers, exploring alternative solutions to reach mutually beneficial agreements.
- Conduct robust negotiations with customers to discuss options for rescheduling, reaching amicable settlements according to the available repayment capabilities.
- Ensure timely follow-up on court cases to expedite resolution and minimize any potential impact on the lender.
- Diligently manage court cases to ensure optimal outcomes.
- Pursue legal action against defaulting customers to recover bank's dues and protect the interest of the bank.
- Identify areas for improvement and prioritize customer-centric strategies keeping the bank's interest in place.
- Continually monitor market trends and factors to make informed decisions regarding asset management.
- Implement a proactive approach to delinquent accounts from Day 1 of 2024, ensuring the highest possible recovery from both CL (classified) and written-off accounts.

## CAPITAL STRENGTHENING

Bank Asia is always keen to maintain sufficient capital base against performing 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 16.45% as on December 31, 2023 against required 12.50% (including buffer@2.50%).

To bring the good business growth, Bank Asia has also taken decision for issuing perpetual bond of Tk. 5,000 million out of which Tk. 4,500 million under private placement and Tk. 500 million under public offer. In this regard, Bank Asia has raised fund of Tk.3,340 million under private placement and Tk.340.20 million under public offer totaling Tk.3,680.20 million. This capital will be added to bank's Tier-1 capital.



Bank Asia and Dhaka Stock Exchange Ltd, exchange signed documents of an agreement

### 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 under [page no 172-193](#)

### CORPORATE GOVERNANCE

In essence, corporate governance is a system ensuring a company's accountability to its stakeholders. It is achieved through internal controls and procedures that are implemented throughout the company's life cycle. Bank Asia prioritizes fairness, transparency, accountability, and responsibility in its corporate governance approach. Our disclosures on compliance with BSEC and Bangladesh Bank guidelines demonstrate the strong compliance culture of the Bank.

In recognition of that, in 2023 Bank Asia has been awarded 1st prize by ICAB (Institute of Chartered Accountants of Bangladesh) & SAFA (South Asian Federation of Accountants) for Corporate Governance disclosures. The details of corporate governance practice of Bank Asia are discussed in a separate segment 'Corporate Governance' under [page no 240-295](#).

### 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. 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 in the past, Bank Asia spent an amount of Tk. 326 million for several CSR activities this year as well. Our major CSR programs includes Health, Higher Study Scholarship & and disaster management. Other CSR programs include support cold affected people, infrastructural development of different institutes, sports, art & culture. 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 under [page no. 230-233](#)

### 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. Under Green and Sustainable Finance scheme, Bank Asia has disbursed Tk. 53,171 million to different segments like renewable energy, liquid waste management, recycling & manufacturing recyclable goods & others. We managed to secure Net profit from environmental savings worth Tk. 10.49 million in 2023. Bank Asia has disbursed Tk. 679.84 million for Liquid waste management. Green Banking of the bank are available in Environment performance segment under [page no. 214-217](#)

## BANK ASIA SECURITIES LIMITED (BASL)

The stock market in 2023 witnessed a complete mess and disappointment as the average turnover and foreign investment reached rock bottom. The market was in position of range-bound boundary throughout the year, since the broad index of the Dhaka bourse (DSEX) had sideways movement, ranging around 6,178 points to 6,367 points and closing at 6,246 points by the end of the year, advancing by 39.70 or 6%. This year the DSE's average daily turnover was BDT 5.8 billion as compared to BDT 9.6 billion in the previous year, fell by 39.83 per cent. In the meantime, the total market capitalization merely increased by 2.6% to BDT 7,808.5 billion. The overall price earnings (P/E) ratio at the end of the year was at 13.12.

The prolongation of the floor price mechanism, enacted in July 2022, has been hurting liquidity in the market as around 60% of the total market capitalization (Equity Instruments) was stuck at the floor price throughout the year. Due to floor restriction, many investors moved to sell-off stocks at a 10 per cent lower than the floor price on the block market to en cash investments to meet up the prompt need. Hardly any new investor entered the market while existing investors have been trying to exit the market. As many as 0.09 million beneficiary accounts have been closed this year. The net position in foreign portfolio investments became positive this year after three consecutive years in the red. In 2023, overseas investors bought shares worth Tk 11.59 billion, against sales worth Tk 10.51 billion.

Immobile trading volume have hindered the listing of new securities in the market, as only two companies got listed through IPO on the main market throughout the year. Furthermore, mounting interest rates in the money market following the Bangladesh Bank's contractionary monetary policies to fight inflation have also restricted the fund flows into the capital market.

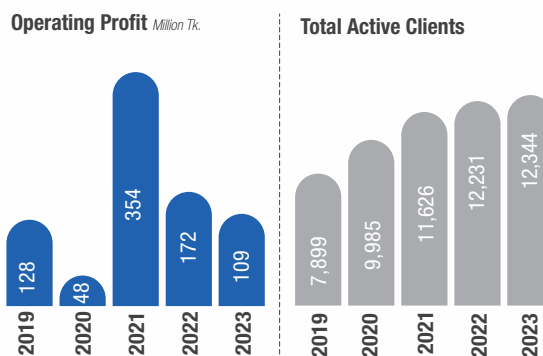
On the other hand, the stock market regulator came up with several key developments in the market this year, including the introduction of the Alternative Trading Board (ATB) platform and the inauguration of

primary auction participation in T-Bond for BO accountholders; though, the both of the platforms did not attract significantly investors. Overall, the capital market of Bangladesh posed a gloomy picture in 2023, due to illiquid trade volume and challenging macroeconomic forces.

Despite of bearish movements of market, BASL has advanced its position to 9 from 10 of DSE's Top - 20 in consideration of daily turnover throughout the year of 2023. Total Operating profit of Bank Asia Securities Limited (Basl) stood at BDT 109 million in 2023 which was BDT 172 million in 2022.

Number of total active clients reached at 12,344 in the end of 2023, which was 12,231 in December 2022. Margin loan outstanding stood BDT 4,552.94 million on December 31, 2023, which was BDT 3,977.67 million on December 31, 2022.

The current number of outlets are thirteen, of which four are Digital Booth. The location of the mentioned booths is at Rajshahi, Bagura, Beraid Badda and Cummilla. Commilla Digital Booth was established in 2023. The number of employees reached to 69 at the end of the year. Bank Asia Securities owned DBA Stock Brokers Performance Award-2023 in terms of trade volume at the DSE



## BA EXCHANGE COMPANY (UK) LIMITED

BA Exchange is proud to announce yet another successful year. Our continued growth and success are a result of our relentless pursuit of excellence, adapting to market dynamics, and a customer-centric approach that places the needs of our clients at the forefront of our operations.



### Transaction Growth and Volume Metrics

In the face of evolving market conditions, we are thrilled to report a 4% increase in the number of transactions. While the overall transaction volume experienced a minor decline of 2%, our ability to enhance customer engagement and satisfaction has led to a remarkable rise in the number of transactions—a testament to the trust our customers place in BA Exchange.

### Meet & Greet Service at Dhaka Airport:

In a strategic move to elevate our customer service experience, we introduced a Meet & Greet service at Dhaka Airport. This personalized service aims to provide a warm welcome to our valued customers, ensuring a smooth and comfortable transition during their travel journey. We believe that these personal touches contribute significantly to fostering lasting relationships with our clients.

### Pre-Paid Travel Card Launch:

Understanding the evolving needs of our customers, BA Exchange introduced a Pre-Paid Travel Card tailored for use in Bangladesh. This innovative offering empowers our customers with a convenient, secure, and flexible payment solution, enhancing their travel experience within the country. This initiative not only aligns with market trends but also underscores our commitment to anticipating and meeting the diverse needs of our clientele.

### Consistently Quality Customer Service:

Amidst these milestones, the foremost achievement remains our unwavering commitment to providing consistently high-quality customer service. Our success is rooted in the satisfaction and loyalty of our customers, and we continue to invest in training, technology, and processes to uphold the standards that have become synonymous with the BA Exchange brand.

As we look ahead, BA Exchange remains steadfast in its mission to innovate, grow, and exceed customer expectations. We extend our heartfelt gratitude to our customers, our parent bank, and stakeholders for their continued trust and support.

Remittance  
USD 18.27 million.



## BA EXPRESS USA INC.

This year, BA EXPRESS USA INC. has expanded to one location in Ozone Park, another hub of Bengali Community in New York City, bringing the total to four locations. Now it is planning to expand one more location in Buffalo, New York, another important hub concentrated by Bangladesh People.

BA Express has also achieved its highest profit amounting to USD 670,777 this year since its inception.

Additionally, using the agent-based model, BA Express serves its consumers through numerous agent locations across New York. The company's motto is to serve the NRBs in the State of New York by providing easy, low cost and convenient remittance opportunities to its customers.

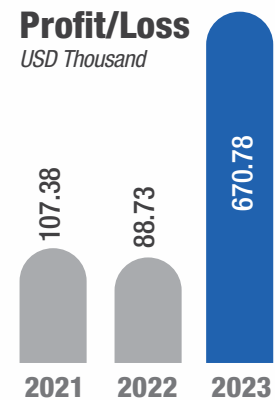
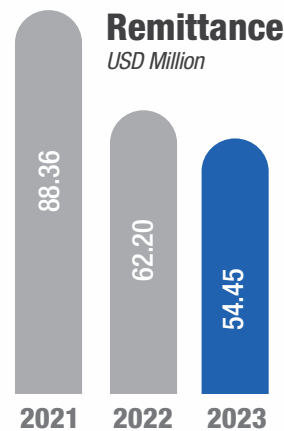
Despite facing various challenges, especially the exchange rate differences, the volume of remittances this year stood at 54.45 million.



### FUTURE PLANS

- Increase volume of remittance.
- Expansion of collection channels.
- Work towards reaching mass NRBs in New York.
- Want to be a part of the economic growth of the country.

Remittance  
USD **54.45** million.



### 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 (amended up to 2020) (Act No. XVIII of 1994) is described in a separate segment ([page no. 283-284](#)) where different issues such as detailed discussion on related party transactions, explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements, remuneration paid to the directors including independent directors, statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, explanation of significant deviations from the last year's operating results (if any), 5 (five) years summarized performance etc. are discussed.

### 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

**Romo Rouf Chowdhury**  
Chairman

**Ashraf Haq Chowdhury**  
Independent Director

**Md. Abul Quasem**  
Independent Director